Healthcare

USFDA regulatory risk remains unabated

Ease of travelling intensifying the pace of inspections

- **In this note, we have analyzed the developments on the USFDA inspection front at the global level and in India in particular.**
- **The pace of USFDA inspections is already increasing in the US (50% of its pre-COVID five-year average in the 11-months ending Aug'22 v/s 31% of its pre-COVID five-year average for the 12-months ending Sep'21). We expect the number of USFDA inspections to improve gradually in geographies other than the US as well.**
- **In fact, India had 38 USFDA inspections over the past 12-months, with 18 sites awaiting citation from the USFDA.**
- **Regulatory compliance from the USFDA continues to pose a risk to Indian Pharma companies having an exposure to US Generics, with 60 official action indicated (OAI) citations yet to be resolved.**
- **Considering: a) the ongoing price erosion in the base portfolio, and b) existing regulatory constraints affecting product approvals, we continue to prefer companies with a CDMO-based business model and consistent compliance. We remain positive on GLAND (given its niche injectable portfolio, sound regulatory track record, superior return ratios, and surplus cash for inorganic opportunities) and LAURUS (superior execution, capex for CDMO projects, and diversification towards Non-ARV Formulations).**

USFDA inspections have been on an upward trend over the past one-year

- While ANDA reviews improved despite the COVID-19 pandemic, inspections by the USFDA have taken a back seat in the 12-months ending Sep'21. The number of inspections touched a record low of ~2,600 globally and ~2,460 in the US.
- However, there has been a sharp pick-up in inspection activity over the past 12-months in the US (5,382), with 70 sites receiving OAI citations.

USFDA inspections in geographies other than the US gradually revive

- While the US has a dominant share (84%) in total USFDA inspections till date, inspections in countries other than the US have increased considerably over 2014-19 at an annual average of 1,780.
- Within geographies other than the US, China saw a decreasing trend in USFDA inspections (to 265 in the 12-months ending Sep'19 from 442 in the 12-months ending Sep'15), while India saw a rising trend on an annual basis (to 336 in 12-months ending Sep'19 from 213 in the 12-months ending Sep'15). This implies strong product filings from India sites.
- From a low of 120 in the 12-months ending Sep'21, USFDA inspections touched 172 in the 11-months ending Aug'22.

Many OAI citations to India sites over the past three-years stay unresolved

- India witnessed 38 USFDA inspections over past 12-months. Of these, four sites have received OAI citations. Around 18 inspections are awaiting citation from the USFDA.
- Indian sites have received 60 OAI citations over Sep'19-Sep'22. Of these, 50 are yet to be re-inspected.

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Regulatory risk remains elevated for India Pharma companies

- The increasing number of OAI citations during the pre-COVID phase, delay in USFDA inspections after the implementation of remediation measures, and evolving requirements of compliance from the USFDA has raised the regulatory risks for Indian Pharma companies.
- The prolonged period with OAI citations has delayed product approval from the respective sites.
- While companies have worked on alternate site filings for critical products, it continues to affect overall return on assets due to lower utilization of sites under OAI.
- Considering this situation and ongoing price erosion in the base portfolio, we continue to like companies with a CDMO-based business model and a consistent compliance track record.
- We remain positive on GLAND and LAURUS from a USFDA regulatory standpoint.

GLAND – On a revival path

- Given its product pipeline in Complex Injectables, consistent compliance track record, Biologics-led additional growth levers, and surplus cash to deploy for any inorganic opportunity, GLAND's business model remains intact for better growth prospects over the next three years.
- The company has faced 17 USFDA inspections till date at its three sites without any adverse citations.
- It is in the process of resolving supply constraints for certain raw materials.
- We expect 11% earnings CAGR over FY22-24. We value the stock at 33x 12-months forward P/E to arrive at our TP of INR3,000.

LAURUS – Expansion-led growth

- We expect 34% earnings CAGR over FY22-24, led by 73%/13%/12% sales CAGR in the Synthesis/API/FDF segment and a margin expansion of ~160bp.
- The company has faced nine successful USFDA inspections till date, providing confidence to regulatory agencies in other geographies as well.
- LAURUS is well-placed to sustain the pace of earnings growth through: a) building of capabilities as well as capacities, b) new customer additions as well as increased business from existing customers in the CDMO segment, and c) product pipeline in the Non-ARV business as well as the Bio-division. We value the stock at 23x 12-month forward earnings to arrive at our TP of INR680.

Please Note: The year mentioned in the note is US fiscal year for the 12-months ending September. For example, 2022 begins on 1st of Oct'21 and ends on 30th Sep'22.

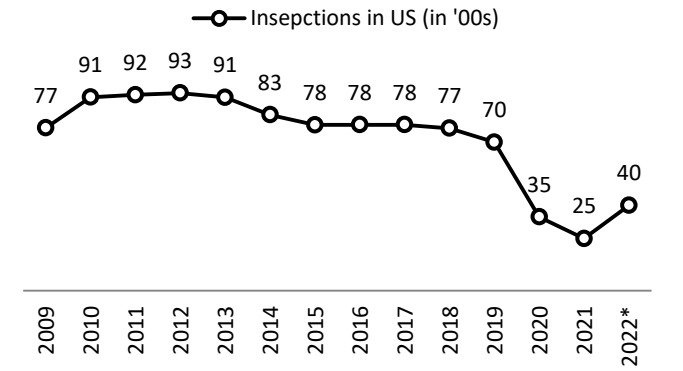
Inspections by the USFDA in geographies, excluding the US, slowly gathers pace

- **With the easing of COVID-led restrictions, regulatory inspection activity started improving at the global level.**
- **USFDA inspections in geographies other than the US remain at a much lower rate as compared to pre-COVID levels.**
- **Given the backlog of inspections and limited resources, there is a prioritization of inspections by the USFDA, thereby affecting the business scope from respective sites.**
- **Regulatory risks have been on a rising trend in India on the back of: a) higher number of USFDA inspections, b) evolving compliance requirements, and c) specific compliance guidelines for approval of complex products.**

USFDA inspections in the US grew at a much higher rate v/s countries other than the US

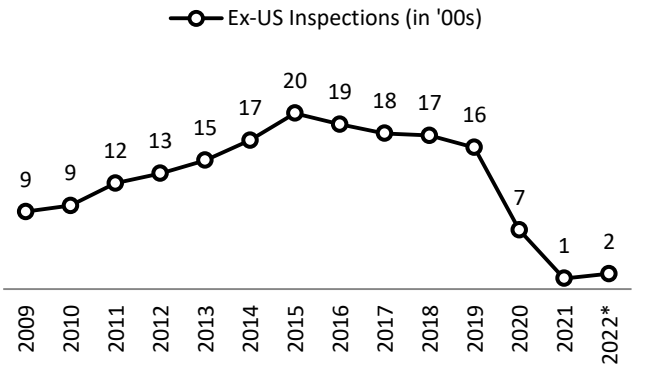
- From an annual average of ~9,500 over 2014-19 (12M ending September), the number of inspections fell to ~4,150 in 2020 and touched a record low of ~2,600 in 2021, largely due to COVID-related restrictions.
- While inspections in the US grew 63% YoY in 2022 (11-months ending Aug'22) over the 12-months ending Sep'21, inspections, excluding the US, remain sub-optimal at 172.

Exhibit 1: Inspections in the US picks up sharply



Note: US fiscal years (1 Oct-30 Sept), *YTD Source: MOFSL, USFDA

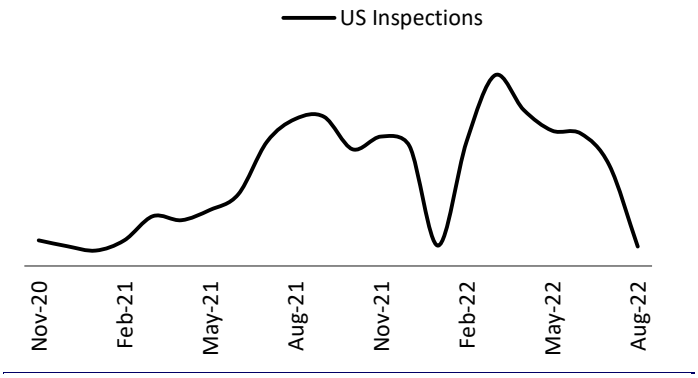
Exhibit 2: Inspections in nations, excluding the US, picking up gradually



Note: US fiscal years (1 Oct-30 Sept) , *YTD Source: MOFSL, USFDA

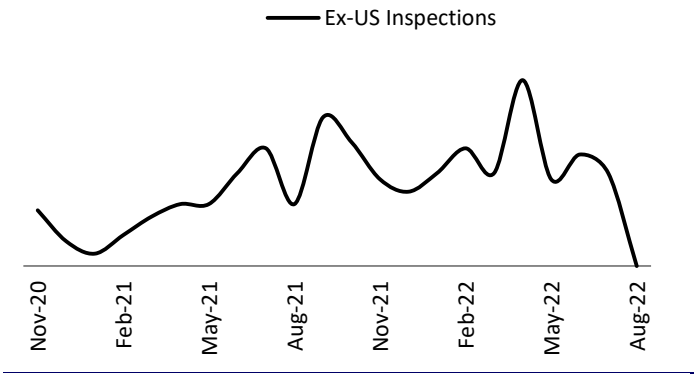
- Prior to the COVID-19 pandemic, USFDA inspections occurred at an average of ~8,300 per year in the US and ~1,500 in countries, excluding the US.
- Average monthly inspection 2022 till date has been 400 in the US and just 18 in geographies, excluding the US, given the staggered upsurge in COVID cases.

Exhibit 3: Average monthly inspections in the US stand at 375 in the past 12-months



Source: MOFSL, USFDA

Exhibit 4: Average monthly inspections globally, excluding the US, at 16 in the past 12-months

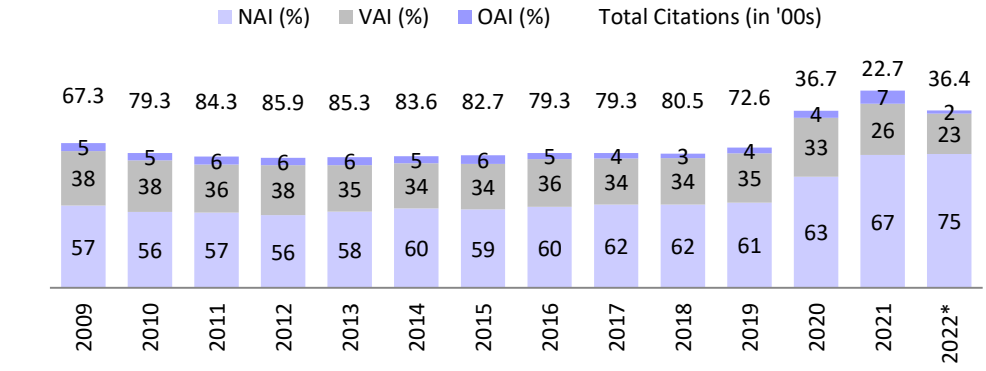


Source: MOFSL, USFDA

Better industry compliance reduces the share of OAI classification

- The trend in inspection classifications has been slightly divergent, with classifications tending more towards no action indicated (NAI) and voluntary action indicated (VAI) after the COVID pandemic, with OAI classifications falling, despite an uptrend in the number of inspections.
- In 2019 (prior to the COVID pandemic), the share of NAI/VAI classification had improved was 96% of total classification.
- This implies that the regulatory hurdle has reduced for product approvals.
- While the number of inspections reduced in the 11-months ending Aug'22, the share of NAI/VAI classification has improved to 98%. On an absolute basis, 65 inspections were classified as OAI by USFDA in the 11-months ending Aug'22.

Exhibit 5: Overall compliance constantly improves over the last 14 fiscals

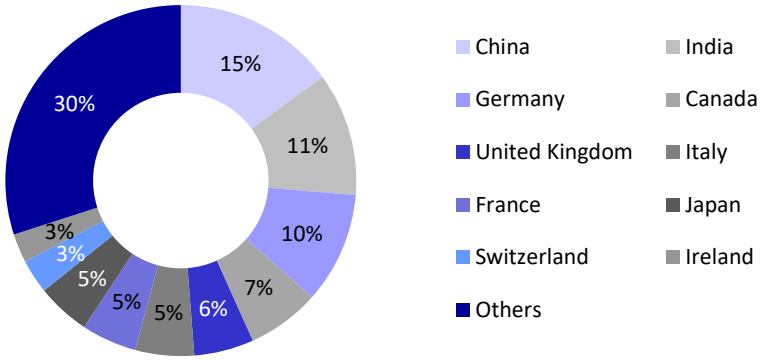


Note: US fiscal years (1 Oct-30 Sept) , *YTD Source: MOFSL, Company

China and India had the maximum share in USFDA inspections outside the US

- Since 2009, the USFDA has conducted a total of ~6,850 inspections in China, India, and Germany, constituting 36% share of total inspections outside the US.

Exhibit 6: China and India have the highest number of inspections, excluding the US



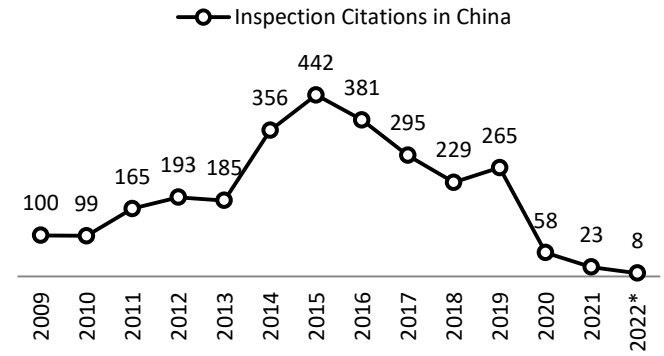
Source: MOFSL, Companies

- The other leading countries have been Canada, the UK, and Italy with more than 1,000 USFDA inspections till date.

Chinese sites witnessed a lesser number of USFDA inspections even prior to the COVID-19 pandemic

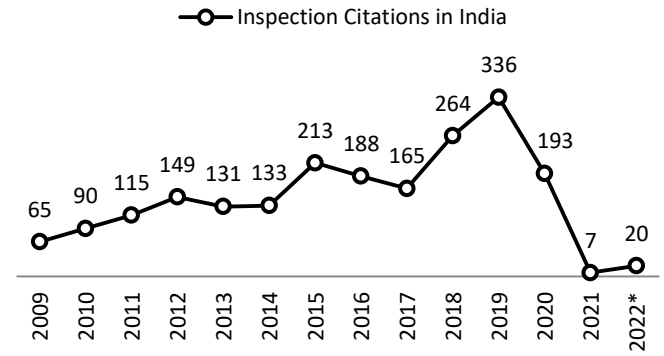
- Annual USFDA inspection in China peaked in the 12-months ending Sep'15 and has been on a downtrend since then.

Exhibit 7: Chinese inspections on a downtrend since 2015…



Note: US fiscal years (1 Oct-30 Sept) , *YTD Source: MOFSL, USFDA

Exhibit 8: …while inspections were on uptrend in India



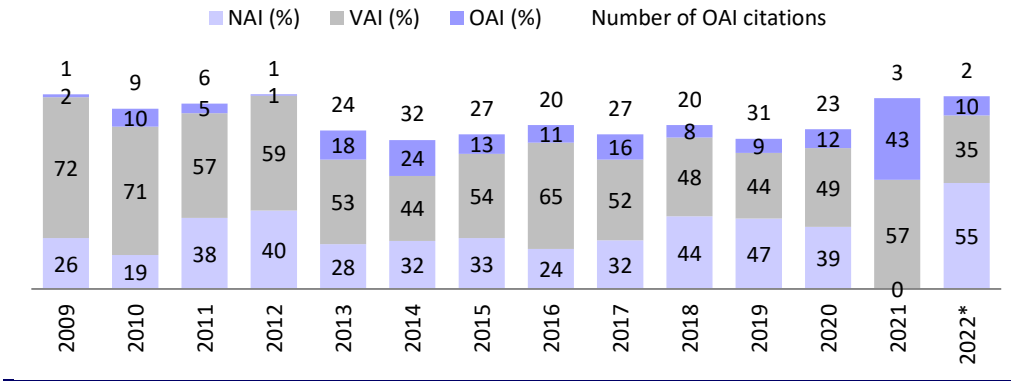
Note: US fiscal years (1 Oct-30 Sept) , *YTD Source: MOFSL, USFDA

- Annual USFDA inspections have been on an uptrend in India since 2009.
- The fluctuating restrictions on account of the COVID-19 pandemic have led to just eight citations in China for the 11-months ending Aug'22.
- India had a greater number of citations (20) for the 11-months ending Aug'22.

OAI citation at elevated levels for Indian sites

- Given the increased pace of USFDA inspections in India, there have been a higher number of OAI classifications at sites since Sep'15 on an absolute basis.

Exhibit 9: 60 OAI citations in India over Sep'19-Sep'22



Note: US fiscal years (1 Oct-30 Sept), *Oct'21-Aug'22: MOFSL, USFDA

- The high number of OAI citations has reduced the scope of the approvals and affected the return on investment from the respective sites. In the 12-months ending Aug'22, four Indian sites have received OAI classification.
- Given the considerable backlog of inspections globally, our channel checks indicate there has been a prioritization of inspections at sites, which have products: a) under limited competition, b) under shortage, and/or c) with possibilities of impurities causing adverse health effects.
- A few facilities have had repeat visits by USFDA such as SUNP's Halol plant, which is under OAI, and JUBLPHAR's Roorkee facility, which is under import alert. Interestingly, ALPM's Injectables facility at F-3 Karkhadi has been inspected twice by the USFDA in the last 12 months.

Reasonable number of USFDA inspections in India over the past three-months

- India has seen an upsurge in inspections (at 18 facilities) from the USFDA in Jun-Aug'22. All inspections are pending classification.

Exhibit 10: Four OAI citations over the past 12-months

Company	Site address	Business operations	Inspection classification	Date of inspection
Aurobindo Pharma	Polepally, India	Formulations	VAI	May'22
Zydus Lifesciences	Vadodara, India	Formulations	VAI	Mar'22
Strides Pharma	Chestnut Ridge, USA	Formulations	VAI	Feb'22
Jubilant HollisterStier	Spokane, USA	Analysis; Formulations	VAI	Aug'21
Jubilant Draximage	Kirkland, Canada	Analysis; Formulations	VAI	Jun'22
Granules Pharma	Chantilly, USA	Analysis; Formulations	VAI	Jul'22
Lupin	Somerset, USA	Formulations	VAI	Mar'22
Lupin	Vasco Da Gama, India	Formulations	VAI	Sep'21
Aurobindo Pharma	Dayton, USA	Analysis; Formulations	OAI	Dec'21
Aurobindo Pharma	Doultabad, India	API	OAI	Aug'21
Sun Pharma.	Halol, India	Formulations	OAI	May'22
Glenmark	Goa, India	Formulations	OAI	Aug'22
Jubilant Pharmova	Roorkee. India	Formulations	Import Alert	Jul'21

Source: MOFSL, USFDA

Exhibit 11: Inspection snapshot in India over Oct'21-Aug'22

Company	Site address	Business operations	Inspection outcome	Date of inspection
Dr. Reddy's Labs.	Duwada, India	Formulations	Eight observations	Oct'21
Alembic Pharma	F-3 Karkhadi, India	Formulations	10 observations	Nov'21
Lupin	Tarapur, India	API	Four observations	Mar'22
Glenmark	Aurangabad, India	Formulations	One observation	Jun'22
Glenmark	Baddi, India	Formulations	Six observations	Jun'22
Alkem Labs.	Indore, India	Analysis; Formulations	Three observations	Jul'22
Biocon	Pashamylaram, India	API	Three observations	Jul'22
Dr. Reddy's Labs.	Srikakulam, India	Formulations	Two observations	Jul'22
Granules	Chantilly, USA	Analysis; Formulations	Six observations	Jul'22
Jubilant Pharmova	Roorkee, India	Formulations	Six observations	Jul'22
Alembic Pharma	F-3 Karkhadi, India	Formulations	Two observations	Aug'22
Aurobindo Pharma	Srikakulam, India	API	Three observations	Aug'22
Biocon	Bengaluru, India	Formulations	11 observations	Aug'22
Biocon	Bengaluru, India	API	11 observations	Aug'22
Biocon	Malaysia	Formulations	Six observations	Aug'22
Zydus Lifesciences	Moraiya, India	Formulations	Four observations	Aug'22
Cipla	Goa, India	Analysis; Formulations	Six observations	Aug'22
Cipla	Indore, India	Analysis; Formulations	Two observations	Aug'22
Gland Pharma	Hyderabad, India	Devices	One observation	Aug'22
Sun Pharma	Mohali, India	Formulations	Six observations	Aug'22

Source: MOFSL, USFDA

Financials & Valuations (INR b)			
Y/E MARCH	FY22	FY23E	FY24E
Sales	44.0	43.2	53.7
EBITDA	15.1	14.6	18.4
Adj. PAT	12.1	11.9	15.0
EBIT Margin (%)	31.8	30.7	31.8
Adj. EPS (INR)	73.7	72.3	91.1
EPS Gr. (%)	21.5	-2.0	26.0
BV/Sh. (INR)	435.6	507.9	599.0
Ratios			
Net D:E	-0.5	-0.5	-0.5
RoE (%)	18.6	15.3	16.5
RoCE (%)	18.6	15.4	16.5
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	32.4	33.0	26.2
EV/EBITDA (x)	23.9	24.0	18.5
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	0.7	1.9	1.5
EV/Sales (x)	8.2	8.1	6.4

Gland Pharma – On a revival path

Work-in-progress towards adding a Complex Product pipeline

- GLAND is investing in new manufacturing lines on technologies (microspheres and combi-vials) to support its complex Product pipeline for the US.
- GLAND has sound track record with 17 successful inspections till date.
- Based on its launch momentum, filing pace, upside from recently launched products in the US, and easing syringe shortage, we expect 13% sales CAGR in its core market over FY22–24.

Biologics CDMO and new geographies to provide additional tailwinds

- GLAND has had four customer visits to its Biologics CDMO site. The management expects commercial revenue to accrue from 4QFY23.
- It is expected to commence business operations in China, with product approvals expected in 3Q or 4QFY23. The management has also finalized its next set of product filings for China, with an addressable market size of USD1b. Apart from China, GLAND is also expanding penetration in RoW markets (such as South Africa and Kazakhstan).

Earnings CAGR of 11%, led by a complex pipeline and geographical expansion

- We expect 11% earnings CAGR over FY22-24, led by 13% sales CAGR in its core markets. We value the stock at 33x 12-months forward P/E to arrive at our TP of INR3,000. GLAND is in the process of addressing supply constraints, which should revive its performance over the near-to-medium term.
- Given its product pipeline in Complex Injectables, consistent compliance track record, Biologics-led additional growth levers, and surplus cash to deploy for any inorganic opportunity, GLAND's business model remains intact for better growth prospects over the next three years. **We maintain our Buy rating.**

Exhibit 12: Regulatory compliance for GLAND

Site address	Business operations	Inspection classification	Date of inspection
Pashamylaram, Hyderabad	Analysis; Formulations	VAI	Nov'19
Oncology facility, SEZ Visakhapatnam	Analysis; Formulations	VAI	Nov'19
Dundigal, Hyderabad	Analysis; API; Formulations	VAI	May'19
Oncology facility, SEZ Visakhapatnam	Analysis; Formulations	NAI	Jun'18
Oncology Facility, SEZ Visakhapatnam	Analysis; API	NAI	May'18
Parawada, Visakhapatnam	Analysis; API	VAI	Apr'18
Pashamylaram, Hyderabad	Formulations	VAI	Feb'18
Oncology facility, SEZ Visakhapatnam	Analysis; Formulations	NAI	Mar'17
Dundigal, Hyderabad	Analysis; API; Formulations	VAI	Feb'17
Parawada, Visakhapatnam	Analysis; API	NAI	Oct'15
Pashamylaram, Hyderabad	Analysis; Formulations	VAI	Sep'15
Oncology facility, SEZ Visakhapatnam	Analysis; Formulations	VAI	Jun'15
Oncology facility, SEZ Visakhapatnam	Analysis; API	NAI	Jun'15
Dundigal, Hyderabad	Analysis; API; Formulations	VAI	Mar'15
Oncology facility, SEZ Visakhapatnam	Analysis; Formulations	VAI	Aug'13
Dundigal, Hyderabad	Analysis; API; Formulations	VAI	Sep'12
Dundigal, Hyderabad	Analysis; API; Formulations	NAI	Jan'11

Source: MOFSL, USFDA

Financials & Valuations (INR b)

Y/E MARCH	FY22	FY23E	FY24E
Sales	49.4	67.4	79.3
EBITDA	14.2	19.7	24.1
Adj. PAT	8.3	11.4	14.8
EBIT Margin (%)	23.7	24.7	26.1
Adj. EPS (INR)	15.5	21.3	27.6
EPS Gr. (%)	-15.4	37.6	29.6
BV/Sh. (INR)	62.5	80.5	103.8
Ratios			
Net D:E	0.5	0.3	0.2
RoE (%)	27.9	29.8	30.0
RoCE (%)	20.1	22.5	24.6
Payout (%)	15.6	15.6	15.6
Valuations			
P/E (x)	35.9	26.1	20.1
EV/EBITDA (x)	22.2	15.9	12.8
Div. Yield (%)	0.4	0.5	0.6
FCF Yield (%)	0.1	1.7	2.9
EV/Sales (x)	6.4	4.6	3.9

Laurus Labs – Expansion-led growth

Capital investment provides confidence of a strong business outlook in the CDMO segment

- LAURUS was so far manufacturing CDMO products from its existing FDF/API facilities. Given the increasing demand for the business, it is implementing a capex of INR10b for the Synthesis-CDMO division.
- The company has garnered 9x sales to INR9b over FY17-22. We expect 73% sales CAGR in the CDMO segment over FY22-24, led by: 1) new client additions, 2) multi-year deals, and 3) traction in in the Nutraceutical and Cosmeceutical area.
- The consistent compliance (9 successful USFDA inspections till date), increased capacity and superior execution provide confidence for better growth prospects.
- The management ramping up its 180kl new capacity with its existing large CDMO partners in the Bio-division. It is exploring land parcels for the creation of a new 1m liters Fermentation capacity. We expect Laurus Bio to be a key driver for the company from FY24.

ARV – Price erosion remains the key headwind

- The ARV business has grown to INR27b from INR12b, comprising only APIs (17% CAGR), over FY17-22, led by robust execution and strong backward integration.
- The ARV business faced headwinds on account of the price erosion and channel inventory rationalization. Accordingly, we expect sales for LAURUS to be stable at INR28b over FY22-24 as the price decline would be offset by volume growth.

Enhanced capacity to drive growth in Formulations over FY22-24

- LAURUS has recently commissioned its Formulations' facility, which has a capacity of 5b tablets per annum. This facility would be utilized for Non-ARVs..
- Considering the product pipeline and orders from customers, we expect overall Formulation sales of 13% CAGR over FY22-24.

Expect 34% EPS CAGR over FY22-24

- We expect 34% earnings CAGR over FY22-24, led by 73%/13%/12% sales CAGR in the Synthesis/API/FDF segment and a margin expansion of ~160bp. We value LAURUS at 23x 12-month forward earnings to arrive at our TP of INR680.
- The company is well-placed to sustain the pace of earnings growth through: a) building of capabilities as well as capacities, b) new customer additions as well as increased business from existing customers in the CDMO segment, and c) the Non-ARV business as well as the Bio-division. The funding requirement for capital investment, which will be largely met from internal accruals, provides comfort on Balance Sheet health. **We reiterate our Buy rating.**

Exhibit 13: Regulatory compliance for LAURUS

Site address	Business operations	Inspection classification	Date of inspection
VSP-4, Visakhapatnam	Analysis; API	NAI	Jul'19
VSP-1/VSP-3, Visakhapatnam	Analysis; API	VAI	Jun'19
VSP-1/VSP-3, Visakhapatnam	Analysis; API	VAI	Aug'17
VSP-2, Visakhapatnam	Analysis; API; Formulations	NAI	May'17
HYD-1, Genome Valley	Analysis; API	NAI	Jun'16
VSP-1/VSP-3, Visakhapatnam	Analysis; API	NAI	Apr'15
HYD-1, Genome Valley	Analysis; API	VAI	Apr'14
VSP-1/VSP-3, Visakhapatnam	Analysis; API	VAI	Nov'12
VSP-1/VSP-3, Visakhapatnam	Analysis; API	NAI	Oct'09

Source: MOFSL, USFDA

Exhibit 14: Valuation of Healthcare companies

Company	TP	M-cap	EPS (INR)			EPS growth (%)			P/E (x)			EV/EBITDA (x)			RoE (%)		
		(USD b)	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Ajanta Pharma	1,500	2.3	53.7	57.1	67.5	5.8	6.4	18.1	26.0	24.4	20.7	19.6	18.7	16.3	22.1	20.8	20.9
Alembic Pharma	590	1.5	35.0	19.4	30.6	-41.5	-44.8	58.1	18.1	32.9	20.8	12.6	17.7	12.2	13.9	7.0	10.8
Alkem Lab.	3,240	4.8	138.1	106.1	148.6	2.6	-23.2	40.0	23.2	30.2	21.5	19.7	24.4	18.8	20.6	13.9	17.3
Apollo Hospitals	5,110	7.7	68.1	62.1	88.9	1024.9	-8.8	43.2	65.5	71.9	50.2	28.5	28.0	22.1	19.1	14.6	17.7
Aurobindo Pharma	690	4.0	44.0	42.8	51.6	-18.5	-2.7	20.5	12.3	12.7	10.5	6.6	7.1	5.8	11.1	9.8	10.7
Biocon	320	4.5	7.4	8.7	15.4	45.2	18.8	76.3	41.1	34.6	19.6	19.0	17.8	11.6	11.0	8.3	10.7
Cipla	950	10.7	35.3	39.5	46.5	18.0	11.8	17.7	29.9	26.8	22.8	17.8	15.8	13.2	14.5	13.7	14.1
Divi's Lab.	4,340	11.9	110.4	107.2	128.8	46.1	-2.9	20.1	32.6	33.6	28.0	23.7	24.5	20.3	27.9	22.4	22.9
Dr. Reddy's Labs.	5,000	8.9	175.9	219.9	234.7	22.5	25.0	6.7	24.2	19.4	18.1	15.3	12.7	10.6	16.0	17.5	16.0
Eris Lifesciences	850	1.2	29.5	30.4	39.7	14.3	2.9	30.8	23.8	23.1	17.7	19.0	16.8	13.3	23.3	20.2	22.3
Gland Pharma	3,000	5.0	73.7	72.3	91.1	21.5	-2.0	26.0	32.4	33.0	26.2	24.4	24.6	19.0	18.6	15.3	16.5
Glaxosmit. Pharma	1,580	3.1	33.9	35.7	40.3	24.9	5.4	13.1	42.2	40.0	35.4	28.1	26.8	23.2	21.6	21.0	21.6
Glenmark Pharma.	420	1.4	34.6	38.1	43.0	-1.2	10.2	13.0	11.3	10.2	9.0	6.0	5.2	4.3	12.1	11.2	11.4
Granules India	370	0.9	16.1	22.3	26.5	-27.6	37.9	19.0	19.2	13.9	11.7	10.9	8.3	7.2	16.8	19.4	19.2
Ipca Labs.	1,170	2.8	36.3	32.1	43.0	-18.1	-11.8	34.1	24.0	27.2	20.3	16.4	16.9	12.8	18.1	13.9	16.4
Jubilant Pharmova	340	0.7	26.6	19.5	26.9	-50.9	-26.8	38.4	12.3	16.7	12.1	5.4	6.5	5.3	8.2	5.6	7.3
Laurus Labs	680	3.8	15.5	21.3	27.6	-15.4	37.6	29.6	35.8	26.1	20.1	22.1	15.9	12.7	27.9	29.8	30.0
Lupin	610	3.8	19.1	12.0	23.1	-26.3	-37.3	92.1	34.9	55.6	29.0	16.7	19.4	13.4	6.7	4.4	8.0
Solara Active Pharma	450	0.2	-15.2	-9.5	13.0	PL	Loss	LP	NM	NM	34.4	32.5	21.6	11.5	-3.5	-2.3	3.1
Strides Pharma	380	0.4	-41.6	-7.8	18.0	PL	Loss	LP	NM	NM	18.4	NM	8.1	5.6	-14.5	-2.7	5.6
Sun Pharma. Inds.	1,100	27.0	31.3	34.4	40.6	24.9	9.9	18.0	28.4	25.9	21.9	20.8	18.3	15.1	15.9	15.9	16.2
Torrent Pharma.	1,510	6.4	34.3	43.2	55.3	-8.4	25.8	28.0	44.3	35.2	27.5	22.5	18.4	14.8	19.7	21.9	23.5
Zydus Lifesciences	380	4.8	21.6	21.7	22.2	8.9	0.4	2.6	17.4	17.3	16.8	10.9	10.5	9.4	14.7	12.3	11.4

Source:MOFSL, Companies

Explanation of Investment Rating	
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BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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