23 April 2024

Update | Healthcare

# Sun Pharma

| BSE SENSEX | S&P CNX |
|---|---|
| 73,738 | 22,368 |

## CMP: INR1,485 TP: INR1,870 (+26%) Buy

## 'Specialty' way of driving growth prospects

- **In this note, we explored the specialty pipeline of SUNP, examining products under development, the commercialized portfolio, and the competitive dynamics within each segment.**
- **The overall R&D expenditure is expected to increase by 33% YoY in FY24 and maintain an 18% CAGR over FY24-26 to support clinical development of certain assets. Despite some delays in the clinical trial processes of Ilumya (additional indication), MM-II, and GL0034, the innovative/discovery pipeline continues to be the most promising within the India listed space.**
- **SUNP has consistently outperformed the industry in the domestic formulation (DF) segment for five years now. The growth is largely driven by better volume off-take. SUNP has been aggressive in new launches as well. However, these efforts have not yet translated into improved growth prospects.**
- **Despite regulatory issues at its key sites Halol/Mohali/Dadra and ongoing price erosion, SUNP has been able to sustain the sales run-rate of US generics segment on the back of new launches.**
- **We are factoring 19% earnings CAGR over FY24-26 on the back of 12%/13% sales CAGR in DF/EMs, 18% sales CAGR in specialty portfolio, and 18% CAGR in R&D spent. We value SUNP at 30x 12M forward earnings to arrive at a PT of INR1,870. We remain positive on SUNP on the back of a) building robust brand franchise in developed market and b) superior execution in the DF segment. Maintain BUY.**

### Specialty drugs – Efforts under way to enhance portfolio

- SUNP is building an interesting specialty pipeline (under development) for addressing patient's needs in areas of dermatology, ophthalmology, and onco-dermatology.
- On the potential pipeline front, SUNP has enrolled ~950 patients for the treatment of psoriatic arthritis treatment using Ilumya in Ph-III clinical trials. However, delays in patient enrollment have extended the study completion date to Jan'26.
- Additionally, SUNP is yet to submit the study protocol for ph-II and ph-III clinical trials of GL0034 and MM-II drug, respectively.
- With filing in Europen markets in 1HCY24 and subsequent launches in other regulated markets, Nidlegy is expected to contribute to the commercial portfolio over the next 15-18M.
- The prescription trend for commercialized portfolios such as ilumya and winlevi has been robust. However, there has been a decline in the prescription trend for Cequa due to genericization of restatis.
- We anticipate specialty portfolio to register 20% CAGR over FY24-26.

### Product development to reflect in high R&D expense

- SUNP has the highest R&D spend compared to the peers under our coverage on absolute basis. This is due to efforts taken toward building specialty pipeline by the company.

### Stock Info

| | |
|---|---|
| Bloomberg | SUNP IN |
| Equity Shares (m) | 2399 |
| M.Cap.(INRb)/(USDb) | 3562.1 / 42.7 |
| 52-Week Range (INR) | 1639 / 922 |
| 1, 6, 12 Rel. Per (%) | -9/16/23 |
| 12M Avg Val (INR M) | 2975 |
| Free float (%) | 45.5 |

### Financials Snapshot (INR b)

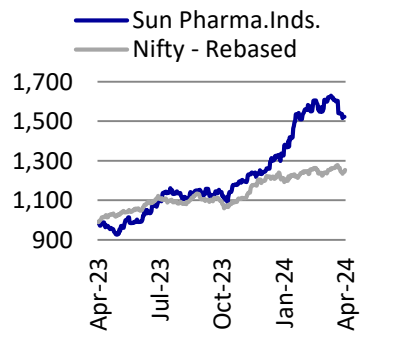
| Y/E MARCH | FY24E | FY25E | FY26E |
|---|---|---|---|
| Sales | 481.9 | 533.2 | 595.3 |
| EBITDA | 124.1 | 141.5 | 165.7 |
| Adj. PAT | 96.5 | 113.8 | 136.1 |
| EBIT Margin (%) | 20.5 | 21.7 | 23.4 |
| Cons. Adj. EPS (INR) | 40.1 | 47.3 | 56.6 |
| EPS Gr. (%) | 12.2 | 17.9 | 19.5 |
| BV/Sh. (INR) | 266.0 | 306.5 | 356.3 |
| **Ratios** | | | |
| Net D:E | -0.03 | -0.13 | -0.23 |
| RoE (%) | 16.1 | 16.5 | 17.1 |
| RoCE (%) | 12.5 | 13.5 | 13.5 |
| Payout (%) | 14.3 | 14.1 | 11.9 |
| **Valuations** | | | |
| P/E (x) | 37.0 | 31.4 | 26.3 |
| EV/EBITDA (x) | 28.1 | 24.1 | 20.1 |
| Div. Yield (%) | 0.3 | 0.4 | 0.4 |
| FCF Yield (%) | 1.3 | 2.6 | 3.1 |
| EV/Sales (x) | 7.2 | 6.4 | 5.6 |

### Shareholding pattern (%)

| As On | Mar-24 | Dec-23 | Mar-23 |
|---|---|---|---|
| Promoter | 54.5 | 54.5 | 54.5 |
| DII | 18.8 | 19.5 | 19.3 |
| FII | 17.7 | 17.1 | 16.9 |
| Others | 9.0 | 8.9 | 9.4 |

FII Includes depository receipts

### Stock Performance (1-year)

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- Notably, SUNP's R&D expenditure still averages at 6.3% of sales for 9MFY24, in line with the average of companies under coverage.
- Glenmark has the highest R&D spend as a % of sales, at 10.5%, compared to its peers, attributable to its investments in novel drugs.
- We anticipate that SUNP's overall R&D expenditure will register an 18% CAGR over FY24-26, on the back of the advancement of products under clinical trials, particularly, Ilumya/MM-II/GL0034.

## DF - on track to sustain superior execution

- Over the past five years, SUNP has outperformed IPM. The industry growth has been on a downtrend for the past two years, partly due to high base and partly due to weaker seasonality.
- Notably, SUNP has been able to do better-than-industry on the back of better volume off-take and strong brand franchise.
- SUNP has been aggressive in terms of new launches at an annual average rate of 91 during FY21-23. However, the pace of new launches has been lower at 46 in 9MFY24. The growth contribution from new launches has been moderate at 2% vs. 3% at industry level.
- We expect the DF business to register 12% CAGR over FY24-26, on the back of the launch of specialty drugs, in licensing opportunities, and improving MR productivity.

## US generics – ANDA approval witnessed uptick in FY24

- After a decline in approval and filing pace in FY22 and FY23, there has been a revival in the approval and filing pace during 9MFY24.
- Due to regulatory issue at Halol/Mohali/Dadra plant, the new approvals would be adversely impacted. Accordingly, we expect SUNP complex launches to offset price erosion impact on the base portfolio and maintain stable US generics sales over FY24-26.

## Reiterate BUY

- We expect 19% earnings CAGR over FY24-26, led by 20%/12%/12% sales CAGR in Specialty/EM-ROW/DF segment. We expect margin expansion by 210bps over FY24-26, on the back of improved operating leverage.
- We value SUNP at 30x 12M forward earnings to arrive at a price target of INR1,870. We reiterate our BUY rating on the stock.

**Exhibit 1: Valuation snapshot**

| Company | Reco | MCap (USD B) | EPS (INR) | | | EPS Gr. YoY (%) | | PE (x) | | EV/EBITDA (x) | | ROE (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | FY24E | FY25E | FY26E | FY25E | FY26E | FY25E | FY26E | FY25E | FY26E | FY24E | FY25E | FY26E |
| Ajanta Pharma | Buy | 3.2 | 64.6 | 79.1 | 92.5 | 22.4 | 17.0 | 26.3 | 22.5 | 19.8 | 17.7 | 22.2 | 23.0 | 22.7 |
| Alembic Pharma | Neutral | 2.1 | 29.0 | 34.8 | 39.5 | 20.0 | 13.6 | 26.9 | 23.7 | 16.6 | 14.4 | 12.3 | 13.2 | 13.4 |
| Alkem Lab | Neutral | 6.7 | 164.0 | 180.9 | 196.0 | 10.3 | 8.4 | 25.5 | 23.5 | 22.1 | 19.8 | 20.1 | 19.1 | 17.9 |
| Aurobindo Pharma | Neutral | 7.8 | 51.2 | 60.3 | 69.4 | 17.9 | 15.1 | 18.0 | 15.7 | 9.6 | 8.5 | 10.6 | 11.3 | 11.6 |
| Biocon | Neutral | 3.8 | 2.1 | 8.5 | 13.6 | 298.1 | 60.1 | 30.8 | 19.2 | 12.8 | 10.6 | 1.4 | 5.4 | 8.2 |
| Cipla | Buy | 13.0 | 53.0 | 57.7 | 64.4 | 8.9 | 11.6 | 23.3 | 20.9 | 14.3 | 12.6 | 16.1 | 15.2 | 14.7 |
| Divi's Lab. | Neutral | 11.8 | 54.2 | 75.7 | 91.8 | 39.7 | 21.2 | 48.5 | 40.0 | 35.5 | 29.9 | 10.9 | 13.9 | 15.2 |
| Dr Reddy's Labs | Neutral | 11.9 | 317.8 | 322.9 | 338.8 | 1.6 | 4.9 | 18.4 | 17.5 | 10.4 | 9.4 | 20.7 | 17.7 | 15.9 |
| Eris Lifescience | Neutral | 1.4 | 30.4 | 31.7 | 42.4 | 4.2 | 33.7 | 27.5 | 20.6 | 11.0 | 9.6 | 17.8 | 16.4 | 19.0 |
| Gland Pharma | Buy | 3.5 | 51.8 | 65.3 | 74.5 | 26.0 | 14.2 | 27.0 | 23.6 | 15.2 | 12.7 | 10.2 | 11.5 | 11.7 |
| Glenmark Pharma | Neutral | 3.5 | 1.5 | 37.7 | 45.9 | 2336.7 | 21.8 | 27.2 | 22.4 | 12.4 | 10.6 | 0.5 | 10.3 | 11.4 |
| Glaxosmith Pharma | Neutral | 3.8 | 40.8 | 43.4 | 47.1 | 6.5 | 8.5 | 43.1 | 39.7 | 32.3 | 29.2 | 34.9 | 32.7 | 31.0 |
| Granules India | Buy | 1.1 | 18.0 | 25.4 | 32.8 | 41.0 | 29.1 | 16.2 | 12.5 | 9.5 | 7.7 | 14.3 | 17.4 | 18.8 |
| Ipca Labs. | Neutral | 4.1 | 22.2 | 35.5 | 46.9 | 60.1 | 32.2 | 37.7 | 28.5 | 21.0 | 16.8 | 9.2 | 13.3 | 15.6 |
| Laurus Labs | Buy | 2.8 | 3.7 | 11.7 | 15.2 | 214.1 | 29.6 | 36.3 | 28.0 | 18.1 | 15.2 | 4.9 | 14.1 | 16.1 |
| Lupin | Neutral | 8.6 | 42.4 | 47.2 | 55.2 | 11.4 | 17.0 | 32.8 | 28.0 | 18.4 | 15.9 | 14.3 | 13.9 | 14.2 |
| Piramal Pharma | Buy | 2.2 | 1.3 | 3.0 | 4.7 | 127.9 | 57.2 | 46.8 | 29.8 | 17.2 | 14.3 | 2.3 | 4.8 | 7.1 |
| **Sun Pharma.Inds.** | **Buy** | **43.6** | **40.1** | **47.3** | **56.6** | **17.9** | **19.5** | **31.4** | **26.3** | **24.1** | **20.1** | **16.1** | **16.5** | **17.1** |
| Torrent Pharma. | Neutral | 10.3 | 48.4 | 65.4 | 81.6 | 35.1 | 24.7 | 38.8 | 31.1 | 21.9 | 18.7 | 22.6 | 26.7 | 33.3 |
| Zydus LifeScience | Neutral | 11.5 | 34.5 | 36.2 | 36.8 | 5.1 | 1.6 | 25.4 | 25.1 | 16.6 | 15.9 | 18.2 | 16.3 | 14.6 |

Source: MOFSL, Company

## Specialty drugs: Efforts underway to enhance portfolio

- **SUNP is building an interesting specialty pipeline (under development) for addressing patient's needs in areas of dermatology, ophthalmology, and onco-dermatology.**
- **While peers to Ilumya have been ahead in the race for additional indications, SUNP's clinical trial for psoriatic arthritis is underway with some delays.**
- **The protocol for clinical trials is yet to be submitted for ph-III trials of MM-II and ph-II trials of GL0034.**
- **It has been a mixed bag for traction in the already commercialized portfolio. Ilumya has been witnessing a steady gain in prescription volume, albeit lower than peers. Peers like Skyrizi have a much superior prescription rate, partly due to its usage for multiple indications.**
- **Winlevi has been holding on the prescription rate, while there has been some deceleration in the prescription rate of its peer Epiduo. As expected, there has been a decline in prescription rate of Cequa due to genericization of Restasis.**

### Ilumya: gradual progress in clinical trials for psoriatic arthritis

- Ilumya received approval from the USFDA for treating plaque psoriasis in Mar'18. SUNP is currently conducting clinical trials for its potential use in treating psoriatic arthritis
- SUNP completed ph-II clinical trials in Jun'19 and is conducting ph-III clinical trials.
- COVID partly prolonged the clinical trial process in FY21-23. The company is currently in the recruitment phase with total patient enrollment expected to be 950 for ph-III trials.

**Exhibit 2: Psoriatic Arthritis clinical trial competition**

| Sr No | Company | Drug | Phase | Status | Completion date | Condition | Remarks |
|---|---|---|---|---|---|---|---|
| 1 | Jiangsu HengRui Medicine | SHR0302 tablets | Ph-III | Enrolling by invitation | Nov-24 | Psoriatic Arthritis | ❖ To Evaluate the efficacy and safety of SHR0302 tablet in subjects of Active Psoriatic Arthritis |
| 2 | Novartis Pharma | Biological: Secukinumab Ustekinumab | Ph-III | Active not recruiting | Oct-24 | Psoriatic Arthritis | ❖ Efficacy of Secukinumab Adults With Active Psoriatic Arthritis and Failure of TNFÎ±-Inhibitor Treatment |
| 3 | Bristol-Myers Squibb | Deucravacitinib Apremilast | Ph-III | Active not recruiting | Nov-26 | Psoriatic Arthritis | ❖ Efficacy and Safety of Deucravacitinib in participants With Active Psoriatic Arthritis (PsA) |
| 4 | Sun Pharma | TILD | Ph-III | Active not recruiting | Jan-26 | Active Psoriatic Arthritis | ❖ Efficacy and Safety in Anti-TNF naÃ¯ve Subjects With Active Psoriatic Arthritis II (INSPIRE 2) |

Source: MOFSL, Clinicaltrials.gov

- Currently, there are three competitors conducting phase 3 clinical trials for psoriatic arthritis.
- The primary completion date for SUNP, which refers to the date when the last participant in a clinical study was examined or received an intervention to collect final data for the primary outcome measure, is estimated to be Sept'25. Meanwhile, the study completion date, indicating the date when participants last visited for the outcome of the treatment, is projected to be Jan'26.

**Exhibit 3: Psoriatic Arthritis recent approvals**

| Sr No | Company | Drug | Brand | Approval date |
|---|---|---|---|---|
| 1 | AbbVie | Risnakiszumab | Skyrizi | Jan-22 |
| 2 | AbbVie | upadacitinib | RINVOQ | Dec-21 |
| 3 | Janssen Biotech, Inc. | Guselkumab | Tremfya | Jul-20 |

Source: MOFSL, Company

- Over the past four years, three drugs have received approval for the treatment of psoriatic arthritis.
- Interestingly, RINVOQ (upadacitinib) has been another block-buster drug from Abbvie with sales of USD2.7b in 9MFY24.
- The potential for treating psoriatic arthritis remains immense. However, the timely completion of clinical trials and achieving successful regulatory outcome remains key factors.

## GL0034/MM-II: Work-in-progress for initiating ph-II/ph-III trials

- SUNP has successfully completed the ph-I clinical of GL0034 in Jun'23. It is currently working on the ph-II clinical trial of GL0034.
- The protocol is yet to be submitted for conducting clinical trials. Considering the timeline for protocol, the ph-II clinical trials are expected to start in 2HCY24.
- GL0034 (Utreglutide) is a novel investigational glucagon-like peptide 1 receptor agonist (GLP-1RA) being studied for the treatment of type 2 diabetes and obesity. Notably, GL0034 demonstrated a reduction in body weight by day 8 after a single dose in obese individuals without diabetes.
- The instance of Zepbound (Tirzepatide) indicates ph-II clinical trials took two years.
- Also, Eli Lilly's Mounjaro (Tirzepatide), a Type 2 diabetes drug, underwent ph-II clinical trials from Oct'17 to Apr'21. The trials involved 111 enrollments from the age group of 18 to 75 years.

**Exhibit 4: Type-2 diabetes/Obesity and overweight clinical trial competition**

| Sr No | Company | Drug | Phase | Completion date | Condition | Remarks |
|---|---|---|---|---|---|---|
| 1 | Eli Lilly | Tirzepatide \| Semaglutide | Ph-III | Nov-24 | Obesity \| Overweight | ❖ A Study in Participants With Obesity/Overweight With Weight Related Comorbidities |
| 2 | Eli Lilly | Tirzepatide | Ph-III | Oct-26 | Obesity \| Overweight | ❖ A Study of Once Weekly in Adolescent Participants Who Have Obesity with Weight-Related Comorbidities |
| 3 | Eli Lilly | Orforglipron | Ph-III | Jun-25 | Obesity \| Overweight \| Type 2 Diabetes | ❖ A Study in adult Participants With Obesity and Type 2 Diabetes |
| 4 | Novo Nordisk | Cagrilintide \| Semaglutide | Ph-III | Jan-25 | Overweight \| Obesity \| Type 2 Diabetes | ❖ A Study to See How Well CagriSema Helps People with Type 2 Diabetes/Excess Body Weight |
| 5 | Amgen | BIOLOGICAL: AMG 133 | Ph-II | Jan-26 | Obesity \| Overweight \| Type 2 Diabetes Mellitus | ❖ Dose-ranging Study to Evaluate the Efficacy, Safety, and Tolerability Mellitus |
| 6 | Carmot Australia First | CT-996\| Placebo | Ph-I | Nov-11 | Type 2 Diabetes \| Overweight or Obesity | ❖ Phase 1 Study for Overweight/Obese Participants and Patients With Type 2 Diabetes Mellitus |
| 7 | Eli Lilly | LY3305677\| LY3841136 | Ph-II | Sep-25 | Obesity \| Overweight | ❖ A Chronic Weight Management Master Protocol Study of Multiple Intervention-Specific-Appendices |
| 8 | Boehringer Ingelheim | Survodutide | Ph-III | Jan-26 | Obesity \| Diabetes \| Type 2 | ❖ A Study to Test Whether Survodutide Helps People Living With Overweight who Also Have Diabetes to Lose Weight |
| 9 | Alnylam Pharma | ALN-KHK | Ph-I\|Ph-II | Jul-25 | Type 2 Diabetes | ❖ Study to Evaluate ALN-KHK in overweight to obese healthy volunteers and obese patients With T2DM |
| 10 | Eli Lilly | Orforglipron | Ph-III | Jun-25 | Type 2 Diabetes | ❖ A Long-term Safety Study in Participants With Type 2 Diabetes |
| 11 | CSPC ZhongQi Pharma | semaglutide injection (HD1916)\|Ozempic | Ph-III | Feb-26 | Type 2 Diabetes | ❖ Efficacy and Safety in Patients With Type 2 Diabetes Mellitus |
| 12 | Beijing Dongfang Biotech | Exendin-4 Fc fusion protein injection | Ph-III | Dec-25 | Type 2 Diabetes | ❖ Study to evaluate the efficacy of JY09 in T2DM Patients |
| 13 | Eli Lilly | Orforglipron | Ph-III | Apr-25 | Type 2 Diabetes | ❖ A Study in adult participants with Type 2 Diabetes and inadequate Glycemic Control with diet and exercise Alone |
| 14 | Novo Nordisk | Cagrilintide\| Semaglutide | Ph-III | Jan-26 | Type 2 Diabetes | ❖ Study to lowers blood sugar and body weight in people With Type 2 Diabetes treated with Metformin with or without an SGLT2 Inhibitor |
| 15 | Jiangsu HengRui Medicine | INS068 injection\| Insulin Glargine | Ph-III | Oct-24 | Type 2 Diabetes | ❖ Efficacy and safety in Subjects With Type 2 Diabetes Mellitus Treated With Basal Insulin. |
| 16 | Sun Pharma | GL0034 | Ph-II | NA | Type 2 diabetes\| Obesity | ❖ Protocol is yet to be submitted for initiating Ph-II trials. Accordingly, the trials are expected to start in 2HCY24 |

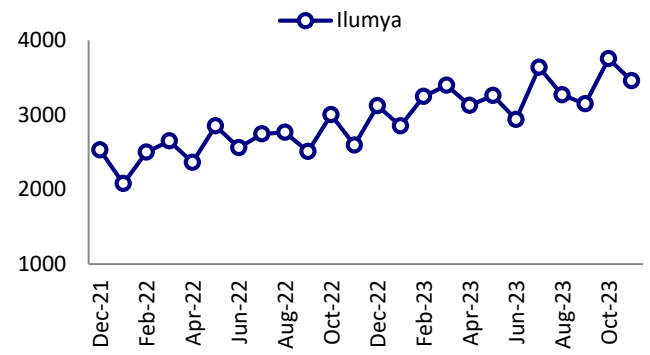
Source: MOFSL, Clinicaltrials.gov

- Currently, there are six products undergoing ph-III clinical trials, scheduled to complete by CY25 and CY26. SUNP plans to commence clinical trials for GL0034 in 2HCY24.
- Likewise, SUNP is yet to submit the protocol to conduct ph-III clinical trials for MM-II. While it is a potential drug for durable pain relief, we anticipate a gestation period of 2-3 years for commercial benefit, factoring in the timeline for ph-III clinical trials and subsequent regulatory approval.

## Ilumya: Steady rise in prescription for plaque psoriasis

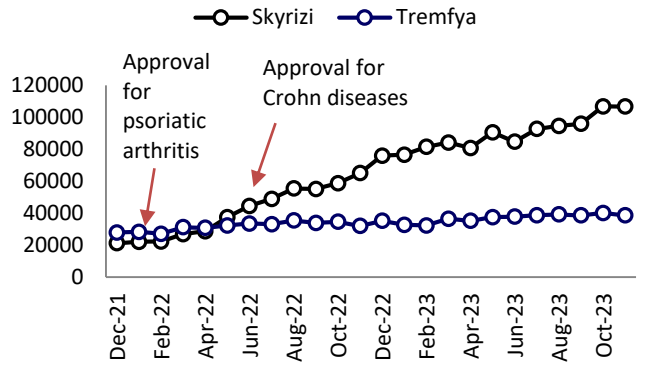
- Illumya has witnessed a slower ramp-up in the prescription trend from Dec'21 till Oct'23.
- Skyrizi, approved for the treatment of psoriasis in Apr'19, psoriatic arthritis in Jan'22, and Crohn's disease in Jun'22, has experienced a remarkable uptick in prescription trends, following approvals for these new conditions.

**Exhibit 5: Steady rise in prescription volume since its launch**




Note: Prescription volume (Units), Source: MOFSL, Bloomberg

**Exhibit 6: Skyrizi witnessing sharp rise in prescriptions**



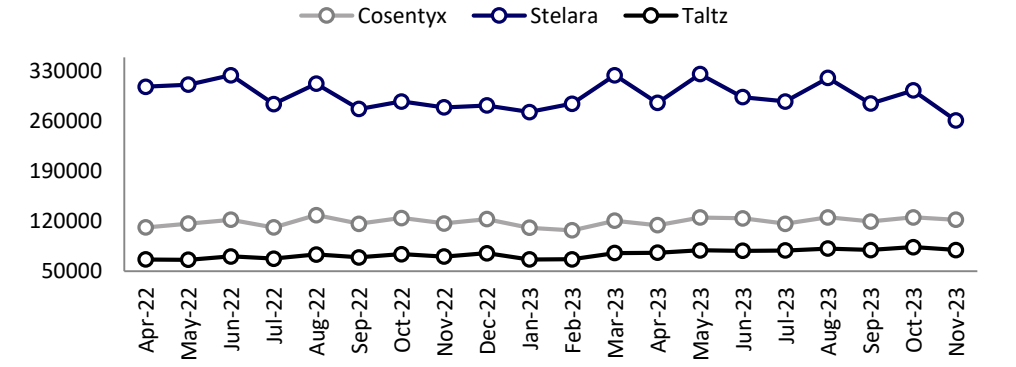

Note: Prescription volume (Units), Source: MOFSL, Bloomberg

- Based on the successful outcome of Phase 3 trials on Psoriatic Arthritis and the various out-licensing opportunities, we expect Ilumya to serve as the primary growth driver for SUNP.

## Competitive landscape to increase with new USFDA approvals

- Recently, the USFDA approved Alvotech-Teva's **Selarsdi (Ustekinumab-aekn), a biosimilar of Stelara**. Alvotech-Teva has reached a settlement with J&J (the manufacturer of Stelara) to launch Selarsdi on or after Feb 21, '25. Interestingly, the composition of matter patent for Stelara expired in CY23, and the EU patent is set to expire in CY24. Biosimilars in the EU are expected by mid-CY24. In CY23, J&J achieved annual sales of USD7b in the US and USD4b in Non-US markets.

**Exhibit 7: Prescription trend being volatile over recent past**




Note: Prescription volume (Units), Source: MOFSL, Bloomberg

- UCB has launched a DTC campaign for psoriasis treatment featuring **Bimzelx (Bimekizumab-bkzx)**. Bimzelx is the first approved PsA treatment that selectively blocks both IL-17A and IL-17F. Consequently, this drug is poised to disrupt the psoriasis market in the medium term.
- The approval of **IV formulation of Cosentyx** is also expected to expand the patient base as some patients are not comfortable with self-injections.
- With the anticipated launch of biosimilars in both EU and US markets, it would be critical to monitor patient preference for more affordably priced medications and the subsequent impact on the uptake of Ilumya.

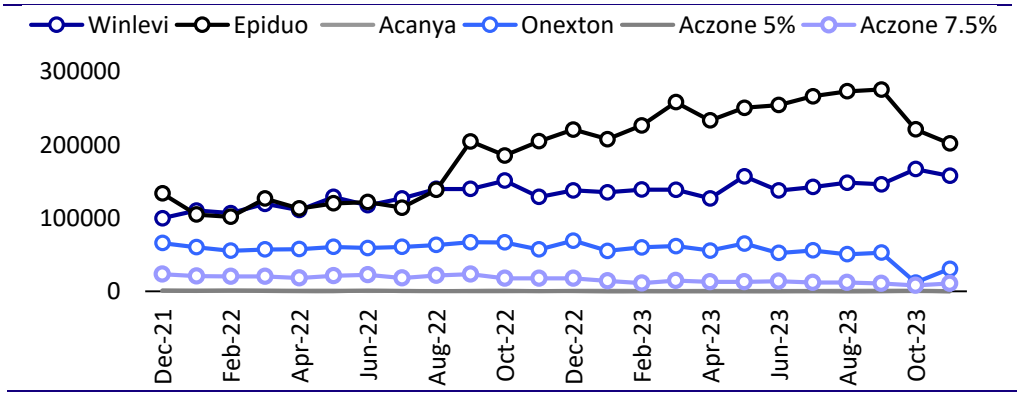
## Nidlegy: Targeting European and other regulated markets

- Nidlegy used for the treatment of skin cancer with melanoma is currently undergoing phase 3 clinical trials.
- SUNP anticipates filing the drug in 1HCY24 in Europe. Upon approval, the drug is expected to synergize with the Odomzo franchise in Europe.
- Post approval, the drug needs to get enrolled in a state-re-imbursement program as well.
- SUNP plans to launch the drug in Australia and New Zealand going forward.
- Further, Nidlegy is also being developed for the treatment of aggressive forms of non-melanoma skin cancer, including high-risk locally advanced basal cell carcinoma and cutaneous squamous cell carcinoma and is currently under phase 2 clinical trials.

## Winlevi – outperforming Epiduo/Onexton

- Since its launch in Nov'21, Winlevi has scaled up considerably in terms of prescription units in the US.
- Post Apr'23, SUNP witnessed steady growth in Winlevi, despite a sharp decline in the prescription of Epiduo.
- Further, Onexton also witnessed a decline in the prescription trend from Sept'23 due to the launch of authorized alternative generic Optum by Bausch Health.

**Exhibit 8: Winlevi prescriptions on a strong upward trajectory in the US**



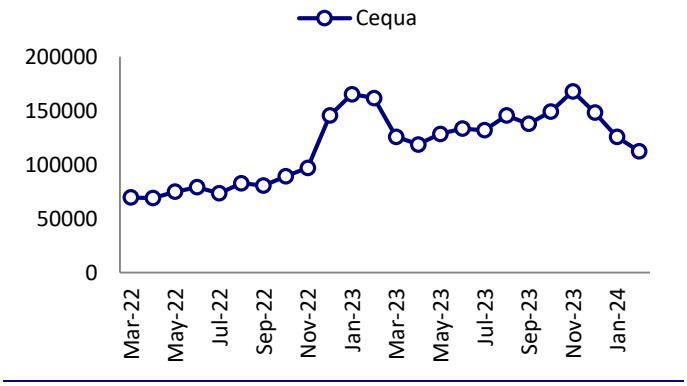

Note: Prescription volume (Units), Source: MOFSL, Bloomberg

- We expect the sales of Winlevi to further increase, given the strong momentum in the US and expansion in other growth markets such as Japan, Australia, New Zealand, Brazil, Mexico, and Russia.

## Cequa: Prescription on downtrend

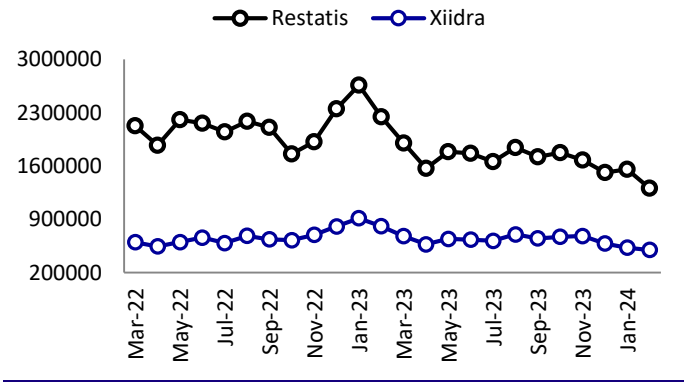
- Cequa's prescription trend has been on a decline due to increased competition from generic Restatis.
- From Nov'23, the prescription of Cequa has seen a sharp decline compared to the decline in Restatis and Xiidra.
- Xiidra has been able to maintain stable prescription growth stable due to its advantage in providing quicker relief compared to other medications.

**Exhibit 9: Adverse impact of generics witnessed in Cequa prescription**




Note: Prescription volume (Units), Source: MOFSL, Bloomberg

**Exhibit 10: Xiidra has been relatively stable vs. Restasis/Cequa**




Note: Prescription volume (Units), Source: MOFSL, Bloomberg

- SUNP has been continually committed to enhancing the market share of the drug through targeted marketing efforts. Additionally, SUNP is actively pursuing avenues to amplify the product's growth through increased investment, while carefully assessing the competitive landscape in the US.

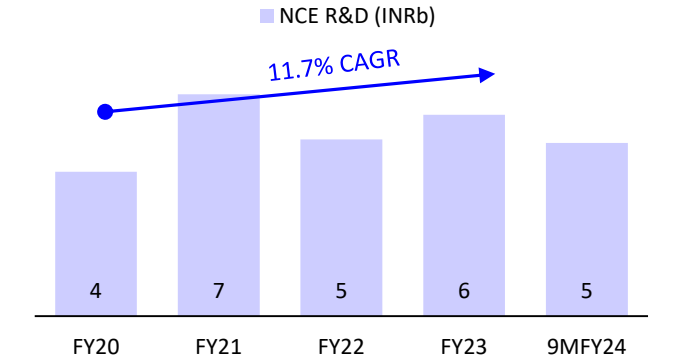
## Product development to reflect in higher R&D spend

- **The effort toward building a specialty pipeline is evident in the increased focus on R&D spending for innovative product development.**
- **In fact, the advancement of products in clinical development is expected to further increase the R&D expenditure over the next two to three years.**
- **Accordingly, we expect R&D expenditure to witness an 18% CAGR over FY24-26 to INR45b.**
- **Compared to peers in India listed space, it would be the highest R&D expenditure on an annual basis.**

### Rising focus on specialty R&D investments

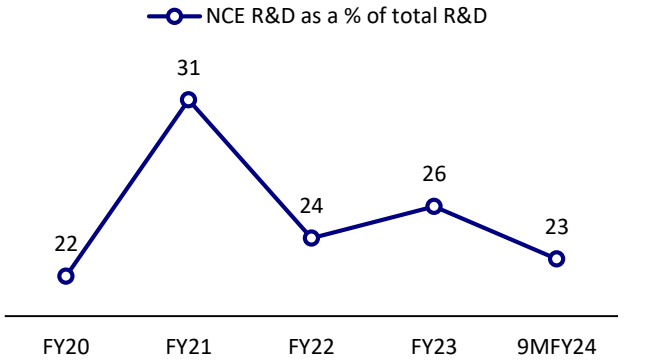
- Over the past four years, SUNP has been increasing its investments in specialty R&D to strengthen the innovative product pipeline.
- The specialty R&D has been INR31b on a cumulative basis over FY20-9MFY24.
- Specialty R&D as a percentage of Total R&D has increased to 23% in 9MFY24 from 22% in FY20.

**Exhibit 11: NCE R&D has witnessed 12% CAGR over FY20-23**




Source: MOFSL, Company

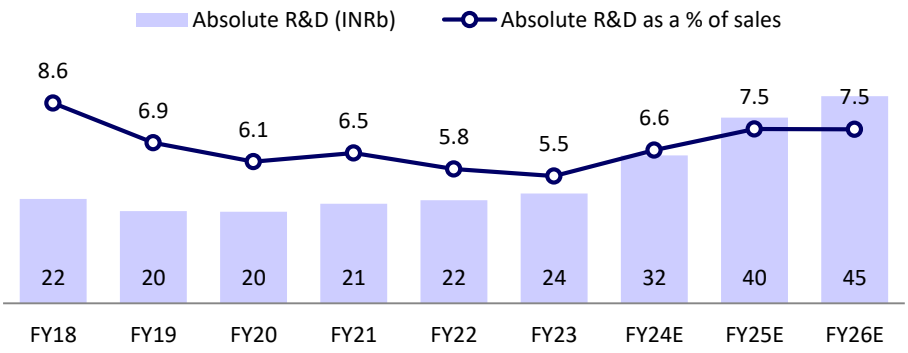
**Exhibit 12: NCE R&D is 23% of total R&D in 9MFY24**




Source: MOFSL, Company

- Particularly, in FY23, the absolute R&D as a percentage of sales was the lowest at 5.5%; this is due to delay in execution of clinical trials and geopolitical tensions.
- While there has been a YoY increase in R&D spend in FY24 to 6.6% as a percentage of sales, it remains lower than the guidance provided at the beginning of FY24.

**Exhibit 13: Absolute R&D to register 18% CAGR over FY24-26**




Source: MOFSL, Company

- Currently, there are six products undergoing the various phases of clinical trials as well as the registration phase.
- Moving forward, we expect the absolute R&D expenditure to increase by 18% over FY24-26. This growth will be primarily driven by the execution of clinical trials for Ilumya, MM-II, and GL0034.

**Exhibit 14: SUNP's 6 specialty drugs under various phases of clinical trials**

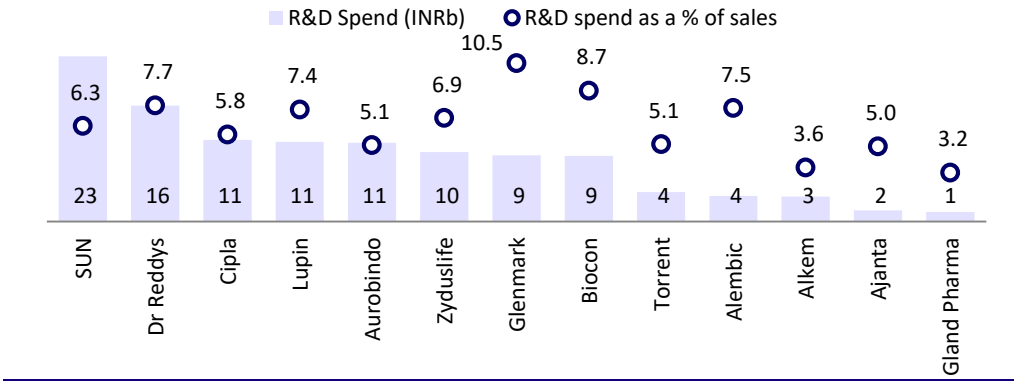
| Sr No | Drug | Indication | Route of Administration | Mechanism of Action | Status | Remarks |
|---|---|---|---|---|---|---|
| 1 | CTP-543 (Deuruxolinib) | Alopecia Areata | Oral | JAK Inhibitor | Registration | ❖ The target action date is expected in Jul'24 |
| 2 | Ilumya (Tildrakizumab) | Psoriatic Arthritis | Injection | IL-23 Antagonist | Ph-III | ❖ Patient enrollment underway. Study completion date expected in Jan'26 |
| 3 | Nidlegy | Skin Cancer | Injection | Immunocytokines | Ph-III | ❖ Product filing underway with EU regulatory agencies. Company will also have to work with state-re-imbursement agencies post approval |
| 4 | MM-II | Pain in osteoarthritis | Injection | Liposomal intra - articular lubrication | Ph-III | ❖ Protocol for clinical trials is yet to be submitted. Accordingly, clinical trials is expected to start in 2HCY24 |
| 5 | GL0034 | Type 2 diabetes\| Obesity | Injection | GLP-1R Agnostic | Ph-II | ❖ Protocol is yet to be submitted for initiating Ph-II trials. Accordingly, the trials are expected to start in 2HCY24 |

Source: MOFSL, Company

## SUNP has the highest absolute R&D spend

- SUNP has the highest absolute R&D spend of INR23b during 9MFY24 due to focus on specialty products. Having said this, the R&D spend remains at the average level compared to companies under coverage as a percentage of sales.
- CIPLA, LPC, ARBP, and ZYDUS are spending almost half of R&D spent by SUNP. Also, most of the R&D spent by CIPLA, LPC, ARBP has been largely toward complex generics.

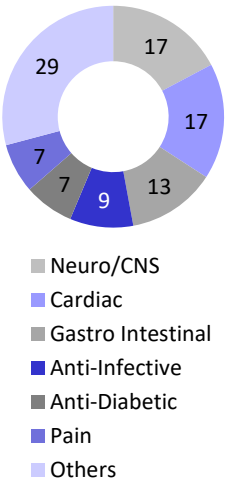
**Exhibit 15: SUNP has the highest absolute R&D spend in our coverage companies during 9MFY24**




Source: MOFSL, Company

- Glenmark has the highest R&D spend as a percentage of sales, 10.5% due to investment in its novel pipeline.
- However, ALKEM, TRP, AJP, and GLAND have lower R&D expenditure (~3-5% of sales).

**Neuro/Cardiac is SUNP's biggest therapy, contributing 17% to DF sales**



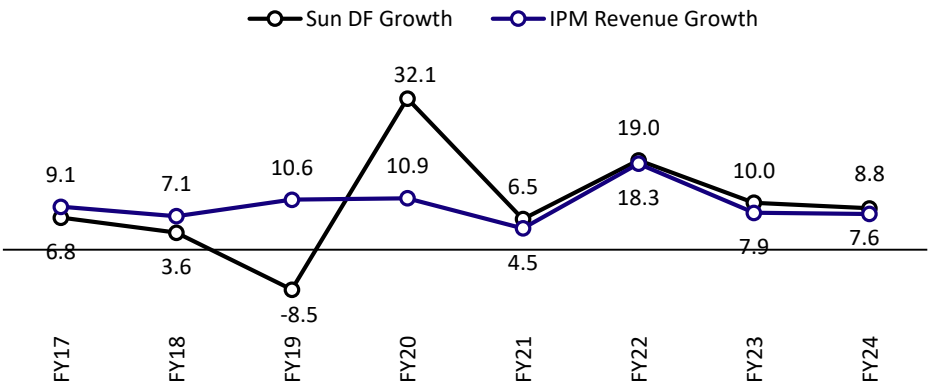

## DF: on track to sustain superior execution

- **Over the past five years, SUNP has outperformed IPM.**
- **The overall growth in DF was driven by chronic portfolio. The acute portfolio has largely grown in line with industry.**
- **Furthermore, the overall growth was propelled by volume expansion. Despite aggressive launches, the growth from new launches has been lower than the industry average.**
- **With better volume off-take, in-licensing opportunities, and improving MR productivity, we estimate DF business to register 12% sales CAGR over FY24-26.**

### SUNP outperformed DF business for five consecutive years

- Post underperformance over FY17-19, SUNP has outperformed IPM for five consecutive years, aided by focus on chronic therapies, superior brand recall, increase in MR productivity as well as expansion of sales force and new launches.
- Over the last two years, SUNP's and IPM's growth rate has been declining due to weak seasonality.

**Exhibit 16: SUNP delivered 8.8% YoY growth in FY24**

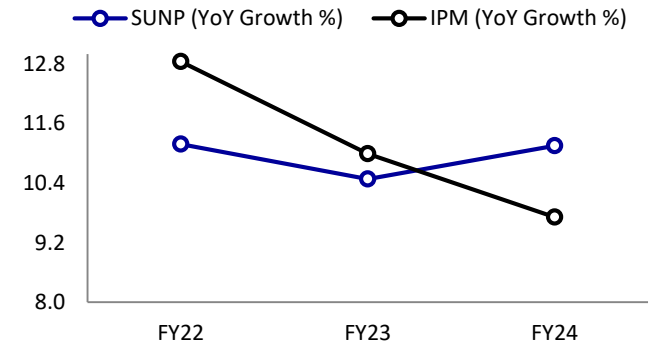



Note: Growth YoY (%) is ex-Covid, Source: MOFSL, Company

### Chronic portfolio outperforms, while acute portfolio underperforms IPM

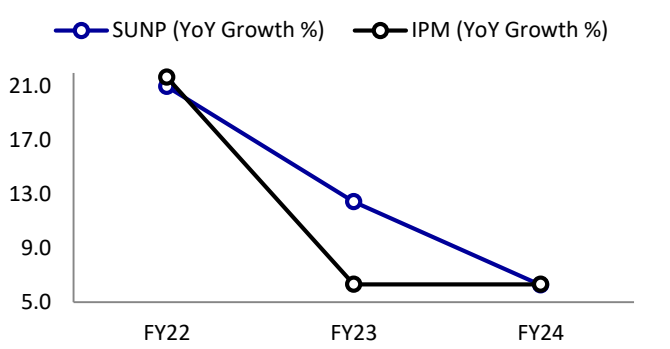
- SUNP's chronic therapies have consistently achieve double-digit growth over the last three consecutive years. However, in FY22 and FY23, SUNP's chronic therapies underperformed IPM growth. In FY24, SUNP managed to outperform IPM by 150bps, due to strong brand recall and the introduction of the specialty drug Cequa.
- However, acute therapies have shown a sharp decline in growth over FY22-24 due to weak seasonality, hurting the overall growth.

**Exhibit 17: Steady growth in chronic portfolio**




Source: MOFSL, IQVIA

**Exhibit 18: Sharp deceleration in acute portfolio growth**

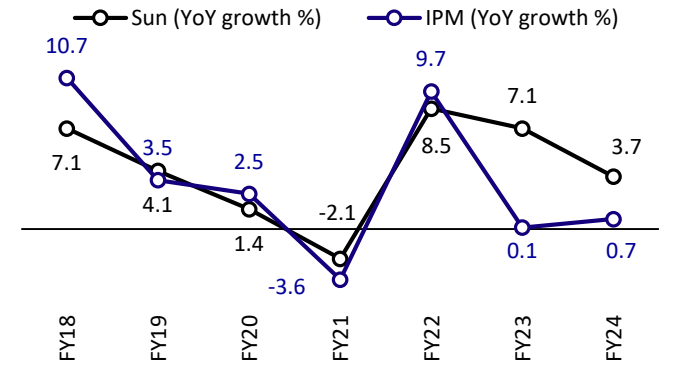



Source: MOFSL, IQVIA

## Volume-led growth for SUNP over the past two years

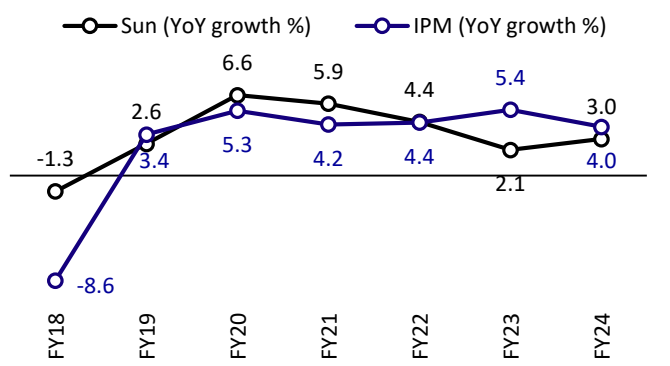
- SUNP outperformed IPM in FY24, largely driven by volume growth (3.7% YoY growth vs. 0.7% YoY IPM growth).

**Exhibit 19: Overall volume growth much better than IPM**




Source: MOFSL, Company

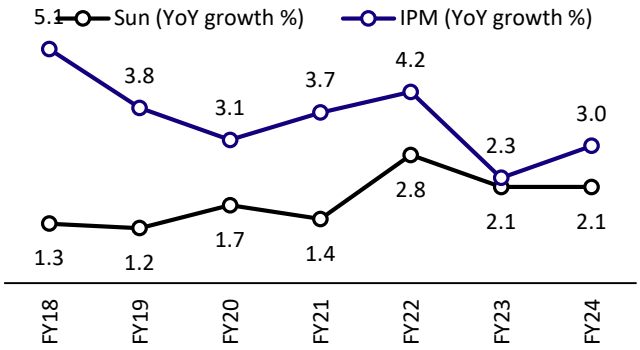
**Exhibit 20: The price YoY growth was lower than IPM for past two years**




Source: MOFSL, Company

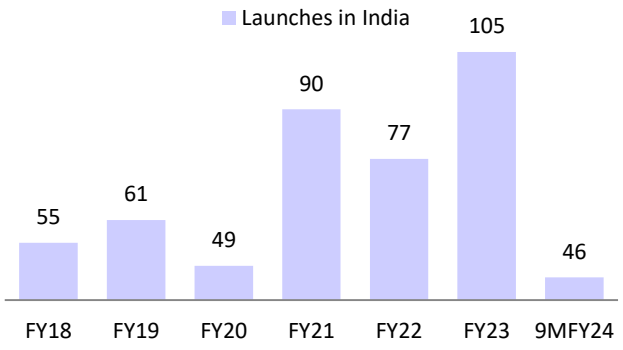
- SUNP has been actively introducing products into the Indian market from FY21 to FY23. However, during the 9MFY24, it launched 46 drugs, lower than the number of launches in FY23.
- Despite this, the growth from these new launches has been below the industry average from FY18 to FY24.

**Exhibit 21: New launches growth lower than IPM**




Source: MOFSL, Company

**Exhibit 22: During 9MFY24, new launches declined in India**

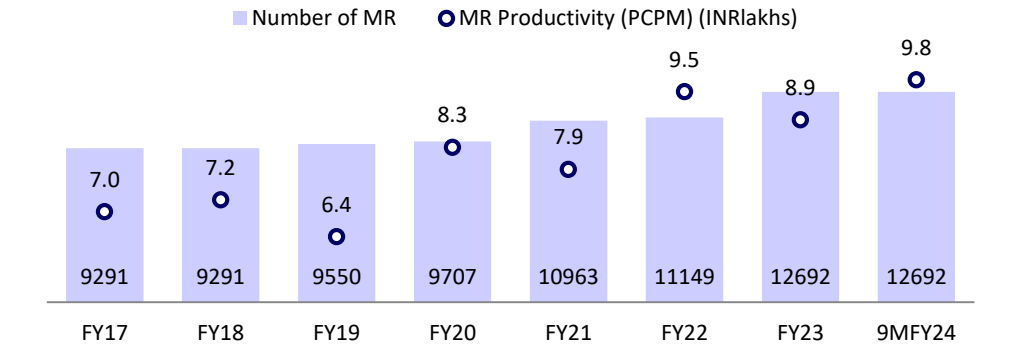



Source: MOFSL, Company

## Focus on improving MR productivity to drive growth

- During 9MFY24, SUNP's MR productivity is at an all-time high to INR9.8 lakhs per month compared to previous years.
- During FY23, the MR productivity slightly declined to INR8.9 lakhs per month from INR 9.5 lakh per month in FY22. This decline can be attributed to the addition of over 1,000 new MRs aimed at expanding geographic reach.

**Exhibit 23: SUNP MR productivity has improved in 9MFY24**



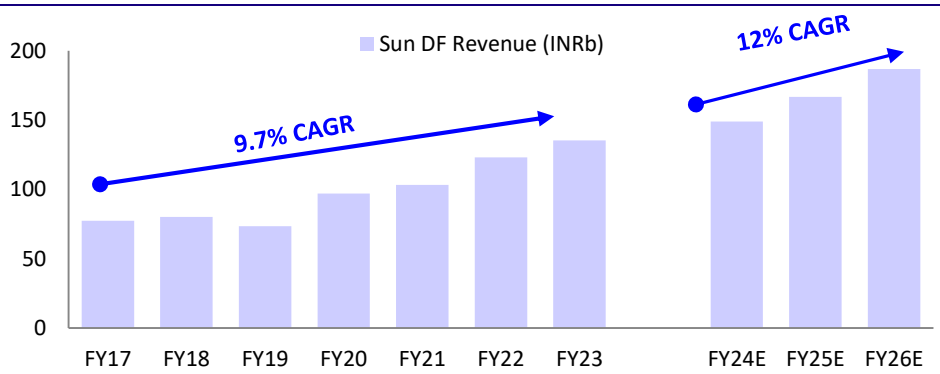

Source: MOFSL, Company

- SUNP focuses on improving MR productivity further to improve the domestic sales by strengthening its geographic as well as brand reach.

## Expect 12% sales CAGR over FY24-26

- Over FY17-23, DF business has registered 9.7% CAGR due to improved market share, geographic expansion, focus on chronic therapies, and strong brand equity.

**Exhibit 24: Expect sales of 12% CAGR over FY24-26**




Source: MOFSL, Company

- SUNP is concentrating on launching complex products such as GLP-1 through in-licensing opportunities from innovator companies. Moreover, the company is focused on enhancing the prescription rate of these complex products and improving MR productivity. Additionally, the launch of specialty products such as Cequa is expected to drive growth in the DF business.
- Accordingly, we expect the DF business to register a 12% CAGR over FY24-26 to INR187b.

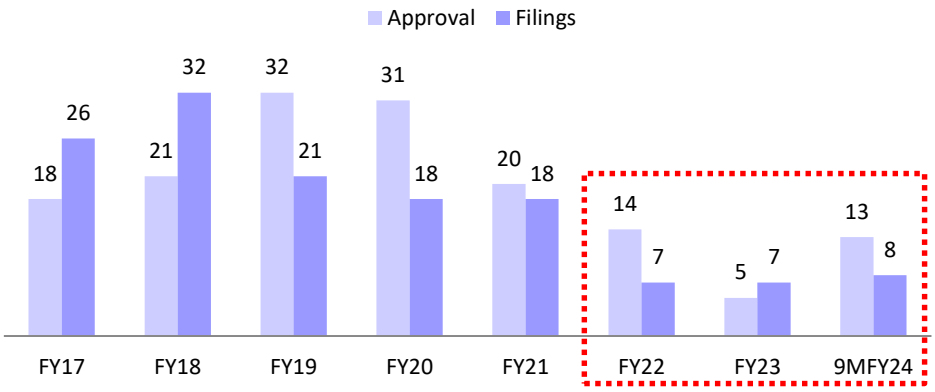
## US generics: ANDA approvals witness pick up in FY24 till date

- **The ANDA filings has increased inclination toward complex products, thereby reducing the pace of filings compared to average rate of filing in FY17-22.**
- **SUNP continues to implement remediation measures at Halol, Mohali, and Dadra to resolve regulatory issues.**
- **We expect SUNP to offset price erosion impact on the base portfolio and maintain stable US generics sales over FY24-26.**

### Pick-up in ANDA filings in 9MFY24

- The pace of ANDA filings reduced considerably in FY23 to 7 filings vs. average ANDA filings rate of 23 over FY17-21.
- Even the approval rate reduced to 5 from the average of 24 over FY17-21.

**Exhibit 25: During 9MFY24, approvals and filings have improved for SUNP**




Source: MOFSL, Company

- The ANDA approval rate has increased to 13 in FY24 till date. However, the number of ANDA filings rate remains moderate. This is largely due to higher focus on limited competition products.

### Certain adverse regulatory outcome is affecting US growth prospects

- SUNP received an import alert on its Halol plant in Oct'22 due to non-compliance with cGMP practices. Although supplies have commenced from the Mohali facility to the US markets, it is expected that supply levels will gradually normalize in the US market.
- Recently, SUNP also received OAI classification at its Dadra facility.

**Exhibit 26: History of regulatory inspection**

| Facility | Classification/Remarks | Inspection End Date |
|---|---|---|
| Dadra | Official Action Indicated (OAI) | Apr-24 |
| Bharuch District | No Action Indicated (NAI) | Jan-24 |
| Halol | Voluntary Action Indicated (VAI) | Jul-23 |
| Kanchipuram | No Action Indicated (NAI) | Feb-23 |
| Halol | Import Alert | Oct-22 |

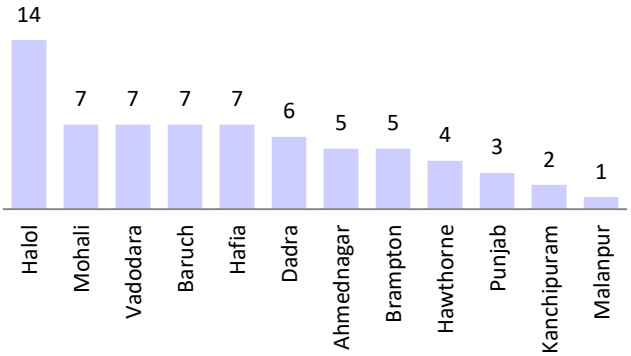
Source: MOFSL, USFDA

- While the specialty portfolio is not adversely impacted, new ANDA approvals will remain impacted due to the regulatory constraints at Halol/Mohali/Dadra.

## Halol site has witnessed maximum impact on USFDA regulatory front

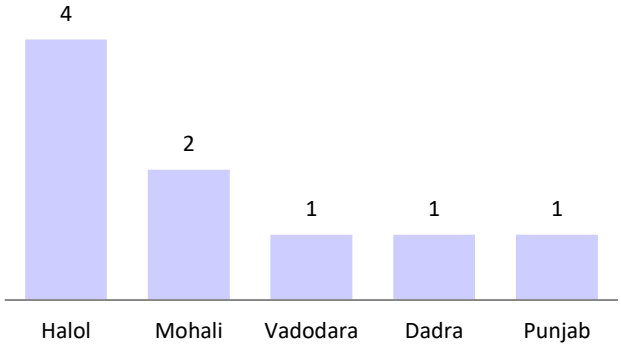
- Since CY09, SUNP has witnessed 68 inspections till date from USFDA and Halol has been the most inspected site till date.
- SUNP has received a total of 9 OAI classification/import alerts on site and Halol has received the highest OAI classification/import alerts.

**Exhibit 27: SUNP's Halol site is the most inspected since 2009**




Source: MOFSL, USFDA

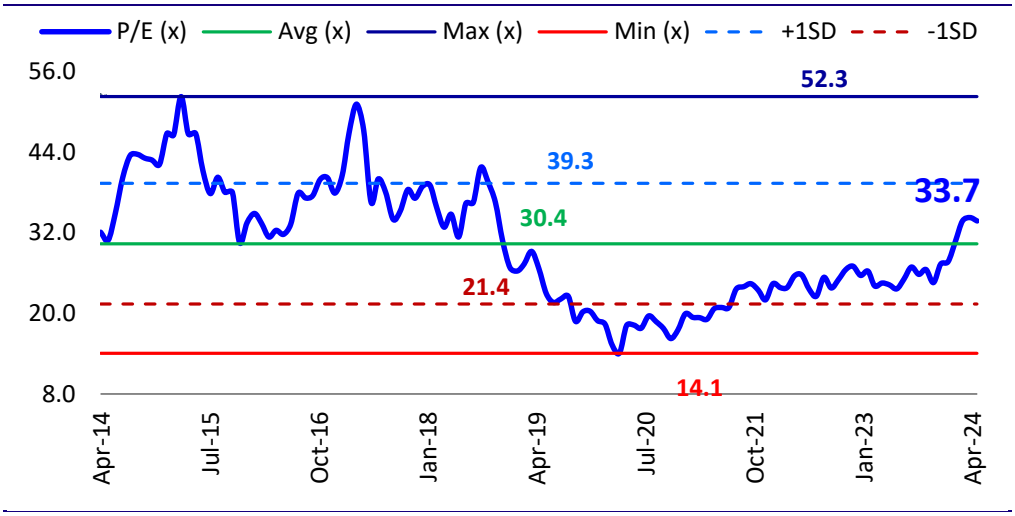
**Exhibit 28: Halol has the highest OAI classification/import alerts**




Source: MOFSL, USFDA

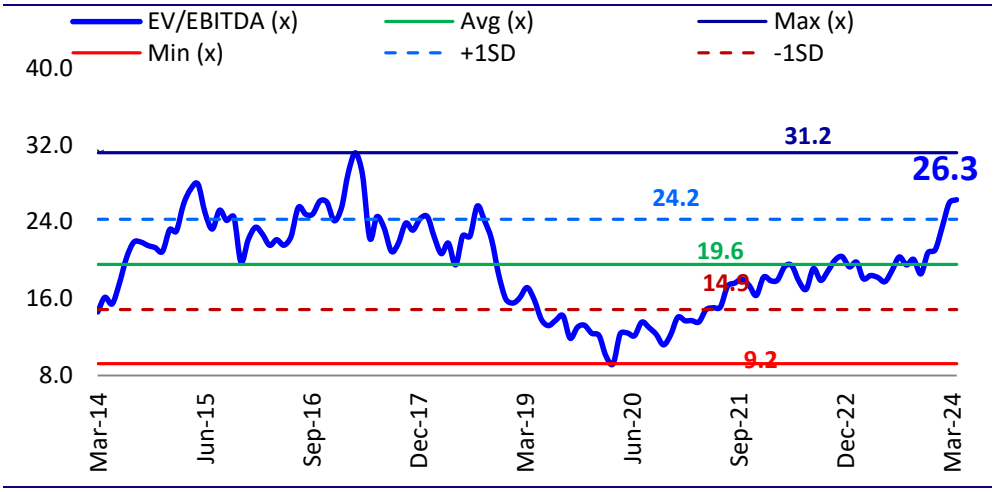
- Due to regulatory issue and pricing erosion, the filings and approval pace has slowed down. However, during 9MFY24, the approvals improved compared to FY23.
- Efforts are currently underway to implement remediation measures at the site in order to regain compliance. Thus, we anticipate a gradual recovery of US sales from these sites.
- Overall, we expect flat sales growth in the US generics segment (Ex-Specialty), reaching USD934m over FY24-26.

**Exhibit 29: P/E chart**




Source: MOFSL, Company, Bloomberg

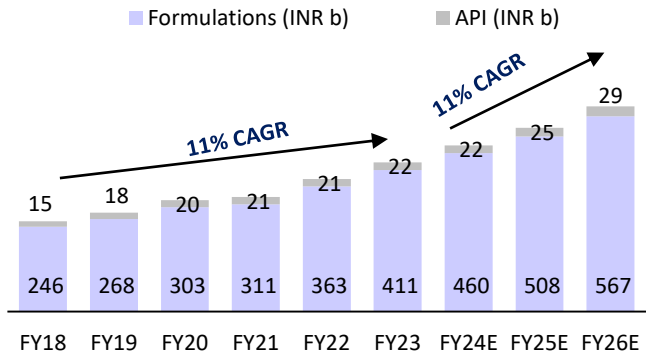
**Exhibit 30: EV/EBITDA chart**




Source: MOFSL, Company, Bloomberg

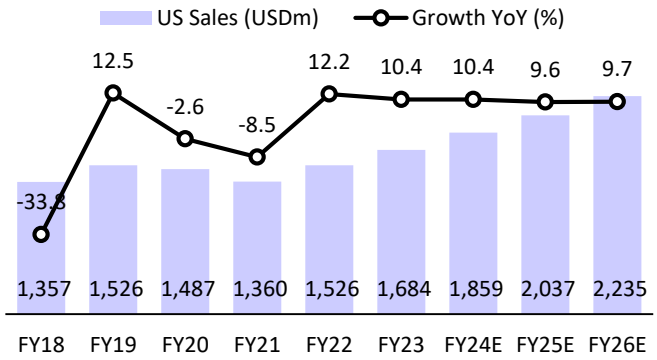
# Story in charts

**Exhibit 31: Expect 11% revenue CAGR over FY24-26**



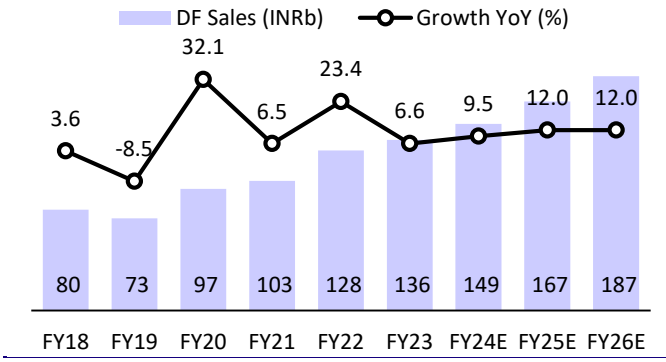

Source: Company, MOFSL

**Exhibit 32: Expect 9.6% CAGR in US sales over FY24-26**



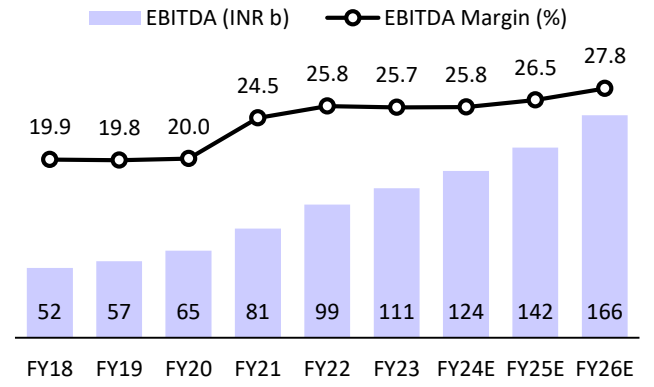

Source: Company, MOFSL

**Exhibit 33: Expect DF sales CAGR of 12% over FY24–26**



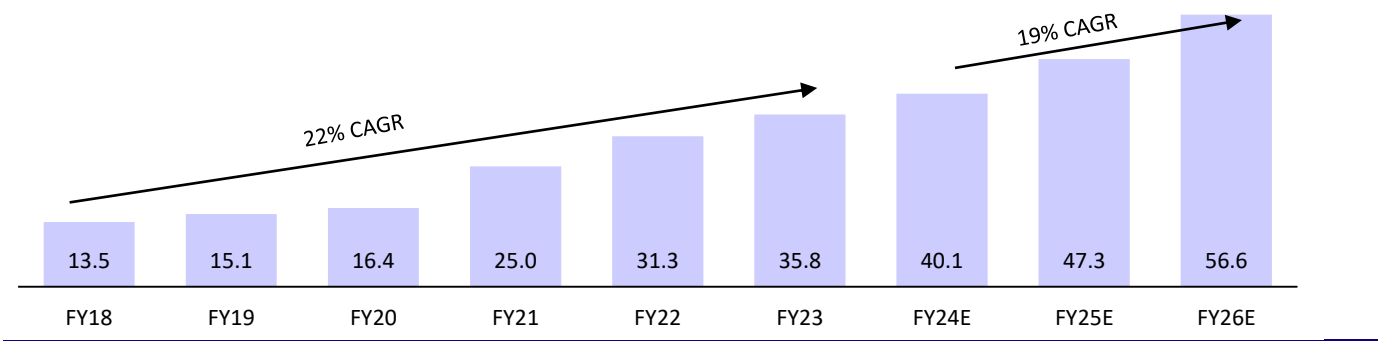

Source: Company, MOFSL

**Exhibit 34: EBITDA margin to improve to ~28% by FY26**




Source: Company, MOFSL

**Exhibit 35: Expect 19% EPS CAGR over FY24-26**




Source: Company, MOFSL

# Financials and valuations

**Income Statement** (INR b)

| Y/E March | FY19 | FY20 | FY21 | FY22 | FY23E | FY24E | FY25E | FY26E |
|---|---|---|---|---|---|---|---|---|
| **Net Sales** | **286.9** | **323.3** | **331.6** | **383.1** | **432.3** | **481.9** | **533.2** | **595.3** |
| Change (%) | 10.1 | 12.7 | 2.6 | 15.5 | 12.8 | 11.5 | 10.7 | 11.6 |
| Total Expenditure | 230.1 | 258.6 | 250.3 | 284.1 | 321.1 | 357.8 | 391.7 | 429.6 |
| % of Sales | 80.2 | 80.0 | 75.5 | 74.2 | 74.3 | 74.2 | 73.5 | 72.2 |
| **EBITDA** | **56.8** | **64.6** | **81.3** | **99.0** | **111.1** | **124.1** | **141.5** | **165.7** |
| Margin (%) | 19.8 | 20.0 | 24.5 | 25.8 | 25.7 | 25.8 | 26.5 | 27.8 |
| Depreciation | 17.5 | 20.5 | 20.8 | 21.4 | 25.3 | 25.3 | 25.7 | 26.6 |
| **EBIT** | **39.3** | **44.1** | **60.5** | **77.6** | **85.8** | **98.8** | **115.8** | **139.0** |
| Int. and Finance Charges | 5.6 | 3.0 | 1.4 | 1.3 | 1.7 | 2.0 | 1.9 | 1.7 |
| Other Income - Rec. | 14.1 | 11.5 | 11.8 | 10.2 | 11.3 | 17.9 | 17.6 | 17.3 |
| Extra-ordinary Exp | 9.7 | 2.5 | 42.8 | 43.2 | 1.4 | 3.0 | 0.0 | 0.0 |
| PBT | 38.1 | 50.1 | 28.0 | 43.3 | 94.1 | 111.6 | 131.5 | 154.6 |
| Tax | 6.0 | 8.2 | 5.1 | 10.8 | 8.5 | 17.2 | 16.4 | 17.3 |
| Tax Rate (%) | 15.8 | 16.4 | 18.4 | 24.8 | 9.0 | 15.4 | 12.5 | 11.2 |
| | | | | | | | | |
| **Profit after Tax** | **32.1** | **41.9** | **22.8** | **32.6** | **85.6** | **94.5** | **115.1** | **137.3** |
| Change (%) | 21.9 | 30.5 | -45.4 | 42.5 | 162.9 | 10.3 | 21.9 | 19.3 |
| Margin (%) | 10.7 | 12.5 | 6.7 | 8.3 | 19.3 | 18.9 | 20.9 | 22.4 |
| Less: Minority Interest | 5.4 | 4.2 | -6.2 | 1.3 | -0.9 | 0.4 | 1.3 | 1.3 |
| **Reported PAT** | **26.7** | **37.6** | **29.0** | **31.2** | **84.7** | **94.1** | **113.8** | **136.1** |
| **Adjusted PAT (excl. Ex. Items)** | **36.3** | **39.5** | **60.2** | **75.3** | **86.1** | **96.5** | **113.8** | **136.1** |

**Balance Sheet** (INR b)

| Y/E March | FY19 | FY20 | FY21 | FY22 | FY23E | FY24E | FY25E | FY26E |
|---|---|---|---|---|---|---|---|---|
| Equity Share Capital | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 |
| Total Reserves | 411.7 | 450.2 | 462.2 | 477.7 | 557.6 | 637.5 | 735.1 | 854.8 |
| **Net Worth** | **414.1** | **452.6** | **464.6** | **480.1** | **560.0** | **639.9** | **737.5** | **857.2** |
| Minority Interest | 33.1 | 38.6 | 30.2 | 30.5 | 33.2 | 33.6 | 34.8 | 36.1 |
| Deferred Liabilities | -24.5 | -31.2 | -35.1 | -28.6 | -31.3 | -31.3 | -31.3 | -31.3 |
| Total Loans | 98.9 | 75.8 | 33.4 | 11.8 | 67.6 | 47.9 | 34.0 | 24.1 |
| **Capital Employed** | **521.7** | **535.9** | **493.1** | **493.8** | **629.4** | **690.0** | **774.9** | **886.1** |
| Gross Block | 181.8 | 207.8 | 225.2 | 248.1 | 273.5 | 314.6 | 344.6 | 374.6 |
| Less: Accum. Deprn. | 81.6 | 102.1 | 122.9 | 144.3 | 169.6 | 195.0 | 220.7 | 247.3 |
| **Net Fixed Assets** | **100.3** | **105.7** | **102.3** | **103.7** | **103.9** | **119.7** | **124.0** | **127.4** |
| Capital WIP | 9.1 | 6.6 | 9.4 | 8.0 | 9.6 | 12.5 | 13.7 | 15.1 |
| Goodwill | 123.1 | 128.4 | 119.5 | 125.8 | 180.4 | 180.4 | 180.4 | 180.4 |
| Investments | 39.5 | 52.5 | 64.8 | 52.1 | 54.6 | 54.6 | 54.6 | 54.6 |
| **Curr. Assets** | **349.4** | **357.6** | **345.1** | **379.4** | **427.3** | **475.9** | **575.3** | **703.9** |
| Inventory | 78.9 | 78.7 | 90.0 | 90.0 | 105.1 | 111.8 | 118.3 | 131.5 |
| Account Receivables | 88.8 | 94.2 | 90.6 | 105.9 | 114.4 | 134.2 | 152.7 | 170.3 |
| Cash and Bank Balance | 72.8 | 64.9 | 64.5 | 50.3 | 57.7 | 67.7 | 128.7 | 211.9 |
| L & A and Others | 108.9 | 119.8 | 100.0 | 133.2 | 150.1 | 162.2 | 175.5 | 190.2 |
| **Curr. Liability & Prov.** | **99.7** | **114.9** | **148.0** | **175.2** | **146.4** | **153.1** | **173.0** | **195.2** |
| Account Payables | 66.1 | 70.1 | 98.9 | 80.0 | 89.4 | 87.6 | 97.7 | 108.6 |
| Provisions | 33.6 | 44.8 | 49.1 | 95.2 | 57.0 | 65.5 | 75.3 | 86.6 |
| **Net Current Assets** | **249.7** | **242.7** | **197.1** | **204.2** | **280.9** | **322.9** | **402.2** | **508.7** |
| **Appl. of Funds** | **521.7** | **535.9** | **493.1** | **493.8** | **629.4** | **690.0** | **774.9** | **886.1** |

E: MOFSL Estimates

# Financials and valuations

**Ratios**

| Y/E March | FY19 | FY20 | FY21 | FY22 | FY23E | FY24E | FY25E | FY26E |
|---|---|---|---|---|---|---|---|---|
| **Adjusted EPS** | **15.1** | **16.4** | **25.0** | **31.3** | **35.8** | **40.1** | **47.3** | **56.6** |
| Cash EPS | 18.4 | 24.2 | 20.7 | 21.9 | 45.7 | 49.6 | 58.0 | 67.6 |
| BV/Share | 172.1 | 188.1 | 193.1 | 199.6 | 232.7 | 266.0 | 306.5 | 356.3 |
| DPS | 2.0 | 3.5 | 3.5 | 3.8 | 3.8 | 4.8 | 5.8 | 5.8 |
| Payout (%) | 18.0 | 23.5 | 43.0 | 32.8 | 12.5 | 14.3 | 14.1 | 11.9 |
| **Valuation (x)** | | | | | | | | |
| P/E | 98.4 | 90.6 | 59.3 | 47.5 | 41.5 | 37.0 | 31.4 | 26.3 |
| P/BV | 8.6 | 7.9 | 7.7 | 7.4 | 6.4 | 5.6 | 4.8 | 4.2 |
| EV/Sales | 12.4 | 10.9 | 10.5 | 9.1 | 8.1 | 7.2 | 6.4 | 5.6 |
| EV/EBITDA | 62.5 | 54.5 | 42.7 | 35.1 | 31.7 | 28.1 | 24.1 | 20.1 |
| Dividend Yield (%) | 0.1 | 0.2 | 0.2 | 0.3 | 0.3 | 0.3 | 0.4 | 0.4 |
| **Return Ratios (%)** | | | | | | | | |
| RoE | 9.1 | 9.1 | 13.1 | 15.9 | 16.6 | 16.1 | 16.5 | 17.1 |
| RoCE | 9.1 | 8.9 | 9.9 | 11.5 | 11.5 | 12.5 | 13.5 | 13.5 |
| RoIC | 8.8 | 9.1 | 12.9 | 15.8 | 17.5 | 15.7 | 17.9 | 20.9 |
| **Working Capital Ratios** | | | | | | | | |
| Asset Turnover (x) | 0.5 | 0.6 | 0.7 | 0.8 | 0.7 | 0.7 | 0.7 | 0.7 |
| Fixed Asset Turnover (x) | 3.0 | 3.1 | 3.2 | 3.7 | 4.2 | 4.3 | 4.4 | 4.7 |
| Debtor (Days) | 113 | 106 | 100 | 101 | 97 | 102 | 105 | 104 |
| Creditor (Days) | 56 | 54 | 46 | 39 | 34 | 34 | 39 | 28 |
| Inventory (Days) | 100 | 89 | 99 | 86 | 89 | 85 | 81 | 81 |
| **Leverage Ratio** | | | | | | | | |
| Debt/Equity (x) | 0.3 | 0.0 | -0.1 | -0.1 | 0.0 | 0.0 | -0.1 | -0.2 |

**Cash Flow Statement** **(INR b)**

| Y/E March | FY19 | FY20 | FY21 | FY22 | FY23E | FY24E | FY25E | FY26E |
|---|---|---|---|---|---|---|---|---|
| OP/(Loss) bef. Tax | 47.1 | 62.2 | 38.5 | 55.8 | 109.8 | 121.1 | 141.5 | 165.7 |
| Int./Dividends Recd. | 14.1 | 11.5 | 11.8 | 10.2 | 11.3 | 17.9 | 17.6 | 17.3 |
| Direct Taxes Paid | -10.8 | -14.9 | -9.1 | -4.3 | -11.2 | -17.2 | -16.4 | -17.3 |
| (Inc)/Dec in WC | -22.3 | -1.0 | 45.2 | -21.3 | -69.3 | -32.0 | -18.4 | -23.2 |
| **CF from Operations** | **28.1** | **57.8** | **86.3** | **40.5** | **40.6** | **89.8** | **124.3** | **142.4** |
| (inc)/dec in FA | -36.8 | -28.7 | -11.3 | -27.7 | -81.8 | -43.9 | -31.2 | -31.4 |
| **Free Cash Flow** | **-8.7** | **29.1** | **75.0** | **12.8** | **-41.1** | **45.9** | **93.1** | **111.0** |
| (Pur)/Sale of Invest. | -9.0 | -12.9 | -12.4 | 12.7 | -2.4 | 0.0 | 0.0 | 0.0 |
| **CF from investments** | **-45.8** | **-41.7** | **-23.7** | **-15.0** | **-84.2** | **-43.9** | **-31.2** | **-31.4** |
| Change in networth | 1.1 | 12.0 | -9.5 | -6.0 | 7.6 | 0.0 | 0.0 | 0.0 |
| (Inc)/Dec in Debt | 1.4 | -23.2 | -42.4 | -21.6 | 55.8 | -19.7 | -13.9 | -9.8 |
| Interest Paid | -5.6 | -3.0 | -1.4 | -1.3 | -1.7 | -2.0 | -1.9 | -1.7 |
| Dividend Paid | -5.8 | -9.8 | -9.8 | -10.7 | -10.7 | -13.5 | -16.3 | -16.3 |
| **CF from Fin. Activity** | **-8.9** | **-24.0** | **-63.1** | **-39.6** | **50.9** | **-35.2** | **-32.1** | **-27.8** |
| **Inc/Dec of Cash** | **-26.5** | **-7.9** | **-0.4** | **-14.1** | **7.4** | **10.7** | **61.0** | **83.2** |
| Add: Beginning Balance | 99.3 | 72.8 | 64.9 | 64.5 | 50.3 | 57.7 | 67.7 | 128.7 |
| **Closing Balance** | **72.8** | **64.9** | **64.5** | **50.3** | **57.7** | **67.7** | **128.7** | **211.9** |

## NOTES

| Explanation of Investment Rating | |
|---|---|
| **Investment Rating** | **Expected return (over 12-month)** |
| 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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