RESULT UPDATE

TORRENT PHARMACEUTICALS

Mixed performance

India Equity Research| Pharmaceuticals

Edelweiss
Ideas create, values protect

Despite the supply disruption in Brazil, revenue grew by 14%, driven by a recovery in domestic market and sustained traction in the US. Gross margins improved 459bpsYoY, led by a favourable currency (280bpsYoY) and partly by a better mix which offset lower contribution from Brazil. Thus, Adj. PAT of INR1.19bn (16% growth) was in line. While the currency benefit might sustain for rest of the fiscal, some recovery in Brazil along with an improved traction in India and the US would support earnings. We, thus, maintain our estimates and 'BUY' rating on the stock.

Temporary of loss of business; expect partial recovery in Brazil

Revenue at INR7.7bn was 4% below estimates due to a lower growth in Brazil from a) loss of sales owing to non availability of goods and b) a slowdown in the covered market. We believe that loss in Brazil is semi-permanent and expect some recovery in business over the second half. Moreover 2-3 additional launches in balance fiscal would offset the decline in revenue from key brands.

US and India: Key catalysts to drive future growth

India business growth of 15% was higher than 13% in Q1FY13 and 10% over FY12. There was a notable improvement in growth of acute segment (15%) while chronic sustained 15-16% growth. US (ex-licensing income) grew 27% in constant currency as benefit from new launches was offset by some customer consolidation. We expect 35-40% growth for FY13 in US with more number of launches expected over H2FY13.

Margins to sustain from favourable currency/business mix

Despite a lower traction in high margin Brazil, operating margins improved by 80bps YoY due to high gross realizations, offset by an increase in fixed costs from the addition of field force in Brazil (18% on current base). We expect 20-30bps margin expansion in FY13 from sustained currency benefits and improved traction in India/US.

Outlook and Valuations: India/US to absorb fixed costs

We maintain earnings CAGR of 16% over FY12-14E as favourable currency and improved traction in India/US would offset increase in fixed costs. Moreover, ramp-up in Brazil post FF expansion would benefit margins over long term. Maintain **'BUY'**.

Financials (Consolidated) **(INR mn)**

Year to March	Q2FY13	Q2FY12	*% change*	Q1FY13	*% change*	FY12	FY13E	FY14E
Net revenue	7,772	6,833	*13.7*	7,669	*1.3*	26,959	31,756	36,483
EBITDA	1,694	1,435	*18.1*	1,807	*(6.2)*	5,216	6,183	7,190
Adj. net profit	1,194	1,031	*15.9*	1,199	*(0.4)*	3,645	4,200	4,934
Adj. diluted EPS (INR)	*14.1*	*12.2*		*14.2*		43.1	49.6	58.3
Diluted P/E (x)						15.5	13.4	11.4
EV/EBITDA (x)						10.4	8.7	7.3
ROAE (%)						33.1	31.1	29.1

Note: Q2FY13 and Q1FY13 conference call highlights detailed in the document

EDELWEISS 4D RATINGS

Absolute Rating	**BUY**
Rating Relative to Sector	Outperformer
Risk Rating Relative to Sector	High
Sector Relative to Market	Underweight

MARKET DATA *(R: TORP.BO, B: TRP IN)*

CMP	: INR 667
Target Price	: INR 780
52-week range (INR)	: 729 / 505
Share in issue (mn)	: 84.6
M cap (INR bn/USD mn)	: 56/ 1,046
Avg. Daily Vol.BSE/NSE('000)	: 47.8

SHARE HOLDING PATTERN (%)

	Current	Q1FY13	Q4FY12
Promoters*	71.5	71.5	71.5
MF's, FI's & BK's	11.3	12.0	12.1
FII's	6.3	5.1	4.8
Others	10.9	11.3	11.6

** Promoters pledged shares (% of share in issue) : NIL*

PRICE PERFORMANCE (%)

	Stock	Nifty	EW Pharma Index
1 month	0.8	(0.0)	(0.4)
3 months	7.7	11.2	11.3
12 months	17.5	12.7	50.0

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October 29, 2012

Key Highlights of Conference call

- **India growth** of 15% was better than 13% in Q1FY13 and 10% in FY12. This improved traction was led by growth in acute and chronic segment. Acute segment grew by 13% while chronic growth was 15%. Torrent has added 140-150 field force during q4FY12, which has led to some improved traction in business. Moreover gyneacology and oncology division added over last fiscal had started to contribute towards growth.

- Domestic field force at 2900; Going forward, management expects to stabilize field force at current level with increased focus on field force productivity.

- **Brazil** de-growth of 3% in constant currency was led by 10% de-growth in volumes while contribution from new products to total growth was 7%. Brazil had negative impact from strike in ANVISA which lead to non clearance of goods from port. Thus sales of few key products got impacted as prescriptions were not supported by product availability. This also led to some loss of prescription share in these molecules

- Overall covered market growth was 7% in branded generics, which has come off from 11% in Q1FY13. This slowdown is seen in CVS and CNS segments which are the key foray of Torrent in the region. Management focus is to increase focus on brand promotion and has expanded field force by 65 people in the regions (on base of 350).

- We expect growth in Brazil to remain at 15% in constant current for the year as some loss of business would be offset by higher contribution from new products in Brazil (expect to launch 2 more products in second-half taking total launches to 5 during the year)

- **US generics** growth by 71% (50% growth in constant currency) included USD2mn sales from licensing income. Excl licensing income, revenue was flat QoQ (27% growth YoY in constant currency) due to some loss of sales from customer consolidation. Management has guided for 7-8 launches over H2FY13. We expect US to clock 35-40% growth in constant currency over FY13.

- **US pipeline:** 38 cumulative approvals with 27 actively marketed; 25 ANDAs pending approval and 18 under development.

- **CRAMs business (from novo Nordisk)** was flat YoY due to some loss of tenders by Novo, which is expected to revert back.

Table 1: Revenue mix by segment – Consolidated **(INR mn)**

Year to March	Q2FY13	Q2FY12	% chg	Q1FY13	% chg	FY12	FY13E	FY14E
Branded formulations	3,935	3,642	*8.0*	4,181	*(5.9)*	14,046	16,414	18,687
- Domestic	2,710	2,362	*14.7*	2,778	*(2.4)*	9,119	10,396	11,851
- Brazil/Mexico	1,225	1,280	*(4.3)*	1,403	*(12.7)*	4,927	6,018	6,836
Regulated markets	2,448	1,987	*23.2*	2,104	*16.3*	7,121	8,280	9,468
- US	924	542	*70.5*	789	*17.1*	2,162	2,882	3,573
- EU	619	507	*22.1*	532	*16.4*	1,469	1,734	2,011
- Heumann	905	938	*(3.5)*	783	*15.6*	3,490	3,665	3,884
Russia	180	167	*7.8*	213	*(15.5)*	702	800	912
ROW	508	408	*24.5*	492	*3.3*	1,571	1,807	2,078
Contract manufacturing	663	656	*1.1*	639	*3.8*	2,427	3,511	4,365
Others						1,092	944	972
Net sales (incl-other oper income)	**7,772**	**6,833**	***13.7***	**7,669**	***1.3***	**26,959**	**31,756**	**36,483**

Table 2: Revenue mix (Constant currency) **(USD mn)**

Year to March	Q2FY13	Q2FY12	% chg	Q1FY13	% chg	FY12	FY13E	FY14E
Brazil (Real mn)	42.8	44.1	*(3.0)*	47.9	*(10.6)*	167	192	220
US (USD mn)	16.2	10.8	*50.0*	16.3	*(0.4)*	45	57	70
EU (EUR mn)	9.2	7.2	*27.7*	6.4	*44.3*	22	27	31
Heumann (EUR mn)	13.4	14.0	*(4.0)*	11.7	*15.0*	54	56	60

Source: Company, Edelweiss research

Financial snapshot (INR mn)

Year to March	Q2FY13	Q2FY12	% Change	Q1FY13	% Change	FY12	FY13E	FY14E
Net revenues	7,772	6,833	*13.7*	7,669	*1.3*	26,959	31,756	36,483
Net Revenue (excl other operating income)	7,472	6,578	*13.6*	7,356	*1.6*	25,944	30,882	35,584
Raw material costs	2,169	2,221	*(2.3)*	2,200	*(1.4)*	8,647	10,194	11,674
Gross profit	5,603	4,612	*21.5*	5,470	*2.4*	18,312	21,562	24,808
R&D	389	317	*22.6*	317	*22.7*	1,320	1,620	1,861
Employee expenses	1,555	1,161	*34.0*	1,531	*1.6*	5,337	6,191	7,120
Other expenses	1,965	1,700	*15.6*	1,816	*8.2*	6,439	7,569	8,637
Total expenditure	3,909	3,178	*23.0*	3,663	*6.7*	13,097	15,380	17,618
EBITDA	1,694	1,435	*18.1*	1,807	*(6.2)*	5,216	6,183	7,190
Operating margin (%)	21.8	21.0		23.6		19.3	19.5	19.7
EBITDA margin (excl other operating income) (%)	20.8	19.8		22.0		16.2	17.2	17.7
Depreciation	203	201	*1.1*	201	*0.8*	817	913	1,092
Other income	123	43	*189.9*	140	*(12.1)*	(185)	191	219
Net finance expense	80	29	*172.4*	94	*(15.3)*	(26)	76	(91)
Profit before tax	1,535	1,247	*23.1*	1,651	*(7.1)*	4,240	5,385	6,408
Tax	309	212	*46.1*	374	*(17.3)*	730	1,185	1,474
Core profit	1,226	1,036	*18.3*	1,277	*(4.0)*	3,510	4,200	4,934
Extraordinary items	(141)	(28)	*NA*	(259)	*NA*	(956)		
Net profit	1,085	1,008	*7.6*	1,019	*6.5*	2,554	4,200	4,934
Adj. Net profit	1,194	1,031	*15.9*	1,199	*(0.4)*	3,645	4,200	4,934
Adj. EPS (INR)	14.1	12.2		14.2		43.1	49.6	58.3
As % of net revenues								
COGS	27.9	32.5		28.7		32.1	32.1	32.0
Gross profit	72.1	67.5		71.3		67.9	67.9	68.0
Employee cost	20.0	17.0		20.0		19.8	19.5	19.5
Other expenses	25.3	24.9		23.7		23.9	23.8	23.7
Total expenses	50.3	46.5		47.8		48.6	48.4	48.3
EBITDA	21.8	21.0		23.6		19.3	19.5	19.7
Reported net profit	14.0	14.7		13.3		9.5	13.2	13.5
Tax rate	20.1	17.0		22.6		17.2	22.0	23.0

Key highlights of Conference call for Q1FY13

- Revenue growth of 20%YoY was led by a strong growth in international operations (33%YoY). Brazil (26%YoY), US (88%YoY), EU (ex-Heumann, 39%YoY) and ROW (59%YoY) reported a firm growth. Brazil's growth has been notably strong (45% adjusted for spill over impact), led by a slew of new launches, six over the last two quarters. US has gained momentum, led by new launches
- 40% revenue are in acute therapy, remaining 60% is in chronic segment. Domestic growth has picked up at 13% YoY versus 10% in FY12 led by a higher growth in chronic (CNS 17%, CVS and diabetes at 19%) while growth in acute has been lagging at 12% versus 16% for industry.
- Contract manufacturing business degrew by 20% majorly on account reduction in sales of Insulins (Novo Nordisk) Contract manufacturing is around INR 150mn whereas Licensing income has not moved significantly quarter on quarter
- The EBITDA margins corrected by 400 basis points from 25% to 21%.There was spillover sales in Brazil last year Quarter one, if adjustment is made for the same, the margins are similar and thus there is no margin erosion.
- Gross margins improved 190bpsYoY to 70.4% during the quarter as against 68.5% in Q1FY12, led by a higher mix of domestic sales and improving scale in the US.
- Germany declined 6%YoY with a constant currency decline of 9%YoY. This is more due to supply issues which led to loss of sales.

Outlook

- CNS and CND business in India is expected to exceed market growth.
- US Business will face margin pressures on account of consolidations in the retail segment.
- R & D expenses have come down to 4% from 5 %, but annually the figures are expected to catch up the original trend.
- 8 launches are expected during the current year , thus looking forward to robust revenue growth
- The Astrazaneca deal sales should take place 2013-14 onwards
- Capital Expenditure of around INR 2-2.5 bn is expected this year
- The annual tax rate is guided to be around 22-23% unlike the current quarter rate of 27%

Relevant Data Points

- The revenues of the year are hedged at an average on Rs. 53.5
- Forex loss for the quarter is 25 crores which is entirely recorded under other expenses
- The Breakup of R & D expenses of ~INR 300 mn is approximately 1:2 in between discovery and developmental front

Company description

Torrent Pharmaceuticals (TRP), founded in 1959, is headed by Mr. Samir Mehta, a second generation entrepreneur. The company is a leading player in the branded generics space in India and Brazil. Domestic formulations is the largest segment contributing 39% to FY12 sales. It is the second largest domestic player in the chronic segment (CNS, CV, and anti-diabetic) which contributes 62% to its portfolio. The company's branded generics business in Brazil is the second largest segment and contributed 17% to total sales in FY12 and is one of the largest operations by an Indian company in this crucial market. Apart from branded generics, the company is also present in regulated markets of US/Europe. It is also involved in the contract manufacturing business with Novo Nordisk for supplying insulin.

Investment theme

TRP is at a critical juncture as most of the consolidation phase is over and margins are expected to regain historical high of 20-21% over FY13-14E. Further, capex plan of INR 10 bn supports next phase of expansion. Moreover, company has added three deals, which could add higher upsides from FY13E. We believe that these contract manufacturing deals as structural positives for long term growth and would lead to a valuation re-rating in medium term.

Key risks

- Slippages in domestic business could hurt revenue growth.
- Delay in product launches in Brazil.
- Capacity constraints

Financial Statements

Key Assumptions

Year to March		FY10	FY11	FY12	FY13E	FY14E
Macro -	GDP(Y-o-Y %)	8.4	8.4	6.5	5.8	6.5
	Inflation (Avg)	3.6	9.9	8.8	7.8	6.0
	Repo rate (exit rate)	5.0	6.8	8.5	7.5	6.8
	USD/INR (Avg)	47.4	45.6	47.9	53.5	52.0
Sector -	Domestic growth (Y-o-Y %)	13.3	14.2	16.0	16.5	15.0
Company -	India growth (Y-o-Y %)	16.0	15.1	9.6	14.0	14.0
	Brazil growth Y-o-Y % (Const.	8.7	11.1	27.1	15.0	15.0
	US growth Y-o-Y % (Const. curr)	174.3	51.0	55.9	25.0	24.0
	R&D (% of sales)	6.3	6.2	4.9	5.1	5.1
	Tax rate (%)	33.4	21.6	20.4	22.0	23.0
	BRL/INR (Avg)	25.5	26.5	28.5	29.0	28.0
	USD/INR (Avg)	47.3	47.3	48.0	51.0	51.0

Income statement **(INR mn)**

Year to March	FY10	FY11	FY12	FY13E	FY14E
Income from operations	19,040	22,329	26,959	31,756	36,483
Materials costs	5,725	6,984	8,647	10,194	11,674
Employee costs	3,162	3,895	5,337	6,191	7,120
R&D Cost	1,202	1,388	1,320	1,620	1,861
Total SG&A expenses	4,864	5,905	6,439	7,569	8,637
EBITDA	4,087	4,156	5,216	6,183	7,190
Depreciation & Amortization	481	626	817	913	1,092
EBIT	3,606	3,531	4,398	5,270	6,098
Other income	211	205	(185)	191	219
Interest expenses	165	29	(26)	76	(91)
Profit before tax	3,652	3,707	4,240	5,385	6,408
Provision for tax	1,160	739	730	1,185	1,474
Extraordinary income/ (loss)	(180)	(280)	(654)	-	-
Profit After Tax	2,312	2,702	2,863	4,200	4,934
Shares outstanding (mn)	85	85	85	85	85
Diluted EPS (INR)	26.9	33.0	43.1	49.6	58.3
CEPS (INR)	32.6	40.4	53.0	60.4	71.2
Dividend per share (INR)	6.0	8.0	8.5	10.6	12.5

Common size metrics - as % of net revenues

Year to March	FY10	FY11	FY12	FY13E	FY14E
Materials costs	30.1	31.3	32.1	32.1	32.0
R & D cost	6.3	6.2	4.9	5.1	5.1
EBITDA margins	21.5	18.6	19.3	19.5	19.7
Net profit margins	12.4	13.0	14.1	13.6	13.9

Growth ratios (%)

Year to March	FY10	FY11	FY12	FY13E	FY14E
Rev. growth (%)	16.8	17.3	20.7	17.8	14.9
EBITDA	36.3	1.7	25.5	18.5	16.3
Net profit	5.7	22.7	30.5	15.2	17.5
EPS growth (%)	5.7	22.7	30.5	15.2	17.5

Balance sheet					(INR mn)
As on 31st March	**FY10**	**FY11**	**FY12**	**FY13E**	**FY14E**
Equity capital	423	423	423	423	423
Reserves & surplus	7,887	9,801	11,515	14,666	18,366
Shareholders funds	8,310	10,224	11,938	15,089	18,789
Minority interest (BS)	-	20	73	73	73
Borrowings	5,224	5,721	5,787	4,602	3,406
Deferred tax liability	499	480	514	514	514
Sources of funds	**14,033**	**16,445**	**18,313**	**20,278**	**22,783**
Gross block	9,228	11,442	13,179	15,679	17,929
Depreciation	2,718	3,287	4,022	4,935	6,028
Net block	6,510	8,154	9,156	10,743	11,901
Investments	1,412	200	375	375	375
Inventories	3,236	5,048	5,316	5,630	6,543
Sundry debtors	2,982	3,404	5,228	4,826	5,609
Cash and equivalents	3,883	6,048	7,608	6,741	7,193
Loans and advances	1,138	1,088	1,178	1,178	1,178
Other current assets	368	1,415	1,617	1,617	1,617
Total current assets	11,607	17,003	20,947	19,993	22,141
Sundry creditors and others	3,782	6,150	8,635	7,130	7,741
Others current liabilities	434	1,334	1,724	1,897	2,086
Provisions	1,280	1,428	1,807	1,807	1,807
Total current liabilities & provisions	5,496	8,912	12,166	10,834	11,635
Net current assets	6,111	8,091	8,781	9,159	10,506
Uses of funds	**14,033**	**16,445**	**18,313**	**20,278**	**22,783**
Book value per share (INR)	98.2	120.8	141.1	178.3	222.0

Free cash flow					(INR mn)
Year to March	**FY10**	**FY11**	**FY12**	**FY13E**	**FY14E**
Net profit	2,312	2,702	2,886	4,200	4,934
Depreciation	481	626	817	913	1,092
Others	(74)	(29)	11	-	-
Gross cash flow	2,720	3,298	3,714	5,113	6,026
Less: Changes in WC	(349)	(682)	(344)	1,245	895
Operating cash flow	3,069	3,981	4,058	3,869	5,131
Less: Capex	1,108	2,622	1,819	2,500	2,250
Free cash flow	**1,961**	**1,358**	**2,238**	**1,369**	**2,881**

Cash flow metrics					
Year to March	**FY10**	**FY11**	**FY12**	**FY13E**	**FY14E**
Operating cash flow	3,069	3,981	4,058	3,869	5,131
Investing cash flow	(1,125)	(1,874)	(1,994)	(2,500)	(2,250)
Financing cash flow	1,047	110	(964)	(2,236)	(2,429)
Net cash flow	2,991	2,217	1,100	(867)	452
Capex	(1,108)	(2,622)	(1,819)	(2,500)	(2,250)
Dividends paid	(592)	(787)	(841)	(1,050)	(1,234)

Profitability & efficiency ratios

Year to March	FY10	FY11	FY12	FY13E	FY14E
ROAE (%)	30.7	30.1	33.1	31.1	29.1
ROACE (%)	42.5	37.3	42.9	44.9	43.0
Inventory day	188	216	219	196	190
Debtors days	54	52	58	58	52
Payable days	220	260	312	282	232
Cash conversion cycle (days)	21	9	(35)	(28)	10
Current ratio	2.1	1.9	1.7	1.8	1.9
Debt/EBITDA	1.3	1.4	1.1	0.7	0.5
Debt/Equity	0.6	0.6	0.5	0.3	0.2
Adjusted debt/equity	0.6	0.6	0.5	0.3	0.2

Operating ratios

Year to March	FY10	FY11	FY12	FY13E	FY14E
Total asset turnover	1.4	1.4	1.5	1.6	1.7
Fixed asset turnover	3.0	2.9	3.0	3.1	3.1
Equity turnover	2.5	2.3	2.3	2.3	2.1

Valuation parameters

Year to March	FY10	FY11	FY12	FY13E	FY14E
Diluted EPS (INR)	26.9	33.0	43.1	49.6	58.3
Y-o-Y growth (%)	*5.7*	*22.7*	*30.5*	*15.2*	*17.5*
CEPS (INR)	32.6	40.4	53.0	60.4	71.2
Diluted PE (x)	24.8	20.2	15.5	13.4	11.4
Price/BV (x)	6.8	5.5	4.7	3.7	3.0
EV/Sales (x)	3.0	2.5	2.0	1.7	1.4
EV/EBITDA (x)	13.8	13.5	10.4	8.7	7.3
Dividend yield (%)	0.9	1.2	1.3	1.6	1.9

Peer comparision valuation

	Price	Market cap	EPS (INR)		P/E (x)		EV/EBITDA (x)		ROAE (%)	
	INR	(INR bn)	FY13E	FY14E	FY13E	FY14E	FY13E	FY14E	FY13E	FY14E
Sun Pharma	687	712	26.6	30.3	25.2	22.1	13.7	14.2	26.2	21.3
Cipla	360	289	18.5	20.6	19.5	17.5	13.0	11.4	18.1	17.7
Ranbaxy	524	221	14.3	19.5	32.6	23.9	9.4	13.0	52.0	25.6
Cadila	864	177	38.2	47.6	22.6	18.2	14.7	12.0	27.1	27.1
Dr. Reddy's	1,696	288	89.0	98.1	18.6	16.9	10.7	9.6	26.6	23.4
Lupin	570	255	26.3	33.0	21.7	17.3	13.8	11.1	25.9	26.8
Large Cap					**23.4**	**19.3**	**12.6**	**11.9**		
Glenmark	396	107	19.9	24.6	18.4	14.9	12.8	10.7	23.4	22.5
Torrent pharma	683	58	49.5	59.0	13.8	11.6	9.0	7.4	31.0	29.5
IPCA	452	56	32.8	41.6	13.8	10.9	9.0	7.2	28.4	30.9
Aurobindo	158	38	11.9	17.0	13.3	9.3	8.5	6.3	13.7	17.0
Overall					**16.5**	**13.2**	**10.4**	**8.7**		

Source: Edelweiss research

Company	Absolute reco	Relative reco	Relative risk	Company	Absolute reco	Relative reco	Relative Risk
Apollo Hospitals Enterprise	BUY	None	None	Aurobindo Pharma	BUY	SP	H
Cadila Healthcare	BUY	SO	L	Cipla	BUY	SO	L
Divi's Laboratories	BUY	SP	M	Dr.Reddys Laboratories	HOLD	SP	M
Glenmark Pharmaceuticals	BUY	SO	H	Ipca Laboratories	BUY	SO	L
Jubilant Life Sciences	BUY	SP	M	Lupin	BUY	SO	M
Ranbaxy Laboratories	REDUCE	SU	H	Sun Pharmaceuticals Industries	HOLD	SO	L
Torrent Pharmaceuticals	BUY	SO	H				

ABSOLUTE RATING

Ratings	Expected absolute returns over 12 months
Buy	More than 15%
Hold	Between 15% and - 5%
Reduce	Less than -5%

RELATIVE RETURNS RATING

Ratings	Criteria
Sector Outperformer (SO)	Stock return > 1.25 x Sector return
Sector Performer (SP)	Stock return > 0.75 x Sector return
	Stock return < 1.25 x Sector return
Sector Underperformer (SU)	Stock return < 0.75 x Sector return

Sector return is market cap weighted average return for the coverage universe within the sector

RELATIVE RISK RATING

Ratings	Criteria
Low (L)	Bottom 1/3rd percentile in the sector
Medium (M)	Middle 1/3rd percentile in the sector
High (H)	Top 1/3rd percentile in the sector

Risk ratings are based on Edelweiss risk model

SECTOR RATING

Ratings	Criteria
Overweight (OW)	Sector return > 1.25 x Nifty return
Equalweight (EW)	Sector return > 0.75 x Nifty return
	Sector return < 1.25 x Nifty return
Underweight (UW)	Sector return < 0.75 x Nifty return

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Coverage group(s) of stocks by primary analyst(s):

Apollo Hospitals Enterprise, Aurobindo Pharma, Cadila Healthcare, Cipla, Divi's Laboratories, Dr.Reddys Laboratories, Glenmark Pharmaceuticals, Ipca Laboratories, Jubilant Life Sciences, Lupin, Ranbaxy Laboratories, Sun Pharmaceuticals Industries, Torrent Pharmaceuticals

Recent Research

Date	Company	Title	Price (INR)	Recos
29-Oct-12	**IPCA Laboratories**	Growth on track; *Result Update*	453	Buy
26-Oct-12	**Mylan**	Acquisitions on radar; *Global Pulse*		
23-Oct-12	**Lupin**	Improving outlook ; *Result Update*	563	Buy

Distribution of Ratings / Market Cap

Edelweiss Research Coverage Universe

	Buy	Hold	Reduce	Total
Rating Distribution*	113	53	19	186

* 1 stocks under review

	> 50bn	Between 10bn and 50 bn	< 10bn
Market Cap (INR)	114	58	14

Rating Interpretation

Rating	Expected to
Buy	appreciate more than 15% over a 12-month period
Hold	appreciate up to 15% over a 12-month period
Reduce	depreciate more than 5% over a 12-month period

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