

January 27, 2025

## Q3FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
<b>Rating</b>	<b>ACCUMULATE</b>		<b>ACCUMULATE</b>	
<b>Target Price</b>	<b>3,750</b>		<b>3,600</b>	
Sales (Rs. m)	1,30,455	1,47,044	1,33,563	1,50,307
% Chng.	(2.3)	(2.2)		
EBITDA (Rs. m)	43,498	50,755	44,635	51,909
% Chng.	(2.5)	(2.2)		
EPS (Rs.)	77.2	95.6	77.6	95.9
% Chng.	(0.5)	(0.3)		

### Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	1,07,280	1,15,307	1,30,455	1,47,044
EBITDA (Rs. m)	33,680	37,495	43,498	50,755
Margin (%)	31.4	32.5	33.3	34.5
PAT (Rs. m)	16,560	19,736	26,087	32,307
EPS (Rs.)	46.4	58.4	77.2	95.6
Gr. (%)	26.0	25.9	32.2	23.8
DPS (Rs.)	28.0	30.0	30.0	40.0
Yield (%)	0.9	0.9	0.9	1.2
RoE (%)	24.0	27.3	31.3	32.7
RoCE (%)	23.0	27.6	33.6	38.7
EV/Sales (x)	10.5	9.7	8.5	7.4
EV/EBITDA (x)	33.5	29.8	25.3	21.4
PE (x)	70.0	55.6	42.1	34.0
P/BV (x)	16.0	14.4	12.1	10.3

### Key Data

TORP.BO | TRP IN

52-W High / Low	Rs.3,591 / Rs.2,414
Sensex / Nifty	76,190 / 23,092
Market Cap	Rs.1,099bn / \$ 12,753m
Shares Outstanding	338m
3M Avg. Daily Value	Rs.1757.13m

### Shareholding Pattern (%)

Promoter's	68.31
Foreign	16.17
Domestic Institution	8.25
Public & Others	7.27
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(4.4)	3.3	29.6
Relative	(1.6)	8.6	20.8

### Param Desai

paramdesai@plindia.com | 91-22-66322259

### Kushal Shah

kushalshah@plindia.com | 91-22-66322490

## Healthy margins

### Quick Pointers:

- Adjusted for insulin loss of revenues and BRL currency impact; EBITDA growth was up 12% YoY
- Management reiterates 50-100bps margin improvement YoY.

**Torrent Pharma's (TRP) Q3FY25 EBITDA missed our estimates however PAT was largely in line. Our FY26/ FY27E EBITDA broadly remains unchanged. TRP reported Rs 80bn (75% of total sales) worth of highly profitable branded formulation sales spread across India, Brazil and RoW markets. Curatio acquisition has been scaling up well with sharp margin improvement since acquisition. We expect 16% EBITDA CAGR and 29% PAT CAGR over FY25-27E with healthy RoE of +30%. At CMP, stock is trading at 21.5x EV/EBITDA/34x P/E on FY27E. We recommend Accumulate with revised TP of Rs3,750/share as we roll forward, valuing at 25x EV/EBITDA on FY27E. TRP continues to explore inorganic opportunities which will be key for stock performance.**

- Domestic formulations supported growth:** Revenues grew by 3% YoY to Rs 28bn, below our estimates. Miss was largely on account of no insulin sales from CMO segment which should recover in Q4. RoW including CRAMS growth remained muted down 16% YoY. Domestic business grew at 12% YoY. US sales were flat QoQ at \$32mn. Brazil market were down by 7% YoY due to weak currency, however CC growth was at 10%. Germany growth was 4%.
- EBITDA below est, PAT in line:** TRP reported EBITDA of Rs 9.14bn (up 5% YoY). Adjusted for loss of revenues in CRAMS and currency impact in Brazil, EBITDA growth was 12% YoY. OPM remained healthy at 32.5% up 70bps YoY; and flat QoQ. GMs came in at 75.6% down 50bps QoQ, impact was due to real depreciation & insulin business. Other income came in at Rs 330mn. Other expenses remained flat YoY but down 8% QoQ which aided margins. Tax rate came in lower at 27% while interest charges declined QoQ. PAT stood at Rs 5bn; up 13.5% YoY; largely in line with our est.
- Key concall takeaways: India:** The chronic division achieved a 14% growth in market share, driven by a strong 16% increase in the Cardiac portfolio. The company gained market share in focus therapies such as Cardiac, Diabetes and Gastro. Added 200MRs taking the field force count to 6,200. Domestic growth was aided by 8% price, 1.5% volume and 2.5% new product launches. CNS market growth was weak during the quarter however TRP continued to outperform market. **Brazil:** Growth was aided by performance of top brands and recent new launches. CC revenue up 10%. BRL currency depreciation resulted in lower other expenses by Rs100mn **Germany:** Growth was impacted by lower sales in OTC segment however momentum continues with tender business. CC growth was 4% in Q3FY25. **CRAMS:** Insulin revenues during the quarter were nil. Dispatches restarted in Jan 2025 with recovery anticipated by Q4FY25. **US:** New filings delivered low single digit growth resulting in flat QoQ sales. Target couple of launches in FY26E. **Other highlights:** Oral GLP-1 products will be developed in-house, whereas injectable formulations will be produced through partnerships. The company is planning Day 1 launches for GLP-1 in India and Brazil, aiming for a significant market share. R&D expenses stood at 5.4%. Debt repayments are set to reduce interest costs, while the new tax regime at 25% will take effect from FY26.

**Exhibit 1: Q3FY25 Result Overview (Rs mn): Domestic formulations supported revenues, EBITDA below est**

Y/e March	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	9MFY25	9MFY24	YoY gr. (%)
<b>Net Sales</b>	<b>28,090</b>	<b>27,320</b>	<b>2.8</b>	<b>28,890</b>	<b>(2.8)</b>	<b>85,570</b>	<b>79,830</b>	<b>7.2</b>
Raw Material	6,730	6,970	(3.4)	6,780	(0.7)	20,450	20,070	1.9
<i>% of Net Sales</i>	<i>24.0</i>	<i>25.5</i>		<i>23.5</i>		<i>23.9</i>	<i>25.1</i>	
Personnel Cost	5,490	4,960	10.7	5,430	1.1	16,420	14,980	9.6
<i>% of Net Sales</i>	<i>19.5</i>	<i>18.2</i>		<i>18.8</i>		<i>19.2</i>	<i>18.8</i>	
Others	6,730	6,700	0.4	7,290	(7.7)	21,130	19,930	6.0
<i>% of Net Sales</i>	<i>24.0</i>	<i>24.5</i>		<i>25.2</i>		<i>24.7</i>	<i>25.0</i>	
Total Expenditure	18,950	18,630	1.7	19,500	(2.8)	58,000	54,980	5.5
<b>EBITDA</b>	<b>9,140</b>	<b>8,690</b>	<b>5.2</b>	<b>9,390</b>	<b>(2.7)</b>	<b>27,570</b>	<b>24,850</b>	<b>10.9</b>
<i>Margin (%)</i>	<i>32.5</i>	<i>31.8</i>		<i>32.5</i>		<i>32.2</i>	<i>31.1</i>	
Depreciation	1,990	2,130	(6.6)	1,980	0.5	5,940	6,050	(1.8)
<b>EBIT</b>	<b>7,150</b>	<b>6,560</b>	<b>9.0</b>	<b>7,410</b>	<b>(3.5)</b>	<b>21,630</b>	<b>18,800</b>	<b>15.1</b>
Other Income	330	(330)	(200.0)	(160)	(306.3)	410	270	51.9
Interest	570	800	(28.8)	640	(10.9)	1,960	2,740	(28.5)
<b>PBT</b>	<b>6,910</b>	<b>5,430</b>	<b>27.3</b>	<b>6,610</b>	<b>4.5</b>	<b>20,080</b>	<b>16,330</b>	<b>23.0</b>
Total Taxes	1,880	1,880	-	2,080	(9.6)	5,950	5,140	15.8
<i>ETR (%)</i>	<i>27.2</i>	<i>34.6</i>		<i>31.5</i>		<i>29.6</i>	<i>31.5</i>	
Minority Interest	-	-		-		-	-	
<b>Reported PAT</b>	<b>5,030</b>	<b>3,550</b>	<b>41.7</b>	<b>4,530</b>	<b>11.0</b>	<b>14,130</b>	<b>11,190</b>	<b>26.3</b>
Extra-Ord. Inc./Exps.	-	880		-		-	880	
<b>Adjusted PAT</b>	<b>5,030</b>	<b>4,430</b>		<b>4,530</b>		<b>14,130</b>	<b>12,070</b>	<b>17.1</b>

**Major sources of revenues**

Domestic	15,810	14,150	11.7	16,320	(3.1)	48,480	42,850	13.1
<i>% of Net Sales</i>	<i>56.3%</i>	<i>51.8%</i>		<i>56.5%</i>		<i>56.7%</i>	<i>53.7%</i>	
Export	12,280	11,570	6.1	11,340	8.3	34,260	32,376	5.8
<i>% of Net Sales</i>	<i>43.7%</i>	<i>42.3%</i>		<i>39.3%</i>		<i>40.0%</i>	<i>40.6%</i>	
Contract Manufacturing	-	1,600	(100.0)	1,230	(100.0)	2,830	4,610	(38.6)
<i>% of Net Sales</i>	<i>0.0%</i>	<i>5.9%</i>		<i>4.3%</i>		<i>3.3%</i>	<i>5.8%</i>	

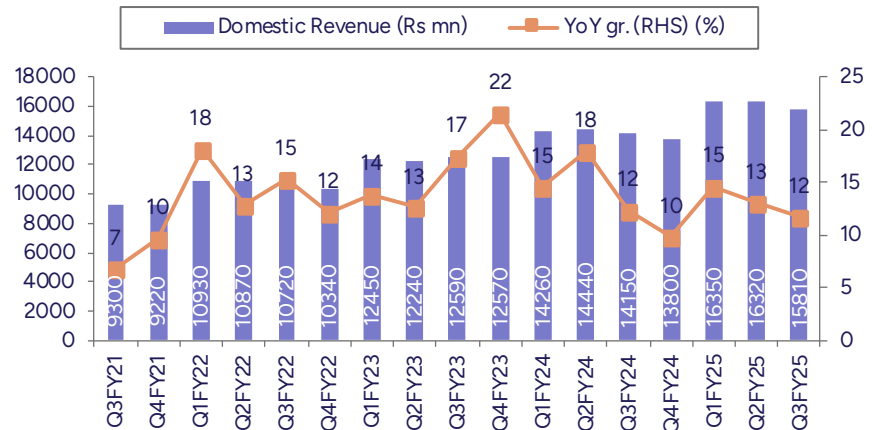
Source: Company, PL

**Exhibit 2: Sources of Revenue – Growth momentum continues across key markets, US flat QoQ**

Y/e March (Rs mn)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	9MFY25	9MFY24	YoY gr. (%)
Domestic Sales	15,810	14,150	11.7	16,320	(3.1)	48,480	42,850	13.1
Branded Business	15,810	14,150	11.7	16,320	(3.1)	48,480	42,850	13.1
<i>% of sales</i>	<i>56.3</i>	<i>51.8</i>		<i>56.5</i>		<i>56.7</i>	<i>50.1</i>	
Exports	12,280	13,170	(6.8)	12,570	(2.3)	37,090	36,986	0.3
<i>% of sales</i>	<i>43.7</i>	<i>48.2</i>		<i>44.7</i>		<i>43.3</i>	<i>43.2</i>	
Brazil	2,910	3,120	(6.7)	2,630	10.6	7,500	7,540	(0.5)
<i>Growth</i>	<i>10.4</i>	<i>11.4</i>		<i>9.4</i>		<i>8.8</i>	<i>8.8</i>	
USA	2,710	2,740	(1.1)	2,680	1.1	7,980	8,150	(2.1)
<i>Growth</i>	<i>9.6</i>	<i>10.0</i>		<i>9.5</i>		<i>9.3</i>	<i>9.5</i>	
Germany	2,820	2,700	4.4	2,880	(2.1)	8,540	7,946	7.5
<i>Growth</i>	<i>10.0</i>	<i>9.9</i>		<i>10.3</i>		<i>10.0</i>	<i>9.3</i>	
Others	3,840	4,610	(16.7)	4,380	(12.3)	13,070	13,350	(2.1)
<i>Growth</i>	<i>13.7</i>	<i>16.9</i>		<i>15.6</i>		<i>15.3</i>	<i>15.6</i>	
<b>Total Sales</b>	<b>28,090</b>	<b>27,320</b>	<b>2.8</b>	<b>28,890</b>	<b>(2.8)</b>	<b>85,570</b>	<b>79,836</b>	<b>7.2</b>

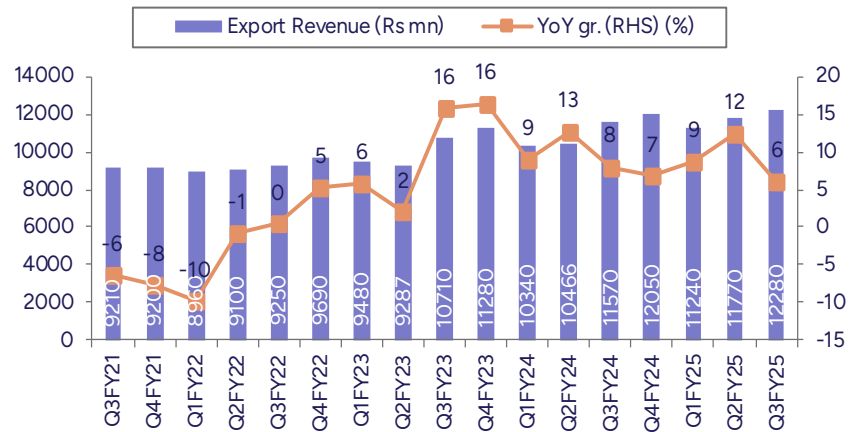
Source: Company, PL

**Exhibit 3: Domestic Sales (Rs mn): Continued momentum YoY**



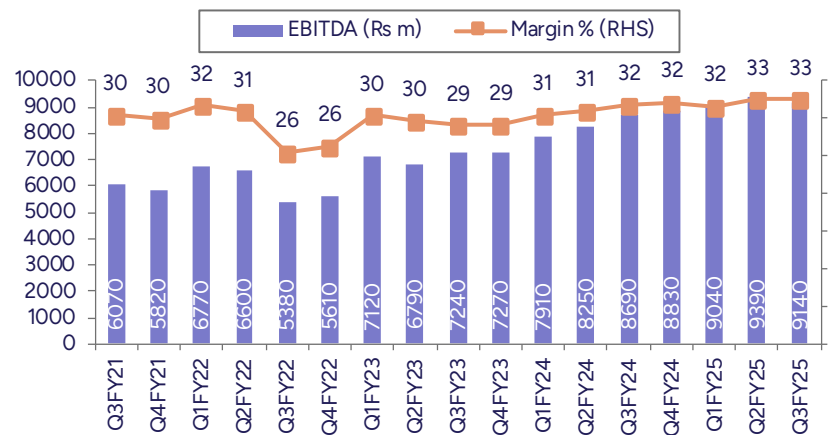
Source: Company, PL

**Exhibit 4: US markets deliver flattish growth QoQ**



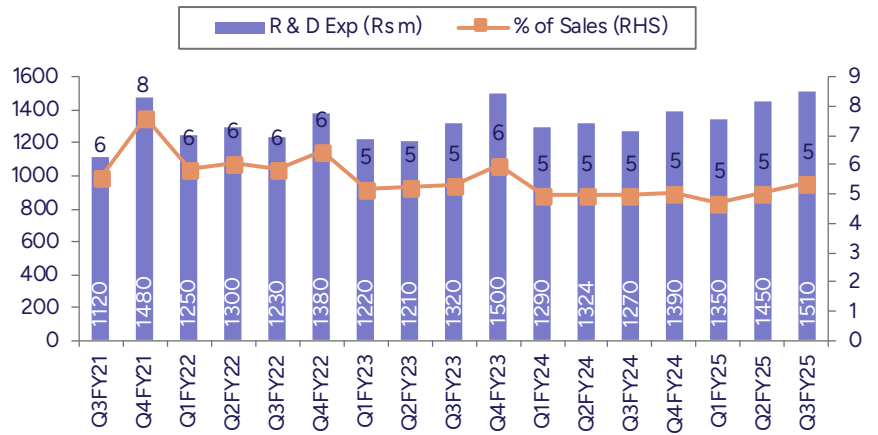
Source: Company, PL

**Exhibit 5: Steady margins QoQ**



Source: Company, PL

**Exhibit 6: R&D spend remains at ~5% levels**



Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
<b>Net Revenues</b>	<b>1,07,280</b>	<b>1,15,307</b>	<b>1,30,455</b>	<b>1,47,044</b>
YoY gr. (%)	11.5	7.5	13.1	12.7
Cost of Goods Sold	26,860	27,534	31,215	34,811
Gross Profit	80,420	87,774	99,240	1,12,234
Margin (%)	75.0	76.1	76.1	76.3
Employee Cost	19,840	22,022	24,665	27,378
Other Expenses	13,250	14,333	15,901	17,558
<b>EBITDA</b>	<b>33,680</b>	<b>37,495</b>	<b>43,498</b>	<b>50,755</b>
YoY gr. (%)	18.5	11.3	16.0	16.7
Margin (%)	31.4	32.5	33.3	34.5
Depreciation and Amortization	8,080	8,000	8,160	8,323
<b>EBIT</b>	<b>25,600</b>	<b>29,495</b>	<b>35,338</b>	<b>42,432</b>
Margin (%)	23.9	25.6	27.1	28.9
Net Interest	3,540	2,497	1,150	590
Other Income	580	904	828	1,524
<b>Profit Before Tax</b>	<b>22,640</b>	<b>27,902</b>	<b>35,016</b>	<b>43,365</b>
Margin (%)	21.1	24.2	26.8	29.5
Total Tax	6,960	8,166	8,929	11,058
Effective tax rate (%)	30.7	29.3	25.5	25.5
<b>Profit after tax</b>	<b>15,680</b>	<b>19,736</b>	<b>26,087</b>	<b>32,307</b>
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>16,560</b>	<b>19,736</b>	<b>26,087</b>	<b>32,307</b>
YoY gr. (%)	33.0	19.2	32.2	23.8
Margin (%)	15.4	17.1	20.0	22.0
Extra Ord. Income / (Exp)	(880)	-	-	-
<b>Reported PAT</b>	<b>15,680</b>	<b>19,736</b>	<b>26,087</b>	<b>32,307</b>
YoY gr. (%)	26.0	25.9	32.2	23.8
Margin (%)	14.6	17.1	20.0	22.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	15,680	19,736	26,087	32,307
<b>Equity Shares O/s (m)</b>	<b>338</b>	<b>338</b>	<b>338</b>	<b>338</b>
<b>EPS (Rs)</b>	<b>46.4</b>	<b>58.4</b>	<b>77.2</b>	<b>95.6</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>1,34,241</b>	<b>1,37,241</b>	<b>1,40,741</b>	<b>1,45,741</b>
Tangibles	52,354	53,524	54,889	56,839
Intangibles	81,887	83,717	85,852	88,902
<b>Acc: Dep / Amortization</b>	<b>56,241</b>	<b>64,241</b>	<b>72,401</b>	<b>80,724</b>
Tangibles	56,241	64,241	72,401	80,724
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>78,000</b>	<b>73,000</b>	<b>68,340</b>	<b>65,017</b>
Tangibles	(3,887)	(10,717)	(17,512)	(23,885)
Intangibles	81,887	83,717	85,852	88,902
Capital Work In Progress	6,990	6,990	6,990	6,990
Goodwill	-	-	-	-
Non-Current Investments	320	320	320	320
Net Deferred tax assets	(1,010)	(3,460)	(3,460)	(3,460)
Other Non-Current Assets	-	-	-	-
<b>Current Assets</b>				
Investments	1,410	1,410	1,410	1,410
Inventories	22,790	25,179	28,546	32,232
Trade receivables	18,440	22,032	24,977	28,203
Cash & Bank Balance	8,390	8,219	8,282	16,930
Other Current Assets	8,660	9,093	9,548	10,025
<b>Total Assets</b>	<b>1,45,060</b>	<b>1,46,304</b>	<b>1,48,472</b>	<b>1,61,187</b>
<b>Equity</b>				
Equity Share Capital	1,690	1,690	1,690	1,690
Other Equity	66,870	74,522	88,745	1,05,234
<b>Total Network</b>	<b>68,560</b>	<b>76,212</b>	<b>90,435</b>	<b>1,06,924</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	16,040	6,040	3,040	40
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	23,340	23,340	11,340	7,340
Trade payables	20,890	22,032	24,977	28,203
Other current liabilities	15,220	15,220	15,220	15,220
<b>Total Equity &amp; Liabilities</b>	<b>1,45,060</b>	<b>1,46,304</b>	<b>1,48,472</b>	<b>1,61,187</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	22,060	26,998	34,188	41,842
Add. Depreciation	8,080	8,000	8,160	8,323
Add. Interest	3,540	2,497	1,150	590
Less Financial Other Income	580	904	828	1,524
Add. Other	-	-	-	-
Op. profit before WC changes	33,680	37,495	43,498	50,755
Net Changes-WC	4,180	(5,272)	(3,821)	(4,164)
Direct tax	(4,980)	(5,716)	(8,929)	(11,058)
<b>Net cash from Op. activities</b>	<b>32,880</b>	<b>26,506</b>	<b>30,748</b>	<b>35,533</b>
Capital expenditures	(5,670)	(3,000)	(3,500)	(5,000)
Interest / Dividend Income	-	-	-	-
Others	-	-	-	-
<b>Net Cash from Invst. activities</b>	<b>(5,670)</b>	<b>(3,000)</b>	<b>(3,500)</b>	<b>(5,000)</b>
Issue of share cap. / premium	-	-	-	-
Debt changes	(13,690)	(10,000)	(15,000)	(7,000)
Dividend paid	(10,150)	(11,864)	(11,864)	(15,818)
Interest paid	(3,540)	(2,497)	(1,150)	(590)
Others	2,850	684	828	1,524
<b>Net cash from Fin. activities</b>	<b>(24,530)</b>	<b>(23,677)</b>	<b>(27,186)</b>	<b>(21,885)</b>
<b>Net change in cash</b>	<b>2,680</b>	<b>(171)</b>	<b>62</b>	<b>8,648</b>
Free Cash Flow	28,550	23,506	27,248	30,533

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
<b>Net Revenue</b>	<b>27,450</b>	<b>28,590</b>	<b>28,890</b>	<b>28,090</b>
YoY gr. (%)	10.2	10.3	8.6	2.8
Raw Material Expenses	6,790	6,940	6,780	6,730
Gross Profit	20,660	21,650	22,110	21,360
Margin (%)	75.3	75.7	76.5	76.0
<b>EBITDA</b>	<b>8,830</b>	<b>9,040</b>	<b>9,390</b>	<b>9,140</b>
YoY gr. (%)	21.5	14.3	13.8	5.2
Margin (%)	32.2	31.6	32.5	32.5
Depreciation / Depletion	2,030	1,970	1,980	1,990
<b>EBIT</b>	<b>6,800</b>	<b>7,070</b>	<b>7,410</b>	<b>7,150</b>
Margin (%)	24.8	24.7	25.6	25.5
Net Interest	800	750	640	570
Other Income	310	240	(160)	330
<b>Profit before Tax</b>	<b>6,310</b>	<b>6,560</b>	<b>6,610</b>	<b>6,910</b>
Margin (%)	23.0	22.9	22.9	24.6
Total Tax	1,820	1,990	2,080	1,880
Effective tax rate (%)	28.8	30.3	31.5	27.2
<b>Profit after Tax</b>	<b>4,490</b>	<b>4,570</b>	<b>4,530</b>	<b>5,030</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>4,490</b>	<b>4,570</b>	<b>4,530</b>	<b>5,030</b>
YoY gr. (%)	56.4	20.9	17.4	13.5
Margin (%)	16.4	16.0	15.7	17.9
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>4,490</b>	<b>4,570</b>	<b>4,530</b>	<b>5,030</b>
YoY gr. (%)	56.4	20.9	17.4	13.5
Margin (%)	16.4	16.0	15.7	17.9
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>4,490</b>	<b>4,570</b>	<b>4,530</b>	<b>5,030</b>
Avg. Shares O/s (m)	338	338	338	338
<b>EPS (Rs)</b>	<b>13.3</b>	<b>13.5</b>	<b>13.4</b>	<b>14.9</b>

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY24	FY25E	FY26E	FY27E
<b>Per Share(Rs)</b>				
EPS	46.4	58.4	77.2	95.6
CEPS	72.9	82.1	101.3	120.2
BVPS	202.8	225.5	267.6	316.3
FCF	84.5	69.5	80.6	90.3
DPS	28.0	30.0	30.0	40.0
<b>Return Ratio(%)</b>				
RoCE	23.0	27.6	33.6	38.7
ROIC	18.9	21.6	25.5	29.7
RoE	24.0	27.3	31.3	32.7
<b>Balance Sheet</b>				
Net Debt : Equity (x)	0.4	0.3	0.1	(0.1)
Net Working Capital (Days)	69	80	80	80
<b>Valuation(x)</b>				
PER	70.0	55.6	42.1	34.0
P/B	16.0	14.4	12.1	10.3
P/CEPS	44.6	39.6	32.1	27.0
EV/EBITDA	33.5	29.8	25.3	21.4
EV/Sales	10.5	9.7	8.5	7.4
Dividend Yield (%)	0.9	0.9	0.9	1.2

Source: Company Data, PL Research

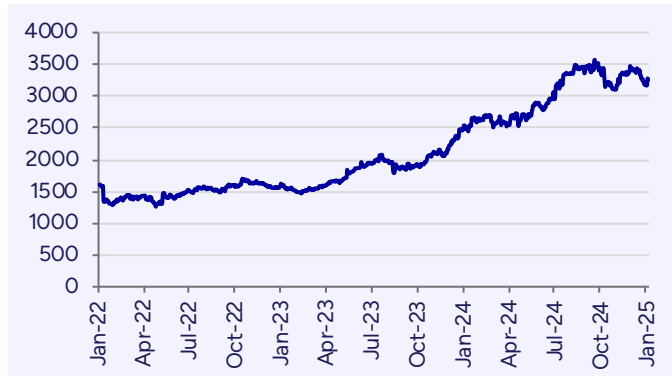
**Key Operating Metrics**

Y/e Mar	FY24	FY25E	FY26E	FY27E
Domestic	56,660	64,144	72,214	81,300
Export	44,520	47,963	54,817	62,081
Contract Manufacturing	6,100	3,200	3,424	3,664

Source: Company Data, PL Research

**Price Chart**

**Recommendation History**



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-25	Accumulate	3,600	3,404
2	28-Oct-24	Accumulate	3,600	3,433
3	07-Oct-24	Accumulate	3,300	3,474
4	24-Jul-24	Accumulate	3,300	3,162
5	08-Jul-24	BUY	2,900	2,884
6	27-May-24	BUY	2,900	2,613
7	08-Apr-24	BUY	2,700	2,577
8	02-Feb-24	BUY	2,700	2,526

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Apollo Hospitals Enterprise	BUY	8,000	7,437
2	Aster DM Healthcare	BUY	620	524
3	Aurobindo Pharma	Accumulate	1,475	1,298
4	Cipla	BUY	1,730	1,497
5	Divi's Laboratories	Accumulate	6,000	5,920
6	Dr. Reddy's Laboratories	Reduce	1,335	1,289
7	Eris Lifesciences	BUY	1,420	1,301
8	Fortis Healthcare	BUY	710	735
9	HealthCare Global Enterprises	BUY	535	488
10	Indoco Remedies	Hold	325	343
11	Ipca Laboratories	Accumulate	1,700	1,736
12	J.B. Chemicals & Pharmaceuticals	BUY	2,250	1,896
13	Jupiter Life Line Hospitals	BUY	1,660	1,565
14	Krishna Institute of Medical Sciences	BUY	675	649
15	Lupin	BUY	2,420	2,359
16	Max Healthcare Institute	BUY	1,200	1,198
17	Narayana Hrudayalaya	BUY	1,420	1,351
18	Rainbow Children's Medicare	BUY	1,785	1,552
19	Sun Pharmaceutical Industries	BUY	2,100	1,853
20	Sunteck Realty	BUY	700	494
21	Torrent Pharmaceuticals	Accumulate	3,600	3,404
22	Zydus Lifesciences	Accumulate	1,050	1,001

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly



## **ANALYST CERTIFICATION**

### **(Indian Clients)**

We/I, Mr. Param Desai- MBA Finance, Mr. Kushal Shah- CFP, Passed CFA Level I Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

### **(US Clients)**

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

## **DISCLAIMER**

### **Indian Clients**

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at [www.plindia.com](http://www.plindia.com).

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Param Desai- MBA Finance, Mr. Kushal Shah- CFP, Passed CFA Level I Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

### **US Clients**

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

**Prabhudas Lilladher Pvt. Ltd.**

**3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209**

**[www.plindia.com](http://www.plindia.com)**