

November 02, 2018

Torrent Pharmaceuticals Ltd

Torrent Pharmaceuticals is the pharma arm of the Torrent Group. The company specializes in cardiovascular, diabetes and central nervous system (CNS). Chronic and sub-chronic therapies form 75% of the portfolio (52% of Indian pharma market). Nearly 39% of the revenue is generated domestically while the rest is earned from US, Germany, Brazil and ROW markets. Torrent Pharma made 5 acquisitions since 2014. The latest one, Unichem Laboratories, helped the company in elevating its position among peers to number 5 from number 13. Torrent-Unichem integration will be completed by FY19. The company expects further synergies from this acquisition. It also expects ~25% growth from the US market. Currently, Torrent has 51 US ANDA monetisation in the pipeline, which was just 16 in FY16. Further, it plans to launch 8-9 products in FY19. The company has made huge investment in FY18 in capacity expansion and acquisitions. An investment in caopex worth ₹2 bn is also planned for FY19, which is expected to increase production. Revenues and profits of the company are growing at a healthy rate. It registered an 18.1% and 19.1% CAGR in sales and PAT over FY2009-18. Torrent Pharma has also delivered 3-year average ROE of 29.4%. **Hence Buy.**

BUY

CMP ₹1,630

Stock Info

Sector	Pharmaceuticals
Market Cap (₹ cr)	27,589
52 Week High / Low	1962/1221
Avg. Daily Volume	7,053
Face Value (₹)	5
BSE Sensex	35,012
Nifty	10,553
Reuters Code	TORP.BO
Bloomberg Code	TRP IN

Shareholding Pattern (%)

Promoters	71.3
MF / Banks / Indian FIs	10.9
FII / NRIs / OCBs	8.1
Indian Public / Others	9.7

Abs. (%)	3m	1yr	3yr
Sensex	(5.8)	4.3	31.8
Torrent	7.1	23.0	6.0

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Disclosure of Interest Statement

Torrent Pharmaceuticals

1. Financial interest of research analyst or Angel or his Associate or his relative	No
2. Ownership of 1% or more of the stock by research analyst or Angel or associates or relatives	No
3. Served as an officer, director or employee of the company covered under Research	No
4. Broking relationship with company covered under Research	No

Ratings (Based on expected returns over 12 months investment period):

Buy (> 15%)

Accumulate (5% to 15%)
Reduce (-5% to -15%)

Neutral (-5 to 5%)
Sell (< -15)