

Industry

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Indian Pharma & Ag Daily Dose

 Equity

Sun Pharma (Generic Exelon Launch in the US); Teva (Generic Effexor XR)

- **Sun Pharma to launch generic Exelon in US** — Sun Pharma announced launch of generic Exelon, rivastigmine tartrate capsules for the US market. Earlier, USFDA had granted final approval for its ANDA to market these products. These generic rivastigmine capsules are therapeutically equivalent of Novartis' Exelon capsules with annual sales of approximately USD 130 million in the US. Sun Pharma, being one of the first-to-file an ANDA for generic Exelon with a para IV certification, shares a 180-day marketing exclusivity. Dr.Reddy's and Watson have also received final approvals for the drug from the FDA. (*Company Release, US FDA*)
- **Aurobindo recalls few lots of two products in the US** — According to FDA's latest enforcement report Aurobindo Pharma has initiated recall of certain lots of Sertraline Hydrochloride tablets (due to adulterated presence of foreign tablets) and Zolpidem Tartrate tablets (due to tablet thickness) in the US. (*US FDA*)
- **Teva launches generic version of Effexor** — Teva has announced that it has commenced commercial launch of Venlafaxine HCl ER Capsules, the company's generic version of Wyeth's antidepressant Effexor XR. The brand product had annual sales of approximately US\$2.75 billion in the United States, based on IMS sales data. As the first company to file an ANDA containing a paragraph IV certification for this product, Teva has been awarded a 180-day period of marketing exclusivity. (*Company Release*)
- **Other stories (Pg 2)** — Tata Chem; Generic price cuts in Quebec

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Figure 1. Market Summary (see details in Fig 2 inside)

BSE Sensex down 1.1%; **S&P Nifty** down 1.2%; **BSE H/C** down 0.6%

Key Gainers: No Major Gainers

Key Losers: Lupin, Sun Pharma down 2% each

Volumes: Strong volumes in Fortis, Jubilant & Ranbaxy

Source: datacentral, Bloomberg

 See Appendix A-1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.

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Other Top Stories

- **US Patent Office denies request for re-exam of Plavix patent** — In another legal victory for drug makers Sanofi-Aventis and Bristol-Myers Squibb, the U.S. Patent & Trademark Office has denied a request by generics manufacturer Apotex for a second reexamination of the U.S. patent for blockbuster anti-clotting drug Plavix. The latest PTO ruling could help Bristol and Sanofi, which co-market Plavix, preserve U.S. market exclusivity for the drug until 2012. The patent is due to expire in November 2011 but Paris-based Sanofi and New York-based Bristol might get an additional six months of exclusivity for having studied the drug in children. Last year Apotex asked the U.S. PTO to re-examine certain of the patent's claims, with the hope they would be found invalid. The PTO agreed to conduct the initial re-exam, but in March the agency upheld the claims. In April, Apotex filed a request for a second re-exam. (*WSJ*)
- **Quebec to slash generic drug prices** — Quebec is set to become Canada's second province to cut the prices of generic drugs, by a forecast 25%. The province's regulations require it to pay the lowest generic prices available in Canada; therefore, following the 25% price cut implemented in Ontario, Quebec is obliged to reduce prices by a similar level, Health Minister Yves Bolduc said yesterday. (*PharmaTimes*)
- **Tata Chemicals lines up Rs40bn capex plans** — Tata Chemicals is looking to set up a urea plant of 1 million tonnes per annum (mtpa) capacity and has lined up capital expenditure plans of about Rs 4,000 crore over the next few years. It will set up 10 specialty fertiliser plants with an investment of Rs 50-60 crore per plant in phases in the next 2-3 years. The first phase is likely to be commissioned in the second quarter of the current fiscal, second phase in the second half of the year and 4 plants in fiscal 2012. "The investments would be a mixture of debt and equity and also there is a proposed preferential allotment of 11.5 million shares to Tata Sons to partly fund the capex plans, which will give us Rs 400 crore," Tata Chemicals managing director R Mukundan told. (*DNA Money*)

Stock Trends & Valuations

Figure 2. CIRA India Pharma Universe — Price & Volume Movement

Name	RIC	Price (Rs)			Volume (k Shares)		CIRA Rating	TP (Rs)
		01 Jul 10	1-day	YTD	1-day	3-m avg		
BSE Sensex		17,509	(1.1)	0.3	18,268	18,363		
NIFTY Index		5,251	(1.2)	1.0	183,723	176,329		
BSE Healthcare		5,715	(0.6)	13.9	2,150	2,681		
Apollo Hospitals	APLH.BO	746	(0.6)	13.6	86	65	1M	840
Aurobindo Pharma	ARBN.BO	920	1.1	0.9	171	154	1M	1,340
Biocon	BION.BO	322	(1.0)	16.7	209	611	3H	250
Cadila HC	CADI.BO	670	1.5	54.5	66	123	3M	480
Cipla	CIPL.BO	335	(1.0)	0.1	539	1,527	3M	290
Dishman Pharma	DISH.BO	214	(1.3)	(9.8)	42	165	1M	265
Dr.Reddy's Labs	REDY.BO	1,440	(0.7)	25.6	348	534	2M	1,350
Fortis HC	FOHE.BO	154	1.1	12.6	9,464	3,625	3M	145
GSK Pharma	GLAX.BO	2,189	0.2	35.8	8	36	3L	1,550
Glenmark	GLEN.BO	270	(0.0)	(2.0)	396	907	1M	335
Jubilant	JUBO.BO	350	0.1	4.7	1,342	333	1M	465
Lupin	LUPN.BO	1,930	(1.9)	29.3	169	181	1L	2,100
Piramal HC	PIRA.BO	482	0.3	(8.9)	859	2,832	2M	560
Ranbaxy	RANB.BO	461	0.0	30.9	1,355	1,122	1M	620
Sun Pharma	SUN.BO	1,753	(1.8)	16.2	64	247	1L	1,850
United Phosphorus	UNPO.BO	181	(1.4)	4.4	1,608	2,428	1H	240

Source: dataCentral, Bloomberg and Citi Investment Research and Analysis estimates

Figure 3. CIRA Indian Pharma — Valuation Snapshot

Company	RIC	Rating	MCap (US\$m)	Price 01 Jul 10	Target price	EPS (Rs/sh)		P/E (x)		EV/EBITDA (x)		EV/S (x)		RoCE		RoE	
						FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E
Generic Pharma																	
Aurobindo	ARBN.BO	1M	1,115	920	1,340	101.2	126.5	9.1	7.3	6.9	5.7	1.6	1.4	16%	18%	31%	25%
Biocon	BION.BO	3H	1,383	322	250	16.5	18.0	19.6	17.9	12.0	10.7	2.4	2.2	15%	16%	18%	17%
Cadila HC	CADI.BO	3M	2,942	669	480	30.3	37.1	22.1	18.0	15.1	12.8	3.3	2.8	24%	25%	33%	31%
Cipla	CIPL.BO	3M	5,777	335	290	13.7	16.0	24.4	20.9	17.7	15.5	4.4	3.9	16%	17%	17%	18%
Dr Reddy	REDY.BO	2M	5,228	1,440	1,350	59.7	76.2	24.1	18.9	18.0	14.9	3.0	2.6	17%	18%	22%	23%
Glenmark	GLEN.BO	1M	1,563	270	335	21.0	21.8	12.9	12.4	9.3	8.8	3.0	2.6	17%	16%	22%	19%
Lupin	LUPN.BO	1L	3,686	1,930	2,100	102.6	112.8	18.8	17.1	13.9	12.4	3.0	2.6	28%	27%	34%	29%
Ranbaxy	RANB.BO	1M	4,163	461	620	9.6	23.2	48.1	19.8	7.9	3.4	2.0	1.3	20%	40%	35%	52%
Sun Pharma	SUN.BO	1L	7,803	1,755	1,850	77.7	91.5	22.6	19.2	20.0	16.8	6.6	5.6	16%	17%	18%	18%
Innovator GRAMS																	
Dishman	DISH.BO	1M	371	214	265	19.3	23.4	11.1	9.2	8.8	7.7	2.2	1.9	11%	12%	18%	19%
Jubilant	JUBO.BO	1M	1,193	350	465	30.8	38.3	11.4	9.1	8.9	7.5	1.9	1.6	11%	12%	24%	22%
Piramal HC	PIRA.BO	2M	2,164	482	560	29.1	38.1	16.6	12.6	12.2	9.8	2.6	2.2	22%	26%	32%	32%
Hospitals																	
Apollo Hosp.	APLH.BO	1M	995	750	840	32.2	39.6	23.3	19.0	11.8	10.1	2.0	1.8	9%	10%	12%	14%
Fortis HC	FOHE.BO	3M	1,340	154	145	4.0	6.5	38.2	23.7	22.9	17.1	4.4	3.5	6%	8%	6%	9%
MNC Pharma																	
GSK Pharma	GLAX.BO	3L	3,978	2,188	1,550	68.0	77.4	32.2	28.3	21.5	18.6	7.6	6.7	1356%	846%	31%	31%
AgroChem																	
United Phos.	UNPO.BO	1H	1,713	182	240	16.3	19.2	11.1	9.5	6.5	5.2	1.3	1.1	21%	22%	21%	20%

Source: dataCentral, CIRA estimates

Appendix A-1

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