

Healthcare

India

Sector View: **Neutral**

NIFTY-50: **24,981**

August 19, 2025

1QFY26 review: CRDMO, hospitals & diagnostics lead the way

CRDMO, hospitals and diagnostics companies reported fine results in 1QFY26 amid largely steady US and domestic prints. The net outcome was positive for the broader space, with most companies surpassing our EBITDA estimates. In 2QFY26, we expect traction in ex-gRevlimid US formulations and CRDMO to continue, with yoy India growth improving marginally. For hospitals, ARPOB growth was healthy in 1Q, with all eyes on the upcoming expansion spree. Diagnostics players continued to witness a B2C-led uptick. While we like SUNP, CIPLA, LPC, Mankind, Emcure, Syngene and PPL in Pharma, within Health Care Services, APHS and DLPL are our preferred picks.

Pharma: Steady US; slightly sluggish India; CRDMO in a healthy shape

Overall, performance of our pharma coverage in 1QFY26 was characterized by continued stability in US generics pricing, along with traction across most other markets, with slightly sluggish growth in India being the only chagrin. While overall US sales for our coverage declined 2% qoq ((-)3% yoy), primarily led by lower gRevlimid sales, base business traction continued for most firms, led by volume growth in existing products and benefit from recent launches. Within India, organic sales for our coverage grew 6-14% yoy in a seasonally weak quarter. For generic API companies, lumpiness and pricing pressure drove a 2% yoy ((-)18% qoq) decline in cumulative API sales in 1QFY26. Within CRDMO, except for PIRPHARM, wherein revenues were impacted due to inventory destocking, all companies reported yoy growth in 1QFY26. On an overall basis, our pharma coverage reported ~11% yoy sales growth (flat qoq) in 1QFY26. On the operating front, our coverage reported ~14% yoy growth (flat qoq) in cumulative EBITDA, with 70 bps yoy improvement in EBITDA margins. While SAI LIFE, LAURUS and LPC delivered the highest EBITDA beats on KIE estimates, the largest misses were for PIRPHARM and CONCORDB.

Hospitals: Case mix-led ARPOB uptick; all eyes on the expansion spree

Despite seasonal weakness, most India-based hospitals witnessed a sequential uptick in 1QFY26. On a yoy basis, while lower international patient footfalls from Bangladesh continued to impact revenues (this would be the last quarter, as from 2QFY26, the impact would be on the base), ARPOB improved 4-15% yoy, primarily led by a reduction in ALOS and an improvement in the specialty/payor mix. Cumulative sales and EBITDA for India-based hospitals within our coverage grew 16% yoy each in 1QFY26. While APHS delivered the highest EBITDA beat, KIMS and NARH missed KIE estimates.

Diagnostics: Double-digit yoy sales growth; B2C traction continues

Diagnostics companies within our coverage reported healthy 11-13% yoy organic sales growth in 1QFY26, led by 8-10% yoy growth in volumes and a higher wellness mix. For both DLPL and METROHL, traction in B2C continued, with most online players curbing their discounting and marketing spends. Cumulative EBITDA for our diagnostics coverage grew 13% yoy, with both DLPL and METROHL delivering an EBITDA beat on KIE estimates.

Company data and valuation summary

		Fair Value	P/E (X)	
	Rating	(Rs)	2026E	2027E
Pharmaceuticals				
Alivus Life Sciences	BUY	1,325	23.3	19.5
Aurobindo Pharma	SELL	1,080	17.3	15.3
Biocon	REDUCE	350	62.9	34.8
Blue Jet Healthcare	ADD	900	33.0	26.1
Cipla	BUY	1,815	24.4	23.3
Concord Biotech	ADD	1,825	43.4	33.7
Divis Laboratories	SELL	5,400	63.8	45.8
Dr Reddy's Laboratories	REDUCE	1,250	20.3	22.8
Emcure Pharmaceuticals	BUY	1,710	30.2	25.1
Gland Pharma	REDUCE	1,800	31.8	25.9
JB Chemicals & Pharma	NR	NA	33.3	29.0
Laurus Labs	SELL	555	78.3	60.7
Lupin	ADD	2,200	23.1	23.7
Mankind Pharma	ADD	2,800	46.0	35.2
Piramal Pharma	BUY	305	250.9	53.1
Sai Life Sciences	REDUCE	905	85.6	63.5
Sun Pharmaceuticals	ADD	1,875	34.0	28.5
Syngene International	BUY	840	66.3	47.9
Torrent Pharmaceuticals	NR	NA	51.8	42.2
Health Care Services				
Apollo Hospitals	BUY	9,180	58.2	46.8
Aster DM Healthcare	NR	NA	58.7	45.5
Dr Agarwal's Health Care	ADD	465	107.2	73.1
Dr Lal Pathlabs	ADD	3,515	56.7	48.7
Global Health	ADD	1,460	60.4	48.4
KIMS	ADD	730	84.9	54.7
Max Healthcare	REDUCE	1,140	70.2	49.3
Metropolis Healthcare	ADD	2,155	54.9	44.4
Narayana Hrudayalaya	REDUCE	1,780	39.9	33.1
Rainbow Children's Medicare	ADD	1,685	54.7	45.2

Source: Bloomberg, Company data, Kotak Institutional Equities estimates

Prices in this report are based on the market close of August 19, 2025

Quick Numbers

Our pharma coverage reported 11%/14% yoy sales/EBITDA growth in 1QFY26

India-based hospitals within our coverage reported 16%/16% yoy sales/EBITDA growth in 1QFY26

DLPL and METROHL reported double-digit yoy organic sales growth in 1QFY26

Related Research

- Pharma: Tariffs - a fog of uncertainty
- A multitude of factors in the IPM
- Diagnostics: Heading the right way

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Sales and EBITDA beat/(miss) on KIE estimates for our healthcare coverage
Exhibit 1: March fiscal year-ends, 2026E (%)

Beat / (miss) vs KIE estimates (%)	Sales	EBITDA
Pharmaceuticals		
Alivus Life Sciences	(7)	(7)
Aurobindo Pharma	(7)	(13)
Biocon	1	(9)
Blue Jet Healthcare	17	7
Cipla	(1)	4
Concord Biotech	(15)	(32)
Divis Laboratories	(4)	(12)
Dr Reddy's Laboratories	1	2
Emcure Pharmaceuticals	2	7
Gland Pharma	1	(3)
Laurus Labs	2	13
Lupin	(1)	12
Mankind Pharma	1	(0)
Piramal Pharma	(2)	(43)
Sai Life Sciences	38	117
Sun Pharmaceuticals	3	11
Syngene International	3	10
Healthcare		
Apollo Hospitals	3	9
Dr Agarwal's Health Care	1	2
Dr Lal Pathlabs	0	2
Global Health	5	(2)
KIMS	(4)	(14)
Max Healthcare	1	(1)
Metropolis Healthcare	2	2
Narayana Hrudayalaya	(5)	(10)
Rainbow Children's Medicare	(1)	4

Source: Companies, Kotak Institutional Equities estimates

Pharmaceuticals:

Overall performance of our pharma coverage in 1QFY26 was characterized by continued stability in the US generics pricing, along with traction across most other markets, with slightly sluggish growth in the domestic market being the only chagrin. Overall US sales for our coverage declined 2% qoq ((-)3% yoy), primarily led by lower gRevlimid sales. However, traction in the base business continued for most companies, led by volume growth in existing products and continued benefit from new launches in the earlier quarters for a few firms. Except for DRRD, ex-gRevlimid US sales for our coverage companies improved sequentially. We highlight the sharp qoq uptick in LPC's 1QFY26 US sales was attributable to the Tolvaptan launch (180-day exclusivity) in May 2025, partially offset by lower Albuterol pricing. For Cipla, base US sales improved qoq due to higher Lanreotide sales, partial benefits from the launch of gAbraxane, offset by a slight qoq decline in inhaler sales. Overall, on an ex-gRevlimid basis, US sales for our coverage companies grew 3% qoq. SUNP's Global Innovative Medicine (earlier 'Global Specialty') sales, at US\$311 mn, grew 5% qoq.

Within India, organic domestic sales for our coverage companies grew 6-14% yoy, with SUNP, DRRD and Mankind, demonstrating the highest reported growth and Cipla and LPC reporting lower growth. For Mankind, the consolidation of BSV also boosted India sales, with overall domestic revenues growing 18% yoy. However, most of the growth continued to be driven by price hikes in non-NLEM portfolios and new launches, with volume growth still remaining in the 1-4% yoy range for most companies. Within EM/ROW, steady underlying growth trends with INR depreciation, especially in markets such as the EU, continued to provide further support to reported growth. Particularly, for DRRD, EU sales benefited due to the NRT portfolio (consolidated from 3QFY25).

For generic API companies under our coverage, lumpiness in quarterly sales and continued pricing pressure drove a 2% yoy ((-)-18% qoq) decline in cumulative API sales in 1QFY26. Within the CRDMO segments for companies under our coverage, except for PIRPHARM, where revenues were impacted due to inventory destocking of Rimegepant, all other companies reported yoy growth in 1QFY26. In Syngene, traction in ex-Librela biologics CDMO sales, improving trends at Mangaluru and offtake in pilot CRO projects led to an 11% yoy overall sales growth, despite a moderation in Librela supplies. On the other hand, Sai reported a blockbuster performance, also aided by a low base. On a slightly favorable base, Divi's CSM growth was healthy at 23% yoy. We highlight that the CSM base will not be as favorable for Divi's from 2QFY26. Cumulative sales for the CRDMO segments of companies across our coverage grew at a robust 27% yoy.

On an overall basis, pharma companies in our coverage reported ~11% yoy growth (flat qoq) in revenues in 1QFY26. On an organic basis, after excluding acquisitions (BSV by Mankind and NRT by DRRD), cumulative sales for our coverage companies grew 9% yoy. Within our coverage, US-focused companies continued to invest meaningfully in pipeline assets in 1QFY26. However, sequentially, R&D, as a percentage of sales, for most companies declined. On the operating front, our pharma coverage reported ~14% yoy growth (flat qoq) in overall reported EBITDA, with a 70 bps yoy improvement in EBITDA margins.

Segmental US, India, API and CRDMO sales of KIE's pharmaceuticals coverage

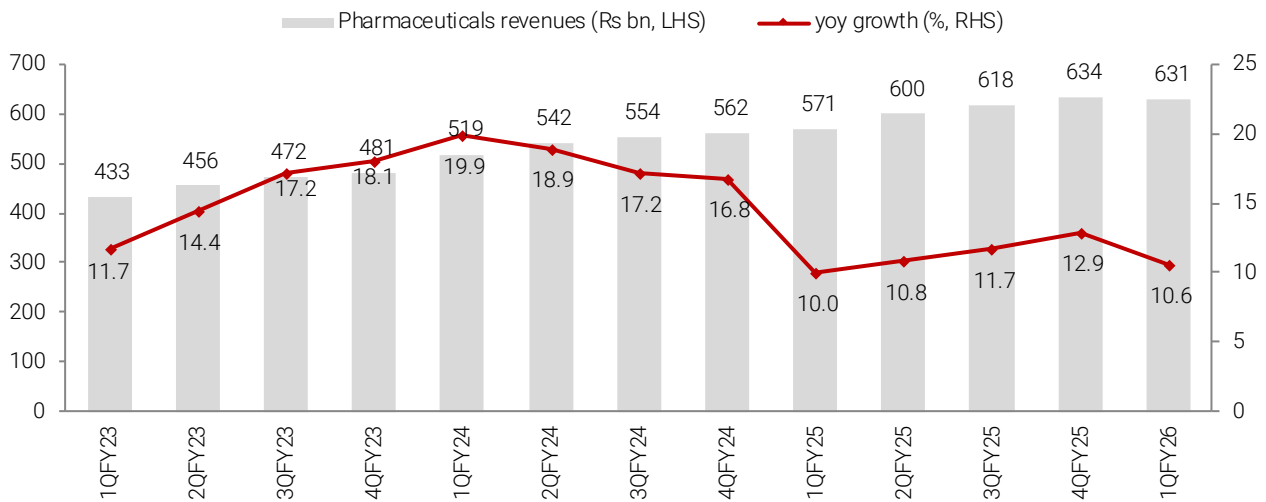
Exhibit 2: March fiscal year-ends, 2023-26E (Rs mn, %)

	1QFY25	4QFY25	1QFY26	yoy change (%)	qoq change (%)
US sales (US\$ mn)					
ARBP	426	470	408	(4.2)	(13.2)
CIPLA	250	221	226	(9.6)	2.3
DRRD	463	418	400	(13.6)	(4.3)
LPC	231	245	282	22.1	15.1
SUNP	466	464	473	1.5	1.9
Total	1,836	1,818	1,789	(2.6)	(1.6)
India sales (Rs mn)					
CIPLA	28,983	26,220	30,700	5.9	17.1
DRRD	13,252	13,047	14,711	11.0	12.8
EMCURE	9,092	9,289	9,952	9.4	7.1
LPC	19,259	17,113	20,894	8.5	22.1
MANKIND	26,342	25,440	31,012	17.7	21.9
SUNP	41,445	42,130	47,211	13.9	12.1
Total	138,373	133,238	154,480	11.6	15.9
API sales (Rs mn)					
ALIVUS	5,354	5,941	5,517	3.0	(7.1)
CONCORDB	1,710	3,624	1,538	(10.1)	(57.6)
DIVIS	9,022	10,616	8,827	(2.2)	(16.9)
LAURUS	6,635	6,856	6,366	(4.1)	(7.2)
Total	22,721	27,037	22,247	(2.1)	(17.7)
CRDMO sales (Rs mn)					
BLUEJET	1,629	3,404	3,548	117.8	4.2
DIVIS	10,378	13,184	12,773	23.1	(3.1)
LAURUS	2,139	4,613	4,926	130.3	6.8
PIRPHARM	10,567	17,875	9,970	(5.6)	(44.2)
SAILIFE	2,797	5,795	4,964	77.5	(14.3)
SYNG	7,897	10,180	8,745	10.7	(14.1)
Total	35,407	55,052	44,926	26.9	(18.4)

Source: Companies, Kotak Institutional Equities

Aggregate net revenues of KIE's pharmaceuticals coverage grew ~11% yoy in 1QFY26

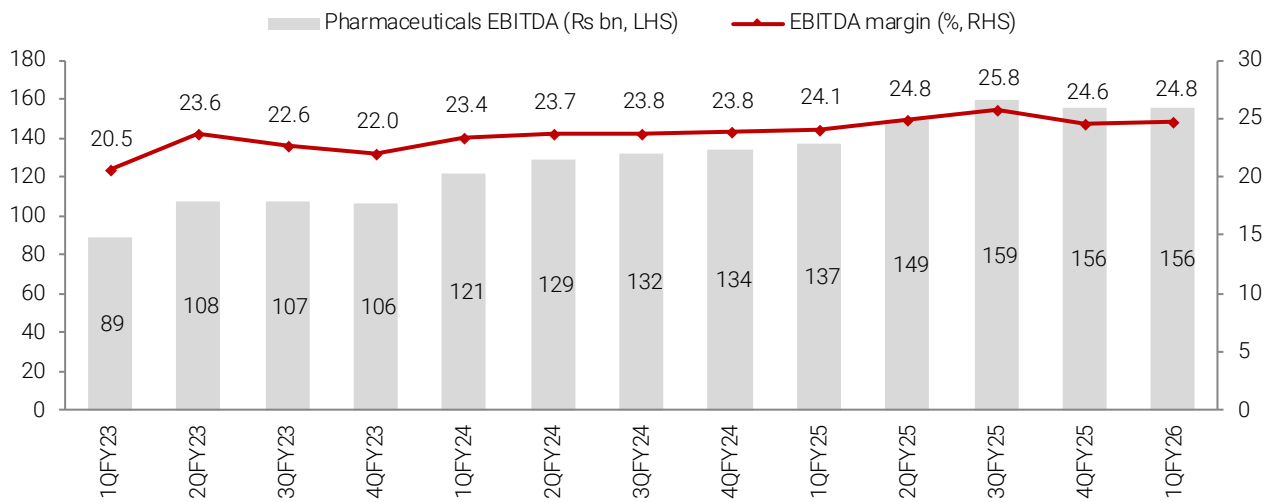
Exhibit 3: March fiscal year-ends, 2023-26E (Rs mn, %)



Source: Companies, Kotak Institutional Equities

Aggregate EBITDA of KIE's pharmaceuticals coverage grew ~14% yoy in 1QFY26

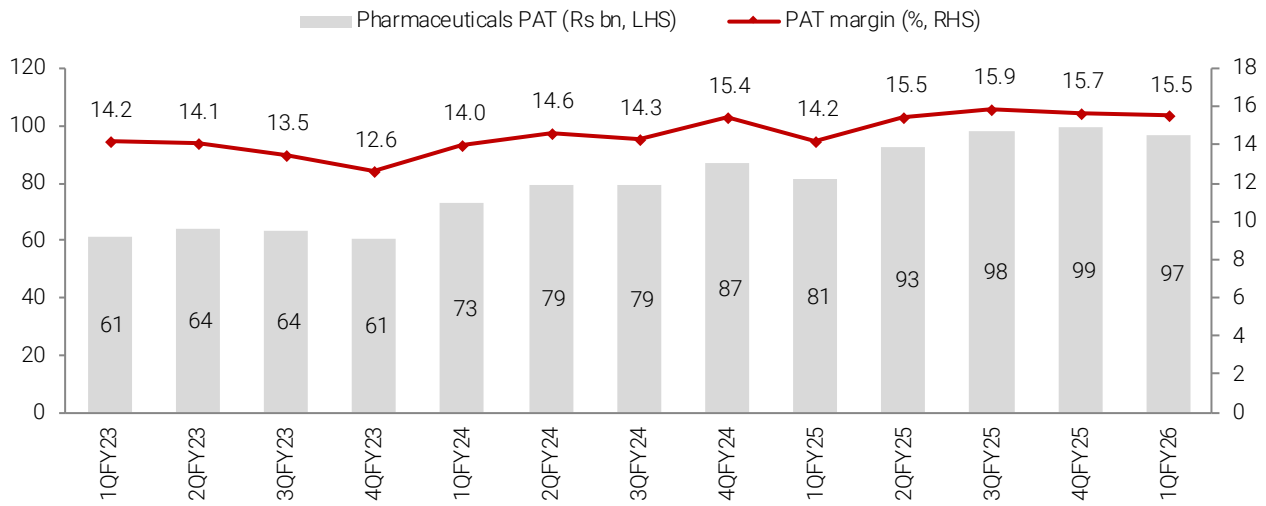
Exhibit 4: March fiscal year-ends, 2023-26E (Rs mn, %)



Source: Companies, Kotak Institutional Equities

Aggregate adjusted PAT of KIE's pharmaceuticals coverage grew ~20% yoy in 1QFY26

Exhibit 5: March fiscal year-ends, 2023-26E (Rs mn, %)



Source: Companies, Kotak Institutional Equities

KIE's pharmaceuticals coverage—1QFY26 review

Exhibit 6: March fiscal year-ends, 2025-26E (Rs mn, %)

	1QFY25	4QFY25	1QFY26E	1QFY26	%KIE	%yoy	%qoq	Comments
Alivus Life Sciences								
Net sales	5,886	6,495	6,466	6,018	(6.9)	2.2	(7.3)	Alivus' 1QFY26 revenues grew 2% yoy to Rs6 bn (down 7% qoq, 7% below KIE). Topline growth was muted at ~2% yoy in 1QFY26 was due to inventory rationalization by GNP and a temporary CDMO dip. Geographically, regions like India, LatAM, ROW and Japan contributed to the growth. Regulated market contribution for the quarter stood at 83%. Ex-GNP sales grew by 15% yoy, while GNP sales declined by 22% yoy. Generic API sales grew by 3% yoy to Rs5.5 bn. CDMO sales declined by 15% yoy to Rs360 mn (down 17% qoq), due to temporary dip in demand across ongoing projects.
EBITDA	1,595	1,984	1,855	1,723	(7.1)	8.0	(13.2)	
EBIT	1,451	1,825	1,655	1,552	(6.2)	7.0	(14.9)	
PBT	1,502	1,913	1,768	1,630	(7.8)	8.5	(14.8)	
Tax	388	494	451	414	(8.1)	6.9	(16.1)	1QFY26 gross margin declined 140 bps qoq to 55.1% (+20 bps versus KIE, +400 bps yoy). Staff costs grew by 8% yoy, while SG & A expenses grew by 14% yoy. EBITDA for the quarter grew by 8% yoy to Rs1.7 bn (down 13% qoq, 7% below KIE). R & D expenses amounted to Rs213 mn (3.5% of sales versus 3.0% of sales in 4QFY25) in 1QFY26. EBITDA margin at 28.6% (+150 bps yoy, in line with KIE) declined by 190 bps qoq.
Adjusted PAT	1,115	1,419	1,317	1,215	(7.7)	9.0	(14.3)	
EPS (Rs/share)	9.1	11.6	10.8	9.9	(7.7)	9.0	(14.3)	
EBITDA margin (%)	27.1	30.5	28.7	28.6	-7 bps	153 bps	-192 bps	
Aurobindo Pharma								
Net sales	75,670	83,821	84,158	78,681	(6.5)	4.0	(6.1)	ARBPP posted 1QFY26 sales of Rs78.7 bn (+4% yoy, -6% qoq), 7% lower than our estimates. US sales stood at US\$408 mn (-13% qoq), 14% lower than our estimate of US\$477 mn. The large miss and sequential decline in US sales was mainly due to significantly lower gRevlimid sales as well as temporary challenges from destocking and seasonal dynamics. Europe revenues in 1QFY26 stood at Rs23.4 bn (+18% yoy, +9% qoq). In Euro terms, revenues stood at EUR241 mn (+15% yoy), led by strong performance across all key markets. ARV sales posted a 55% yoy growth to Rs3.5 bn (+15% qoq). API sales stood at Rs9.2 bn (-16% yoy, -14% qoq). Within API, Betalactam API sales declined by 20% yoy, while non-Betalactam API sales declined by 6% yoy.
EBITDA	16,196	17,919	18,412	16,034	(12.9)	(1.0)	(10.5)	
EBIT	12,154	13,475	13,862	11,977	(13.6)	(1.5)	(11.1)	
PBT	13,253	13,673	14,323	12,049	(15.9)	(9.1)	(11.9)	
Tax	4,057	4,323	4,143	3,826	(7.7)	(5.7)	(11.5)	Gross margins at 58.8% declined by 60 bps yoy (-30 bps qoq, -100 bps versus KIE). R&D spends at Rs3.7 bn (+8% yoy, -18% versus KIE) stood at 4.7% of sales in 1QFY26 (5.0% in 4QFY25). While staff costs grew by 15% yoy, SG & A expenses declined by 2% yoy. Reported EBITDA remained flat yoy at Rs16 bn (-13% versus KIE, -11% qoq). EBITDA margin at 20.4% declined by 100 bps yoy (-100 bps qoq, -150 bps versus KIE).
Adjusted PAT	9,192	9,035	10,151	8,248	(18.7)	(10.3)	(8.7)	
EPS (Rs/share)	15.7	15.4	17.3	14.1	(18.7)	(10.3)	(8.7)	
EBITDA margin (%)	21.4	21.4	21.9	20.4	-150 bps	-103 bps	-100 bps	
Biocon								
Net sales	34,329	44,170	39,021	39,419	1.0	14.8	(10.8)	BIOS' 1QFY26 revenues at Rs39.2 bn (+15% yoy, -11% qoq) were in line with our estimates. BIOS' 1QFY26 biosimilars c/c sales stood at ~US\$287 mn, flat qoq (+15% yoy), beating our estimate of ~US\$279 mn by 3%. In 1QFY26, BIOS' generics business reported a muted 6% yoy growth. In a seasonally weak quarter, Syngene's 1QFY26 revenues at Rs8.7 bn (+11% yoy, -14% qoq) were 3% ahead of our estimates, largely led by continued conversion of pilot projects into longer term contracts in discovery services.
EBITDA	6,204	10,782	8,200	7,489	(8.7)	20.7	(30.5)	
EBIT	2,146	6,415	3,715	2,935	(21.0)	36.8	(54.2)	
PBT	11,451	4,864	2,062	965	(53.2)	(91.6)	(80.2)	
Tax	2,837	274	496	77	(84.5)	(97.3)	(71.9)	BIOS' 1QFY26 gross margins declined 230 bps sequentially to 64.4% (-160 bps versus KIE, -110 bps yoy). Staff costs grew by 10% yoy, and SG & A expenses grew by 16% yoy. R & D expenses (-11% qoq, -10% yoy) stood at 5.2% of sales (6.6% of sales in 1QFY25). Altogether, these translated to a reported EBITDA of Rs7.5 bn (+21% yoy, -31% qoq), missing our estimates by 9%. EBITDA margin at 19% (-200 bps versus KIE) declined by 540 bps qoq.
Adjusted PAT	(4,296)	3,157	686	314	(54.2)	NM	(90.1)	
EPS (Rs/share)	(3.6)	2.6	0.6	0.2	(58.9)	NM	(91.1)	
EBITDA margin (%)	18.1	24.4	21.0	19.0	-202 bps	92 bps	-542 bps	
Blue Jet Healthcare								
Net sales	1,629	3,404	3,041	3,548	16.6	117.8	4.2	Blue Jet's 1QFY26 revenues, at Rs3.5 bn (+4% qoq, +118% yoy), beat our estimates by 17%. CM revenues, at Rs972 mn, were 6% below our estimates (+51% yoy, -4% qoq) in 1QFY26. High-intensity sweeteners revenues, at Rs349 mn, were 27% ahead of our estimates (flat yoy, +17% qoq) in 1QFY26. PI&APIs revenues, at Rs2.1 bn, were 27% ahead of our estimates (+252% yoy, +8% qoq) in 1QFY26.
EBITDA	443	1,400	1,132	1,210	6.9	173.4	(13.6)	
EBIT	408	1,350	1,057	1,153	9.1	182.7	(14.6)	
PBT	495	1,472	1,176	1,229	4.5	148.4	(16.5)	
Tax	117	371	309	317	2.6	171.0	(14.6)	Gross margins declined 650 bps qoq to 48.4% ((-)630 bps yoy, (-)760 bps versus KIE), led by a shift in the product mix (higher PI and API sales and lower contrast media sales) and reduced inventory levels, resulting in higher overhead absorption during 1QFY26. Staff expenses and SG&A expenses grew by 18% yoy and 11% yoy, respectively. Reported EBITDA, at Rs1.2 bn (+173% yoy, (-)14% qoq), beat our estimates by 7%, albeit 7% lower than consensus. EBITDA margins declined 700 bps qoq to 34.1% ((-)310 bps versus KIE, +690 bps yoy).
Adjusted PAT	378	1,100	867	912	5.2	141.3	(17.2)	
EPS (Rs/share)	2.2	6.3	5.0	5.3	5.2	141.3	(17.2)	
EBITDA margin (%)	27.2	41.1	37.2	34.1	-313 bps	693 bps	-701 bps	
Cipla								
Net sales	66,939	67,297	70,611	69,575	(1.5)	3.9	3.4	Cipla's 1QFY26 revenues grew 4% yoy (+3% qoq) to Rs69.6 bn, marginally below our estimates. Overall domestic sales grew by 6% yoy to Rs30.7 bn (-3% vs KIE) in 1QFY26. US sales at US\$226 mn (+2% vs KIE) grew by 2% qoq in 1QFY26. gRevlimid sales were flat sequentially. Cipla ranked No.1 in the overall US Albuterol MDI market, with a 19.5% market share. Lanreotide also performed well, reaching a 21% market share during the quarter. One Africa sales grew by 5% yoy (-15% qoq, -10% vs KIE) to Rs8.7 bn. EU/ROW revenues grew by 10% yoy to Rs8.6 bn, in line with our estimates. API sales grew by 4% yoy to Rs1 bn (-44% qoq), missing our estimates by 6%.
EBITDA	17,158	15,376	17,168	17,781	3.6	3.6	15.6	
EBIT	14,691	12,289	14,068	15,254	8.4	3.8	24.1	
PBT	16,114	15,043	16,180	17,699	9.4	9.8	17.7	
Tax	4,351	2,793	4,193	4,779	14.0	9.8	71.1	Gross margins at 68.8% improved 130 bps qoq (+160 bps yoy). Staff costs grew 10% yoy, while SG & A expenses grew 2% yoy (-5% vs KIE). R & D expenses (+9% vs KIE, +1% qoq) stood at 6.2% of sales (-10 bps qoq). EBITDA at Rs17.8 bn (+4% yoy, +16% qoq), beat our estimates by 4%. EBITDA margin stood at 25.6% (flat yoy, +130 bps vs KIE).
Adjusted PAT	11,776	12,218	11,953	12,976	8.6	10.2	6.2	
EPS (Rs/share)	14.6	15.2	14.8	16.1	8.6	10.2	6.2	
EBITDA margin (%)	25.6	22.8	24.3	25.6	124 bps	-8 bps	270 bps	
Concord Biotech								
Net sales	2,158	4,299	2,394	2,040	(14.8)	(5.5)	(52.5)	Concord's 1QFY26 sales at Rs2 bn (-5% yoy, -53% qoq) sharply missed our estimates by 15%. As we have seen in the past for Concord, a strong quarter (+35% yoy growth in 4QFY25) has often been followed by a very weak quarter. While we were expecting a sequential decline, the fall was much higher than ours and Street estimates. Uneven customer procurement patterns led to 10% yoy decline in API sales in 1QFY26. For formulations, some of the products supplied and shipped to the US and LatAM might have not been booked in 1QFY26.
EBITDA	813	1,904	900	614	(31.8)	(24.5)	(67.8)	
EBIT	681	1,758	740	436	(41.1)	(36.0)	(75.2)	
PBT	782	1,851	888	572	(35.6)	(26.8)	(69.1)	
Tax	199	432	226	147	(35.1)	(26.4)	(66.0)	Gross margins at 77.9% improved 30 bps yoy (+780 bps qoq, +140 bps versus KIE). Gross margin improvement was likely led by a higher API sales mix. EBITDA at Rs614 mn (-24% yoy, -68% qoq) missed our estimates by 32%. EBITDA margin at 30.1% declined by 760 bps yoy (-1,420 bps qoq, -750 bps versus KIE). Apart from muted sales, reported EBITDA was impacted by losses (Rs120-130 mn) due to commercialization expenses of the Valthera injectables facility. Adjusted for these losses, EBITDA stood at ~Rs745 mn (-8% yoy, -17% versus KIE), with margins declining 120 bps yoy to ~37%.
Adjusted PAT	596	1,404	660	441	(33.2)	(26.1)	(68.6)	
EPS (Rs/share)	5.7	13.4	6.3	4.2	(33.2)	(26.1)	(68.6)	
EBITDA margin (%)	37.7	44.3	37.6	30.1	-752 bps	-758 bps	-1420 bps	

Source: Companies, Kotak Institutional Equities estimates

KIE's pharmaceuticals coverage—1QFY26 review

Exhibit 7: March fiscal year-ends, 2025-26E (Rs mn, %)

	1QFY25	4QFY25	1QFY26E	1QFY26	%KIE	%yoy	%qoq	
Divis Laboratories								
Net sales	21,180	25,850	25,007	24,100	(3.6)	13.8	(6.8)	Divi's 1QFY26 sales at Rs24.1 bn (+14% yoy, (-)7% qoq) were 4% behind our estimates. While generic API sales declined 2% yoy, CSM sales grew 23% yoy. Even as generic API pricing stays under pressure, led by heightened competition, Divi's maintains its market share in key products.
EBITDA	6,220	8,860	8,285	7,290	(12.0)	17.2	(17.7)	
EBIT	5,250	7,790	7,153	6,170	(13.7)	17.5	(20.8)	
PBT	6,040	8,640	8,048	6,990	(13.2)	15.7	(19.1)	
Tax	1,740	2,020	2,028	1,880	(7.3)	8.0	(6.9)	
Adjusted PAT	4,300	6,620	6,020	5,450	(9.5)	26.7	(17.7)	Gross margins, at 60.3%, declined by 170 bps sequentially, lower than our estimate of 62%. Employee expenses grew 16% yoy and other expenses grew 10% yoy during the quarter. EBITDA, at Rs7.3 bn (+17% yoy, (-)18% qoq), missed our estimates by 12%. EBITDA margin, at 30.2% (+90 bps yoy, (-)290 bps versus KIE) declined sequentially by 410 bps.
EPS (Rs/share)	16.2	24.9	22.7	20.5	(9.5)	26.7	(17.7)	
EBITDA margin (%)	29.4	34.3	33.1	30.2	-289 bps	88 bps	-403 bps	
Dr Reddy's Laboratories								
Net sales	76,961	85,284	85,162	85,721	0.7	11.4	0.5	DRRD's 1QFY26 reported sales at Rs85.7 bn (+11% yoy, flat qoq) were in line with our estimates. US sales fell 4% qoq to US\$400 mn due to erosion in gRevimid as well as other key molecules. Europe reported revenues of Rs12.7 bn (+142% yoy, flat qoq). This included revenues of Rs6.7 bn from the recently acquired NRT business. Excluding NRT, Europe revenues grew by 15% yoy (-10% qoq). Overall domestic sales grew by 11% yoy (+13% qoq) to Rs14.7 bn, missing our estimates by 3%. While EM revenues grew by 18% yoy (flat qoq), PSAL sales at Rs8.2 bn grew by 7% yoy (-14% qoq).
EBITDA	21,304	20,747	21,344	21,736	1.8	2.0	4.8	
EBIT	17,498	16,200	16,744	16,975	1.4	(3.0)	4.8	
PBT	18,767	19,997	18,673	19,048	2.0	1.5	(4.7)	
Tax	4,902	4,185	4,668	4,951	6.1	1.0	18.3	
Adjusted PAT	13,929	16,701	14,004	14,099	0.7	1.2	(15.6)	Overall gross margins at 67.2%, declined by 450 bps yoy (-80 bps vs KIE, +60 bps qoq) due to pricing pressure in generics, partially offset by favourable product mix. Gross margins for global generics and PSAL segments stood at 60.9% (+160 bps qoq) and 13.2% (-1,310 bps qoq), respectively, in 1QFY26. R&D expenses at 7.3% of sales (-100 bps vs KIE) decreased by 120 bps qoq. Reported EBITDA at Rs21.7 bn (+2% yoy, +5% qoq) was 2% ahead of our estimates due to lower R &D expenses. Reported EBITDA margin stood at 25.4% (+110 bps qoq, +30 bps vs KIE).
EPS (Rs/share)	16.7	20.1	16.8	16.9	0.7	1.2	(15.6)	
EBITDA margin (%)	27.7	24.3	25.1	25.4	29 bps	-233 bps	102 bps	
Emcure Pharmaceuticals								
Net sales	18,151	21,162	20,536	21,005	2.3	15.7	(0.7)	Emcure's 1QFY26 consolidated sales grew by 16% yoy to Rs21 bn (flat qoq), 2% ahead of our estimates. Emcure's reported domestic sales grew by 9.4% yoy (+7% qoq, in-line with KIE) in 1QFY26 to Rs9.95 bn, led by strong performance in all key therapies and aided by new initiatives in derma and OTC. Adjusted for Orofer-FCM, domestic growth was healthy as well at 10.5% yoy. Emcure's international sales grew by 22% yoy (-7% qoq, +5% vs KIE) in 1QFY26 to Rs11.06 bn. Revenues from Canada and Europe grew by 16% yoy to Rs3.4 bn (in-line with KIE, +10% qoq) and 13% yoy to Rs4 bn (+4% vs KIE, +2% qoq), respectively. ROW sales continued to surprise positively and grew by 42% yoy to Rs3.6 bn (+10% vs KIE, -25% qoq).
EBITDA	3,396	3,899	3,768	4,039	7.2	18.9	3.6	
EBIT	2,460	2,931	2,700	3,044	12.8	23.8	3.9	
PBT	2,103	2,481	2,599	2,779	6.9	32.1	12.0	
Tax	548	634	655	760	15.9	38.6	19.9	
Adjusted PAT	1,473	1,968	1,868	2,095	12.2	42.2	6.5	Gross margins improved by 400 bps qoq to 61.8% (+100 bps vs KIE, -60 bps yoy). Employee costs grew by 12% yoy, while other expenses (including R &D) grew by 10% yoy. This translated into a reported EBITDA of Rs4 bn (+19% yoy, +4% qoq), 7% ahead of our estimates. EBITDA margin improved by 80 bps qoq to 19.2% (+20 bps vs KIE, +50 bps yoy).
EPS (Rs/share)	7.8	10.4	9.9	11.1	12.2	42.2	6.5	
EBITDA margin (%)	18.7	18.4	19.0	19.2	25 bps	52 bps	80 bps	
Gland Pharma								
Net sales	14,017	14,249	14,911	15,056	1.0	7.4	5.7	Gland's 1QFY26 sales grew by 7% yoy (+6% qoq) to Rs15.1 bn, in-line with our estimates. Ex-Cenexi, Gland's 1QFY26 sales grew by just 3% yoy (+1% qoq) to Rs10.4 bn, lower than our estimate. On the other hand, Cenexi grew ~20% yoy, higher than our estimate. Excluding Cenexi, Gland's 1QFY26 US sales at Rs8.3 bn declined 3% qoq (+2% yoy). Revenues from EU and other regulated markets grew by 85% yoy to Rs1.1 bn (+33% qoq). Gland's 1QFY26 India sales at Rs594 mn (+13% qoq) grew by 13% yoy, mainly led by volume growth in existing products, including Huminsulin. Excluding Cenexi, Gland's 1QFY26 ROW sales at Rs1.5 bn (+22% qoq) grew by 4% yoy.
EBITDA	2,644	3,475	3,795	3,678	(3.1)	39.1	5.8	
EBIT	1,724	2,518	2,694	2,667	(1.0)	54.7	5.9	
PBT	2,182	2,883	3,209	3,127	(2.6)	43.3	8.5	
Tax	745	1,018	963	973	1.0	30.6	(4.5)	
Adjusted PAT	1,438	1,865	2,247	2,155	(4.1)	49.9	15.5	On a low base, gross margins improved 570 bps yoy to 65.4% (-40 bps qoq). Excluding Cenexi, Gland's 1QFY26 gross margins at 59% declined by 180 bps qoq (+620 bps yoy). R &D expenses for the quarter amounted to Rs460 mn at 3.1% of sales (vs 3.5% in 4QFY25). While staff costs grew 15% yoy, other expenses declined by 4% yoy. This translated to an EBITDA of Rs3.7 bn (+39% yoy, +6% qoq), marginally below our expectations. Excluding Cenexi, Gland's 1QFY26 EBITDA stood at Rs3.6 bn (+22% yoy, -9% qoq). Led by strong growth in US and EU, Cenexi achieved breakeven in 1QFY26. Reported EBITDA margin at 24.4% remained flat qoq (-110 bps vs KIE). Ex-Cenexi, Gland's base business EBITDA margins at 34.5% (-380 bps qoq) improved 550 bps yoy.
EPS (Rs/share)	8.8	11.4	13.7	13.1	(4.1)	49.9	15.5	
EBITDA margin (%)	18.9	24.4	25.5	24.4	-103 bps	556 bps	3 bps	
Laurus Labs								
Net sales	11,949	17,203	15,332	15,696	2.4	31.4	(8.8)	Led by sustained traction in CDMO and improved performance in FDF (particularly ARV), Laurus delivered a 13% operating beat in 1QFY26. Revenues at Rs15.7 bn (+31% yoy, -9% qoq), were 2% ahead of our estimates. Overall API sales declined by 7% qoq to Rs6.4 bn (-3% vs KIE). Formulations revenues at Rs4.1 bn (+5% vs KIE) declined by 24% qoq. The yoy growth was led by strong traction in ARV, across DMs, along with contribution from ramp-up of sales from new contracts and benefits from recent US launches. Synthesis sales at Rs4.9 bn (+12% vs KIE) grew by 7% qoq, driven by several mid-to-late stage NCE deliveries and steady increase in sales from new manufacturing assets.
EBITDA	1,712	4,206	3,369	3,821	13.4	123.2	(9.1)	
EBIT	651	3,102	2,219	2,653	19.6	307.3	(14.5)	
PBT	185	3,123	1,633	2,242	37.3	1,114.6	(28.2)	
Tax	63	785	425	631	48.7	910.2	(19.5)	
Adjusted PAT	125	2,337	1,220	1,630	33.6	1,203.1	(30.2)	Gross margin improved 430 bps yoy to 59.5% (+390 bps vs KIE, +490 bps qoq), on account of a favorable product mix. Staff costs and SG &A expenses grew by 23% yoy and 7% yoy, respectively. Reported EBITDA for the quarter stood at Rs3.8 bn (+123% yoy, -9% qoq), beating our estimates by 13%. EBITDA margin at 24.3% was up by 1,000 bps yoy (+230 bps vs KIE, flat qoq). Reported PAT at Rs1.6 bn (-30% qoq) was 34% ahead of our estimates and grew ~13X yoy. Adjusted for the one-time gain due to sale of land parcel in 4QFY25, Laurus' 1QFY26 PAT declined by 7% qoq.
EPS (Rs/share)	0.2	4.4	2.3	3.0	33.6	1,203.1	(30.2)	
EBITDA margin (%)	14.3	24.4	22.0	24.3	237 bps	1001 bps	-11 bps	

Source: Companies, Kotak Institutional Equities

KIE's pharmaceuticals coverage—1QFY26 review

Exhibit 8: March fiscal year-ends, 2025-26E (Rs mn, %)

	3QFY23	2QFY24	3QFY24E	3QFY24E	%yoy	%yoy	%qoq	
Lupin								
Net sales	56,003	56,671	63,378	62,683	(1.1)	11.9	10.6	LPC's 1QFY26 revenues at Rs62.7 bn (+12% yoy, +11% qoq), were in line with our estimates. US sales in 1QFY26 at US\$282 mn grew 15% qoq (US\$245 mn in 4QFY25; +4% vs KIE estimate of US\$270 mn). The sequential growth was largely led by the launch of Tolvaptan on May 13, 2025 (180-day exclusivity), which was partially offset by sequentially lower Albuterol sales. India formulation sales stood at Rs20.9 bn (+8% yoy, +22% qoq), in-line with our estimates. EMEA sales stood at Rs6.5 bn (+28% yoy, +13% vs KIE). Growth markets posted sales of Rs6.5 bn (-4% yoy, -15% vs KIE). Global API sales stood at Rs2.4 bn (-33% yoy, +5% qoq).
EBITDA	12,410	13,212	15,413	17,272	12.1	39.2	30.7	
EBIT	9,933	9,280	12,606	14,283	13.3	43.8	53.9	
PBT	9,930	8,958	12,641	14,155	12.0	42.5	58.0	
Tax	1,875	1,135	2,844	1,941	(31.8)	3.5	71.1	
Adjusted PAT	8,013	7,725	9,736	12,190	25.2	52.1	57.8	Gross margins improved to 71.7% (+150 bps qoq, +290 bps yoy), 90 bps higher than our estimates. R & D spends at 7.7% of sales (-80 bps vs KIE), down 170 bps qoq. LPC's 1QFY26 reported EBITDA at Rs17.3 bn (+39% yoy, +31% qoq), beat KIE's and Street's estimates by 12% and 4%, respectively. EBITDA margins improved 540 bps yoy to 27.6% (+330 bps vs KIE, +150 bps vs Street). LPC reported a forex gain of Rs859 mn in 1QFY26 vs a forex gain of Rs291 mn in 4QFY25 and a loss of Rs454 mn in 1QFY25. Adjusting for the forex impact, EBITDA grew by 28% yoy to Rs16.4 bn (+6% vs KIE, +27% qoq), with margins of 26.2% (+320 bps yoy, +340 bps qoq).
EPS (Rs/share)	17.6	17.0	21.4	26.8	25.2	52.1	57.8	
EBITDA margin (%)	22.2	23.3	24.3	27.6	323 bps	539 bps	424 bps	
Mankind Pharma								
Net sales	28,934	30,794	35,343	35,704	1.0	23.4	15.9	Mankind's 1QFY26 revenues stood at Rs35.7 bn (+23% yoy, +16% qoq), in line with our estimates. On an organic basis, Mankind's overall domestic growth stood at ~10% yoy in the quarter. Domestic sales at Rs31 bn in 1QFY26 (+18% yoy, +22% qoq) were 2% ahead of our estimates. As per secondary sales data, Mankind's overall domestic sales grew 9.2% yoy (+60 bps versus IPM), led by volume growth of 2.5% yoy as compared to IPM volume growth of 1.4% yoy. International business revenues stood at Rs4.7 bn (+81% yoy, -12% qoq), 4% below our estimates.
EBITDA	6,818	6,832	8,479	8,468	(0.1)	24.2	23.9	
EBIT	5,740	4,523	5,996	6,281	4.7	9.4	38.9	
PBT	6,637	5,131	5,116	5,373	5.0	(19.0)	4.7	
Tax	1,246	864	1,056	959	(9.2)	(23.0)	10.9	
Adjusted PAT	5,365	4,251	4,022	4,383	9.0	(18.3)	3.1	Gross margins declined by 110 bps qoq to 70.5% (-140 bps yoy, in line with KIE). Staff costs grew by 24% yoy, while SG & A expenses (including R & D) also grew by 16% yoy. Reported EBITDA at Rs8.5 bn (+24% yoy, +24% qoq), was in line with our estimates. Reported EBITDA margin at 23.7% remained flat yoy (-30 bps versus KIE, +150 bps qoq).
EPS (Rs/share)	13.4	10.3	9.7	10.6	9.0	(20.7)	3.1	
EBITDA margin (%)	23.6	22.2	24.0	23.7	-28 bps	15 bps	153 bps	
Piramal Pharma								
Net sales	19,511	27,541	19,731	19,337	(2.0)	(0.9)	(29.8)	PPL's 1QFY26 revenues, at Rs19.3 bn ((-1%) yoy, (-30%) qoq), were 2% below our estimates. Excluding the impact of destocking in rimegepant sulphate, overall/CRDMO sales grew by early double-digits/mid-teens. CRDMO revenues, at Rs9.97 bn ((-6%) yoy, (-44%) qoq), were largely in line with our estimates. CHG revenues, at Rs6.4 bn (+1% yoy, (-10%) qoq), were 8% below our estimates in 1QFY26. Growth was lower than expected due to lower sales in IA and intrathecal therapy. ICH revenues, at Rs3 bn (+14% yoy, +10% qoq), were 2% ahead of our estimates in 1QFY26. Power brands grew 18% yoy in 1QFY26, contributing ~49% to total ICH sales.
EBITDA	2,045	5,610	1,875	1,067	(43.1)	(47.8)	(81.0)	
EBIT	199	3,182	(553)	(906)	63.9	(554.3)	(128.5)	
PBT	(675)	2,566	(1,243)	(1,183)	(4.8)	75.4	(146.1)	
Tax	496	1,193	257	27	(89.6)	(94.6)	(97.8)	
Adjusted PAT	(946)	1,535	(1,287)	(1,031)	NM	NM	NM	Gross margins declined 130 bps yoy to 64.1% ((-120 bps qoq, (-50 bps versus KIE). Staff expenses and SG & A expenses grew 7% yoy and 4% yoy, respectively. Importantly, reported EBITDA, at Rs1.1 bn ((-48%) yoy, (-81%) qoq), missed our and the Street's estimates by 43% and 54%, respectively. The sharp EBITDA miss was driven by lower-than-expected sales due to timing issues in the high-margin CHG segment. EBITDA margins declined by 500 bps yoy to 5.5% ((-400 bps versus KIE).
EPS (Rs/share)	(0.7)	1.2	(1.0)	(0.8)	NM	NM	NM	
EBITDA margin (%)	10.5	20.4	9.5	5.5	-399 bps	-497 bps	-1486 bps	
Sai Life Sciences								
Net sales	2,797	5,795	3,593	4,964	38.2	77.5	(14.3)	On a low base, Sai reported overall sales of Rs4.96 bn (+77% yoy, (-14% qoq) in 1QFY26, 38% ahead of our estimates. The beat was driven by pick up in commercial supplies in the CDMO segment.
EBITDA	261	1,576	558	1,209	116.8	363.0	(23.3)	
EBIT	(50)	1,201	153	832	444.1	NM	(30.7)	
PBT	(181)	1,188	119	807	579.0	NM	(32.0)	
Tax	(46)	305	31	203	556.3	NM	(33.5)	
Adjusted PAT	(135)	883	88	605	587.0	NM	(31.5)	Gross margins improved 50 bps qoq ((-230 bps yoy, +60 bps with KIE) to 71.6%. Staff costs grew 23% yoy and SG&A expenses grew 47% yoy. EBITDA, at Rs1.2 bn (+363% yoy, (-23%) qoq), was 117% ahead of our estimates. EBITDA margin, at 24.4%, improved ~1,500 bps yoy (+890 bps versus KIE, (-280 bps qoq). Driven by operating leverage, Sai reported a PAT of Rs605 mn (+587% versus KIE) in 1QFY26, as against a loss of Rs135 mn in 1QFY25.
EPS (Rs/share)	(0.7)	4.2	0.4	2.9	585.1	NM	(31.5)	
EBITDA margin (%)	9.3	27.2	15.5	24.4	883 bps	1502 bps	-283 bps	
Sun Pharmaceuticals								
Net sales	126,528	129,588	135,135	138,514	2.5	9.5	6.9	SUNP posted 1QFY26 sales of Rs138.5 bn (+9% yoy, +7% qoq), 3% ahead of our estimates. US sales, at US\$473 mn, grew 2% qoq ((-1% versus KIE, +2% yoy). Global specialty (now renamed as Global Innovative Medicines) sales, at US\$311 mn (4% higher than our estimate of US\$300 mn), grew 17% yoy and 5% qoq. SUNP reported sales of Rs47.2 bn (+14% yoy, +12% qoq) in its domestic formulations business in 1QFY26, beating our estimates by 6%. Emerging Markets' sales were at US\$298 mn in 1QFY26 (+5% yoy in c/c). ROW market sales were at US\$219 mn in 1QFY26 (+16% yoy in c/c). 1QFY26 external API sales were at Rs5.4 bn (+9% yoy, +1% qoq).
EBITDA	36,581	34,249	36,743	40,726	10.8	11.3	18.9	
EBIT	30,029	27,611	29,557	33,721	14.1	12.3	22.1	
PBT	34,235	32,544	35,337	31,728	(10.2)	(7.3)	(2.5)	
Tax	5,523	10,937	7,067	8,702	23.1	57.6	(20.4)	
Adjusted PAT	28,356	25,116	28,169	30,966	9.9	9.2	23.3	Gross margins improved by 80 bps yoy (+10 bps qoq) to 79.7%. R&D expenses grew 11% qoq ((-5% versus KIE) at Rs9 bn, with R&D spends as a percentage of sales growing 20 bps qoq to 6.5%. SUNP's specialty R&D pipeline includes six molecules undergoing clinical trials. While staff expenses grew 14% yoy, other expenses grew 6% yoy during the quarter. SUNP's 1QFY26 EBITDA at Rs40.7 bn (+11% yoy, +19% qoq) beat our estimates by 11%. Reported EBITDA margin, at 29.4%, improved by 50 bps yoy (+220 bps versus KIE).
EPS (Rs/share)	11.8	10.5	11.7	12.9	9.9	9.2	23.3	
EBITDA margin (%)	28.9	26.4	27.2	29.4	221 bps	49 bps	297 bps	
Syngene International								
Net sales	7,897	10,180	8,531	8,745	2.5	10.7	(14.1)	In a seasonally weak quarter, Syngene's 1QFY26 revenues at Rs8.7 bn (+11% yoy, -14% qoq) were 3% ahead of our estimates, largely led by continued conversion of pilot projects into longer-term contracts in discovery services. Within biologics CDMO, Syngene continued to witness traction and also commenced operations at Unit-III. Syngene achieved decent improvement in utilization at Mangaluru in 1QFY26.
EBITDA	1,731	3,482	1,919	2,112	10.0	22.0	(39.3)	
EBIT	662	2,421	667	1,000	49.8	51.1	(58.7)	
PBT	693	2,405	752	1,013	34.7	46.2	(57.9)	
Tax	256	572	213	146	(31.4)	(43.0)	(74.5)	
Adjusted PAT	518	1,833	539	867	60.9	67.4	(52.7)	1QFY26 gross margins improved by 470 bps yoy to 75.1% (+150 bps versus KIE, -180 bps qoq). Staff costs grew by 14% yoy, while SG & A expenses grew by 20% yoy. Altogether, these translated to a reported EBITDA of Rs2.1 bn (+22% yoy, -39% qoq), 10% ahead of our estimates. 1QFY26 EBITDA margin at 24.2% (+170 bps versus KIE) improved by 230 bps yoy.
EPS (Rs/share)	1.3	4.6	1.3	2.2	60.9	67.4	(52.7)	
EBITDA margin (%)	21.9	34.2	22.5	24.2	165 bps	223 bps	-1006 bps	

Source: Companies, Kotak Institutional Equities

Valuation summary for KIE's pharmaceuticals coverage

Exhibit 9: March fiscal year-ends, 2025-27E (Rs, X)

	Rating	Price (Rs)	Fair Value	Upside	Mkt cap.		P/E (X)			EV/EBITDA (X)			P/B (X)		
		19-Aug-25	(Rs)	(%)	(Rs bn)	(US\$ bn)	2025	2026E	2027E	2025	2026E	2027E	2025	2026E	2027E
Pharmaceuticals															
Alivus Life Sciences	BUY	968	1,325	37	119	1.4	24.4	23.3	19.5	17.3	16.1	13.4	4.2	3.6	3.0
Aurobindo Pharma	SELL	1,090	1,080	(1)	633	7.3	18.3	17.3	15.3	9.5	9.3	8.3	2.0	1.8	1.7
Biocon	REDUCE	364	350	(4)	486	5.6	NM	62.9	34.8	19.7	15.2	12.5	1.6	1.6	1.5
Blue Jet Healthcare	ADD	782	900	15	136	1.6	44.5	33.0	26.1	35.1	24.5	19.1	12.0	8.9	6.7
Cipla	BUY	1,549	1,815	17	1,251	14.4	23.7	24.4	23.3	16.4	15.9	15.5	4.0	3.5	3.2
Concord Biotech	ADD	1,647	1,825	11	172	2.0	46.4	43.4	33.7	33.4	30.2	24.2	9.5	8.2	7.0
Divis Laboratories	SELL	6,080	5,400	(11)	1,614	18.6	73.6	63.8	45.8	53.1	46.0	33.0	10.8	9.8	8.5
Dr Reddy's Laboratories	REDUCE	1,244	1,250	0	1,038	11.9	17.8	20.3	22.8	11.8	12.9	14.1	3.1	2.7	2.5
Emcure Pharmaceuticals	BUY	1,470	1,710	16	279	3.2	40.2	30.2	25.1	19.3	16.2	14.1	6.3	5.4	4.7
Gland Pharma	REDUCE	1,945	1,800	(7)	320	3.7	45.7	31.8	25.9	23.4	18.2	15.2	3.5	3.3	3.0
JB Chemicals & Pharma	NR	1,724	NA	NA	269	3.1	40.9	33.3	29.0	25.7	21.3	18.0	7.9	6.8	5.8
Laurus Labs	SELL	884	555	(37)	477	5.5	132.2	78.3	60.7	47.7	33.6	28.0	10.6	9.4	8.2
Lupin	ADD	1,969	2,200	12	899	10.3	27.3	23.1	23.7	16.6	13.9	14.0	5.2	4.4	3.8
Mankind Pharma	ADD	2,492	2,800	12	1,029	11.8	51.5	46.0	35.2	35.8	27.8	23.1	7.2	6.4	5.5
Piramal Pharma	BUY	194	305	57	258	3.0	301.8	250.9	53.1	20.8	21.1	13.9	3.2	3.1	2.9
Sai Life Sciences	REDUCE	911	905	(1)	190	2.2	111.0	85.6	63.5	46.0	36.2	27.2	8.9	8.0	7.1
Sun Pharmaceuticals	ADD	1,627	1,875	15	3,903	44.9	33.6	34.0	28.5	24.2	22.3	19.2	5.4	4.8	4.3
Syngene International	BUY	683	840	23	275	3.2	58.2	66.3	47.9	25.1	25.6	20.0	5.8	5.4	4.9
Torrent Pharmaceuticals	NR	3,652	NA	NA	1,236	14.2	63.9	51.8	42.2	33.3	29.0	25.4	16.3	14.1	12.0
Pharmaceuticals	Neutral				14,584	167.7	36.7	34.3	29.5	22.2	20.2	17.5	5.0	4.4	4.0

Source: Companies, Kotak Institutional Equities estimates

Health care services:

Despite seasonal weakness, most India-based hospitals witnessed a sequential uptick in 1QFY26. On a yoy basis, while lower international patient footfall from Bangladesh continued to impact revenues (this would be the last quarter, as from 2QFY26, the impact would be on the base), ARPOB improved 4-15% yoy, primarily led by a reduction in ALOS and an improvement in the specialty/payor mix. While yoy ARPOB growth for companies such as APHS, KIMS and NARH remained in double digits, MAXHEALT and MEDANTA reported single-digit yoy ARPOB growth due to the commencement of new beds and/or higher secondary mix. Apart from the ARPOB and volume uptick, led by new bed additions, cumulative revenues for India-based hospitals within our coverage grew at a robust 16% yoy. Overall, cumulative EBITDA for India hospitals within our coverage also grew 16% yoy, with operating leverage from existing beds being offset by losses from new bed additions. Accordingly, EBITDA margins remained flat yoy, albeit declining 110 bps qoq. Meanwhile, NARH's Cayman business continued to post qoq EBITDA margin expansion during the quarter.

Diagnostics companies within our coverage reported strong 11-13% yoy organic sales growth in 1QFY26, led by 8-10% yoy growth in volumes and a higher wellness mix. For DLPL and METROHL, a traction in B2C continued, with most online players curbing their discounting and marketing spends. For METROHL, overall yoy sales growth (+23% yoy) was also boosted by the acquisitions of Core Diagnostics (Core) (full-quarter consolidation), Dr Ahuja's Pathology & Imaging Center (DAPIC), Dehradun (consolidated from May 23, 2025) and Scientific Pathology (Scientific), Agra (consolidated from June 16, 2025). Cumulative EBITDA for diagnostics companies within our coverage grew 13% yoy, with EBITDA margins declining 50 bps yoy.

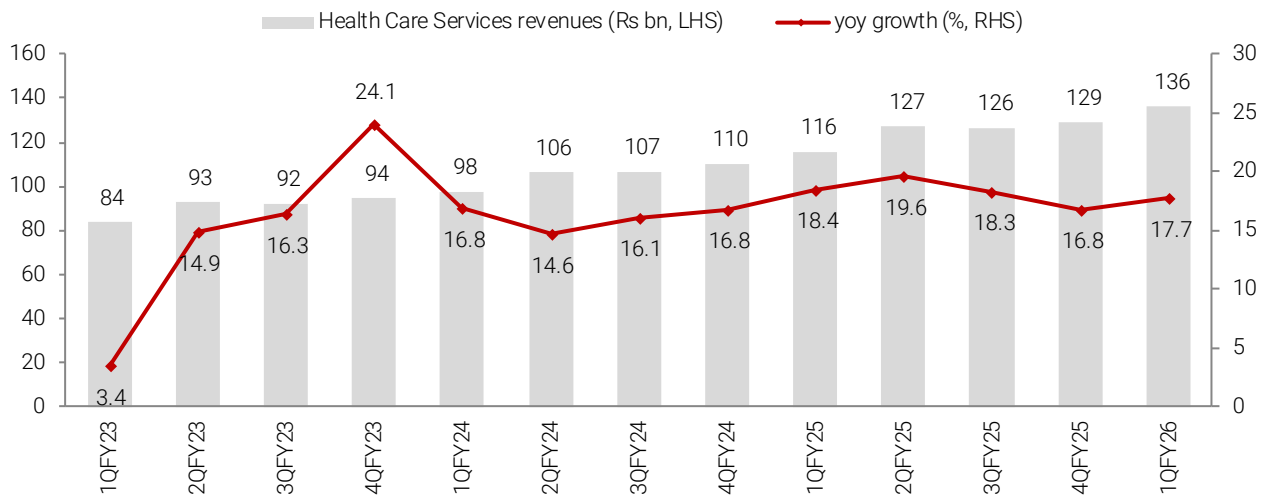
Segmental India hospital and diagnostics sales and EBITDA of KIE's health care services coverage
Exhibit 10: March fiscal year-ends, 2023-26E (Rs mn, %)

	1QFY25	4QFY25	1QFY26	yoy change (%)	qoq change (%)
India hospital sales (Rs mn)					
APHS	26,374	28,219	29,352	11.3	4.0
KIMS	6,884	7,969	8,716	26.6	9.4
MAXHEALT	18,418	22,006	23,429	27.2	6.5
MEDANTA	8,611	9,312	10,308	19.7	10.7
NARH	10,775	10,956	11,182	3.8	2.1
RAINBOW	3,302	3,701	3,529	6.9	(4.6)
Total	74,363	82,164	86,516	16.3	5.3
Diagnostics sales (Rs mn)					
DLPL	6,019	6,026	6,698	11.3	11.2
METROHL	3,134	3,453	3,861	23.2	11.8
Total	9,153	9,479	10,559	15.4	11.4
India hospital EBITDA (Rs mn)					
APHS	6,217	6,862	7,179	15.5	4.6
KIMS	1,794	1,980	1,926	7.4	(2.7)
MAXHEALT	4,646	5,752	5,692	22.5	(1.0)
MEDANTA	1,912	2,295	2,320	21.3	1.1
NARH	2,091	2,353	2,309	10.4	(1.9)
RAINBOW	937	1,147	1,036	10.6	(9.7)
Total	17,597	20,389	20,462	16.3	0.4
Diagnostics EBITDA (Rs mn)					
DLPL	1,700	1,690	1,923	13.1	13.8
METROHL	788	623	898	13.9	44.1
Total	2,488	2,313	2,821	13.4	21.9
India hospital EBITDA margin (%)					
APHS	23.6	24.3	24.5	89 bps	14 bps
KIMS	26.1	24.8	22.1	-396 bps	-275 bps
MAXHEALT	25.2	26.1	24.3	-93 bps	-184 bps
MEDANTA	22.2	24.6	22.5	30 bps	-214 bps
NARH	19.4	21.5	20.6	124 bps	-83 bps
RAINBOW	28.4	31.0	29.4	98 bps	-164 bps
Total	23.7	24.8	23.7	-1 bps	-116 bps
Diagnostics EBITDA margin (%)					
DLPL	28.2	28.0	28.7	47 bps	66 bps
METROHL	25.2	18.0	23.2	-190 bps	521 bps
Total	27.2	24.4	26.7	-47 bps	231 bps

Source: Companies, Kotak Institutional Equities

Aggregate net revenues of KIE's health care services coverage grew ~18 yoy in 1QFY26

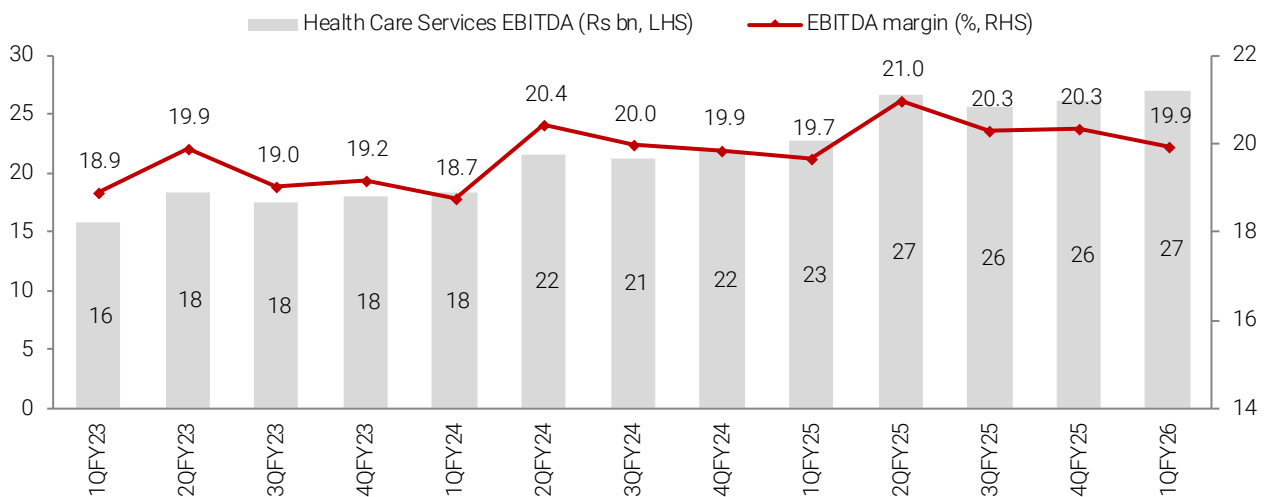
Exhibit 11: March fiscal year-ends, 2023-26E (Rs mn, %)



Source: Companies, Kotak Institutional Equities estimates

Aggregate EBITDA of KIE's health care services coverage grew ~19% yoy in 1QFY26

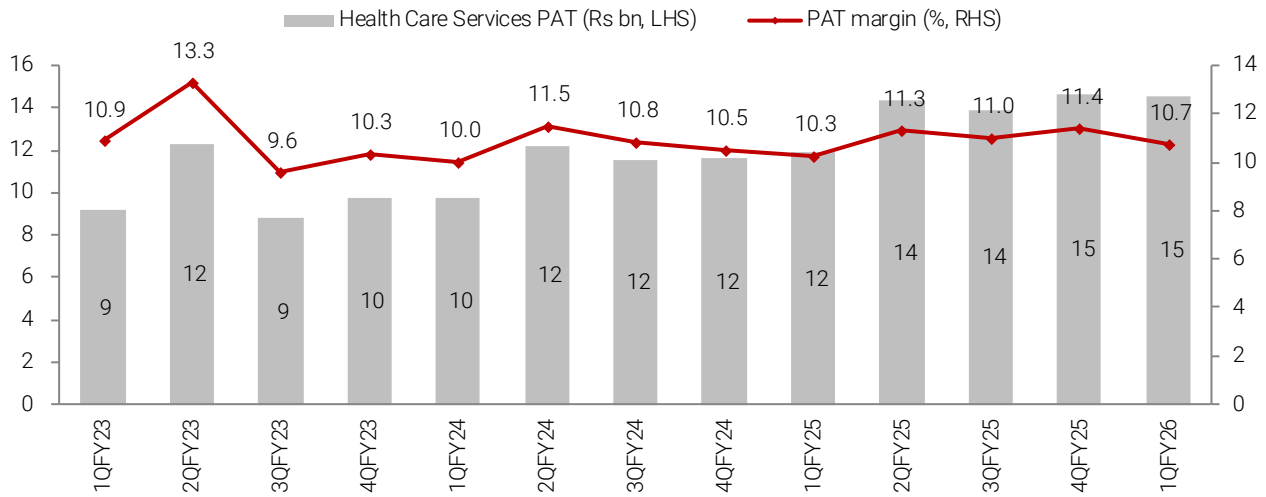
Exhibit 12: March fiscal year-ends, 2023-26E (Rs mn, %)



Source: Companies, Kotak Institutional Equities estimates

Aggregate adjusted PAT of KIE's health care services coverage grew ~22% yoy in 1QFY26

Exhibit 13: March fiscal year-ends, 2023-26E (Rs mn, %)



Source: Companies, Kotak Institutional Equities estimates

KIE's health care services coverage—1QFY26 review

Exhibit 14: March fiscal year-ends, 2025-26E (Rs mn, %)

	1QFY25	4QFY25	1QFY26E	1QFY26	%KIE	%yoy	%qoq	Comments
Apollo Hospitals								
Net sales	50,856	55,922	56,621	58,421	3.2	14.9	4.5	APHS reported a solid 1QFY26 (3/9% beat on sales/EBITDA), led by margin strength across hospitals, AHLL and Healthco. ARPOB growth was impressive at ~15% yoy in 1QFY26, largely driven by reduction in ALOS and improvement in case mix (ARPP up 9% yoy). IP volumes grew by 3% yoy despite the Bangladesh issue (sales impact of ~Rs600 mn). Strong ARPP growth resulted in 11% yoy growth in hospital sales. Pharmacy distribution revenues stood at Rs24.3 bn (+6% versus KIE) in 1QFY26, registering a 19% yoy growth, with offline growing ~18% yoy. AHLL posted sales of Rs4.4 bn (+19% yoy, +10% qoq), 7% ahead of our estimates, led by strong diagnostics sales.
EBITDA	6,751	7,697	7,804	8,519	9.2	26.2	10.7	
EBIT	4,977	5,587	5,654	6,372	12.7	28.0	14.1	
PBT	4,185	5,050	5,050	5,691	12.7	36.0	12.7	
Tax	1,145	1,010	1,326	1,417	6.8	23.8	40.3	
Adjusted PAT	3,052	3,896	3,592	4,328	20.5	41.8	11.1	Gross margins at 47.8% (-70 bps versus KIE) declined by 60 bps yoy. Reported EBITDA at Rs8.5 bn (+26% yoy, +11% qoq), beat our estimates by 9%. EBITDA margin improved by 130 bps yoy to 14.6% (+80 bps qoq), also surpassing our estimates by 20 bps. Healthco delivered its seventh consecutive quarter of positive EBITDA (a sharp jump to Rs940 mn in 1QFY26 versus Rs363 mn in 4QFY25). With a focus on improving profitability, 24/7 opex declined by 25% qoq to Rs1.2 bn in 1QFY26. Reclassified GMV grew by 8% qoq. All of this translated into Healthco EBITDA margins improving meaningfully to 3.8% versus 1.5% in 4QFY25.
EPS (Rs/share)	21.2	27.1	25.0	30.1	20.5	41.8	11.1	
EBITDA margin (%)	13.3	13.8	13.8	14.6	79 bps	130 bps	81 bps	
Dr Agarwal's Health Care								
Net sales	4,035	4,602	4,842	4,874	0.7	20.8	5.9	Dr Agarwal's 1QFY26 revenues at Rs4.9 bn (+6% qoq, +21% yoy) were largely in line with our estimates. Sales growth was driven by strong SSG growth of ~14.8% yoy.
EBITDA	1,036	1,310	1,259	1,279	1.6	23.4	(2.4)	
EBIT	481	706	629	649	3.2	34.9	(8.1)	
PBT	271	610	407	536	31.7	98.0	(12.2)	
Tax	89	160	124	155	25.2	75.4	(2.7)	
Adjusted PAT	115	326	206	301	46.2	162.4	(7.7)	Gross margins remained flat qoq and yoy at 77.5% (+20 bps versus KIE). While fees to doctors and SG &A expenses both grew by 15% yoy each, staff costs grew by 28% yoy. Reported EBITDA at Rs1.3 bn (+23% yoy, -2% qoq), was 2% ahead of our estimates. EBITDA margins improved 50 bps yoy to 26.2% (+20 bps versus KIE, -220 bps yoy). Reported PAT, at Rs301 mn (+162% yoy, -8% qoq), beat our estimates by 46%. Dr Agarwal recorded an impairment loss related to goodwill amounting to Rs25 mn in 4QFY25. Adjusted for this impairment charge in 4QFY25, 1QFY26 PAT declined by 13% qoq.
EPS (Rs/share)	0.4	1.1	0.7	1.0	46.2	154.7	(10.2)	
EBITDA margin (%)	25.7	28.5	26.0	26.2	23 bps	55 bps	-224 bps	
Dr Lal Pathlabs								
Net sales	6,019	6,026	6,681	6,698	0.3	11.3	11.2	DLPL's 1QFY26 sales, at Rs6.7 bn (+11% yoy, +11% qoq), were in line with our estimates. Overall test volumes increased 11% yoy to 23.4 mn, while overall patient volumes (+3% versus KIE) grew 5% yoy to 7.6 mn. Swasthfit contribution stood at 27% of overall sales (25% in 1QFY25). Realizations per test were flat yoy at Rs286, while realizations per patient grew 6% yoy to Rs880. Volume-led growth was achieved through calibrated expansion in the core metro markets and deeper penetration in Tier-3 and Tier-4 cities/towns.
EBITDA	1,700	1,690	1,885	1,923	2.0	13.1	13.8	
EBIT	1,353	1,326	1,497	1,577	5.3	16.6	18.9	
PBT	1,501	1,536	1,699	1,813	6.7	20.8	18.0	
Tax	421	(21)	475	471	(0.9)	11.9	NM	
Adjusted PAT	1,064	1,548	1,206	1,324	9.8	24.4	(14.5)	Gross margins for 1QFY26 improved 30 bps qoq to 80.8% (+60 bps yoy, +20 bps versus KIE). Staff costs grew 13% yoy, fees to collection centers grew 10% yoy, while SG &A expenses grew 11% yoy. EBITDA, at Rs1.9 bn (+14% qoq, +13% yoy), beat our estimates by 2%. EBITDA margin stood at 28.7%, up 50 bps yoy (+50 bps versus KIE, +70 bps qoq). Apart from higher EBITDA, higher other income also drove a 24% yoy increase in PAT to Rs1.3 bn (+10% versus KIE).
EPS (Rs/share)	12.8	18.6	14.5	15.9	9.8	24.4	(14.5)	
EBITDA margin (%)	28.2	28.0	28.2	28.7	49 bps	46 bps	66 bps	
Global Health								
Net sales	8,611	9,312	9,788	10,308	5.3	19.7	10.7	Medanta posted 1QFY26 sales of Rs10.3 bn (+20% yoy, +11% qoq), beating our estimates by 5%, driven by a strong performance in Lucknow, Patna and Gurugram. The company's overall ARPOB grew 4% yoy, led by healthy realization growth in Gurugram and Patna, partially offset by a yoy decline in Lucknow's ARPOB due to a higher scheme mix. IPD volumes increased 14.2% yoy, while OPD volumes increased 13.1% yoy in 1QFY26.
EBITDA	1,912	2,295	2,379	2,320	(2.5)	21.3	1.1	
EBIT	1,446	1,803	1,859	1,869	0.5	29.2	3.7	
PBT	1,437	1,833	1,883	1,885	0.1	31.3	2.8	
Tax	374	321	484	492	1.6	31.5	53.3	
Adjusted PAT	1,063	1,393	1,399	1,440	2.9	35.5	3.4	Gross margin, at 76.8%, declined 30 bps qoq (+110 bps yoy). Staff costs, doctor fees and SG &A expenses grew 27% yoy, 15% yoy and 18% yoy, respectively, during the quarter. Elevated costs were due to doctor recruitment, salary hikes and pre-commercialization costs of the Noida hospital. EBITDA, at Rs2.3 bn (+21% yoy, +1% qoq), was 2% lower than our estimates. EBITDA margin, at 22.5%, declined 210 bps qoq (+30 bps yoy, -180 bps versus KIE). Medanta recorded an exceptional gain of Rs196 mn in 1QFY26. Adjusted for this charge, PAT at Rs1.4 bn (+36% yoy, +3% qoq), was 3% above our estimates.
EPS (Rs/share)	4.0	5.2	5.2	5.4	2.9	35.5	3.4	
EBITDA margin (%)	22.2	24.6	24.3	22.5	-180 bps	29 bps	-215 bps	
KIMS								
Net sales	6,884	7,969	9,103	8,716	(4.3)	26.6	9.4	KIMS' 1QFY26 overall sales stood at Rs8.7 bn (+27% yoy, +9% qoq), 4% below our estimates. ARPOB growth remained robust at 12% yoy in 1QFY26, led by 10% yoy growth in ARPP and reduction in ALOS.
EBITDA	1,794	1,980	2,247	1,926	(14.3)	7.4	(2.7)	
EBIT	1,404	1,454	1,707	1,392	(18.5)	(0.9)	(4.3)	
PBT	1,271	1,340	1,574	1,137	(27.8)	(10.5)	(15.1)	
Tax	319	279	397	287	(27.7)	(10.0)	2.9	
Adjusted PAT	866	932	1,053	786	(25.3)	(9.2)	(15.7)	Gross margin remained flat qoq at 78.9% (in line with KIE, -140 bps yoy). Employee expenses increased 27% yoy and other expenses (including doctor fees) reported a 39% yoy increase. Consolidated EBITDA, at Rs1.9 bn (+7% yoy, -13% qoq), was 14% below our estimates, led by losses at new facilities (Rs210 mn). Consolidated EBITDA margin at 22.1% (-1400 bps yoy, -1270 bps qoq) was lower than our estimates by 260 bps. Other income and finance costs grew 54% yoy and 82% yoy, respectively. Reported PAT, at Rs786 mn (-19% yoy), was 25% below our estimates.
EPS (Rs/share)	2.2	2.3	2.6	2.0	(25.3)	(9.2)	(15.7)	
EBITDA margin (%)	26.1	24.8	24.7	22.1	-259 bps	-397 bps	-275 bps	

Source: Companies, Kotak Institutional Equities estimates

KIE's health care services coverage—1QFY26 review

Exhibit 15: March fiscal year-ends, 2025-26E (Rs mn, %)

	1QFY25	4QFY25	1QFY26E	1QFY26	%KIE	%yoy	%qoq	Comments
Max Healthcare								
Net sales	19,314	23,024	24,238	24,513	1.1	26.9	6.5	Max's 1QFY26 network revenues of Rs24.5 bn (+27% yoy, +6% qoq), were in line with our estimates. Hospital business reported sales of Rs23.4 bn (+27% yoy, in line with KIE). Max Lab generated revenues of Rs484 mn (+19% yoy, +6% qoq). Max@Home generated revenues of Rs600 mn (+22% yoy, +7% qoq). Gross ARPOB (calculated as gross revenues per occupied bed days) for 1QFY26 grew by just 1% yoy to Rs78k. ARPOB for existing units grew by 5% yoy and 2% qoq. Overall occupancy for 1QFY26 stood at 76% versus 75% in 4QFY25 and 75% in 1QFY25. While overall IPD volumes grew by 26.1% yoy, IPD volumes for existing units grew by 7.8% yoy to 71.2k in 1QFY26.
EBITDA	4,754	5,884	5,884	5,833	(0.9)	22.7	(0.9)	
EBIT	3,854	4,744	4,684	4,663	(0.4)	21.0	(1.7)	
PBT	3,814	4,627	4,448	4,408	(0.9)	15.6	(4.7)	
Tax	865	870	907	960	5.8	11.0	10.3	
Adjusted PAT	2,949	3,757	3,540	3,448	(2.6)	16.9	(8.2)	Gross margins declined by 90 bps qoq to 74.3% (-110 bps yoy). Employee costs and SG &A grew by 22% yoy and 29% yoy, respectively. Reported network EBITDA at Rs5.8 bn (flat qoq, in line with KIE) was up 23% yoy. Reported EBITDA margin at 23.8% (-80 bps yoy, -50 bps versus KIE) declined by 180 bps qoq. Other expenses include one-time donation of Rs120 mn to charitable societies with similar objectives. Adjusting for this one-time expense, EBITDA stood at Rs6 bn (+25% yoy, +1% qoq), in line with KIE, with EBITDA margins of 24.3%. However, adjusted EBITDA was 5% lower than the Street's estimates with adjusted EBITDA margins falling short by 240 bps (Street: 26.7%).
EPS (Rs/share)	3.0	3.9	3.6	3.5	(2.6)	16.9	(8.2)	
EBITDA margin (%)	24.6	25.6	24.3	23.8	-49 bps	-82 bps	-177 bps	
Metropolis Healthcare								
Net sales	3,134	3,453	3,792	3,861	1.8	23.2	11.8	METROHL reported overall sales of Rs3.9 bn (+23% yoy, +12% qoq) in 1QFY26, 2% above our estimates. On an organic basis, revenues grew by 13% yoy to Rs3.6 bn (+3% qoq). Patient volumes and test volumes grew by 11% yoy and 12% yoy, respectively. On an organic basis, test volumes grew by 8% yoy and patient volumes grew by 7% yoy. Realizations per patient grew by 10% yoy. METROHL's TruHealth (Wellness and Bundling) segment grew by 22% yoy in 1QFY26.
EBITDA	788	623	876	898	2.5	13.9	44.1	
EBIT	533	337	558	589	5.5	10.6	75.0	
PBT	511	360	553	612	10.8	19.9	69.9	
Tax	130	68	138	160	15.7	23.3	134.6	
Adjusted PAT	379	291	412	451	9.3	18.7	54.6	Gross margins declined 60 bps qoq (-90 bps yoy, +110 bps with KIE) to 78.1%. EBITDA at Rs898 mn (+14% yoy, +44% qoq), was 2% above our estimates. EBITDA margin at 23.2% declined by 200 bps yoy (in line with KIE, +520 bps qoq). On an organic basis, EBITDA grew by 12% yoy to ~Rs880 mn (+41% qoq), with EBITDA margins of 24.8% (-40 bps yoy, +640 bps qoq). PAT at Rs451 mn grew by 19% yoy (+9% versus KIE, +55% qoq).
EPS (Rs/share)	7.5	5.8	8.1	8.9	9.3	18.7	54.6	
EBITDA margin (%)	25.2	18.0	23.1	23.2	14 bps	-191 bps	520 bps	
Narayana Hrudayalaya								
Net sales	13,410	14,754	15,796	15,073	(4.6)	12.4	2.2	NARH posted 1QFY26 revenues of Rs15.1 bn (+12% yoy, +2% qoq), 5% behind our estimates. India hospital business revenues grew by 3% yoy (-6% vs KIE) in 1QFY26 to Rs11.1 bn. However, we note that the Jammu unit was discontinued from FY2025. Adjusting Jammu sales (Rs347 mn) for the base quarter, NARH's India hospital sales grew by 7% yoy. Cayman unit reported a 48% yoy sales growth in 1QFY26, generating revenues of Rs4 bn (in-line with KIE, +5% qoq). The sequential uptick was led a strong pickup in its existing hospital, as well as, ramp-up of the new hospital in Camana Bay.
EBITDA	3,039	3,577	3,737	3,370	(9.8)	10.9	(5.8)	
EBIT	2,422	2,752	2,897	2,526	(12.8)	4.3	(8.2)	
PBT	2,317	2,530	2,727	2,313	(15.2)	(0.2)	(8.6)	
Tax	302	568	464	348	(25.0)	15.2	(38.7)	
Adjusted PAT	2,014	1,962	2,263	1,960	(13.4)	(2.7)	(0.1)	Gross margins increased 120 bps yoy to 79.7% (+20 bps vs KIE, +40 bps qoq). Employee costs and SG &A grew 7% yoy and 20% yoy, respectively. Consolidated EBITDA grew 11% yoy to Rs3.4 bn (-6% qoq), missing our estimates by 10%. Consolidated EBITDA margin at 22.4% declined 180 bps qoq (-30 bps yoy, -130 bps vs KIE). Reported PAT at Rs2 bn (-3% yoy, flat qoq), missed our estimates by 13%.
EPS (Rs/share)	9.9	9.6	11.1	9.6	(13.4)	(2.7)	(0.1)	
EBITDA margin (%)	22.7	24.2	23.7	22.4	-131 bps	-31 bps	-190 bps	
Rainbow Children's Medicare								
Net sales	3,302	3,701	3,568	3,529	(1.1)	6.9	(4.6)	In a seasonally weak quarter, Rainbow's 1QFY26 revenues, at Rs3.5 bn (+7% yoy, -)5% qoq), were in line with our estimates. ARPOB for the quarter stood at Rs63.3k/day versus Rs56.2k/day in 1QFY25 (+13% yoy, +9% qoq). Occupancy levels in 1QFY26 stood at 40.2% versus 42.4% in 1QFY25 and 46.5% in 4QFY25. While OP volumes at 329.3k grew 6% yoy, IP volumes at 21k fell 1% yoy.
EBITDA	937	1,147	999	1,036	3.7	10.6	(9.7)	
EBIT	596	806	594	694	16.9	16.5	(13.8)	
PBT	534	770	559	714	27.7	33.8	(7.3)	
Tax	136	204	145	176	20.9	28.9	(13.9)	
Adjusted PAT	395	563	414	535	29.3	35.3	(5.1)	Gross margins, at 86.5% ((-)60 bps yoy), declined 80 bps qoq, 100 bps behind our estimates. Staff costs increased 5% yoy, professional fees to doctors increased by 8% yoy, while SG &A expenses declined by 3% yoy. Rainbow reported an EBITDA of Rs1.04 bn (+11% yoy, +4% versus KIE). The EBITDA margin, at 29.4% (+100 bps yoy), beat our estimates by 140 bps.
EPS (Rs/share)	3.9	5.6	4.1	5.3	29.3	35.3	(5.1)	
EBITDA margin (%)	28.4	31.0	28.0	29.4	136 bps	97 bps	-164 bps	

Source: Companies, Kotak Institutional Equities estimates

Valuation summary for KIE's health care services coverage

Exhibit 16: March fiscal year-ends, 2025-27E (Rs, X)

	Rating	Price (Rs) 19-Aug-25	Fair Value (Rs)	Upside (%)	Mkt cap. (Rs bn) (US\$ bn)		P/E (X)			EV/EBITDA (X)			P/B (X)		
							2025	2026E	2027E	2025	2026E	2027E	2025	2026E	2027E
Health Care Services															
Apollo Hospitals	BUY	7,824	9,180	17	1,125	12.9	77.8	58.2	46.8	38.0	31.0	25.3	13.7	11.4	9.4
Aster DM Healthcare	NR	618	NA	NA	320	3.7	88.9	58.7	45.5	36.8	29.1	23.9	6.4	5.9	5.3
Dr Agarwal's Health Care	ADD	452	465	3	143	1.6	167.6	107.2	73.1	30.7	24.4	20.2	7.6	7.1	6.5
Dr Lal Pathlabs	ADD	3,386	3,515	4	284	3.3	63.4	56.7	48.7	39.1	34.7	29.5	13.0	11.7	10.6
Global Health	ADD	1,373	1,460	6	369	4.2	70.9	60.4	48.4	41.2	34.7	27.5	10.9	9.4	8.1
KIMS	ADD	769	730	(5)	308	3.5	81.7	84.9	54.7	41.6	37.3	27.5	14.4	12.3	10.0
Max Healthcare	REDUCE	1,229	1,140	(7)	1,195	13.7	85.6	70.2	49.3	53.2	42.5	31.8	11.3	9.9	8.4
Metropolis Healthcare	ADD	2,150	2,155	0	111	1.3	75.8	54.9	44.4	36.4	28.9	24.3	8.3	7.5	6.7
Narayana Hrudayalaya	REDUCE	1,847	1,780	(4)	377	4.3	47.8	39.9	33.1	30.0	24.8	20.6	10.4	8.4	6.9
Rainbow Children's Medicare	ADD	1,568	1,685	7	159	1.8	65.4	54.7	45.2	31.3	27.1	22.1	10.8	9.2	7.9
Health Care Services	Neutral				4,392	50.5	75.8	61.1	47.2	40.0	33.0	26.3	11.1	9.6	8.2

Source: Companies, Kotak Institutional Equities estimates

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BUY. We expect this stock to deliver more than 15% returns over the next 12 months.

ADD. We expect this stock to deliver 5-15% returns over the next 12 months.

REDUCE. We expect this stock to deliver -5+5% returns over the next 12 months.

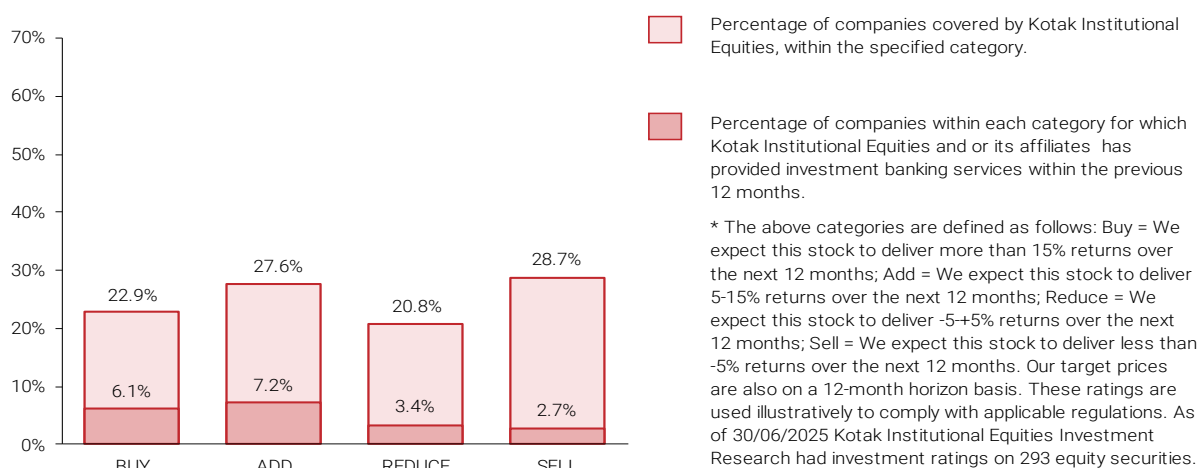
SELL. We expect this stock to deliver <-5% returns over the next 12 months.

Our Fair Value estimates are also on a 12-month horizon basis.

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Source: Kotak Institutional Equities

As of June 30, 2025

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