

For 2024, StoxBox suggests Cipla, Dr. Reddy's, Torrent Pharma & Alkem Lab

The US generics market and branded markets have seen significant growth, with moderate raw material costs and new medicines. Domestic pharmaceutical businesses are expected to grow in CY24 due to new product releases, volume growth, and increasing demand for generics and branded pharmaceuticals.

Promising stocks Cipla & Dr. Reddy's

US-focused pharma companies such as Sun Pharma, Lupin, and Dr. Reddy's are our preferred picks as they witnessed normalcy in demand, new launches (particularly gRevlimid, gSpiriva, and gPrezista), and stabilizing pricing pressure in the US base business.

Prathamesh Masdekar, Research Analyst, StoxBox commented: "Cipla is expected to establish a strong foundation for growth in upcoming quarters, driven by leadership in chronic therapies in India and expanding the US pipeline. Despite regulatory setbacks, Cipla expects a robust ~15-20% PAT CAGR over FY23-25E. Prathamesh added: "Dr. Reddy's is strengthening its pipeline organically and through business development, with a strong guidance of over 25% EBITDA margin in the near term."

Favourite picks for 2024

Indian pharma companies like Torrent Pharma, Alkem Lab, Eris Life Sciences, and JB Chemicals are expected to experience growth in the domestic formulation business in CY24. Prathamesh shares details about the preferred stocks: "Torrent Pharma aims to optimize costs, launch new products, and develop its OTC business. Alkem's business is expected to see better trends due to regulatory issues and demand."

Eris Lifescience plans to commercialize its new product pipeline and expand its presence in dermatology and nephrology. JB Chemicals is expected to continue its growth momentum, with a focus on the domestic chronic portfolio, CMO segment, and export formulations.

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