

Healthcare

India

Sector View: **Neutral**

NIFTY-50: **22,904**
April 07, 2025

A fine quarter in store

We expect healthy sales and profitability in 4QFY25 for our pharma and hospitals coverage. For pharma companies, we expect continued traction across most markets to drive ~11%/~17% yoy growth in overall sales/EBITDA in 4QFY25, with sluggish domestic growth in January and February being the only chagrin. We also bake in a healthy ~16%/~20% yoy growth in overall hospitals sales and EBITDA, largely led by higher footfalls and a slight increase in ARPOB. In diagnostics, we expect steady volume traction and mix improvement to drive ~10% yoy overall sales growth for our coverage. While we like SUNP, CIPLA, JB, EMCURE, PPL and Syngene in pharma, within healthcare services, APHS, Rainbow and DLPL are our preferred picks.

Pharma: Steady traction across US generics and CRDMO strength to aid growth

We expect a fine 4QFY25 for our pharma coverage, led by continued stability in US generics pricing and traction across most other markets, with sluggish domestic growth in January and February being the key chagrin. Ex-gRevlimid, we bake in 2% qoq growth in overall US generics sales for relevant companies in our coverage, led by volume growth in existing products, as well as continued benefit from new launches. While organic domestic growth for most companies would remain in mid-to-high single digits, we expect overall 4QFY25 domestic sales for relevant coverage companies to grow 7-18% yoy, owing to acquisitions as well as in-licensing deals. For API companies, we bake in 6% yoy overall sales growth in 4QFY25. For the CRDMO segments for companies under our coverage, we expect strong 20% yoy cumulative sales growth in 4QFY25. On an overall basis, we bake in ~11% yoy (+2% qoq) growth in revenues in 4QFY25, for our pharma coverage. On the operating front, we build in ~16% yoy (+1% qoq) growth in overall EBITDA. Any comments on steps being taken by companies to mitigate the hit from potential tariffs would be key to monitor.

Hospitals: Steady quarter in store driven by healthy footfalls

We expect a 16% yoy (+1% qoq) sales growth for our hospitals coverage in 4QFY25, largely led by higher footfalls in existing beds, new bed additions and a slight increase in ARPOB. While ARPOB growth for companies such as KIMS and NARH would be robust yoy, growth for most other players like APHS, MAX and MEDANTA would remain relatively moderate due to the commencement of new beds and/or higher secondary mix. Overall, we expect an EBITDA growth of 20% yoy (flat qoq) for our hospitals coverage, with an EBITDA margin improvement of 60 bps yoy (-10 bps qoq) in 4QFY25.

Diagnostics: We factor in double-digit sales growth yoy

Within diagnostic companies, we bake in 10% yoy growth in sales for both DLPL and METROHL, aided by B2C volume growth, and a higher wellness mix, despite a slightly slower seasonal benefit. Overall, we build in 10% yoy and 6% yoy sales and EBITDA growth, respectively, for our diagnostics coverage in 4QFY25, with an EBITDA margin decline of 90 bps yoy.

Company data and valuation summary

		Fair Value	P/E (X)	
	Rating	(Rs)	2026E	2027E
Pharmaceuticals				
Alivus Life Sciences	BUY	1,360	20.9	18.4
Aurobindo Pharma	SELL	1,145	15.5	14.5
Biocon	REDUCE	360	35.4	24.6
Blue Jet Healthcare	ADD	710	31.0	26.7
Cipla	BUY	1,700	22.1	21.7
Concord Biotech	ADD	1,820	39.9	32.0
Divis Laboratories	SELL	4,550	54.1	42.2
Dr Reddy's Laboratories	REDUCE	1,195	16.6	18.9
Emcure Pharmaceuticals	BUY	1,515	20.9	17.6
Gland Pharma	REDUCE	1,525	24.1	19.3
JB Chemicals & Pharma	BUY	2,170	28.5	24.7
Laurus Labs	SELL	420	62.1	48.3
Lupin	ADD	2,245	23.5	24.6
Mankind Pharma	ADD	2,530	44.0	33.9
Piramal Pharma	BUY	300	119.7	54.6
Sai Life Sciences	REDUCE	700	78.7	56.4
Sun Pharmaceuticals	ADD	1,875	31.4	27.4
Syngene International	BUY	875	57.9	43.7
Torrent Pharmaceuticals	REDUCE	3,060	44.7	37.6
Health Care Services				
Apollo Hospitals	BUY	8,180	51.0	38.6
Aster DM Healthcare	NR	NA	45.8	35.5
Dr Lal Pathlabs	ADD	3,275	41.4	36.2
Global Health	ADD	1,285	57.4	44.5
KIMS	ADD	660	59.8	37.6
Max Healthcare	REDUCE	1,020	59.6	44.7
Metropolis Healthcare	ADD	2,000	37.4	30.2
Narayana Hrudayalaya	ADD	1,490	35.8	29.8
Rainbow Children's Medicare	ADD	1,500	48.9	40.7

Source: Bloomberg, Company data, Kotak Institutional Equities estimates

Prices in this report are based on the market close of April 04, 2025

Quick Numbers

We expect a 11%/17% yoy sales/EBITDA growth in 4QFY25 for our pharma coverage.

We expect 16%/20% yoy sales/EBITDA growth in 4QFY25 for our hospitals coverage.

For both DLPL and METROHL, we bake in a 10% yoy sales growth in 4QFY25.

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- Indian CRDMOs: A new world order beckons
- Pharma: The march of alternates continues

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Pharmaceuticals:

We expect a fine 4QFY25 for our pharma coverage, led by continued stability in US generics pricing, along with traction across most other markets, with sluggish domestic growth in January and February being the key chagrin. We expect overall US sales for our coverage to grow 4% qoq, led by volume growth in existing products as well as continued benefit from new launches in the earlier quarters for a few firms. For companies such as ARBP, DRRD, LPC and SUNP, we expect higher generics sales to drive sequential growth in the US. For ARBP, we expect Eugia III sales to improve sequentially in 4QFY25. For LPC, we expect ramp-up in gSpiriva, gMyrbetriq 25 mg and 50 mg and Rivaroxaban launch to drive sequentially higher US sales. For Cipla, we expect continued supply challenges for Lanreotide, and sequentially lower inhaler sales to lead to lower qoq US sales. We bake in sequentially higher gRevlimid sales for most US-focused companies, like ARBP, DRRD and SUNP. Ex-gRevlimid, we bake in 2% qoq growth in overall US generics sales for relevant companies in our coverage.

Within our coverage, 4QFY25 domestic sales for companies such as CIPLA, DRRD, EMCURE and JBCP would benefit from in-licensing deals, executed over the past few quarters, despite a sluggish offtake in January and February. On a yoy basis, we estimate reported domestic sales growth in the range of 7-18% in 4QFY25 for our coverage, with EMCURE and MANKIND, demonstrating the highest growth. For MANKIND, we expect organic domestic Rx growth to be at 8% yoy. We expect overall domestic sales for relevant companies in our coverage to grow 11% yoy in 4QFY25.

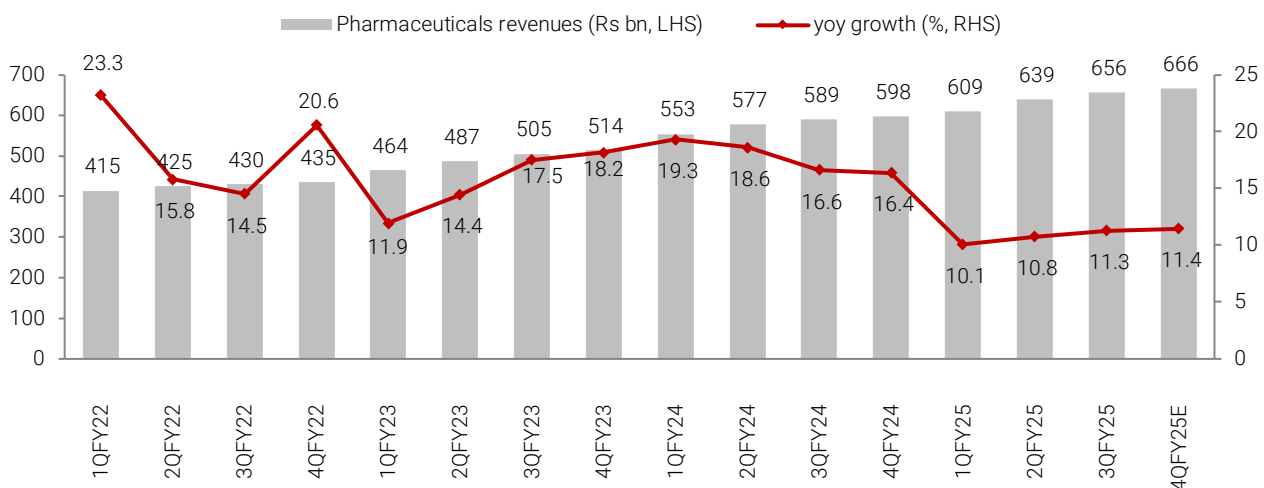
Within EM/ROW, we expect sequential currency appreciation in Brazil and Russia to boost sales growth rates in these markets for companies such as DRRD, JBCP and TRP.

For API companies under our coverage, we expect a slight pick-up in volumes qoq for most companies, factoring in 6% yoy overall sales growth in 4QFY25. We expect Concord's API sales to report 10% yoy growth in 4QFY25. For Alivus, we bake in 6% qoq decline in API sales in 4QFY25. We expect 12% yoy growth for DIVI's for its generic API business. Within the CRDMO segments for companies under our coverage, we expect strong yoy growth in 4QFY25, for BLUE JET, DIVIS, LAURUS, PPL, SAI and SYNGENE. Overall, we bake in 20% yoy sales growth for the CRDMO segments in companies across our coverage.

Within our coverage, we bake in sequentially higher R&D spends across companies, led by specialty R&D spends for SUNP and ARBP, as well as, R&D investments towards their complex pipelines for CIPLA, LPC and DRRD. Overall, we bake in ~11% yoy growth (2% qoq) in revenues in 4QFY25, for our pharma coverage. On the operating front, we build in ~17% yoy growth (-1% qoq) in overall reported EBITDA, with EBITDA margin improvement of ~120 bps yoy. On an organic basis, after excluding acquisitions (BSV by Mankind) and in-licensing deals by companies such as CIPLA, DRRD, EMCURE and JBCP, as well as the Cenexi acquisition by Gland, we bake in 9% yoy (1% qoq) sales growth for our pharma coverage.

Aggregate net revenues of KIE Pharmaceuticals coverage to grow ~11% yoy in 4QFY25

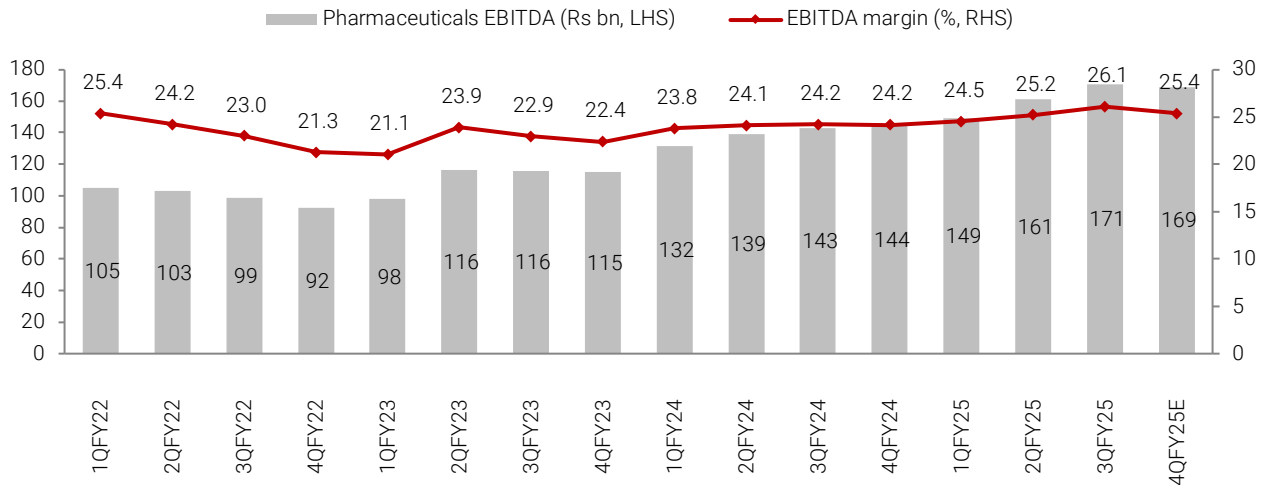
Exhibit 1: March fiscal year-ends, 2022-25E (Rs mn, %)



Source: Companies, Kotak Institutional Equities estimates

Aggregate EBITDA of KIE Pharmaceuticals coverage to grow ~17% yoy in 4QFY25

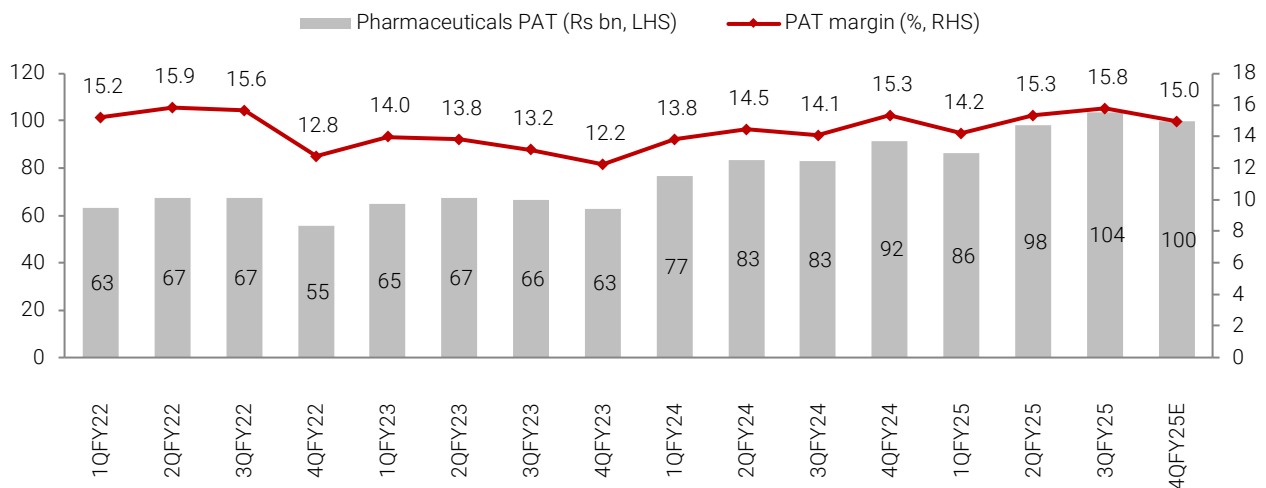
Exhibit 2: March fiscal year-ends, 2022-25E (Rs mn, %)



Source: Companies, Kotak Institutional Equities estimates

Aggregate adjusted PAT of KIE Pharmaceuticals coverage to grow ~9% yoy in 4QFY25

Exhibit 3: March fiscal year-ends, 2022-25E (Rs mn, %)



Source: Companies, Kotak Institutional Equities estimates

KIE pharmaceuticals coverage: 4QFY25 preview

Exhibit 4: March fiscal year-ends, 2024-25E (Rs mn, %)

	4QFY24	3QFY25	4QFY25E	%yoy	%qoq	Comments
Alivus Life Sciences						
Net sales	5,366	6,418	6,137	14.4	(4.4)	Due to some sales spillover at Ankleshwar in the previous quarter, we expect Alivus' 4QFY25 API revenues to moderate slightly on a qoq basis, albeit grow 16% yoy to Rs6.1 bn (-4% qoq). With contribution from the fourth CDMO project also kicking in, we bake in a 18% qoq CDMO sales jump during the quarter. Overall we expect Alivus' 4QFY25 sales to grow 14% yoy (-4% qoq).
EBITDA	1,414	1,903	1,735	22.7	(8.8)	
EBIT	1,269	1,751	1,580	24.5	(9.8)	
PBT	1,297	1,851	1,655	27.7	(10.6)	
Tax	317	482	430	35.4	(10.8)	
Adjusted PAT	979	1,370	1,226	25.1	(10.5)	We forecast 40 bps qoq gross margin decline to 55.2% for Alivus in 4QFY25. We expect consolidated EBITDA to grow 23% yoy to Rs1.7 bn (-9% qoq), with EBITDA margin improving 190 bps yoy to 28.3% (-140 bps qoq) in 4QFY25.
EPS (Rs/share)	8.0	11.2	10.0	25.1	(10.5)	
EBITDA margin (%)	26.4	29.7	28.3	191 bps	-138 bps	
Aurobindo Pharma						
Net sales	75,802	79,785	84,328	11.2	5.7	We expect ARBP's ex-gRevlimid US sales to grow by 4% qoq to US\$432 mn in 4QFY25, aided by 10% qoq growth in US injectables sales to US\$84 mn. In addition, we factor in gRevlimid sales of US\$30 mn in 4QFY25. In EU, we factor in 20% yoy growth in 4QFY25, while for the ARV segment, we expect lumpiness to drive a 17% yoy sales growth. For the ROW markets, we forecast a mere ~1% yoy sales growth in 4QFY25. Also, we do not expect any sales from Pen-G, and build in 4% yoy growth in API sales. Overall, we expect ARBP's revenues to grow 11% yoy (+6% qoq) in 4QFY25.
EBITDA	16,871	16,278	18,916	12.1	16.2	
EBIT	13,328	12,093	14,696	10.3	21.5	
PBT	13,647	11,982	15,101	10.7	26.0	
Tax	3,226	3,543	4,541	40.8	28.2	
Adjusted PAT	9,988	8,458	10,604	6.2	25.4	We expect ARBP's 4QFY25 gross margins to improve by 110 bps qoq to 59.5% largely due to higher US sales. We bake in R&D spends at 5.6% of sales (flat qoq). We expect ARBP's reported EBITDA to grow by 12% yoy to Rs18.9 bn (+16% qoq), with EBITDA margin at 22.4% (+10 bps yoy, +200 bps qoq) in 4QFY25.
EPS (Rs/share)	17.0	14.4	18.1	6.2	25.4	
EBITDA margin (%)	22.3	20.4	22.4	17 bps	202 bps	
Biocon						
Net sales	39,171	38,214	42,274	7.9	10.6	We forecast 8.5% qoq growth in core biosimilars sales for BIOS to US\$294 mn in 4QFY25, owing to market share gains across key products, as well as traction in EMs. We bake in a 17% yoy growth for Syngene. In the generics segment, we bake in 6% qoq (flat yoy) growth in 4QFY25, led by strength in the formulations business. On an overall basis, we build in 8% yoy topline growth to Rs42.3 bn (+11% qoq).
EBITDA	9,159	7,518	10,081	10.1	34.1	
EBIT	5,085	3,260	5,823	14.5	78.6	
PBT	3,186	1,555	4,083	28.1	162.5	
Tax	961	748	1,226	27.6	63.9	
Adjusted PAT	1,443	70	2,136	48.0	2,950.9	We build in 190 bps qoq improvement in gross margins to 66.3% for BIOS in 4QFY25. We expect BIOS' 4QFY25 EBITDA to grow 10% yoy to Rs10.1 bn (+34% qoq). On an overall basis, we build in 410 bps qoq expansion (+40 bps yoy) in EBITDA margin to 23.8%.
EPS (Rs/share)	1.2	0.1	1.8	48.0	2,950.9	
EBITDA margin (%)	23.4	19.7	23.8	46 bps	417 bps	
Blue Jet Healthcare						
Net sales	1,839	3,184	3,004	63.3	(5.7)	We expect overall qoq sales decline of 6% qoq (+63% yoy) for Blue Jet in 4QFY25. We bake in sequentially flattish contrast media sales. However, due to some Bempedicoic Acid intermediate dispatches being slightly delayed, we expect a 3% qoq decline in pharma intermediates revenues in 4QFY25. In the artificial sweeteners business, we factor in a 6% yoy sales decline.
EBITDA	531	1,240	1,123	111.6	(9.4)	
EBIT	454	1,193	1,074	136.8	(10.0)	
PBT	542	1,325	1,229	126.9	(7.3)	
Tax	145	335	317	118.5	(5.5)	
Adjusted PAT	397	990	912	130.0	(7.9)	Aided by a slightly favorable product mix, we bake in 20 bps qoq overall gross margin expansion to 54.8% for Blue Jet in 4QFY25. We expect consolidated EBITDA to decline by 9% qoq to Rs1.1 bn, with EBITDA margins declining by 160 bps qoq to 37.4% in 4QFY25.
EPS (Rs/share)	2.3	5.7	5.3	130.0	(7.9)	
EBITDA margin (%)	28.8	39.0	37.4	853 bps	-157 bps	
Cipla						
Net sales	61,632	70,730	65,686	6.6	(7.1)	We expect Cipla to report 9% yoy growth in domestic sales in 4QFY25, led by 7% yoy growth in its base business and contribution from Sanofi's CNS portfolio. We build US sales of US\$218 mn (-4% qoq), owing to continued supply challenges for Lanreotide, and slight qoq decline in inhaler sales. We also factor in gRevlimid sales of ~US\$54 mn in 4QFY25 (~US\$55 mn in 3QFY25). We expect One Africa sales to grow 20% yoy, with SA reporting a 17% yoy growth, during the quarter. In addition, we bake in 9% yoy growth in EU/ROW sales. Overall, we expect Cipla's 4QFY25 sales to grow 7% yoy (-7% qoq).
EBITDA	13,159	19,889	14,920	13.4	(25.0)	
EBIT	10,275	17,091	12,095	17.7	(29.2)	
PBT	12,593	19,161	13,535	7.5	(29.4)	
Tax	3,249	3,324	3,631	11.8	9.3	
Adjusted PAT	9,390	15,705	9,772	4.1	(37.8)	We expect Cipla's 4QFY25 gross margins to decline 80 bps qoq to 67.2%, due to lower US sales and seasonality. We expect overall EBITDA to grow 13% yoy to Rs14.9 bn (-25% qoq), with EBITDA margin improving by 130 bps yoy to 22.7% in 4QFY25.
EPS (Rs/share)	11.6	19.5	12.1	4.1	(37.8)	
EBITDA margin (%)	21.4	28.1	22.7	136 bps	-541 bps	
Concord Biotech						
Net sales	3,190	2,442	3,642	14.2	49.1	Aided by spillover of certain shipments from 3QFY25, as well as, traction in anti-fungals and oncology-based APIs, we expect Concord's API business to report 10% yoy growth (+65% qoq) in 4QFY25. Within formulations, we build in a 7% qoq growth (+35% yoy). Overall, we expect Concord's 4QFY25 sales to grow 14% yoy (+49% qoq).
EBITDA	1,343	980	1,504	12.0	53.6	
EBIT	1,206	847	1,314	9.0	55.2	
PBT	1,309	993	1,432	9.4	44.2	
Tax	337	252	373	10.5	47.7	
Adjusted PAT	950	759	1,070	12.6	40.9	We bake in gross margin of 78.9% (+40 bps qoq) for Concord in 4QFY25, owing to a higher API sales mix. We expect Concord's 4QFY25 consolidated EBITDA to grow 12% yoy to Rs1.5 bn (+54% qoq). However, owing to commencement of the Valthera injectables facility, we expect additional SG&A expenses to the tune of ~Rs300 mn. Despite this, we bake in a 120 bps qoq EBITDA margin expansion to 41.3% (-80 bps yoy) in 4QFY25.
EPS (Rs/share)	9.1	7.3	10.2	12.6	40.9	
EBITDA margin (%)	42.1	40.1	41.3	-81 bps	118 bps	
Divis Laboratories						
Net sales	23,030	23,190	25,606	11.2	10.4	We expect generic APIs to grow 12% yoy (+15% qoq) in 4QFY25. We expect continued traction in CSM with 10% yoy growth (+5% qoq) in 4QFY25. For the nutraceuticals segment, we factor in 14% yoy growth. Accordingly, we expect Divi's to report overall sales growth of 11% yoy (+10% qoq) in 4QFY25.
EBITDA	7,310	7,430	8,470	15.9	14.0	
EBIT	6,360	6,440	7,460	17.3	15.8	
PBT	7,130	7,255	8,394	17.7	15.7	
Tax	1,750	1,370	2,099	19.9	53.2	
Adjusted PAT	5,380	5,885	6,296	17.0	7.0	We expect Divi's gross margins to improve 50 bps qoq to 60.7%. We expect Divi's overall 4QFY25 EBITDA to grow 16% yoy to Rs8.5 bn (+14% qoq), with EBITDA margins expanding 140 bps yoy to 33.1% (+110 bps qoq).
EPS (Rs/share)	20.3	22.2	23.7	17.0	7.0	
EBITDA margin (%)	31.7	32.0	33.1	133 bps	104 bps	
Dr Reddy's Laboratories						
Net sales	71,138	83,812	85,358	20.0	1.8	We expect North America base business (ex-Revlimid) sales to grow 7% qoq to ~US\$285 mn, led by a favorable base. In our estimates, we factor in ~US\$137 mn of gRevlimid sales in US in 4QFY25 for DRRD, led higher than ~US\$135 mn in 3QFY25. We expect DRRD's domestic sales to grow by 15% yoy in 4QFY25, led by 6% yoy growth in its organic business, as well as, contributions from the in-licensing deals with Sanofi and Bayer. We expect Rouble appreciation to primarily drive a 5% qoq growth in Russia. For Europe, we bake in 3% qoq sales growth in 4QFY25. Within the ROW and PSAI segments, we factor in 5% yoy and 3% yoy growth, respectively. Overall, we expect DRRD's sales to grow 20% yoy (+2% qoq) in 4QFY25, aided by a low base.
EBITDA	18,139	22,726	23,752	30.9	4.5	
EBIT	14,462	18,012	19,017	31.5	5.6	
PBT	16,017	18,701	20,142	25.8	7.7	
Tax	2,954	4,701	5,250	77.7	11.7	
Adjusted PAT	12,925	14,133	15,032	16.3	6.4	We bake in 60 bps qoq expansion in gross margin to 69.8% (-80 bps yoy), for DRRD in 4QFY25, due to slightly higher gRevlimid NRT sales. We expect consolidated EBITDA to grow 31% yoy to Rs23.8 bn (+5% qoq), with EBITDA margin expanding by 70 bps qoq to 27.8% (+240 bps yoy).
EPS (Rs/share)	15.5	17.0	18.1	16.3	6.4	
EBITDA margin (%)	25.5	27.1	27.8	232 bps	71 bps	
Emcure Pharmaceuticals						
Net sales	17,714	19,626	20,326	14.7	3.6	We expect a slightly improved domestic performance (18% yoy reported growth) for Emcure in 4QFY25, with a pick-up in organic growth. We expect international sales to grow by 12% yoy in 4QFY25, led by continued traction in RoW markets. On an overall basis, we expect Emcure's sales to grow 15% yoy (+4% qoq) in 4QFY25.
EBITDA	3,114	3,546	3,756	20.6	5.9	
EBIT	2,208	2,578	2,786	26.2	8.1	
PBT	1,669	2,299	2,717	62.8	18.2	
Tax	459	738	740	61.3	0.2	
Adjusted PAT	1,153	1,537	1,907	65.4	24.0	Owing to higher domestic mix, we bake in a 100 bps qoq gross margin improvement for Emcure in 4QFY25 to 61.1%. We expect Emcure's overall EBITDA to grow 21% yoy (+6% qoq) to Rs3.8 bn, with EBITDA margins improving 40 bps qoq (+90 bps yoy) to 18.5%.
EPS (Rs/share)	6.4	8.1	10.1	58.2	24.0	
EBITDA margin (%)	17.6	18.1	18.5	90 bps	41 bps	
Gland Pharma						
Net sales	15,375	13,841	14,050	(8.6)	1.5	On a high base, we build in 12% yoy sales decline (+2% qoq) for Gland's organic business in 4QFY25. For Gland's organic US business, we expect sales to remain flat qoq at US\$85 mn. For the organic ROW business, we factor in 5% yoy sales growth in 4QFY25. In addition, we bake in 2% yoy sales growth (flat qoq) for Cenexi in 4QFY25, as the new line is yet to be operationalized. Overall, we expect Gland's 4QFY25 sales to decline 9% yoy (+2% qoq).
EBITDA	3,587	3,600	3,450	(3.8)	(4.2)	
EBIT	2,661	2,636	2,470	(7.2)	(6.3)	
PBT	2,983	2,993	3,000	0.6	0.2	
Tax	1,058	946	900	(14.9)	(4.9)	
Adjusted PAT	1,924	2,047	2,100	9.1	2.6	We bake in overall gross margin decline of 150 bps qoq to 65.1% for Gland in 4QFY25. We expect Gland's 4QFY25 overall EBITDA to decline 4% qoq (-4% yoy) to Rs3.5 bn. For the organic business, we bake in 35% EBITDA margin (-360 bps qoq) in 4QFY25. We expect Cenexi's losses to decline sequentially. For the overall business, we expect EBITDA margin to decline by 140 bps qoq to 24.6%.
EPS (Rs/share)	11.7	12.5	12.8	9.1	2.6	
EBITDA margin (%)	23.3	26.0	24.6	122 bps	-146 bps	

Source: Companies, Kotak Institutional Equities estimates

KIE Pharmaceuticals coverage – 4QFY25 preview

Exhibit 5: March fiscal year-ends, 2024-25E (Rs mn, %)

	4QFY24	3QFY25	4QFY25E	%yoy	%qoq
JB Chemicals & Pharmaceuticals					
Net sales	8,617	9,635	9,326	8.2	(3.2)
EBITDA	1,981	2,545	2,209	11.5	(13.2)
EBIT	1,574	2,126	1,784	13.4	(16.1)
PBT	1,646	2,180	1,825	10.9	(16.3)
Tax	384	555	476	23.8	(14.2)
Adjusted PAT	1,262	1,625	1,349	6.9	(17.0)
EPS (Rs/share)	8.1	10.4	8.6	6.9	(17.0)
EBITDA margin (%)	23.0	26.4	23.7	69 bps	-273 bps
Laurus Labs					
Net sales	14,397	14,151	15,965	10.9	12.8
EBITDA	2,415	2,852	3,961	64.0	38.9
EBIT	1,392	1,791	2,911	109.1	62.6
PBT	1,073	1,307	2,471	130.4	89.1
Tax	320	401	593	85.6	48.0
Adjusted PAT	756	923	1,896	150.8	105.4
EPS (Rs/share)	1.4	1.7	3.5	150.8	105.4
EBITDA margin (%)	16.8	20.2	24.8	803 bps	466 bps
Lupin					
Net sales	49,608	57,677	55,507	11.9	(3.8)
EBITDA	9,968	13,559	12,327	23.7	(9.1)
EBIT	7,410	10,845	9,577	29.2	(11.7)
PBT	4,977	10,713	9,382	88.5	(12.4)
Tax	1,295	2,124	1,970	52.1	(7.2)
Adjusted PAT	5,607	8,552	7,347	31.0	(14.1)
EPS (Rs/share)	12.3	18.8	16.1	31.0	(14.1)
EBITDA margin (%)	20.1	23.5	22.2	211 bps	-131 bps
Mankind Pharma					
Net sales	24,411	32,300	30,543	25.1	(5.4)
EBITDA	5,911	8,298	7,670	29.8	(7.6)
EBIT	4,864	6,375	5,730	17.8	(10.1)
PBT	5,692	4,939	4,510	(20.8)	(8.7)
Tax	950	1,128	1,162	22.3	3.0
Adjusted PAT	4,712	3,802	3,333	(29.3)	(12.3)
EPS (Rs/share)	11.8	9.5	8.1	(31.3)	(14.9)
EBITDA margin (%)	24.2	25.7	25.1	89 bps	-58 bps
Piramal Pharma					
Net sales	25,524	22,042	28,631	12.2	29.9
EBITDA	5,299	3,377	5,819	9.8	72.3
EBIT	3,338	1,409	3,619	8.4	156.8
PBT	2,460	498	2,829	15.0	468.6
Tax	1,262	631	1,704	35.0	169.9
Adjusted PAT	1,149	37	1,295	12.8	3,419.6
EPS (Rs/share)	0.9	0.0	1.0	12.8	3,419.6
EBITDA margin (%)	20.8	15.3	20.3	-44 bps	500 bps
Sai Life Sciences					
Net sales	4,392	4,398	5,274	20.1	19.9
EBITDA	1,247	1,198	1,419	13.8	18.5
EBIT	936	857	1,006	7.5	17.5
PBT	761	716	932	22.6	30.1
Tax	199	178	229	15.0	28.7
Adjusted PAT	561	539	703	25.3	30.6
EPS (Rs/share)	3.0	2.6	3.4	13.7	30.6
EBITDA margin (%)	28.4	27.2	26.9	-149 bps	-34 bps
Sun Pharmaceuticals					
Net sales	119,829	136,755	129,665	8.2	(5.2)
EBITDA	30,915	41,924	34,743	12.4	(17.1)
EBIT	24,412	35,618	28,243	15.7	(20.7)
PBT	28,155	34,764	32,650	16.0	(6.1)
Tax	1,489	5,589	5,500	269.3	(1.6)
Adjusted PAT	27,562	32,196	27,153	(1.5)	(15.7)
EPS (Rs/share)	11.5	13.4	11.3	(1.5)	(15.7)
EBITDA margin (%)	25.8	30.7	26.8	99 bps	-387 bps
Syngene International					
Net sales	9,169	9,437	10,739	17.1	13.8
EBITDA	3,269	2,819	3,285	0.5	16.5
EBIT	2,158	1,732	2,065	(4.3)	19.2
PBT	2,090	1,808	2,060	(1.5)	13.9
Tax	204	497	560	174.5	12.7
Adjusted PAT	1,886	1,311	1,502	(20.4)	14.6
EPS (Rs/share)	4.7	3.3	3.7	(20.4)	14.6
EBITDA margin (%)	35.7	29.9	30.6	-507 bps	71 bps
Torrent Pharmaceuticals					
Net sales	27,450	28,090	29,949	9.1	6.6
EBITDA	8,830	9,140	9,749	10.4	6.7
EBIT	6,800	7,150	7,709	13.4	7.8
PBT	6,310	6,910	7,309	15.8	5.8
Tax	1,820	1,880	2,120	16.5	12.8
Adjusted PAT	4,490	5,030	5,189	15.6	3.2
EPS (Rs/share)	13.3	14.9	15.3	15.6	3.2
EBITDA margin (%)	32.2	32.5	32.6	38 bps	1 bps

We expect JB's domestic sales to grow by 12% yoy in 4QFY25, led by healthy organic growth, aided by Novartis portfolio. We expect the international formulations business to grow at 6% qoq (flat yoy). In the CMO business, we bake in 10% yoy (+2% qoq) growth. Overall, we expect JB's sales to grow at 8% yoy (-3% qoq) in 4QFY25.

We forecast 100 bps sequential decline in gross margin to 66.1% in 4QFY25 for JB. We expect consolidated EBITDA to grow 12% yoy (-13% qoq) to Rs2.2 bn, with EBITDA margin declining 270 bps qoq (+70 bps yoy) to 23.7%. Adjusted for ESOP costs, we expect JB's 4QFY25 EBITDA margins to improve 110 bps yoy to 25.4%.

We expect ARV API sales to decline 5% yoy (+24% qoq) in 4QFY25. On a high base, we expect overall formulations sales to decline by 5% yoy in 4QFY25. We also expect a 18% sequential ramp-up in CDMO sales. On an overall basis, we bake in 11% yoy (+13% qoq) growth in 4QFY25 for Laurus.

We expect Laurus to report 90 bps qoq expansion in gross margins to 57.8% in 4QFY25. On the EBITDA front, we build in 64% yoy growth to Rs4 bn (+39% qoq) with EBITDA margin expansion of 460 bps qoq to 24.8% (+800 bps yoy).

We expect Lupin to report US\$239 mn US sales in 4QFY25 (+2% qoq), led by benefit from the flu season, continued traction in gMyrbertig, as well as, the launch of Rivaroxaban. We expect domestic sales to grow 7% yoy for Lupin in 4QFY25, which is on the lower end, due to LOE impact of Empagliflozin. We bake in yoy sales growth of 19% and 6%, respectively, for EMEA and ROW markets. We expect Lupin's overall sales in 4QFY25 to grow 12% yoy (-4% qoq).

We factor in sequential gross margin expansion of 20 bps for Lupin to 70.4% in 4QFY25. We expect Lupin's 4QFY25 EBITDA to grow 24% yoy (-9% qoq) to Rs12.3 bn. Owing to elevated R&D spends at 8.3% of sales (+80 bps qoq), we expect Lupin's overall 4QFY25 EBITDA margin to decline 130 bps qoq to 22.2%.

Owing to moderated performance in January and February-2025, followed by a recovery in March-2025, and continued impact of corrective measures undertaken in the past couple of quarters, we bake in 8% yoy sales growth for Mankind's organic domestic business in 4QFY25. In addition, we factor in 3% yoy growth in Mankind's organic international business and accordingly expect Mankind's organic business to grow 7% yoy in 4QFY25. For BSV, we expect its quarterly sales run rate to grow 2% qoq. We bake in 18% yoy and 23% yoy sales growths for Mankind's overall Rx and OTC segments, respectively. On an overall basis, we expect Mankind's 4QFY25 sales to grow 25% yoy (-5% qoq).

We forecast 30 bps qoq improvement in gross margin to 71.3% in 4QFY25 for Mankind. We expect Mankind's consolidated reported EBITDA to grow 30% yoy (-8% qoq) to Rs7.7 bn, with EBITDA margin at 25.1% (+90 bps yoy), declining by 90 bps qoq. We bake in 24.8% and 27% EBITDA margins for Mankind's organic business and the BSV portfolio, respectively, in 4QFY25.

With 4Q being the strongest quarter, we bake in overall sales growth of 12% yoy (+30% qoq) for PPL in 4QFY25, led by 45% qoq and 13% yoy growth in CRDMO. While we bake in 14% qoq and 11% yoy growth for CHG, we expect ICH sales to remain flat qoq in 4QFY25, reporting 15% yoy growth.

We forecast gross margin improvement of 100 bps qoq to 64.4% in 4QFY25 for PPL. We expect consolidated EBITDA to grow 10% yoy to Rs5.8 bn (+72% qoq), with flattish yoy EBITDA margin at 20.3% (+500 bps qoq).

In the seasonally strongest quarter, we expect Sai to report a robust revenue growth of 20% yoy in 4QFY25, led by continued momentum in discovery and CMC business. For discovery services, we bake in 25% yoy (-10% qoq) sales growth. For CMC business, we expect Sai to report 18% yoy (+39% qoq) sales growth in 4QFY25.

We expect gross margin to decline by 180 bps qoq to 70.7% in 4QFY24 for Sai. We expect consolidated EBITDA to grow 14% yoy to Rs1.4 bn (+18% qoq), with EBITDA margins declining by 150 bps yoy to 26.9%.

We expect SUNP's 4QFY25 overall sales to grow 8% yoy (-5% qoq). We are building in US\$500 mn US sales (+5% qoq) in 4QFY25, primarily due to higher gRevlimid sales. For the global specialty business, we bake in 17% qoq sales decline to US\$308 mn in 4QFY25, as specialty sales in 3QFY25 had inventory buildout and seasonality benefit. We build in 9% yoy growth in India and 9% yoy growth in ROW/EMs in 4QFY25.

We expect SUNP's 4QFY25 gross margins to decline 30 bps qoq to 79.7%, due to lower milestone incomw. We bake in R&D spends at 7.7% of sales in 4QFY25 (+150 bps qoq). On the EBITDA front, we factor in a 12% yoy growth to Rs34.7 bn, with EBITDA margin decline of 390 bps qoq to 26.8%, due to higher R&D spends.

Aided by a partial recovery in the global biotech funding environment, we expect Syngene's growth in the discovery services segment to improve qoq. Also, led by macro tailwinds and increased client RFQs, we expect Syngene's CDMO growth to be robust in 4QFY25. Moreover, Syngene's sales growth in 4QFY24 was subdued (-6.5% yoy). Hence, on a low base, we factor in a 17% yoy growth (+14% qoq) for Syngene's overall sales in 4QFY25.

Owing to a higher CDMO mix, we expect Syngene's gross margins to decline by 80 bps qoq in 4QFY25 to 74.0%. We bake in yoy flattish EBITDA at Rs3.3 bn (+17% qoq), despite one-off acquisition-related expenses. We expect Syngene's 4QFY25 EBITDA margins to improve 70 bps qoq, primarily due to operating leverage, to 30.6% (-510 bps yoy).

We build in ~11% yoy domestic growth for TRP in 4QFY25. In US, we bake in flat qoq sales at US\$32 mn. We bake in a 3% yoy growth in Brazil in 4QFY25, owing to the depreciation of BRL. In Germany, we build in 7% yoy (+7% qoq) growth. Overall, we bake in reported sales growth of 9% yoy (+7% qoq) for TRP in 4QFY25.

We expect TRP's 4QFY25 gross margins to improve by 10 bps qoq to 76.1%. We expect overall EBITDA to grow 10% yoy (+7% qoq) to Rs9.7 bn. We expect TRP's 4QFY25 EBITDA margin to expand by 40 bps yoy to 32.6% (+10 bps qoq).

Source: Companies, Kotak Institutional Equities

Dr Reddy's and Sun received the maximum number of low competition final ANDA approvals in 4QFY25

Exhibit 6: List of low competition final approvals in 4QFY25, March fiscal year-end, 2025E

Final approvals	Generic name	Treatment	Company name	No. of approval	Opportunity
Retin-A 0.01% ; Topical Gel	Tretinoin	Acne	Aurobindo	2nd	All patents have expired. Both Padagis and Aurobindo have already launched their generics.
Retin-A 0.025% Gel	Tretinoin	Acne, wrinkles, and other skin conditions	Aurobindo	3rd	All patents have expired. All three generic companies have already launched their generics.
Nexium Eq 2.5, Eq 5 mg Base Packet; For Suspension, Delayed Release	Esomeprazole Magnesium	Gastroesophageal reflux disease, duodenal ulcer disease, and erosive esophagitis.	Cipla	1st	All patents have expired. Cipla has already launched its generics.
Potassium Phosphates 1.18gm/5ml;1.12gm/5ml, 3.54gm/15ml;3.36gm/15ml, 11.8gm/50ml;11.2gm/50ml	Potassium Phosphate, Dibasic; Potassium Phosphate, Monobasic	Prevent kidney stones and treat low phosphate levels	Cipla	4th	All patents have expired. Two companies have already launched their generics. Cipla and Amneal can launch anytime.
Folotyng 20mg/ml, 40mg/2ml Solution; Intravenous	Pralatrexate	Peripheral T-cell lymphoma (PTCL)	Dr Reddy's	1st	There are 4 Para IV filers. Litigation is settled with all including Dr Reddy's. Fresenius Kabi launched as AG on Nov 15, 2022. Teva (FTF) will launch its generic in May 2025 under 180 days exclusivity. All others including Dr Reddy's can launch after 180 days.
Kenalog-10 10mg/ml Injectable; Injection	Triamcinolone Acetonide	Severe allergic reactions and rheumatic disorder	Dr Reddy's	1st	All patents have expired. Dr Reddy's can launch its generic anytime likely under CGT Exclusivity.
Sprycel 20, 50, 70, 100, 80 and 140 mg ; Tablet	Dasatinib	Philadelphia chromosome positive chronic myeloid leukemia (Ph+ CML) in adults and children	Dr Reddy's, Biocon, Torrent	2nd , 3rd , 4th	Branded US sales - \$ 1446m (Before generics). There are total 9 Para IV filers. Litigation is settled with 8 including Dr Reddy's, Biocon, Torrent. Apotex launched its generic under 180 days exclusivity in Sept 2024. Dr Reddy's, Biocon, Torrent have launched their generics on Mar 03, 2025.
Emerphed 50 mg/10 mL ; Injection	Ephedrine sulfate	Clinically important low blood pressure (hypotension) occurring in the setting of anesthesia	Gland Pharma	2nd	There are 4 Para IV filers. Litigation is ongoing with three Para IV filers. Gland Pharma has settled litigation. Hikma has launched its generic 'at risk'. Gland Pharma has also launched its generic.
Vancomycin Hydrochloride Eq 1.5 gm Base/Vial, Eq 1.25 gm Base/Vial, Eq 750 mg Base/Vial Powder ; Intravenous	Vancomycin Hydrochloride	Colitis (inflammation of the intestine caused by certain bacteria) that may occur after antibiotic treatment	Gland Pharma	3rd, 3rd, 1st (Strengthwise)	All patents have expired. Other two companies have already launched their generics. Gland Pharma can launch anytime.
Xarelto 2.5 mg ; Tablet	Rivaroxaban	Treat and prevent deep venous thrombosis (DVT)	Lupin, Sun Pharma (Taro)	1st , 2nd	Branded US sales - \$2477m. There are 19 Para IV filers in 2.5mg. 5 Companies including Lupin and Taro have lost infringement challenge and Invalidity challenge is ongoing. Lupin launched its generic 'at risk' on March 07, 2025. Taro can also launch 'at risk' anytime.
Lumigan 0.01% ; Solution/Drops, Ophthalmic	Bimatoprost	Glaucoma and ocular hypertension by lowering eye pressure, and also to promote eyelash growth in individuals with hypotrichosis (inadequate eyelashes)	Mankind Pharma	1st	Branded US sales - US\$173 mn. There are 5 Para IV filers. Mankind has settled litigation. All other generics have lost in DC and FC. Mankind can launch its generic between Jul 2025 and June 2027
Selenious Acid Eq 600mcg Selenious/10ml ; Solution, Intravenous	Selenious Acid	Source for selenium in food supplements	Sun Pharma	2nd	There are total 15 Para IV filers and of which 11 are FTFs including Sun Pharma. Litigation is only yet settled with Fresenius and Dr Reddy's over unknown terms. Litigation is ongoing with Sun Pharma. Sun Pharma is likely to launch under shared 180 days exclusivity between Dec 2026 and Jul 2041.
Emflaza 6, 18, 30, 36 mg Tablet	Deflazacort	Duchenne muscular dystrophy	Sun Pharma	3rd	All patents have expired. All three companies, including Sun Pharma have already launched their generics.
Nexium Eq 20 mg Base/Packet, Eq 40 mg Base/Packet, Eq 2.5 mg Base/Packet, Eq 5 mg Base/Packet For Suspension, Delayed Release	Esomeprazole Magnesium	Heartburn and certain other conditions caused by too much acid in the stomach	Torrent	3rd	All patents have expired. Other two companies have already launched their generics. Torrent can launch anytime.
Nexium Eq 10 mg Base/Packet, For Suspension, Delayed Release	Esomeprazole Magnesium	Heartburn and certain other conditions caused by too much acid in the stomach	Torrent	2nd	All patents have expired. Cipla has already launched its generics. Torrent can launch anytime.

Source: US FDA, Kotak Institutional Equities

Aurobindo received three low-competition tentative ANDA approvals in 4QFY25

Exhibit 7: List of low competition tentative approvals in 4QFY25, March fiscal year-end, 2025E

Tentative approvals	Generic name	Treatment	Company name	No. of approval	Opportunity
Rinvoq 15 mg; Tablet Extended Release	Upadacitinib	Severe active rheumatoid arthritis	Aurobindo	1st	Branded US sales - US\$1,794 mn. There are 5 FTFs and litigation is ongoing with all including Aurobindo. Generic launch is not possible before Feb 2027 (Regulatory Stay).
Rinvoq 30 mg; Tablet Extended Release	Upadacitinib	Severe active rheumatoid arthritis	Aurobindo	1st	Branded US sales - US\$1,794 mn. There are 4 FTFs and litigation is ongoing with all including Aurobindo. Generic launch is not possible before Feb 2027 (Regulatory Stay).
Rinvoq 45 mg; Tablet Extended Release	Upadacitinib	Severe active rheumatoid arthritis	Aurobindo	1st	Branded US sales - US\$1,794 mn. There are 3 FTFs and litigation is ongoing with all. We assume they have filed Para III. Aurobindo can launch its generic on Mar 09, 2038 (Last Patent).
Jevtana Kit 60MG/1.5ML; Solution, Intravenous	Cabazitaxel	Metastatic castration-resistant prostate cancer	Aurobindo (Eugia)	3rd	Branded US sales - US\$303 mn. There are 10 Para IV filers. Eugia has settled litigation over unknown terms. Multiple generics including Eugia are likely to launch between Dec 2023 and Jun 2026.
OXTELLAR XR 150, 300 & 600 mg; Tablet, Extended Release	Oxcarbazepine	Partial-onset seizures in people ages 6 years and older with epilepsy	Biocon	2nd	Branded US sales - US\$113 mn. There are 6 Para IV filers. Litigation is settled with all. Apotex had already launched their generic. Biocon is not litigated. We assume they have filed Para III and can launch on April 13, 2027.
Xarelto 10, 15, 20 mg ; Tablet	Rivaroxaban	Deep venous thrombosis (DVT)	Biocon	1st	Branded US sales - \$2477m. There are 27 Para IV filers. Litigation is settled with 25 including Biocon. Multiple generics are likely to launch in CY 2027.
Xarelto 2.5 mg ; Tablet	Rivaroxaban	Deep venous thrombosis (DVT)	Biocon	3rd	Branded US sales - \$2477m. There are 19 Para IV filers in 2.5mg. Litigation is settled with 13 companies including Biocon. Lupin launched its generic 'at risk' on March 07, 2025. Biocon can launch its generic between Feb 2025 and Jul 2039.
Synjardy XR 5,10,12.5,25 mg/1 gm, Tablet, Extended Release	Empagliflozin; Metformin Hydrochloride	Type-2 diabetes	Cipla (Invagen)	1st	Branded US sales - \$ 357m. There are 5 Para IV filers. Litigation is settled with all 3 FTFs including Cipla (Invagen). FTFs are likely to launch its generic under shared 180 days exclusivity Between Apr 2027 and Apr 2034
Mayzent 0.25mg, 1mg, 2 mg Tablet	Siponimod Fumaric Acid	Multiple sclerosis (relapsing multiple sclerosis-MS)	Cipla	1st	Branded US sales - US\$392 mn. There are 5 FTFs. No company is litigated by innovator. We assume Cipla has filed Para III. Cipla can launch on Jul 24, 2036.
Cabometyx 20, 40, 60 mg; Tablet	Cabozantinib S-Malate	Advanced kidney cancer, liver cancer, and thyroid cancer	Cipla	1st	Branded US sales - US\$1,054 mn. There are 4 Para IV filers. MSN is FTF. Litigation is settled with Teva and Cipla. MSN has partially lost in DC. MSN is likely to launch under 180 days exclusivity after Jan 15, 2030. Teva and Cipla will launch on Jan 01, 2031.
Zituvimet 1gm;50mg, 500mg;50mg Tablet	Metformin hydrochloride; sitagliptin	Type-2 diabetes	Dr Reddys	1st	All patents have expired. Lupin, Alkem, and Dr Reddys with Tentative Approval can launch upon approval.
ZITUVIMET 500MG;50MG, 1GM;50MG Tablet	METFORMIN HYDROCHLORIDE; SITAGLIPTIN	Type-2 diabetes	Dr Reddy's	1st	All patents have expired. Dr. Reddy's, Alkem and Lupin can launch upon approval.
Tasigna 50, 150, 200 mg Capsule	Nilotinib Hydrochloride Monohydrate	Chronic myelogenous leukemia-CML	Dr Reddy's	1st	Branded US sales - US\$884 mn. There are three para IV filers. Apotex is FTF and can likely launch under 180 days upon approval. Dr Reddy's is not litigated. We assume they have filed Para III. Dr Reddy's can launch on Oct 7, 2032.
Lotemax SM 0.38% ; Gel, Ophthalmic	Loteprednol Etabonate	Inflammation and pain following eye surgery	Lupin	1st	Lupin is the sole Para IV filer. Litigation is ongoing with Lupin. Lupin cannot launch before Jul 03, 2025 (Regulatory Stay).
Kalydeco 25, 50, 75 mg/packet ; Oral Granules	Ivacaftor	Cystic fibrosis	Lupin	1st	Branded US sales - US\$475 mn. Lupin is the sole Para IV filer. Litigation is ongoing with Lupin. Lupin cannot launch before Aug 2027 (Compound patent).
Symtuza 800 mg/150 mg/ 200 mg/10 mg ; Tablets	Darunavir, Cobicistat, Emtricitabine, Tenofovir Alafenamide	HIV-1	Lupin	1st	Branded US sales - US\$488 mn. There are two Para IV filers. Lupin is sole FTF. Litigation is Partially Lost by Lupin. Invalidity challenge is ongoing. Lupin can launch likely under 180 days exclusivity on Jul 19, 2038.
Firdapse 10 mg; Tablet	Amifampridine Phosphate	Lambert-Eaton myasthenic syndrome (LEMS) in people 6 years of age or older	Lupin	1st	There are 3 FTFs including Lupin. Teva has settled litigation and will launch its generic on Feb 25, 2035. Lupin has partially settled litigation. We assume Lupin will also launch its generic in CY 2035 under shared 180 days exclusivity.
Yupelri 175 mcg/3 mL; Inhalation Solution	Revefenacin	Chronic obstructive pulmonary disease (COPD)	Mankind Pharma	1st	Branded US sales - US\$162 mn. There are total of 8 Para IV filers and 7 FTFs including Mankind. Litigation is settled with 5 companies and is ongoing with Mankind. According to settlement FTFs can launch on April 23, 2039 under shared 180 days exclusivity.
Brilinta 90 mg ; Tablet	Ticagrelor	Lower risk of death, heart attack, and stroke in people with a blockage of blood flow to the heart (acute coronary syndrome or ACS) or a history of a heart attack	Sun (Taro Pharma)	4th	Branded US sales - US\$744 mn. There are 23 Para IV filers. Litigation is settled with 22 including Taro Pharma. Hec, Hisun and Sandoz will launch under shared 180 days exclusivity between Apr 2025 and Jul 2036. All others can launch after 180 days including Taro Pharma.
Brilinta 60 mg ; Tablet	Ticagrelor	Lower risk of death, heart attack, and stroke in people with a blockage of blood flow to the heart (acute coronary syndrome or ACS) or a history of a heart attack	Sun (Taro Pharma)	4th	Branded US sales - US\$744 mn. There are 20 Para IV filers. Litigation is settled with 19 including Taro Pharma. Mylan, Micro and Watson are likely to launch under shared 180 days exclusivity between Apr 2025 and Jul 2036. All others can launch after 180 days including Taro Pharma.

Source: US FDA, Kotak Institutional Equities

Valuation summary for KIE pharmaceuticals coverage

Exhibit 8: March fiscal year-ends, 2024-27E (Rs, X)

		Price (Rs)	Fair Value	Upside	Mkt cap.		P/E (X)			EV/EBITDA (X)			P/B (X)		
	Rating	4-Apr-25	(Rs)	(%)	(Rs bn)	(US\$ bn)	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Pharmaceuticals															
Alivus Life Sciences	BUY	1,001	1,360	36	123	1.4	25.7	20.9	18.4	17.9	14.7	12.8	4.7	4.1	3.5
Aurobindo Pharma	SELL	1,105	1,145	4	642	7.5	17.7	15.5	14.5	9.6	8.7	8.2	2.1	1.9	1.7
Biocon	REDUCE	328	360	10	394	4.6	NM	35.4	24.6	16.8	12.1	10.3	1.6	1.5	1.5
Blue Jet Healthcare	ADD	726	710	(2)	126	1.5	43.5	31.0	26.7	34.4	23.2	19.7	11.3	8.4	6.5
Cipla	BUY	1,415	1,700	20	1,143	13.4	22.7	22.1	21.7	15.1	13.9	13.9	3.7	3.3	3.0
Concord Biotech	ADD	1,657	1,820	10	173	2.0	50.5	39.9	32.0	35.7	28.8	24.0	9.8	8.3	7.0
Divis Laboratories	SELL	5,483	4,550	(17)	1,456	17.1	67.2	54.1	42.2	48.5	39.1	30.4	9.8	8.9	7.9
Dr Reddy's Laboratories	REDUCE	1,110	1,195	8	926	10.9	16.6	16.6	18.9	10.5	9.7	11.2	2.8	2.5	2.2
Emcure Pharmaceuticals	BUY	987	1,515	53	187	2.2	26.3	20.9	17.6	13.0	10.9	9.6	4.4	3.8	3.2
Gland Pharma	REDUCE	1,475	1,525	3	243	2.9	32.3	24.1	19.3	17.0	13.9	11.6	2.7	2.5	2.3
JB Chemicals & Pharma	BUY	1,529	2,170	42	238	2.8	36.2	28.5	24.7	22.2	18.0	15.2	7.0	5.9	4.9
Laurus Labs	SELL	574	420	(27)	310	3.6	98.9	62.1	48.3	32.4	24.7	20.8	7.0	6.3	5.5
Lupin	ADD	1,971	2,245	14	900	10.6	27.8	23.5	24.6	16.6	13.9	14.3	5.3	4.4	3.9
Mankind Pharma	ADD	2,451	2,530	3	1,011	11.9	51.9	44.0	33.9	33.5	25.5	21.8	7.4	6.6	5.8
Piramal Pharma	BUY	222	300	35	295	3.5	568.5	119.7	54.6	23.1	18.7	15.0	3.7	3.6	3.4
Sai Life Sciences	REDUCE	717	700	(2)	149	1.8	98.3	78.7	56.4	38.0	31.2	23.3	7.2	6.6	5.9
Sun Pharmaceuticals	ADD	1,709	1,875	10	4,101	48.1	34.9	31.4	27.4	25.2	22.4	20.2	5.6	4.9	4.3
Syngene International	BUY	725	875	21	292	3.4	62.6	57.9	43.7	27.1	22.8	18.6	6.3	5.9	5.3
Torrent Pharmaceuticals	REDUCE	3,287	3,060	(7)	1,112	13.0	56.4	44.7	37.6	29.4	25.6	22.9	14.2	12.2	10.4
Pharmaceuticals	Neutral				13,821	162.1	35.1	30.1	26.9	20.9	18.0	16.3	4.8	4.3	3.8

Source: Companies, Kotak Institutional Equities estimates

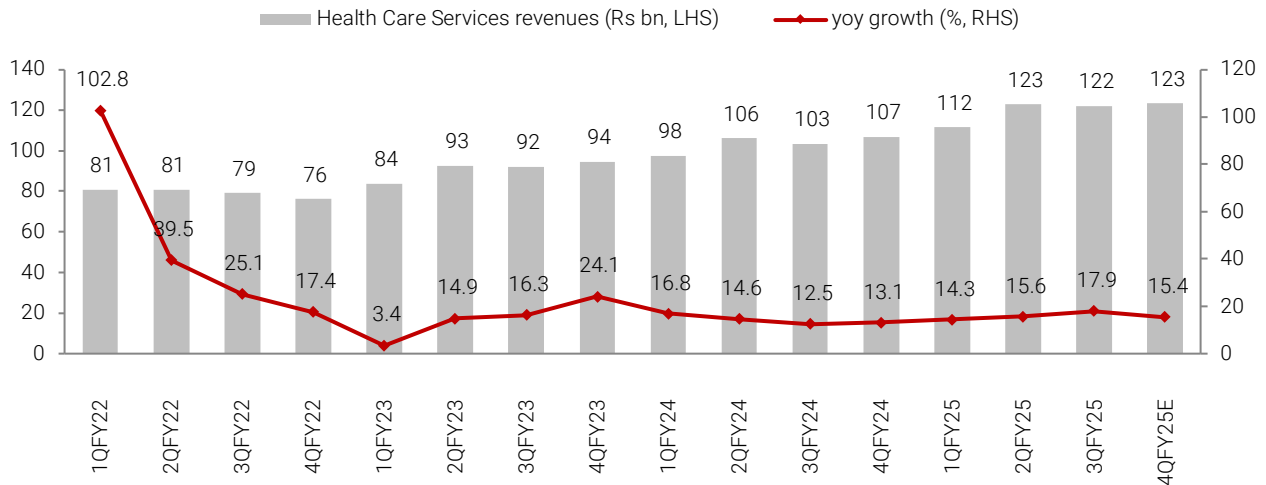
Healthcare services

We expect a 16% yoy (+1% qoq) sales growth for our hospitals coverage in 4QFY25, largely led by higher footfalls in existing beds, new bed additions and a slight increase in ARPOB. While ARPOB growth for companies such as KIMS and NARH would be robust yoy, growth for most other players would be relatively lower due to commencement of new beds and/or higher secondary mix. Overall, we expect an EBITDA growth of 20% yoy (flat qoq) for our hospitals coverage, with an EBITDA margin improvement of 60 bps yoy (-10 bps qoq) in 4QFY25. For MEDANTA, we expect improvement at Lucknow to continue in 4QFY25. For NARH's Cayman business, we expect 200 bps qoq EBITDA margin improvement to 43.4% (-270 bps yoy), led by continued ramp up of the new Camana Bay hospital.

Within diagnostic companies, we bake in 10% yoy growth in sales for both DLPL and METROHL, aided by volume growth, despite a slightly slower seasonal benefit. The yoy growth would be mainly led by B2C traction, while competition on the B2B side stays relatively elevated. In addition, we expect a higher wellness mix for both companies to boost overall yoy sales growth. Overall, we build in 10% yoy and 6% yoy growth in diagnostics sales and EBITDA in 4QFY25, for our coverage, with EBITDA margin decline of 90 bps yoy.

Aggregate net revenues of KIE healthcare services coverage to grow ~15% yoy in 4QFY25

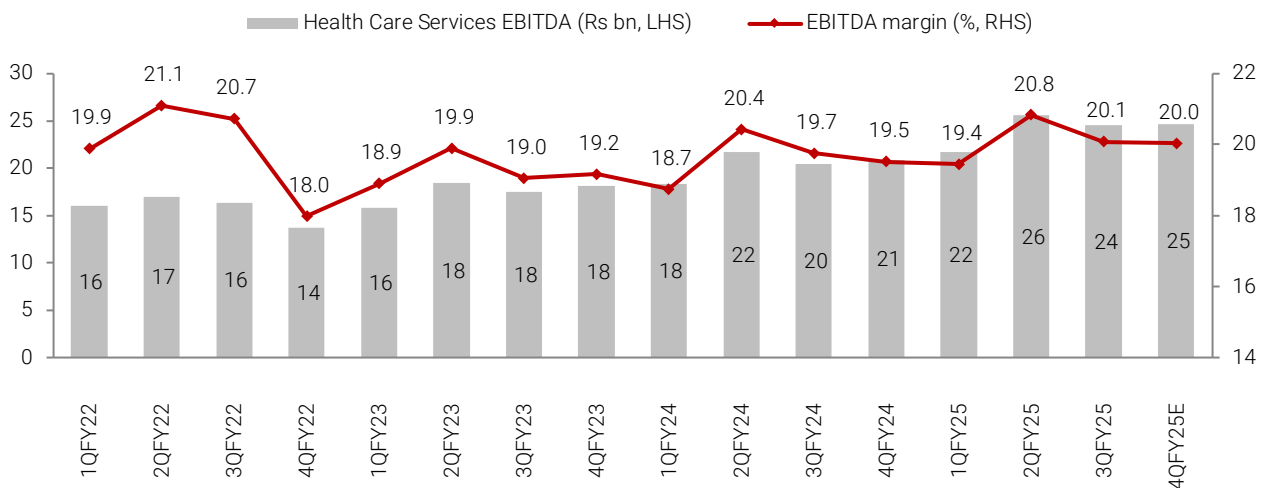
Exhibit 9: March fiscal year-ends, 2022-25E (Rs mn, %)



Source: Companies, Kotak Institutional Equities estimates

Aggregate EBITDA of KIE healthcare services coverage to grow ~18% yoy in 4QFY25

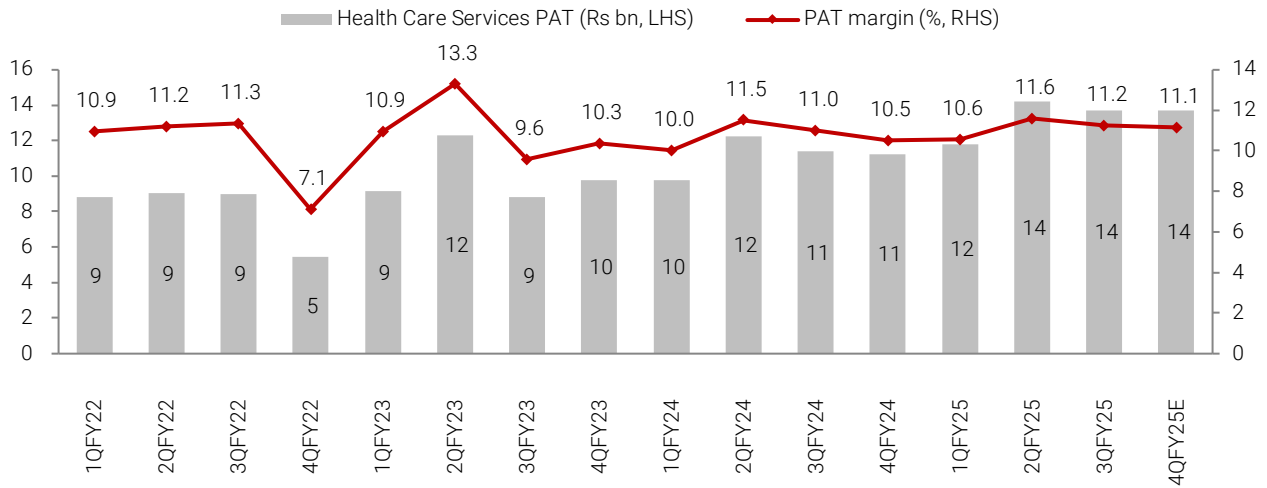
Exhibit 10: March fiscal year-ends, 2022-25E (Rs mn, %)



Source: Companies, Kotak Institutional Equities estimates

Aggregate adjusted PAT of KIE healthcare services coverage to grow ~23% yoy in 4QFY25

Exhibit 11: March fiscal year-ends, 2022-25E (Rs mn, %)



Source: Companies, Kotak Institutional Equities estimates

KIE healthcare services coverage: 4QFY25 preview

Exhibit 12: March fiscal year-ends, 2024-25E (Rs mn, %)

	4QFY24	3QFY25	4QFY25E	%yoy	%qoq	Comments
Apollo Hospitals						
Net sales	49,439	55,269	55,686	12.6	0.8	We bake in 10% yoy sales growth in the hospitals segment in 4QFY25, led by volume pick-up (despite Bangladesh impact), as well as, 5-6% yoy increase in ARPOB. We expect HealthCo sales to grow 16% yoy (flat qoq), driven by growth in offline pharmacy distribution sales (+20% yoy). For AHLL, we forecast 12% yoy sales growth in 4QFY25. Overall, we expect APHS' revenues to grow 13% yoy (flat qoq) in 4QFY25.
EBITDA	6,405	7,615	7,546	17.8	(0.9)	
EBIT	4,508	5,769	5,686	26.1	(1.4)	
PBT	3,596	5,309	5,086	41.4	(4.2)	
Tax	1,098	1,568	1,375	25.3	(12.3)	
Adjusted PAT	2,538	3,723	3,698	45.7	(0.7)	We build in 13% yoy growth in hospitals EBITDA with EBITDA margin declining 40 bps qoq to 23.7% (+60 bps yoy). We expect operating spends (including ESOP costs) in 24/7 to be 1% higher qoq at Rs1.4 bn in 4QFY25. Resultantly, we expect Apollo Healthco to report EBITDA of Rs548 mn (-3% qoq). For AHLL, we bake in 7% qoq EBITDA growth in 4QFY25, with 80 bps qoq decline in margins. We expect APHS' 4QFY25 consolidated EBITDA margin to decline by 20 bps qoq to 13.6% (+60 bps yoy).
EPS (Rs/share)	17.7	25.9	25.7	45.7	(0.7)	
EBITDA margin (%)	13.0	13.8	13.6	59 bps	-23 bps	
Dr Lal Pathlabs						
Net sales	5,454	5,967	5,985	9.7	0.3	On an overall basis, we expect DLPL's 4QFY25 revenues to grow 10% yoy (flat qoq), led by 7% yoy growth in volumes, and continued traction in Suburban. On a yoy basis, we also expect an increase in Swasthfit contribution for DLPL in 4QFY25.
EBITDA	1,447	1,540	1,574	8.8	2.2	
EBIT	1,081	1,185	1,224	13.2	3.3	
PBT	1,201	1,385	1,411	17.5	1.9	
Tax	341	402	409	19.8	1.6	
Adjusted PAT	845	967	985	16.6	1.9	We bake in a 10 bps qoq improvement in DLPL's 4QFY25 gross margin to 80.5%. We expect DLPL's EBITDA at Rs1.6 bn in 4QFY25 to grow by 9% yoy (+2% qoq) with EBITDA margin expanding by 50 bps qoq to 26.3% (-20 bps yoy).
EPS (Rs/share)	10.1	11.6	11.8	16.6	1.9	
EBITDA margin (%)	26.5	25.8	26.3	-24 bps	49 bps	
Global Health						
Net sales	8,086	9,434	8,837	9.3	(6.3)	We bake in overall sales growth of 9% yoy (-6% qoq) for Medanta in 4QFY25, led by muted volumes in the mature hospitals and healthy yoy growth in Lucknow and Patna. For the mature hospitals, we factor in sales growth of 7% yoy. In Lucknow, we expect improvement in performance to continue in 4QFY25, with slight respite across some of the past challenges. Due to a low base, we bake in 11% yoy growth for the new hospital revenues in 4QFY25.
EBITDA	1,911	2,412	2,148	12.4	(10.9)	
EBIT	1,457	1,927	1,648	13.2	(14.5)	
PBT	1,431	1,891	1,608	12.4	(14.9)	
Tax	157	462	390	147.8	(15.6)	
Adjusted PAT	1,273	1,429	1,219	(4.3)	(14.7)	While we expect mature hospitals EBITDA to grow by 2% yoy, we expect new hospitals to report 27% yoy EBITDA growth. Overall, we bake in 12% yoy EBITDA growth to Rs2.1 bn, with EBITDA margin declining 130 bps qoq (+70 bps yoy) to 24.3%.
EPS (Rs/share)	4.7	5.3	4.5	(4.3)	(14.7)	
EBITDA margin (%)	23.6	25.6	24.3	67 bps	-126 bps	
KIMS						
Net sales	6,338	7,724	7,956	25.5	3.0	We forecast overall sales growth of 24% yoy (+2% qoq) for KIMS in 4QFY25, despite the moderation in footfalls during the month Ramadan. For the Telangana cluster, we build in a 17% yoy sales growth in 4QFY25, led by robust ARPOB traction, continued footfalls at its flagship units, as well as ramp-up of the Sunshine Begumpet unit. For the AP cluster, we factor in 25% yoy sales growth in 4QFY25. We also expect sequential improvement in Nagpur's performance. Among the new hospitals, we bake in ~Rs250 mn sales from Kannur and ~Rs150 mn sales from the Nashik hospital. We do not bake in any meaningful sales uptick from Kollam, as of yet.
EBITDA	1,590	1,872	2,005	26.1	7.1	
EBIT	1,127	1,425	1,530	35.8	7.4	
PBT	1,001	1,346	1,355	35.3	0.7	
Tax	285	421	366	28.4	(13.1)	
Adjusted PAT	655	887	944	44.2	6.4	We expect KIMS' consolidated EBITDA at Rs2 bn to grow by 26% yoy (+7% qoq) in 4QFY25. We bake in 80 bps sequential EBITDA margin improvements for both the Telangana and AP clusters. For Nagpur, we bake in slight qoq margin expansion. We also account for losses at the Nashik facility and bake in ~10% margin for Kannur. Accordingly we expect KIMS' overall EBITDA margins to expand by 100 bps qoq to 25.2% in 4QFY25.
EPS (Rs/share)	1.6	2.2	2.4	44.2	6.4	
EBITDA margin (%)	25.1	24.2	25.2	12 bps	96 bps	
Max Healthcare						
Net sales	17,914	22,694	23,080	28.8	1.7	We expect a slight sequential decline in ARPOB and occupancies on new bed additions in 4QFY25 for Max. For the mature units (excluding Lucknow, Nagpur, Noida and Dwarka), we bake in sequentially lower sales. Meanwhile, for the new units, we bake in continued qoq uptick, led by an improvement in Lucknow, Noida and Dwarka, offset by a relatively moderate performance in Nagpur. Accordingly, we bake in 29% yoy (+2 qoq) growth for the network hospitals. We expect Max Lab and Max@Home to post 14% yoy and 23% yoy sales growth, respectively. At a network level, we forecast 29% yoy (+2% qoq) overall sales growth for Max in 4QFY25.
EBITDA	4,681	5,910	6,129	30.9	3.7	
EBIT	3,838	4,847	5,044	31.4	4.1	
PBT	3,974	3,868	4,764	19.9	23.2	
Tax	868	710	901	3.8	27.0	
Adjusted PAT	3,106	3,759	3,863	24.4	2.8	Overall, we are baking in a 31% yoy (+4% qoq) growth in EBITDA for Max in 4QFY25 to Rs6.1 bn. We expect Max's 4QFY25 EBITDA margin to expand by 60 bps qoq (+50 bps yoy) to 26.6%, led by a better margin profile across the new units.
EPS (Rs/share)	3.2	3.9	4.0	24.4	2.8	
EBITDA margin (%)	26.1	26.0	26.6	42 bps	51 bps	
Metropolis Healthcare						
Net sales	3,310	3,228	3,634	9.8	12.6	We expect lower volume traction across acute and hospital segments and accordingly forecast 7% yoy volume growth for METROHL in 4QFY25, despite a seasonally strong quarter. Aided by an improved product mix (higher wellness contribution), we expect METROHL's sales in 4QFY25 to grow 10% yoy (+13% qoq). Also, we bake in minimal sales (11 days) from the acquisition of Core Diagnostics, during the quarter.
EBITDA	800	720	798	(0.3)	10.8	
EBIT	536	443	508	(5.2)	14.5	
PBT	505	423	493	(2.5)	16.3	
Tax	140	109	126	(10.3)	15.6	
Adjusted PAT	364	314	365	0.2	16.4	We bake in 40 bps qoq decline in gross margins to 78.9% for METROHL in 4QFY25. Owing to one-off acquisition-related expenses, we bake in yoy flattish EBITDA of Rs798 mn (+11% qoq). Also, due to a lower margin profile of Core Diagnostics, we expect METROHL's 4QFY25 EBITA margins to decline by 230 bps yoy to 21.9% (-40 bps qoq).
EPS (Rs/share)	7.2	6.2	7.2	0.2	16.4	
EBITDA margin (%)	24.2	22.3	21.9	-222 bps	-37 bps	
Narayana Hrudayalaya						
Net sales	12,794	13,667	14,350	12.2	5.0	For India hospitals, we build in a 12% yoy growth (+5% qoq) growth in 4QFY25, largely led by ARPOB growth. We also expect a 8% qoq (+25% yoy) sales growth in Cayman in 4QFY25, aided by ramp-up of the new Camana Bay hospital.
EBITDA	2,946	3,070	3,376	14.6	10.0	
EBIT	2,298	2,370	2,648	15.2	11.7	
PBT	2,256	2,188	2,468	9.4	12.8	
Tax	348	258	340	(2.4)	32.0	
Adjusted PAT	1,907	1,929	2,127	11.5	10.3	We expect NARH's consolidated EBITDA to grow 15% yoy (+10% qoq) to Rs3.4 bn in 4QFY25. We build 23.5% EBITDA margin in 4QFY25 (+50 bps yoy,+100 bps qoq). For the India business, we build in 17.9% reported EBITDA margin in 4QFY25 (+60 bps qoq, +60 bps yoy). In Cayman, we expect 200 bps qoq EBITDA margin improvement to 43.4% (-270 bps yoy), led by continued ramp up in the new Camana Bay hospital.
EPS (Rs/share)	9.3	9.4	10.4	11.5	10.3	
EBITDA margin (%)	23.0	22.5	23.5	49 bps	105 bps	
Rainbow Children's Medicare						
Net sales	3,411	3,981	3,750	9.9	(5.8)	In seasonally weak quarter, we bake in overall sales growth of 10% yoy (-6% qoq) for Rainbow in 4QFY25, aided by footfalls. For mature hospitals, we bake in 9% yoy sales growth. We expect the new hospitals to report 13% yoy sales growth in 4QFY25.
EBITDA	1,055	1,344	1,146	8.6	(14.7)	
EBIT	732	991	770	5.2	(22.3)	
PBT	692	943	712	3.0	(24.5)	
Tax	181	254	188	3.8	(25.9)	
Adjusted PAT	510	687	520	2.1	(24.3)	On the EBITDA front, we expect 9% yoy growth in EBITDA to Rs1.1 bn, with EBITDA margin declining by 320 bps qoq (-30 bps yoy) to 30.6% in 4QFY25. We expect Rainbow's 4QFY25 reported EBITDA to continue to be impacted by similar quantum of losses, amounting to ~Rs80-90 mn (Rs120-130 mn in 1QFY25 and Rs100 mn in 2Q/3QFY25), due to the four recently opened spokes.
EPS (Rs/share)	5.0	6.8	5.1	2.1	(24.3)	
EBITDA margin (%)	30.9	33.8	30.6	-38 bps	-319 bps	

Source: Companies, Kotak Institutional Equities estimates

Valuation summary for KIE healthcare services coverage

Exhibit 13: March fiscal year-ends, 2024-27E (Rs, X)

	Rating	Price (Rs)	Fair Value	Upside	Mkt cap.		P/E (X)			EV/EBITDA (X)			P/B (X)		
		4-Apr-25	(Rs)	(%)	(Rs bn)	(US\$ bn)	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Health Care Services															
Apollo Hospitals	BUY	6,715	8,180	22	965	11.3	67.2	51.0	38.6	32.6	26.4	21.0	11.8	9.7	7.9
Aster DM Healthcare	NR	483	NA	NA	241	2.8	69.4	45.8	35.5	27.1	21.3	17.5	5.0	4.6	4.2
Dr Lal Pathlabs	ADD	2,516	3,275	30	210	2.5	47.1	41.4	36.2	28.6	24.5	21.3	10.2	9.1	8.2
Global Health	ADD	1,234	1,285	4	331	3.9	65.8	57.4	44.5	36.2	31.3	24.8	9.9	8.7	7.4
KIMS	ADD	594	660	11	238	2.8	65.5	59.8	37.6	33.4	28.1	20.4	10.8	9.2	7.4
Max Healthcare	REDUCE	1,138	1,020	(10)	1,106	13.0	79.5	59.6	44.7	49.0	37.3	29.5	10.5	9.0	7.6
Metropolis Healthcare	ADD	1,551	2,000	29	80	0.9	48.2	37.4	30.2	23.0	18.9	16.0	6.5	5.8	5.1
Narayana Hrudayalaya	ADD	1,677	1,490	(11)	343	4.0	44.0	35.8	29.8	28.4	22.7	19.3	9.4	7.4	5.9
Rainbow Children's Medicare	ADD	1,410	1,500	6	143	1.7	59.1	48.9	40.7	28.1	23.7	20.2	9.8	8.4	7.2
Health Care Services	Neutral				3,657	42.9	64.5	50.7	39.0	34.8	28.1	22.4	9.8	8.4	7.0

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.

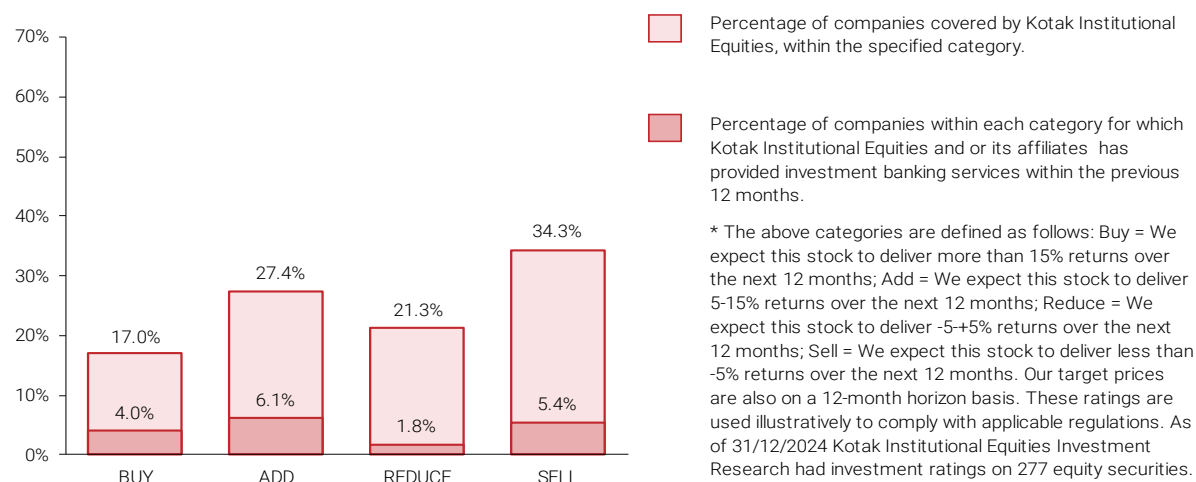
SELL. We expect this stock to deliver <-5% returns over the next 12 months.

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

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