

## Jan-Mar'25 Earnings Preview

### Strong growth YoY, margins remain resilient

*We expect pharmaceuticals companies under our coverage to deliver another solid quarter with EBIDTA growing of 16% YoY (down 3% QoQ). This momentum is fueled by 1) strong traction from niche US launches (gRevlimid, gSpiriva, gMyrbetriq, etc.) 2) Steady performance in domestic market and 3) Currency tailwinds supporting margins. Stable raw material pricing and price erosion in US further supporting the performance YoY. However, R&D cost are likely to remain elevated. In domestic formulation business, continued ramp-up in chronic therapies are likely to support growth during the quarter. Our top picks remain SUNP, LPC, ARBP and ERIS.*

April 8, 2025

#### Exhibit 1: PL Universe - Pharma

Companies	Rating	CMP (Rs)	TP (Rs)
Aurobindo Pharma	Buy	1,097	1,510
Cipla	BUY	1,385	1,730
Divi's Laboratories	Acc	5,309	6,250
Dr. Reddy's Laboratories	Reduce	1,088	1,335
Eris Lifesciences	BUY	1,275	1,450
Indoco Remedies	Hold	233	325
Ipca Laboratories	Acc	1,316	1,700
J.B. Chemicals & Pharma	BUY	1,518	2,075
Lupin	BUY	1,923	2,420
Sun Pharmaceutical Industries	BUY	1,677	2,275
Torrent Pharmaceuticals	Acc	3,234	3,750
Zydus Lifesciences	Acc	841	1,050

Source: PL      Acc=Accumulate

#### Exhibit 2: PL Universe – Hospital

Companies	Rating	CMP (Rs)	TP (Rs)
Apollo Hospitals Enterprise	BUY	6,683	8,100
Aster DM Healthcare	BUY	476	620
Fortis Healthcare	BUY	636	760
HealthCare Global Enterprises	BUY	523	555
Jupiter Life Line Hospitals	BUY	1,480	1,750
KIMS	BUY	567	725
Max Healthcare Institute	BUY	1,084	1,300
Narayana Hrudayalaya	BUY	1,644	1,560
Rainbow Children's Medicare	BUY	1,406	1,785

Source: PL

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- ZYDUSLIF, LPC and SUNP to deliver healthy EBITDA growth:** Amongst PL universe, we expect companies like ZYDUSLIF, LPC and SUNP to report higher EBITDA growth of 23%, 16.7% and 13.3% YoY, respectively, aided by niche launches and growth momentum from specialty portfolio in the US market. SUNP is likely to deliver growth YoY led by ramp-up in the specialty and domestic portfolio. CIPLA is likely to report 12% EBITDA growth YoY aided by steady US sales and 10% growth in domestic formulation.
- Margins to grow YoY for DIVIS, ZYDUSLIF and IPCA:** Companies like IPCA, ZYDUSLIF and DIVIS will see YoY margin improvement aided by better product mix and lower opex. LPC and CIPLA may see a dip in margins QoQ given higher R&D cost and seasonality. On other hand ARBP will show QoQ margin improvement aided by higher gRevlimid sales and lower PenG cost.
- Higher growth for ERIS aided by recent acquisitions:** ERIS likely to report strong EBITDA growth of 80% YoY aided by recent acquisitions and will also see higher PAT growth given lower interest charges. Novartis opthal acquisition is in base for JBSP and expect 13-14% growth in base business. TRP to deliver healthy double digit EBITDA growth YoY complemented by key markets like India and Germany, which will see healthy double-digit growth, while Brazil will continue to underperform, given the weak currency. Overall EBITDA growth maintained at 12.5% YoY.
- Steady US sales – Continued performance YoY:** We expect US sales to grow by 6% YoY in constant currency (CC) for our coverage universe aided by new launches like gRevlimid, gSpiriva and gMyrbetriq along with steady base business. However, on QoQ basis, we expect strong growth for ZYDUSLIF and ARBP aided by higher gRevlimid sales. We expect 9% YoY growth for LPC aided by gMyrbetriq (50mg) and seasonality. CIPLA should see flat gRevlimid sales while Lanreotide sales to recover marginally QoQ.
- Healthcare index lags Sensex, outlook positive:** While the Healthcare Index trailed the **Sensex by 7.5% in Jan-Mar'25 given ongoing tariff issues in US**, the sector's long-term outlook remains strong. Stable pricing sustained domestic demand, INR depreciation, and steady input costs continue to provide support. Profitability is expected to improve, driven by 1) Strength in the domestic business, 2) steady US sales, and 3) Better cost optimization. We prefer companies with robust domestic franchises and strong US visibility. Our top picks remain SUNP, LPC, ARBP and ERIS.

## Top picks

- **SUNP** - Over the last few years, SUNP's dependency on US generics has reduced, and the company's growth is more functional on US specialty, RoW and domestic pharma business that continues to show strong growth visibility. **Maintain 'BUY' rating.**
- **LPC** – The company's performance is largely aided by higher US and India sales. Further, margins continued to improve with better product mix and cost optimization measures. Better product mix, continued niche launches in the US, clearance from USFDA for facilities, domestic formulations regaining momentum and cost optimization measures are likely to help sustain performance. **Maintain 'BUY' rating.**
- **ARBP** – We expect increase in profitability on the back of scale up from PenG facility commencement of the Vizag plant, and new products launch in the US. Timely launch of niche products and price stability in existing products to aid growth in US markets. ARBP has several growth opportunities, including investments in vaccines, injectables, biosimilars, and the PLI scheme, which should start showing results from FY26. **Maintain 'BUY' rating.**
- **ERIS** - The company has multiple growth levers such as broad-based offerings in the derma segment, opportunities in the cardio metabolic market with patent expirations, and benefits of operating leverage, as revenue from the acquisitions scales up. **Maintain 'BUY' rating.**

### Exhibit 3: US revenues and margins to drive YoY growth in EBITDA

EBITDA (Rs mn)	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25E	YoY gr. (%)	QoQ gr. (%)
ARBP	16,871	16,196	15,661	16,278	17,922	6.2	10.1
Cipla	13,159	17,158	18,800	19,889	14,709	11.8	(26.0)
DIVI	7,330	6,230	7,160	7,430	8,773	19.7	18.1
DRL	17,842	21,270	21,466	22,996	21,852	22.5	(5.0)
ERIS	1,484	2,500	2,646	2,503	2,664	79.5	6.4
Indoco	489	478	403	120	240	(51.0)	99.3
IPCA	3,046	3,875	4,498	4,461	4,031	32.3	(9.6)
JB Chemicals	1,981	2,804	2,705	2,545	2,285	15.3	(10.2)
LUPIN	9,968	12,864	13,083	13,659	11,629	16.7	(14.9)
SUNP	30,915	36,580	38,108	41,923	35,016	13.3	(16.5)
TRP	8,830	9,040	9,390	9,140	9,925	12.4	8.6
ZYDUSLIFE	16,252	21,092	14,160	12,050	19,992	23.0	65.9
<b>Total</b>	<b>128,167</b>	<b>150,087</b>	<b>148,080</b>	<b>152,995</b>	<b>149,039</b>	<b>16.3</b>	<b>(2.6)</b>

Source: Company, PL

**Exhibit 4: Higher share of complex generics and lower COGS to deliver performance**

EBITDA Margin (%)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25E	YoY chng.	QoQ chng.
ARBP	22.3	21.4	20.1	20.4	22.2	-10 bps	180 bps
CIPLA	21.4	25.6	26.7	28.1	22.1	74 bps	-598 bps
DIVI	31.8	29.4	30.6	32.0	33.2	139 bps	115 bps
DRRD	25.2	27.7	26.8	27.5	26.1	92 bps	-139 bps
ERIS	26.9	34.7	35.7	34.4	34.8	791 bps	40 bps
INDOCO	10.9	11.1	9.3	2.9	5.7	-522 bps	275 bps
IPCA	15.0	18.5	19.1	19.9	18.1	306 bps	-181 bps
JBCP	23.0	27.9	27.0	26.4	23.8	77 bps	-265 bps
LPC	20.1	23.0	23.1	23.7	20.8	71 bps	-288 bps
SUNP	25.8	28.9	28.7	30.7	26.8	98 bps	-387 bps
TRP	32.2	31.6	32.5	32.5	33.4	118 bps	84 bps
ZYDUSLIF	29.4	34.0	27.0	22.9	31.6	223 bps	876 bps

Source: Company, PL

**Exhibit 5: Currency tailwind YoY to aid exports**

	Q4FY25E	Q4FY24	Q3FY25	YoY gr. (%)	QoQ gr. (%)
USD/INR	86.5	83.0	84.4	4.2	2.4
EUR/INR	91.1	90.2	90.1	1.1	1.2
BRL/INR	14.8	16.7	14.5	(11.2)	2.2
ZAR/INR	4.7	4.4	4.7	6.6	(0.8)
RUB/INR	0.9	0.9	0.8	1.9	10.7
GBP/INR	109.1	105.3	108.2	3.6	0.8
JPY/INR	56.8	56.0	53.8	1.4	5.6
CHF/INR	96.3	95.0	96.2	1.3	0.1

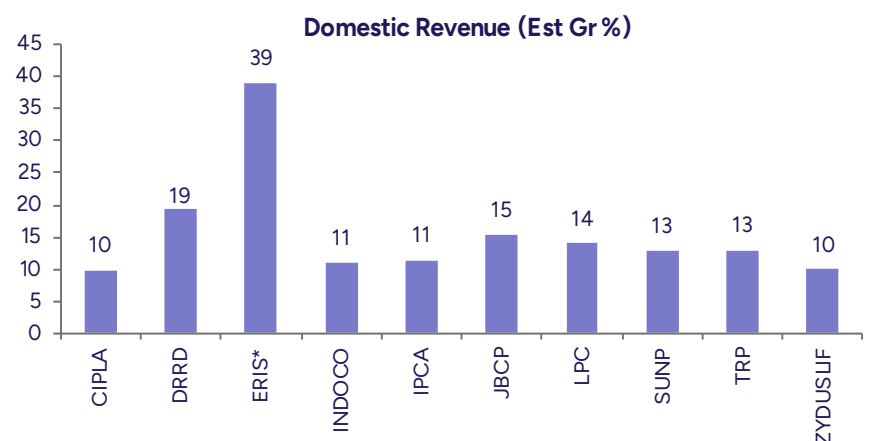
Source: Company, PL

**Exhibit 6: US revenues – Growth visibility YoY – ZYDUSLIF, LPC and ARBP to report healthy US sales**

US Sales (\$ mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25E
ARBP	370	402	410	451	432	426	421	435	455
Cipla	204	222	228	230	226	250	237	226	228
DRL	308	389	383	402	393	461	445	401	417
LUPIN	175	181	213	212	210	227	220	235	229
SUNP	430	471	430	477	476	466	516	474	486
TRP	34	36	30	33	32	31	32	32	31
ZYDUSLIFE	274	299	226	221	304	371	288	285	346

Source: Company, PL

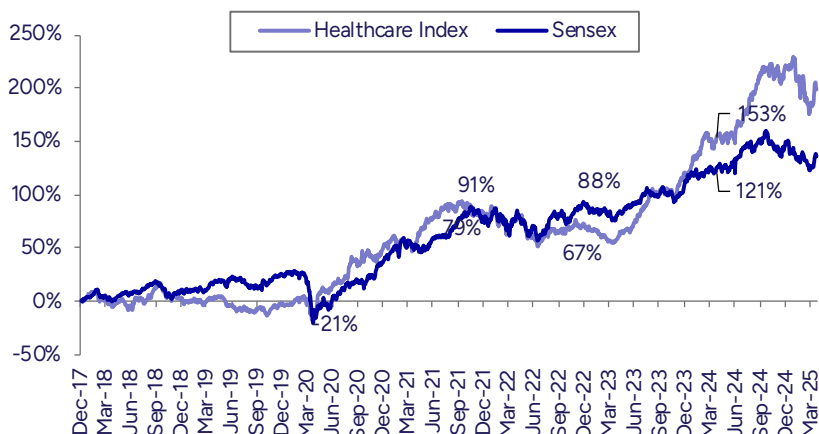
**Exhibit 7: Sustained growth momentum YoY from domestic formulations**



Source: Company, PL

\*Note ERIS growth aided by acquisitions

**Exhibit 8: Healthcare Index underperformed Sensex in Q4FY25 by 7.6%**



Source: Company, PL

**Exhibit 9: Q4FY25 Result Preview**

Company Name		Q4FY25E	Q4FY24	YoY gr. (%)	Q3FY25	GoQ gr. (%)	Remarks
<b>Aurobindo Pharma</b>	Sales	80,714	75,802	6.5	79,785	1.2	
	EBITDA	17,922	16,871	6.2	16,278	10.1	We expect sequential recovery in US sales aided by higher gRevlimid sales. This should also aid margins along with lower cost related to PenG facility
	Margin (%)	22.2	22.3	-5 bps	20.4	180 bps	
	PBT	14,238	13,932	2.2	12,979	9.7	
	Adj. PAT	10,677	11,516	(7.3)	8,456	26.3	
<b>Cipla</b>	Sales	66,435	61,632	7.8	70,730	(6.1)	We believe Lanreotide supply issue have recovered marginally QoQ while expect flat gRevlimid sales. Given seasonality in domestic business, we expect sharp decline in margins QoQ.
	EBITDA	14,709	13,159	11.8	19,889	(26.0)	
	Margin (%)	22.1	21.4	79 bps	28.1	-598 bps	
	PBT	14,077	12,592	11.8	19,161	(26.5)	
	Adj. PAT	8,405	9,390	(10.5)	15,705	(46.5)	
<b>Divi's Laboratories</b>	Sales	26,435	23,030	14.8	23,190	14.0	Improved product mix led by healthy growth in custom synthesis segment to help deliver higher margins YoY. Performance of API business and margin guidance will be key monitorable
	EBITDA	8,773	7,330	19.7	7,430	18.1	
	Margin (%)	33.2	31.8	136 bps	32.0	115 bps	
	PBT	8,551	7,130	19.9	7,260	17.8	
	Adj. PAT	6,373	5,380	18.5	5,890	8.2	
<b>Dr. Reddy's Laboratories</b>	Sales	83,654	70,830	18.1	83,586	0.1	Weak US base business will be complemented by stable gRevlimid sales. Integration of Sanofi portfolio to aid domestic performance. Commentary on US base business and margin trend are key monitorables.
	EBITDA	21,853	17,842	22.5	22,996	(5.0)	
	Margin (%)	26.1	25.2	93 bps	27.5	-139 bps	
	PBT	17,184	15,808	8.7	18,696	(8.1)	
	Adj. PAT	16,263	13,070	24.4	14,038	15.9	
<b>Eris Lifesciences</b>	Sales	7,653	5,509	38.9	7,275	5.2	New launches to drive base business growth, while portfolio scale-up and synergies to support YoY margins. Focus remains on optimizing the acquired portfolio. Q4FY25 expected to be strong for Swiss Parenteral due to seasonality.
	EBITDA	2,664	1,484	79.5	2,503	6.4	
	Margin (%)	34.8	26.9	787 bps	34.4	40 bps	
	PBT	1,343	766	75.3	1,162	15.6	
	Adj. PAT	973	710	37.1	836	16.3	
<b>Indoco Remedies</b>	Sales	4,222	4,496	-6.1	4,106	2.8	We expect muted growth on the back of lower regulated sales YoY. Higher remediation cost to impact margin performance YoY. Clearance of Goa unit 2 & 3 remains a key monitorable.
	EBITDA	240	489	(51.0)	120	99.3	
	Margin (%)	5.7	10.9	-519 bps	2.9	275 bps	
	PBT	-191	133	NA	-320	NA	
	Adj. PAT	-189	16	NA	-314	NA	

Company Name		Q4FY25E	Q4FY24	YoY gr. (%)	Q3FY25	QoQ gr. (%)	Remarks
<b>Ipca Laboratories</b>	Sales	22,322	20,330	9.8	22,454	(0.6)	Domestic formulations to sustain momentum, driving healthy YoY growth. Unichem's profitability improvement remains on track. Key focus on export generics and API business recovery
	EBITDA	4,031	3,046	32.3	4,461	(9.6)	
	Margin (%)	18.1	15.0	307 bps	19.9	-181 bps	
	PBT	3,028	2,133	42.0	3,679	(17.7)	
	Adj. PAT	1,934	1,963	(1.5)	2,481	(22.0)	
<b>J.B. Chemicals &amp; Pharmaceuticals</b>	Sales	9,614	8,617	11.6	9,635	(0.2)	Domestic formulation business to deliver healthy growth YoY. We expect another quarter of healthy growth in CDMO business. Margins to decline QoQ given seasonality and higher opex.
	EBITDA	2,285	1,981	15.3	2,545	(10.2)	
	Margin (%)	23.8	23.0	78 bps	26.4	-265 bps	
	PBT	1,951	1,646	18.5	2,180	(10.5)	
	Adj. PAT	1,487	1,262	17.9	1,625	(8.5)	
<b>Lupin</b>	Sales	55,894	49,608	12.7	57,678	(3.1)	Domestic formulation to deliver healthy double digit growth. We anticipate steady US revenues. Margins to decline QoQ due to elevated R&D cost.
	EBITDA	11,629	9,968	16.7	13,659	(14.9)	
	Margin (%)	20.8	20.1	71 bps	23.7	-288 bps	
	PBT	8,688	4,977	74.6	10,713	(18.9)	
	Adj. PAT	6,812	3,594	89.5	8,552	(20.3)	
<b>Sun Pharmaceutical Industries</b>	Sales	130,735	119,829	9.1	136,755	(4.4)	Specialty products and domestic formulation to drive YoY growth. Margins are expected to remain stable YoY. Outlook on new launches in speciality will be key monitorable
	EBITDA	35,016	30,915	13.3	41,924	(16.5)	
	Margin (%)	26.8	25.8	98 bps	30.7	-387 bps	
	PBT	31,486	29,735	5.9	39,759	(20.8)	
	Adj. PAT	25,592	29,735	(13.9)	39,759	(35.6)	
<b>Torrent Pharmaceuticals</b>	Sales	29,737	27,450	8.3	28,090	5.9	Key markets such as India would continue to deliver healthy growth YoY. Recovery in CRAMS anticipated during the quarter. Brazil markets remain weak given currency headwinds. Expect improvement in EBITDA margins YoY.
	EBITDA	9,925	8,830	12.4	9,140	8.6	
	Margin (%)	33.4	32.2	121 bps	32.5	84 bps	
	PBT	7,602	6,310	20.5	6,910	10.0	
	Adj. PAT	5,386	4,490	20.0	5,030	7.1	
<b>Zydus Lifesciences</b>	Sales	63,216	55,338	14.2	52,691	20.0	We expect strong US revenues QoQ on the back of higher gRevlimid contribution sales. Margins to remain healthy both YoY and QoQ.
	EBITDA	19,992	16,252	23.0	12,050	65.9	
	Margin (%)	31.6	29.4	226 bps	22.9	876 bps	
	PBT	18,175	15,417	17.9	10,015	81.5	
	Adj. PAT	13,480	11,738	14.8	8,412	60.3	

Source: Company, PL

## Hospitals: YoY growth trajectory continues, occupancy likely to remain flat QoQ

*Historically, Q4 has been a seasonally strong quarter in terms of occupancy. However, considering the impact of numerous holidays such as Ramadan during Q4, coupled with Q3FY25 outperforming occupancy expectations, we anticipate flat QoQ occupancy for most companies under our coverage. On YoY basis both occupancy and ARPOB should report healthy growth. We anticipate hospital companies in our coverage universe to post healthy EBITDA growth of 21% YoY. The YoY growth has been aided by recent bed addition, higher ARPOB, steady occupancy and better operating leverage. We see flat to 300 bps YoY improvement in occupancy except for ASTERDM and KIMS which will see decline due to lower occupancy in Kerala cluster and new bed addition, respectively. We anticipate ARPOB to remain healthy YoY, aided by improving case and payor mix. Companies like APHS and NARH will continue to face challenges in their medical tourism business due to the political unrest in Bangladesh; however, some of this impact will be mitigated by other countries and domestic occupancy.*

*Overall, hospital companies are expected to post 21% YoY growth (6% QoQ growth) in post-IND AS EBITDA (~19% YoY EBITDA growth ex of Rs1.4bn loss in Apollo 24x7) in Q4. We remain structurally positive on hospitals and expect momentum to continue in FY26 with 1) improvement in occupancy, 2) better case mix and 3) new capacity additions. Our top picks in the sector are MAXHEALTH, ASTERDM, FORH and KIMS.*

- **Another quarter of YoY strong performance in hospitals:** **APHS** hospital segment is likely to report 15% YoY growth led by higher ARPOB growth and better margins. **MAXHEALTH** is likely to continue to report healthy 26% YoY growth in EBITDA, led by the ramp-up in acquired units at Lucknow, Nagpur and Noida, whereas greenfield Dwarka unit ramped up well and losses should further taper off QoQ. In case of **NARH**, we foresee India hospital EBITDA continues to grow 16% YoY aided by ARPOB, while Cayman also to report healthy 15% YoY EBITDA growth aided by ramp-up in new unit. We have factored in Rs150mn losses from NHIC subsidiary. On a consolidated level, we expect ~16% YoY (~11% QoQ) growth in EBITDA. We anticipate **KIMS** to report a strong EBITDA growth of 30% YoY, aided by strong ramp-up in Sunshine, Nagpur and flagship units. Further EBITDA from new units like Vizag and Kannur which got consolidated from Q3FY25 will help to negate losses from Nashik unit. **JLHL** is expected to maintain healthy 24% YoY EBITDA growth aided by improved ARPOB, bed addition at Indore and higher margins. Occupancy is expected to be a flat QoQ despite seasonality due to commercialization of 78 beds at the Indore facility in Q4. We anticipate a strong quarter for **HCG** with 20% YoY EBITDA growth led by Vizag unit consolidation in Q3, higher occupancy across existing units. We expect **ASTERDM** to report healthy YoY EBITDA growth of 23% YoY aided by low base and higher margins. Given Ramadan, impact of change in leadership at Kerala cluster, we expect flat occupancy and EBITDA QoQ. **Rainbow** is likely to healthy 15% YoY growth in EBITDA aided by ramp up in new units which got commercialized in Q4FY24. However, we foresee QoQ decline in occupancy and EBITDA given seasonality.

- **24x7 losses likely to remain elevated in APHS:** APHS is likely to report 22% YoY growth in post-IND AS EBITDA. We have factored losses of Rs1.4bn (including ESOP) from 24x7 flat QoQ and Rs1.5bn in Q4FY24. Adjusting for these losses, we see ~16% YoY growth in EBITDA for APHS. FORH hospital business is likely to see 14% YoY EBITDA growth as Q4FY24 had one offs of +100bps in margins aided by reversal of provision. Adjusted for this EBITDA growth will be 20% YoY driven by better operating leverage despite likely Rs80-100mn losses from new greenfield commercialized unit in Manesar. We expect the addition of new beds at Faridabad, Noida to commercialize from Q1. FORH diagnostic business will continue to see higher YoY growth given lower base as Q4FY24 had one-offs. Overall, we anticipate 16% YoY EBITDA growth.

### Top picks:

- **MAXHEALT** – MAXHEALT has shown phenomenal growth in the past 2 years, despite negligible capacity additions. We expect pick-up in growth momentum given 1) strong expansion plans (+3,500 additional beds over FY24-27E), 2) improving payor mix and 3) bolt-on acquisitions like recently added units in Lucknow, Nagpur and Noida.
- **ASTERDM** - ASTERDM India's EBITDA increased sharply over the last 2 years (29% CAGR over FY22-24). ASTER DM's board has recently approved merger with Quality care (QCIL) that will make them the 3rd largest healthcare chain by revenue and bed capacity in India. The merged entity aims to expand its bed capacity by ~3,521 to 13,273 beds by FY27; 65% of this will be brownfield in nature, which will be margin accretive.
- **FORH** - Though hospital margins improved by 170bps/260bps YoY in FY24/9MFY25, we see further scope for improvement aided by 1) improving case and payor mix, 2) cost rationalization initiatives including divestment of Richmond unit in Bangalore, ramp up of Manesar unit and 3) new brownfield bed additions. Fortis consolidated 89.2% stake in Agilus in Jan'25. We expect margins and revenue growth to pick-up from FY26 in Agilus.
- **KIMS** – KIMS' acquisitions of Sunshine, Nashik and Nagpur units are value accretive, and expansion plan of ~2,635 beds over the next 2 years will sustain growth momentum, in our view. The new leadership team hiring across Karnataka and Kerala clusters provides comfort for faster ramp-up in these clusters. Further, new clinical talent hiring and addition of sub-specialties across Telangana units will lead to ramp-up in revenues and profitability.

**Exhibit 10: Expect a strong ~21% YoY EBITDA growth.**

EBITDA (Rs mn)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25E	YoY gr. (%)	QoQ gr. (%)
APHS IN	6,405	6,751	8,155	7,615	7,810	21.9	2.6
ASTERDM IN	1,583	1,659	2,247	1,938	1,953	23.4	0.8
FORH IN	3,810	3,424	4,348	3,752	4,410	15.7	17.5
HCG IN	920	909	1,023	884	1,107	20.3	25.2
JLHL IN	623	639	750	750	772	24.0	3.0
KIMS IN	1,590	1,794	2,181	1,872	2,063	29.8	10.2
MAXHEALT IN	5,030	4,990	5,660	6,220	6,332	25.9	1.8
NARH IN	2,946	3,039	3,084	3,070	3,403	15.5	10.8
RAINBOW IN	1,055	937	1,471	1,344	1,211	14.7	-9.9
<b>Total</b>	<b>23,963</b>	<b>24,142</b>	<b>28,919</b>	<b>27,444</b>	<b>29,061</b>	<b>21.3</b>	<b>5.9</b>

Source: Company, PL (Note: AsterDM - India EBITDA)

**Exhibit 11: Healthy EBITDA margins YoY; MAXHEALTH margins down YoY due to consolidation of new units**

Margin (%)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25E	YoY chng.	QoQ chng.
APHS IN	13.0	13.3	14.6	13.8	13.7	+75 bps	-7 bps
ASTERDM IN	16.3	16.6	20.7	18.5	19.0	+269bps	+49 bps
FORH IN	21.3	18.4	21.9	19.5	21.4	+7 bps	+195 bps
HCG IN	18.6	17.3	18.5	15.8	18.7	+12 bps	+291bps
JLHL IN	21.4	22.2	23.2	23.4	22.9	+146 bps	-49 bps
KIMS IN	25.1	26.1	28.1	24.2	25.8	+67 bps	+151 bps
MAXHEALT IN	27.9	25.8	26.6	27.3	27.7	-29 bps	+39 bps
NARH IN	23.0	22.7	22.0	22.5	22.9	-12 bps	+44 bps
RAINBOW IN	30.9	28.4	35.2	33.8	31.7	+72 bps	-209 bps

Source: Company, PL

**Exhibit 12: Strong ARPOB (Rs. per day) expected in Q4 except for RAINBOW**

Company Name	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	YoY gr. (%)	QoQ gr. (%)
APHS IN	56,368	59,523	59,073	59,011	60,839	7.9	3.1
ASTERDM IN	39,750	42,400	44,200	43,000	45,500	14.5	5.8
FORH IN	61,096	63,442	65,924	64,932	67,123	9.9	3.4
HCG IN	42,788	42,741	44,342	45,188	44,284	3.5	-2.0
JLHL IN	54,605	58,728	59,700	55,700	61,750	13.1	10.9
KIMS IN	30,741	34,270	38,458	38,263	38,472	25.1	0.5
MAXHEALT IN	76,800	76,900	77,100	76,100	75,900	-1.2	-0.3
NARH IN	38,630	40,822	41,370	41,096	41,918	8.5	2.0
RAINBOW IN	55,768	54,185	56,212	49,770	53,404	-4.2	7.3

Source: Company, PL

**Exhibit 13: Higher occupancy YoY except for ASTERDM & KIMS**

Occupancy (%)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4Y25E
APHS IN	65	68	73	68	68
ASTERDM IN	67	67	72	63	63
FORH IN	67	67	72	67	70
HCG IN	64	66	66	62	65
JLHL IN	66	64	71	66	65
KIMS IN	68	66	77	58	62
MAXHEALT IN	75	75	81	75	76
RAINBOW IN	49	42	60	53	50

Source: Company, PL



**Exhibit 14: Q4FY25 Result Preview – Hospitals**

Company Name		Q4FY25E	Q4FY24	YoY gr. (%)	Q3FY25	QoQ gr. (%)	Remarks
<b>Apollo Hospitals Enterprise</b>	Sales	56,450	49,439	14.2	55,269	2.1	Hospital business EBITDA likely to grow by 15% YoY aided by higher ARPOB & better margins. Losses from 24x7 likely to remain elevated at Rs.1.4bn. SAP revenues to see 16% YoY growth. Adj for 24x7 losses, expect 16% YoY EBITDA growth. Occupancy ramp up & margin improvement for hospital segment is key.
	EBITDA	7,810	6,405	21.9	7,615	2.6	
	Margin (%)	13.8	13.0	88 bps	13.8	6 bps	
	PBT	5,090	3,596	41.5	5,309	(4.1)	
	Adj. PAT	3,534	2,538	39.2	3,723	(5.1)	
<b>Aster DM Healthcare</b>	Sales	10,305	9,736	5.8	10,498	(1.8)	AsterDM continues to show healthy EBITDA growth aided by low base and higher margins. Expect flat occupancy and EBITDA impacted from change in leadership at Kerala cluster and Ramadan in Q4.
	EBITDA	1,953	1,583	23.4	1,938	0.8	
	Margin (%)	19.0	16.3	269 bps	18.5	49 bps	
	PBT	1,310	742	76.6	1,338	(2.1)	
	Adj. PAT	809	878	(7.8)	554	46.2	
<b>Fortis Healthcare</b>	Sales	20,599	17,859	15.3	19,283	6.8	Hospital EBITDA likely to see 14% YoY growth; as Q4FY24 had one offs led by reversal of provision. Adj for this; expect 20% YoY EBITDA growth driven by better operating leverage. Diagnostic business will continue to see higher YoY growth given lower base as reported one offs in Q4FY24.
	EBITDA	4,410	3,810	15.7	3,752	17.5	
	Margin (%)	21.4	21.3	7 bps	19.5	195 bps	
	PBT	2,957	2,639	12.0	2,536	16.6	
	Adj. PAT	2,120	1,787	18.6	2,479	(14.5)	
<b>HealthCare Global Enterprises</b>	Sales	5,908	4,946	19.5	5,586	5.8	Expect strong quarter with higher EBITDA growth aided by Vizag unit consolidation in Q3 and higher occupancy across existing units.
	EBITDA	1,107	920	20.3	884	25.2	
	Margin (%)	18.7	18.6	12 bps	15.8	291 bps	
	PBT	215	243	(11.3)	-42	NA	
	Adj. PAT	91	213	(57.1)	70	30.6	
<b>Jupiter Life Line Hospitals</b>	Sales	3,372	2,905	16.1	3,206	5.2	Healthy EBITDA growth aided by improved ARPOB, bed addition at Indore and higher margins. Occupancy to remain flat QoQ due to commercialization of 78 beds at the Indore facility in Q4.
	EBITDA	772	623	24.0	750	3.0	
	Margin (%)	22.9	21.4	146 bps	23.4	-49 bps	
	PBT	682	599	13.9	666	2.5	
	Adj. PAT	495	453	9.4	525	(5.7)	
<b>Krishna Institute of Medical Sciences</b>	Sales	8,013	6,338	26.4	7,724	3.7	Overall expect strong EBITDA growth aided by ramp up in Sunshine, Nagpur and its flagship units. EBITDA from new units like Vizag and Kannur (consolidated from Q3FY25) will offset losses from the Nashik unit.
	EBITDA	2,063	1,590	29.8	1,872	10.2	
	Margin (%)	25.8	25.1	67 bps	24.2	151 bps	
	PBT	1,323	1,001	32.2	1,346	(1.7)	
	Adj. PAT	868	655	32.6	887	(2.1)	
<b>Max Healthcare Institute</b>	Sales	22,897	18,000	27.2	22,810	0.4	We anticipate healthy occupancy and ARPOB YoY in existing units. EBITDA will continue to see strong growth led by ramp-up in acquired units at Lucknow, Nagpur and Noida, whereas greenfield Dwarka unit ramped up well and losses should further taper off QoQ.
	EBITDA	6,332	5,030	25.9	6,220	1.8	
	Margin (%)	27.7	27.9	-29 bps	27.3	39 bps	
	PBT	4,942	4,230	16.8	4,810	2.7	
	Adj. PAT	3,976	3,110	27.8	3,150	26.2	
<b>Narayana Hrudayalaya</b>	Sales	14,857	12,794	16.1	13,667	8.7	India hospital EBITDA to grow 16% YoY aided by ARPOB. While Cayman biz continue to report 15% YoY EBITDA growth aided by ramp-up in new unit.
	EBITDA	3,403	2,946	15.5	3,070	10.8	
	Margin (%)	22.9	23.0	-12 bps	22.5	44 bps	
	PBT	2,475	2,256	9.7	2,188	13.1	
	Adj. PAT	2,157	1,909	13.0	1,932	11.6	
<b>Rainbow Children's Medicare</b>	Sales	3,825	3,411	12.1	3,981	(3.9)	Anticipate steady EBITDA growth aided by ramp up in new units which got commercialized in Q4FY24. Expect QoQ decline due to seasonality in pediatric biz.
	EBITDA	1,211	1,055	14.7	1,344	(9.9)	
	Margin (%)	31.7	30.9	72 bps	33.8	-209 bps	
	PBT	816	692	17.9	943	(13.5)	
	Adj. PAT	595	510	16.8	687	(13.3)	

Source: Company, PL

Exhibit 15: Valuation Summary - Pharma

Company Names	S/C	Rating	CMP (Rs)	TP (Rs)	MCap (Rs bn)	Sales (Rs bn)				EBITDA (Rs bn)				PAT (Rs bn)				EPS (Rs)				RoE (%)				PE (x)			
						FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E
Aurobindo Pharma	C	Buy	1,097	1,510	637.2	289.7	314.1	344.8	376.8	58.1	66.1	73.1	81.8	35.2	36.0	42.5	49.0	60.1	62.0	73.1	84.4	12.4	11.6	12.4	12.8	18.2	17.7	15.0	13.0
Cipla	C	BUY	1,385	1,730	1,117.9	257.7	274.6	299.6	321.6	62.9	70.6	74.0	74.3	41.2	48.9	51.7	52.7	51.1	60.6	64.1	65.2	16.5	17.2	16.2	14.9	27.1	22.9	21.6	21.2
Divi's Laboratories	C	Acc	5,309	6,250	1,407.0	78.5	94.2	110.2	126.7	22.1	29.6	37.0	44.8	16.0	21.6	27.1	33.1	60.4	81.7	102.1	124.9	12.1	15.2	17.1	18.5	87.9	65.0	52.0	42.5
Dr. Reddy's Laboratories	C	Reduce	1,088	1,335	907.3	279.2	324.1	353.5	357.7	78.4	87.6	92.2	74.5	55.7	54.3	57.9	45.1	66.8	65.1	69.4	54.0	21.8	17.9	16.6	11.6	16.3	16.7	15.7	20.1
Eris Lifesciences	C	BUY	1,275	1,450	173.3	20.1	29.5	33.3	37.5	6.7	10.3	12.0	13.9	3.9	3.6	5.4	7.4	28.8	26.2	39.5	54.5	16.4	12.9	17.0	20.0	44.2	48.7	32.3	23.4
Indoco Remedies	C	Hold	233	325	21.5	18.2	17.0	19.1	21.9	2.4	1.2	2.2	3.6	0.9	-0.5	0.3	1.4	9.3	-6.0	3.2	15.0	8.0	-5.1	2.8	12.4	25.1	-39.1	72.7	15.6
Ipca Laboratories	C	Acc	1,316	1,700	333.9	77.1	89.3	101.6	115.0	12.9	16.9	21.0	25.2	6.6	8.6	11.1	13.9	25.8	34.0	43.8	54.9	10.8	12.8	14.5	15.8	51.0	38.7	30.0	24.0
J.B. Chemicals & Pharmaceuticals	C	BUY	1,518	2,075	235.6	34.8	39.3	44.4	50.3	9.0	10.3	12.2	14.4	5.5	6.6	8.2	10.0	35.6	42.7	52.8	64.1	20.5	21.1	22.5	23.0	42.6	35.6	28.7	23.7
Lupin	C	BUY	1,923	2,420	876.3	198.1	226.3	249.6	270.5	35.9	51.2	59.3	64.6	19.0	32.1	38.5	43.1	41.7	70.5	84.5	94.6	14.2	20.4	20.3	19.0	46.1	27.3	22.8	20.3
Sun Pharmaceutical Industries	C	BUY	1,677	2,275	4,023.9	485.0	526.9	576.1	642.6	129.9	151.6	166.7	195.8	95.8	117.6	131.6	156.0	41.8	49.0	54.8	65.0	16.0	17.4	17.3	18.1	40.1	34.2	30.6	25.8
Torrent Pharmaceuticals	C	Acc	3,234	3,750	1,092.9	107.3	115.3	130.5	147.0	33.7	37.5	43.5	50.8	16.6	19.7	26.1	32.3	46.4	58.4	77.2	95.6	24.0	27.3	31.3	32.7	69.7	55.4	41.9	33.8
Zydus Lifesciences	C	Acc	841	1,050	846.0	195.5	230.4	244.5	250.3	53.0	67.3	66.1	58.0	38.4	47.0	45.5	40.4	38.1	46.7	45.2	40.2	20.5	21.5	17.5	13.6	22.1	18.0	18.6	20.9

Source: Company, PL

S=Standalone / C=Consolidated / Acc=Accumulate

IPCA's financials includes UNICHEM acquisition.

Some stocks have variation from our rating system with regards to target prices and upsides given increased market volatility. We shall review the same at the time of the results.

Exhibit 16: Change in Estimates – Pharma

	Rating		Target Price			Sales						PAT						EPS					
						FY25E			FY26E			FY25E			FY26E			FY25E			FY26E		
	C	P	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.
Aurobindo Pharma	Buy	Buy	1,510	1,510	0.0%	314,130	314,521	-0.1%	344,753	350,340	-1.6%	36,031	35,611	1.2%	42,456	43,612	-2.7%	62.0	61.3	1.2%	73.1	75.1	-2.7%
Cipla	BUY	BUY	1,730	1,730	0.0%	274,614	274,614	0.0%	299,572	299,572	0.0%	48,915	48,915	0.0%	51,730	51,730	0.0%	60.6	60.6	0.0%	64.1	64.1	0.0%
Divi's Laboratories	Acc	Acc	6,250	6,250	0.0%	94,185	94,185	0.0%	110,159	110,159	0.0%	21,643	21,643	0.0%	27,052	27,052	0.0%	81.7	81.7	0.0%	102.1	102.1	0.0%
Dr. Reddy's Laboratories	Reduce	Reduce	1,335	1,335	0.0%	324,129	324,129	0.0%	353,540	353,540	0.0%	54,272	54,272	0.0%	57,915	57,915	0.0%	65.1	65.1	0.0%	69.4	69.4	0.0%
Eris Lifesciences	BUY	BUY	1,450	1,450	0.0%	29,537	29,437	0.3%	33,271	33,154	0.4%	3,557	3,491	1.9%	5,368	5,240	2.5%	26.2	25.7	1.9%	39.5	38.5	2.5%
Indoco Remedies	Hold	Hold	325	325	0.0%	16,969	16,969	0.0%	19,055	19,055	0.0%	-549	-549	0.0%	295	295	0.0%	-6.0	-6.0	0.0%	3.2	3.2	0.0%
Ipca Laboratories	Acc	Acc	1,700	1,700	0.0%	89,251	89,251	0.0%	101,596	101,596	0.0%	8,633	8,529	1.2%	11,112	11,111	0.0%	34.0	33.6	1.2%	43.8	43.8	0.0%
J.B. Chemicals & Pharmaceuticals	BUY	BUY	2,075	2,075	0.0%	39,299	39,537	-0.6%	44,399	44,662	-0.6%	6,626	6,706	-1.2%	8,198	8,350	-1.8%	42.7	43.2	-1.2%	52.8	53.8	-1.8%
Lupin	BUY	BUY	2,420	2,420	0.0%	226,303	226,303	0.0%	249,570	249,570	0.0%	32,135	32,135	0.0%	38,491	38,491	0.0%	70.5	70.5	0.0%	84.5	84.5	0.0%
Sun Pharmaceutical Industries	BUY	BUY	2,275	2,275	0.0%	526,931	526,931	0.0%	576,090	576,090	0.0%	117,603	117,603	0.0%	131,553	131,553	0.0%	49.0	49.0	0.0%	54.8	54.8	0.0%
Torrent Pharmaceuticals	Acc	Acc	3,750	3,750	0.0%	115,307	115,307	0.0%	130,455	130,455	0.0%	19,736	19,736	0.0%	26,087	26,087	0.0%	58.4	58.4	0.0%	77.2	77.2	0.0%
Zydus Lifesciences	Acc	Acc	1,050	1,050	0.0%	230,352	229,596	0.3%	244,477	244,477	0.0%	47,026	46,925	0.2%	45,495	46,457	-2.1%	46.7	46.6	0.2%	45.2	46.2	-2.1%

Source: Company, PL

C=Current / P=Previous / Acc=Accumulate

**Exhibit 17: Valuation Summary – Hospitals**

Company Names	S/ C	Rating	CMP (Rs)	TP (Rs)	MCap (Rs bn)	Sales (Rs bn)				EBIDTA (Rs bn)				PAT (Rs bn)				EPS (Rs)				RoE (%)				PE (x)			
						FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E
Apollo Hospitals Enterprise	C	BUY	6,683	8,100	961.1	190.6	218.5	250.5	288.9	23.9	30.3	39.0	49.2	9.0	14.1	19.8	27.0	62.5	98.0	137.7	188.0	13.7	18.7	22.0	24.4	106.9	68.2	48.5	35.5
Aster DM Healthcare	C	BUY	476	620	237.9	37.0	41.7	49.4	58.1	5.9	7.8	9.9	11.9	1.9	3.1	5.3	6.7	3.8	6.1	10.6	13.5	6.0	7.4	13.5	15.4	126.4	77.8	44.8	35.3
Fortis Healthcare	C	BUY	636	760	480.1	68.9	78.4	88.0	100.5	12.7	15.9	19.4	22.8	5.8	8.4	10.0	12.4	7.7	11.1	13.2	16.4	7.8	10.5	11.5	13.1	82.4	57.3	48.2	38.7
HealthCare Global Enterprises	C	BUY	523	555	72.8	19.1	22.3	25.6	28.0	3.3	3.9	4.9	5.9	0.5	0.4	1.0	1.9	3.5	3.2	7.4	13.7	5.2	5.2	11.1	17.9	151.3	163.9	70.9	38.1
Jupiter Life Line Hospitals	C	BUY	1,480	1,750	97.0	10.7	12.7	14.9	17.5	2.4	2.9	3.7	4.2	1.8	2.0	2.6	2.9	26.9	30.1	39.5	44.7	23.0	15.6	17.5	16.9	54.9	49.2	37.4	33.1
Krishna Institute of Medical Sciences	C	BUY	567	725	226.8	25.0	30.4	38.4	48.3	6.4	7.9	9.5	12.3	3.1	3.7	4.2	5.9	7.8	9.2	10.6	14.8	17.7	18.4	17.9	21.5	73.1	61.4	53.5	38.4
Max Healthcare Institute	C	BUY	1,084	1,300	1,053.6	68.5	86.3	111.5	131.6	19.1	23.2	29.6	36.6	12.8	14.9	19.9	26.1	13.1	15.3	20.5	26.9	15.5	15.0	17.4	19.5	82.4	70.7	52.9	40.3
Narayana Hrudayalaya	C	BUY	1,644	1,560	335.9	50.2	55.9	64.0	71.7	11.5	12.6	14.7	17.4	7.9	8.1	9.5	11.7	38.6	39.6	46.4	57.2	31.5	25.0	23.6	23.6	42.5	41.5	35.4	28.7
Rainbow Children's Medicare	C	BUY	1,406	1,785	142.7	13.0	15.3	17.6	21.5	4.3	5.0	5.9	7.2	2.2	2.5	3.1	3.9	21.4	24.3	30.8	38.8	18.7	18.2	19.7	21.0	65.8	57.9	45.6	36.2

Source: Company, PL S=Standalone / C=Consolidated

Some stocks have variation from our rating system with regards to target prices and upsides given increased market volatility. We shall review the same at the time of the results.

Exhibit 18: Change in Estimates – Hospitals

	Rating		Target Price			Sales						PAT						EPS					
						FY25E		FY26E		FY25E		FY26E		FY25E		FY26E							
	C	P	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.
Apollo Hospitals Enterprise	BUY	BUY	8,100	8,100	0.0%	218,468	218,654	-0.1%	250,490	252,908	-1.0%	14,097	13,843	1.8%	19,796	20,077	-1.4%	98.0	96.3	1.8%	137.7	139.6	-1.4%
Aster DM Healthcare	BUY	BUY	620	620	0.0%	41,687	42,201	-1.2%	49,435	49,435	0.0%	3,055	3,132	-2.5%	5,304	5,304	0.0%	6.1	6.3	-2.5%	10.6	10.6	0.0%
Fortis Healthcare	BUY	BUY	760	760	0.0%	78,354	78,354	0.0%	88,013	88,013	0.0%	8,381	8,381	0.0%	9,961	9,961	0.0%	11.1	11.1	0.0%	13.2	13.2	0.0%
HealthCare Global Enterprises	BUY	BUY	555	555	0.0%	22,285	22,285	0.0%	25,556	25,556	0.0%	444	444	0.0%	1,027	1,027	0.0%	3.2	3.2	0.0%	7.4	7.4	0.0%
Jupiter Life Line Hospitals	BUY	BUY	1,750	1,750	0.0%	12,676	12,576	0.8%	14,862	14,714	1.0%	1,971	1,970	0.0%	2,591	2,593	-0.1%	30.1	30.0	0.0%	39.5	39.6	-0.1%
Krishna Institute of Medical Sciences	BUY	BUY	725	725	0.0%	30,394	30,394	0.0%	38,420	38,315	0.3%	3,695	3,695	0.0%	4,241	4,303	-1.5%	9.2	9.2	0.0%	10.6	10.8	-1.5%
Max Healthcare Institute	BUY	BUY	1,300	1,300	0.0%	86,307	87,055	-0.9%	111,535	111,535	0.0%	14,906	15,096	-1.3%	19,927	19,927	0.0%	15.3	15.5	-1.3%	20.5	20.5	0.0%
Narayana Hrudayalaya	BUY	BUY	1,560	1,560	0.0%	55,934	55,934	0.0%	64,022	64,022	0.0%	8,089	8,089	0.0%	9,486	9,486	0.0%	39.6	39.6	0.0%	46.4	46.4	0.0%
Rainbow Children's Medicare	BUY	BUY	1,785	1,785	0.0%	15,283	15,283	0.0%	17,629	17,629	0.0%	2,466	2,466	0.0%	3,130	3,130	0.0%	24.3	24.3	0.0%	30.8	30.8	0.0%

Source: Company, PL

C=Current / P=Previous

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Apollo Hospitals Enterprise	BUY	8,100	6,317
2	Aster DM Healthcare	BUY	620	469
3	Aurobindo Pharma	BUY	1,510	1,192
4	Cipla	BUY	1,730	1,421
5	Divi's Laboratories	Accumulate	6,250	5,884
6	Dr. Reddy's Laboratories	Reduce	1,335	1,289
7	Eris Lifesciences	BUY	1,450	1,230
8	Fortis Healthcare	BUY	760	628
9	HealthCare Global Enterprises	BUY	555	504
10	Indoco Remedies	Hold	325	343
11	Ipca Laboratories	Accumulate	1,700	1,491
12	J.B. Chemicals & Pharmaceuticals	BUY	2,075	1,716
13	Jupiter Life Line Hospitals	BUY	1,750	1,607
14	Krishna Institute of Medical Sciences	BUY	725	642
15	Lupin	BUY	2,420	2,025
16	Max Healthcare Institute	BUY	1,300	1,061
17	Narayana Hrudayalaya	BUY	1,560	1,370
18	Rainbow Children's Medicare	BUY	1,785	1,369
19	Sun Pharmaceutical Industries	BUY	2,275	1,744
20	Sunteck Realty	BUY	700	479
21	Torrent Pharmaceuticals	Accumulate	3,750	3,248
22	Zydus Lifesciences	Accumulate	1,050	977

**PL's Recommendation Nomenclature**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

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