

July 8, 2025

Exhibit 1: PL Universe - Pharma

Companies	Rating	CMP (Rs)	TP (Rs)
Aurobindo Pharma	Buy	1,185	1,440
Cipla	BUY	1,511	1,730
Divi's Laboratories	Acc	6,889	6,800
Dr. Reddy's Laboratories	Reduce	1,311	1,225
Eris Lifesciences	BUY	1,734	1,740
Indoco Remedies	Hold	330	325
Ipca Laboratories	Acc	1,456	1,525
J.B. Chemicals & Pharma	BUY	1,633	2,030
Lupin	BUY	1,979	2,400
Sun Pharmaceutical Industries	BUY	1,680	2,000
Torrent Pharmaceuticals	Acc	3,354	3,850
Zydus Lifesciences	Acc	999	970

Source: PL Acc=Accumulate

Exhibit 2: PL Universe – Hospital

Companies	Rating	CMP (Rs)	TP (Rs)
Apollo Hospitals Enterprise	BUY	7,616	8,350
Aster DM Healthcare	BUY	622	620
Fortis Healthcare	BUY	806	785
HealthCare Global Enterprises	BUY	560	620
Jupiter Life Line Hospitals	BUY	1,531	1,720
KIMS	BUY	695	725
Max Healthcare Institute	BUY	1,300	1,300
Narayana Hrudayalaya	BUY	1,990	1,950
Rainbow Children's Medicare	BUY	1,573	1,725

Source: PL

Param Desai

paramdesai@plindia.com | 91-22-66322259

Sanketa Kohale

sanketakhale@plindia.com | 91-22-66322426

Kushal Shah

kushalshah@plindia.com | 91-22-66322490

Pharma: Moderate EBITDA growth due to high base in US

Pharmaceuticals companies in our coverage are poised to post single-digit EBITDA growth in Q1FY26 due to a high base in the US. In contrast, domestic formulations will continue to report steady 7-12% growth YoY. The US business is expected to show de-growth YoY, but ex-gRevlimid, we expect the base business to grow. Currency tailwinds and stable raw material prices will continue to support gross margins. On the domestic formulations front, pick-up is seen from Jun, and we see overall growth in trade generic business to remain soft. However, continued ramp-up in chronic therapies is likely to support growth during the quarter. Our top picks remain SUNP, LPC and ERIS.

- **LPC, DIVI to deliver healthy EBITDA growth:** Amongst PL universe, we expect LPC and DIVI to report higher EBITDA growth of 43.2% and 21.6% YoY, respectively. On the other hand, CIPLA, DRRD and ZYDUSLIF are projected to report YoY decline in EBITDA given the higher base in the US. SUNP is likely to deliver moderate revenue growth YoY led by the ramp-up in the specialty and domestic portfolios; however, higher opex will restrict EBITDA growth. LPC will see strong growth aided by the 6-month exclusivity in gTolvaptan in the US.
- **Margins to improve YoY for select companies:** LPC, DIVIS and TRP will see YoY margin improvement aided by better product mix and lower opex. On the other hand, DRRD, ZYDUSLIF and CIPLA may see a dip due to pricing pressure in gRevlimid sales. Meanwhile, SUNP is likely to show YoY margin decline given higher opex.
- **Moderate EBITDA growth for JBCP and ERIS:** ERIS is likely to deliver moderate YoY EBITDA growth given ongoing supply issues in the insulin business, while JBCP will see moderate EBITDA growth due to the weak exports business. IPCA is likely to deliver 12%+ YoY EBITDA growth supported by Unichem and domestic formulations.
- **High base in US business to impact growth:** We expect US sales to remain largely flat (YoY and QoQ) in constant currency (CC) for our coverage universe due to higher gRevlimid sales in base. However, ex-gRevlimid, we expect the base business to grow. We expect strong growth of 12%+ QoQ for LPC aided by gTolvaptan exclusivity. We expect 4% YoY growth for ARBP on account of higher injectable sales. YoY revenue for CIPLA and DRRD is expected to decline by 12-13% in CC due to lower gRevlimid sales.
- **Healthcare Index lags Sensex, outlook positive:** While the Healthcare Index trailed the Sensex by ~2% in Apr-Jun'25 given ongoing tariff issues in the US, the sector's long-term outlook remains strong. Pharma sector remains on solid footing, supported by stable pricing dynamics, resilient domestic demand, INR depreciation benefits, and contained input costs. Profitability is expected to improve, driven by 1) sustained momentum in the domestic business, 2) continued traction in US specialty products, and 3) improved operational efficiency. We continue to favor players with strong presence in India and clear visibility in the US market. SUNP, LPC and ERIS stand out as our top choices.

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, which continue 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.**
- **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: Moderate EBITDA growth on high base in US

EBITDA (Rs mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26E	YoY gr. (%)	QoQ gr. (%)
ARBP	16,196	15,661	16,278	17,919	16,861	4.1	(5.9)
Cipla	17,158	18,800	19,889	15,376	16,819	(2.0)	9.4
DIVI	6,230	7,160	7,430	8,860	7,577	21.6	(14.5)
DRL	21,270	21,466	22,996	20,505	20,906	(1.7)	2.0
ERIS	2,500	2,646	2,503	2,524	2,714	8.6	7.5
Indoco	478	403	120	(8)	104	(78.2)	(1,437.7)
IPCA	3,875	4,498	4,461	4,098	4,327	11.7	5.6
JB Chemicals	2,804	2,705	2,545	2,285	3,072	9.6	34.4
LUPIN	12,864	13,083	13,659	12,921	17,626	37.0	36.4
SUNP	36,580	38,108	41,923	34,248	38,126	4.2	11.3
TRP	9,040	9,390	9,140	9,640	10,267	13.6	6.5
ZYDUSLIFE	21,092	14,160	12,050	21,649	19,132	(9.3)	(11.6)
Total	1,50,087	1,48,080	1,52,995	1,50,017	1,57,533	5.0	5.0

Source: Company, PL

Exhibit 4: Better product mix and lower opex to drive margins for LPC, DIVI, TRP

EBITDA Margin (%)	Q1FY25	Q2FY25	Q3FY25	Q4FY25E	Q1FY26E	YoY chng.	QoQ chng.
ARBP	21.4	20.1	20.4	21.4	20.6	-83 bps	-81 bps
CIPLA	25.6	26.7	28.1	22.8	24.2	-143 bps	132 bps
DIVI	29.4	30.6	32.0	34.3	31.7	234 bps	-253 bps
DRRD	27.7	26.8	27.5	24.1	24.9	-281 bps	79 bps
ERIS	34.7	35.7	34.4	35.8	35.7	96 bps	-13 bps
INDOCO	11.1	9.3	2.9	(0.2)	2.6	-848 bps	282 bps
IPCA	18.5	19.1	19.9	18.2	18.7	15 bps	42 bps
JBCP	27.9	27.0	26.4	23.8	27.7	-25 bps	388 bps
LPC	23.0	23.1	23.7	22.8	27.2	423 bps	443 bps
SUNP	28.9	28.7	30.7	26.4	28.2	-69 bps	179 bps
TRP	31.6	32.5	32.5	32.6	32.8	121 bps	23 bps
ZYDUSLIF	34.0	27.0	22.9	33.2	29.9	-409 bps	-325 bps

Source: Company, PL

Exhibit 5: Favorable currency trends to support YoY

	Q1FY26E	Q1FY25	Q4FY25	YoY gr. (%)	QoQ gr. (%)
USD/INR	85.6	83.4	86.5	2.6	(1.1)
EUR/INR	97.1	89.8	91.1	8.1	6.5
BRL/INR	15.1	15.9	14.8	(4.7)	2.1
ZAR/INR	4.7	4.5	4.7	4.2	-
RUB/INR	1.1	0.9	0.9	15.3	14.0
GBP/INR	114.3	105.3	109.1	8.6	4.8
JPY/INR	59.2	53.5	56.8	10.6	4.2
CHF/INR	103.7	92.2	96.3	12.4	7.6

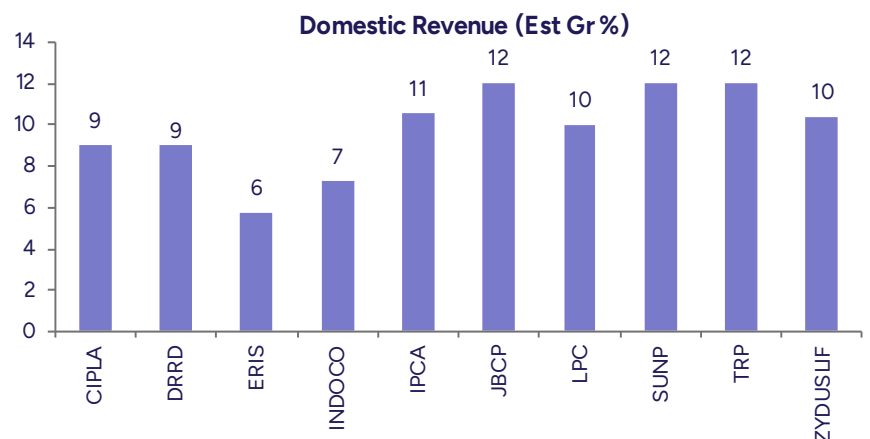
Source: Company, PL

Exhibit 6: LPC to report healthy US sales

US Sales (\$ mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26E
ARBP	402	410	451	432	426	421	435	471	450
Cipla	222	228	230	226	250	237	226	222	220
DRL	389	383	402	393	461	445	401	411	400
LUPIN	181	213	212	210	227	220	235	245	275
SUNP	471	430	477	476	466	516	474	465	473
TRP	36	30	33	32	31	32	32	35	34
ZYDUSLIFE	299	226	221	304	371	288	285	362	350

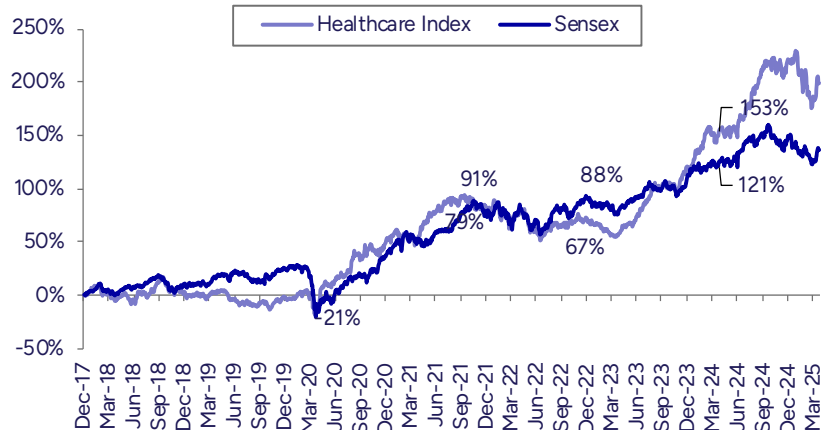
Source: Company, PL

Exhibit 7: Domestic formulation market continues to remain healthy



Source: Company, PL

Exhibit 8: Healthcare Index underperforms Sensex in Q1FY26 by ~2%



Source: Company, PL

Exhibit 9: Q1FY26 Result Preview

Company Name		Q1FY26E	Q1FY25	YoY gr. (%)	Q4FY25	QoQ gr. (%)	Remarks
Aurobindo Pharma	Sales	81,981	75,670	8.3	83,821	(2.2)	We expect sequential decline in US sales led by lower gRevlimid sales. Base biz, US sales is likely to grow YoY. Cost may remain elevated given cost related to resumption of PenG facility.
	EBITDA	16,861	16,196	4.1	17,919	(5.9)	
	Margin (%)	20.6	21.4	-84 bps	21.4	-81 bps	
	PBT	12,641	13,253	(4.6)	13,441	(5.9)	
	Adj. PAT	9,082	9,182	(1.1)	9,035	0.5	
Cipla	Sales	69,593	66,939	4.0	67,297	3.4	We believe Lanreotide supply issue has recovered, while gRevlimid sales is expected to be lower QoQ. Overall, we expect \$220mn US sales and 9% YoY growth in domestic formulation business.
	EBITDA	16,819	17,158	(2.0)	15,376	9.4	
	Margin (%)	24.2	25.6	-147 bps	22.8	132 bps	
	PBT	16,089	16,114	(0.2)	15,043	7.0	
	Adj. PAT	11,905	11,776	1.1	12,218	(2.6)	
Divi's Laboratories	Sales	23,870	21,180	12.7	25,850	(7.7)	We expect another quarter of healthy growth in custom synthesis segment, while API biz should also register double-digit revenue growth given low base. Performance of API business and margin guidance will be key monitorables.
	EBITDA	7,577	6,230	21.6	8,860	(14.5)	
	Margin (%)	31.7	29.4	233 bps	34.3	-253 bps	
	PBT	7,227	6,040	19.7	8,640	(16.4)	
	Adj. PAT	5,384	4,300	25.2	6,620	(18.7)	
Dr. Reddy's Laboratories	Sales	83,982	76,727	9.5	85,060	(1.3)	US sales is likely to decline QoQ given lower gRevlimid sales. Russia business is likely to see healthy growth aided by currency and stable volumes. Revenue growth will also be aided by NRT consolidation.
	EBITDA	20,906	21,270	(1.7)	20,505	2.0	
	Margin (%)	24.9	27.7	-283 bps	24.1	79 bps	
	PBT	18,206	18,767	(3.0)	20,767	(12.3)	
	Adj. PAT	13,695	13,920	(1.6)	15,873	(13.7)	
Eris Lifesciences	Sales	7,610	7,197	5.7	7,053	7.9	We expect moderate revenue growth given supply issues for insulin business. However, margins are likely to remain healthy. Given lower interest cost, we expect strong PAT growth YoY.
	EBITDA	2,714	2,500	8.6	2,524	7.5	
	Margin (%)	35.7	34.7	93 bps	35.8	-13 bps	
	PBT	1,474	1,153	27.8	1,288	14.4	
	Adj. PAT	1,093	832	31.4	938	16.5	
Indoco Remedies	Sales	3,979	4,315	-7.8	3,902	2.0	We expect muted growth on the back of lower regulated sales and higher remediation cost. Clearance of Goa unit 2 & 3 remains a key monitorable.
	EBITDA	104	478	(78.2)	-8	NA	
	Margin (%)	2.6	11.1	-845 bps	-0.2	282 bps	
	PBT	-356	70	NA	-455	NA	
	Adj. PAT	-328	10	NA	-423	NA	

Company Name		Q1FY26E	Q1FY25	YoY gr. (%)	Q4FY25	QoQ gr. (%)	Remarks
Ipca Laboratories	Sales	23,196	20,926	10.8	22,467	3.2	Domestic formulations to sustain momentum, driving healthy YoY growth. Unichem's profitability improvement remains on track. Key focus is on export generics and API business recovery.
	EBITDA	4,327	3,875	11.7	4,098	5.6	
	Margin (%)	18.7	18.5	14 bps	18.2	42 bps	
	PBT	3,302	2,904	13.7	3,331	(0.9)	
	Adj. PAT	2,298	1,922	19.5	2,729	(15.8)	
J.B. Chemicals & Pharmaceuticals	Sales	11,110	10,044	10.6	9,495	17.0	Domestic formulations business is expected to deliver healthy growth YoY. Overall, expect moderate growth for export generics.
	EBITDA	3,072	2,804	9.6	2,265	35.7	
	Margin (%)	27.7	27.9	-26 bps	23.8	380 bps	
	PBT	2,736	2,398	14.1	1,930	41.7	
	Adj. PAT	2,038	1,768	15.3	1,457	39.9	
Lupin	Sales	64,735	56,003	15.6	56,671	14.2	Strong quarter likely, aided by gTolvaptan exclusivity. Margins are expected to improve sharply given better product mix in US.
	EBITDA	17,626	12,864	37.0	12,921	36.4	
	Margin (%)	27.2	23.0	426 bps	22.8	443 bps	
	PBT	14,201	9,930	43.0	8,958	58.5	
	Adj. PAT	11,144	8,013	39.1	7,725	44.3	
Sun Pharmaceutical Industries	Sales	1,35,131	1,26,528	6.8	1,29,588	4.3	Specialty products and domestic formulations are likely to drive YoY growth. Moderate EBITDA growth is projected, given likely higher opex towards specialty. Outlook on new launches in specialty will be a key monitorable.
	EBITDA	38,126	36,581	4.2	34,249	11.3	
	Margin (%)	28.2	28.9	-70 bps	26.4	179 bps	
	PBT	35,926	34,740	3.4	33,248	8.1	
	Adj. PAT	29,691	28,356	4.7	21,499	38.1	
Torrent Pharmaceuticals	Sales	31,297	28,590	9.5	29,590	5.8	Key markets such as India would continue to deliver healthy growth YoY. Expect recovery in Brazil markets YoY. EBITDA margin is likely to remain steady YoY.
	EBITDA	10,267	9,040	13.6	9,640	6.5	
	Margin (%)	32.8	31.6	119 bps	32.6	23 bps	
	PBT	7,918	6,560	20.7	6,890	14.9	
	Adj. PAT	5,859	4,570	28.2	4,980	17.7	
Zydus Lifesciences	Sales	63,970	62,075	3.1	65,279	(2.0)	We expect YoY decline given higher base in US.
	EBITDA	19,143	21,092	(9.2)	21,649	(11.6)	
	Margin (%)	29.9	34.0	-405 bps	33.2	-324 bps	
	PBT	16,818	18,997	(11.5)	18,916	(11.1)	
	Adj. PAT	12,449	14,199	(12.3)	11,709	6.3	

Source: Company, PL

Hospitals: Sustained high mid-teens EBITDA growth

Typically, Q1FY26 is a seasonally soft quarter for hospitals in India, impacted by deferment of elective procedures and reduced footfalls during summer vacations. Despite this, we expect occupancy trends to remain largely stable QoQ, except for RAINBOW, which is likely to see a sequential dip due to seasonal factors. On a YoY basis, occupancies are likely to be lower for KIMS and JLHL due to the addition of new beds, and for ASTERDM, driven by integration of new beds and leadership transition in the Kerala cluster. In KIMS' case, YoY decline is attributable to the commissioning of its Thane unit in Q1, along with the recent consolidation of Nashik and Vizag units, and the addition of 2 O&M hospitals in Sangli and Hyderabad. We anticipate ARPOB to continue to remain healthy YoY, aided by improving case and payor mix. We anticipate another quarter of strong growth in EBITDA across our universe of hospital companies due to healthy earnings. Further, we see stable EBITDA growth QoQ.

Overall, hospital companies are expected to post ~19% YoY growth (flat QoQ growth) in post-IND AS EBITDA (~14% YoY EBITDA growth excluding Rs1.35bn loss in APHS 24x7) in Q1. 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 KIMS and JLHL.

- **Hospitals to post healthy performance YoY:** APHS hospital segment is likely to report 13% YoY growth driven by 6-7% increase in ARPOB. **MAXHEALT** is likely to continue to report healthy 21% YoY growth in EBITDA, led by the ramp-up in acquired units at Lucknow, Nagpur and Noida, whereas greenfield Dwarka unit ramped up well. Overall EBITDA growth will be below revenue growth as Q1 has elevated cost related to personnel. In the case of **NARH**, growth will be aided by the Cayman business. We foresee India hospital EBITDA to report moderate 11% YoY growth led by continued ARPOB improvement, while Cayman is likely to deliver another quarter of strong EBITDA growth of 32%+ YoY, supported by the upcoming commercialization of its new unit in Q3FY26. On a consolidated level, we expect ~16% YoY (down 2% QoQ) growth in EBITDA. We have factored in Rs240mn loss from NHIC subsidiary. We anticipate **KIMS** to report a healthy EBITDA growth of 17% YoY, despite losses from commercialization of Thane unit, aided by the ramp-up in Sunshine, Nagpur and its flagship units. KIMS operationalized 100 beds at its Thane facility in Q1, following the addition of new beds across Vizag, Kannur and Nashik in Q3FY25. We expect a loss of Rs150mn from the Thane unit in Q1, while the Nashik facility should achieve break-even or see marginal negative EBITDA for Q2. **JLHL** is expected to deliver robust 22% YoY EBITDA growth driven by higher ARPOB and new bed additions in Indore unit. This facility is likely to see meaningful ramp-up following the commercialization of 78 brownfield beds in Q4FY25. Overall occupancy is expected to improve sequentially, though it may remain lower YoY given new bed additions. We anticipate a strong quarter for **HCG** with 19%+ YoY EBITDA growth aided by Vizag unit consolidation in Q3FY25 and higher occupancy across existing units. For **ASTERDM**, we expect a sequential improvement in occupancy driven by gradual recovery in the Kerala cluster. EBITDA is likely to grow by a

healthy 18% YoY, supported by a low base and improved margins. **RAINBOW** is likely to report seasonally muted Q1, with occupancy declining sequentially due to lower pediatric and maternity volumes. The 280 beds added in Q4FY24 are in the early stages of ramp-up and are yet to contribute meaningfully. We anticipate single-digit revenue growth and low double-digit EBITDA growth YoY.

- **APHS 24x7 losses to moderate** : APHS is likely to report 19% YoY growth in post-IND AS EBITDA. We have factored losses of Rs1.35bn (including ESOP) from 24x7 expected in Q1FY26 vs Rs1.6bn QoQ and Rs1.5bn in Q1FY25. Adjusting for these losses, we see ~14% YoY growth in EBITDA for APHS. **FORH** hospital business is likely to see robust 21% YoY EBITDA growth aided by improved operating leverage. We see addition of ~100 new beds, largely brownfield, in Q1. FORH's occupancy is expected to remain steady due to operationalization of Noida and FMRI units. The diagnostics business is also expected to show strong YoY profitability given the low base. Overall, we forecast a 21% YoY increase in EBITDA with stable margins on a sequential basis. A key monitorable remains the pace of margin expansion in the hospital segment.
- Top picks
- **KIMS** – KIMS' acquisitions of Sunshine, Nashik and Nagpur units are value accretive, and expansion plan of ~2,370 beds over the next 2 years will sustain growth momentum, in our view. The new leadership team hiring across Karnataka and Kerala provides comfort for faster ramp-up in these clusters. Given its lean cost structure, partnership with local doctors, and leadership outside Andhra Pradesh and Telangana, the management remains confident of achieving faster breakeven and +25% OPM across Maharashtra, Karnataka and Kerala clusters over the next 4-5 years. Further, new clinical talent hiring and addition of sub-specialties across Telangana units will lead to ramp-up in revenue and profitability.
- **JLHL** - The company reported revenue/EBITDA CAGR of 20%/25% over FY22-25. Given its expansion plans, scale-up in occupancy and improving margins, growth momentum is expected to sustain over the medium term. We believe strategic greenfield expansions in densely populated micro markets of western regions will drive sustainable growth.

Exhibit 10: Q1 to see strong YoY growth

EBITDA (Rs mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26E	YoY gr. (%)	QoQ gr. (%)
APHS IN	6,751	8,155	7,615	7,697	8,021	18.8	4.2
ASTERDM IN	1,659	2,247	1,938	1,854	1,963	18.3	5.9
FORH IN	3,424	4,348	3,752	4,355	4,143	21.0	-4.9
HCG IN	909	1,023	884	1,057	1,086	19.4	2.7
JLHL IN	639	750	750	783	776	21.5	-0.8
KIMS IN	1,794	2,181	1,872	1,980	2,100	17.0	6.1
MAXHEALT IN	4,990	5,660	6,220	6,320	6,052	21.3	-4.2
NARH IN	3,039	3,084	3,074	3,577	3,518	15.8	-1.7
RAINBOW IN	937	1,471	1,344	1,147	1,037	10.7	-9.6
Total	24,142	28,919	27,448	28,770	28,696	18.9	-0.3

Source: Company, PL

Exhibit 11: KIMS & MAXHEALTH margins down YoY due to consolidation of new units

Margin (%)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26E	YoY chng.	QoQ chng.
APHS IN	13.3	14.6	13.8	13.8	14.1	+84 bps	+35 bps
ASTERDM IN	16.6	20.7	18.5	18.5	18.6	+203bps	+5 bps
FORH IN	18.4	21.9	19.5	21.7	19.9	+148 bps	-179 bps
HCG IN	17.3	18.5	15.8	18.1	18.0	+70 bps	-7bps
JLHL IN	22.2	23.2	23.4	24.0	23.5	+125 bps	-46 bps
KIMS IN	26.1	28.1	24.2	24.8	23.7	-233 bps	-112 bps
MAXHEALT IN	25.8	26.6	27.3	27.2	25.3	-49 bps	-187 bps
NARH IN	22.7	22.0	23.0	24.2	22.9	+21 bps	-137 bps
RAINBOW IN	28.4	35.2	33.8	31.0	30.0	+162 bps	-100 bps

Source: Company, PL

Exhibit 12: Healthy ARPOB expected in Q1 (Rs/day)

Company Name	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY gr. (%)	QoQ gr. (%)
APHS IN	59,523	59,073	59,011	60,839	63,569	6.8	4.5
ASTERDM IN	42,400	44,200	43,000	45,500	47,800	12.7	5.1
FORH IN	63,442	65,924	64,932	67,123	68,767	8.4	2.4
HCG IN	42,741	44,342	45,188	44,284	44,236	3.5	-0.1
JLHL IN	58,728	59,700	55,700	61,750	65,453	11.5	6.0
KIMS IN	34,270	38,458	38,263	38,472	41,469	21.0	7.8
MAXHEALT IN	76,900	77,100	76,100	75,900	77,100	0.3	1.6
NARH IN	41,918	41,370	41,096	41,918	46,301	10.5	10.5
RAINBOW IN	54,185	56,212	49,770	53,404	58,057	7.1	8.7

Source: Company, PL

Exhibit 13: Occupancy to remain largely stable QoQ, except for RAINBOW

Occupancy (%)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26E
APHS IN	68	73	68	67	68
ASTERDM IN	67	72	63	59	62
FORH IN	67	72	67	69	69
HCG IN	66	66	62	67	66
JLHL IN	64	71	66	59	61
KIMS IN	66	77	58	55	58
MAXHEALT IN	75	81	75	75	75
RAINBOW IN	42	60	53	47	43

Source: Company, PL

Exhibit 14: Q1FY26 Result Preview – Hospitals

Company Name		Q1FY26E	Q1FY25	YoY gr. (%)	Q4FY25	QoQ gr. (%)	Remarks
Apollo Hospitals Enterprise	Sales	56,816	50,856	11.7	55,922	1.6	Hospital business EBITDA likely to grow by 13% YoY aided by higher ARPOB and steady occupancy. Losses from 24x7 expected to be moderated QoQ at Rs.1.35bn. SAP revenues to see 16% YoY growth. Adj for 24x7 losses incl. ESOP charges, expect 14% YoY EBITDA growth.
	EBITDA	8,021	6,751	18.8	7,697	4.2	
	Margin (%)	14.1	13.3	84 bps	13.8	35 bps	
	PBT	5,220	4,185	24.7	5,050	3.4	
	Adj. PAT	3,656	3,052	19.8	3,896	(6.2)	
Aster DM Healthcare	Sales	10,559	10,019	5.4	10,003	5.6	We expect healthy EBITDA growth of 18% YoY aided by low base and higher margins. Expect marginal QoQ improvement in EBITDA and also occupancy to improve QoQ given gradual recovery in Kerala cluster.
	EBITDA	1,963	1,659	18.3	1,854	5.9	
	Margin (%)	18.6	16.6	203 bps	18.5	5 bps	
	PBT	1,343	1,251	7.3	1,205	11.5	
	Adj. PAT	899	734	22.5	784	14.6	
Fortis Healthcare	Sales	20,815	18,588	12.0	20,072	3.7	Hospital EBITDA likely to see robust 21% YoY growth; aided by improved operating leverage. Diagnostic biz will continue to see healthy YoY growth given lower base. Occupancies to remain steady due to operationalization of ~100 brownfield beds, primarily in Noida and FMRI
	EBITDA	4,143	3,424	21.0	4,355	(4.9)	
	Margin (%)	19.9	18.4	148 bps	21.7	-179 bps	
	PBT	2,598	2,292	13.4	2,855	(9.0)	
	Adj. PAT	1,918	1,659	15.7	1,839	4.3	
HealthCare Global Enterprises	Sales	6,032	5,256	14.8	5,852	3.1	Expect strong quarter with higher EBITDA growth aided by Vizag unit consolidation in Q3 and higher occupancy across existing units.
	EBITDA	1,086	909	19.4	1,057	2.7	
	Margin (%)	18.0	17.3	70 bps	18.1	-7 bps	
	PBT	161	190	(15.4)	137	17.2	
	Adj. PAT	118	121	(2.7)	74	59.6	
Jupiter Life Line Hospitals	Sales	3,259	2,871	13.5	3,267	(0.3)	Anticipate JLHL to report healthy ~22% YoY EBITDA growth driven by higher ARPOB and new bed addition in Indore unit. Occupancy to improve sequentially though it may remain lower YoY given new addition.
	EBITDA	732	639	14.6	783	(6.5)	
	Margin (%)	22.5	22.2	21 bps	24.0	-150 bps	
	PBT	582	601	(3.3)	621	(6.3)	
	Adj. PAT	425	446	(4.7)	449	(5.2)	
Krishna Institute of Medical Sciences	Sales	8,849	6,884	28.5	7,969	11.0	Expect a healthy EBITDA growth of 17% YoY despite losses from commercialization of Thane unit aided by ramp up in Sunshine, Nagpur and its flagship units. Expect a loss of Rs 150mn from the Thane unit in Q1, while the Nashik facility should report break-even/marginal negative EBITDA for Q2.
	EBITDA	2,100	1,794	17.0	1,980	6.1	
	Margin (%)	23.7	26.1	-233 bps	24.8	-112 bps	
	PBT	1,275	1,271	0.3	1,232	3.5	
	Adj. PAT	880	866	1.6	910	(3.3)	
Max Healthcare Institute	Sales	23,923	19,350	23.6	23,260	2.9	We anticipate healthy occupancy and ARPOB YoY in existing units. EBITDA will continue to see healthy YoY growth led by ramp-up in acquired units at Lucknow, Nagpur and Noida. Overall EBITDA growth will track below revenue growth as Q1 has elevated costs related to personnel.
	EBITDA	6,052	4,990	21.3	6,320	(4.2)	
	Margin (%)	25.3	25.8	-49 bps	27.2	-187 bps	
	PBT	4,552	4,010	13.5	4,820	(5.6)	
	Adj. PAT	3,642	2,950	23.5	3,760	(3.1)	
Narayana Hrudayalaya	Sales	15,381	13,410	14.7	14,754	4.2	India hospital EBITDA to report moderate YoY growth, while Cayman is likely to deliver strong YoY growth, supported by the upcoming commercialization of its new unit in Q3FY25.
	EBITDA	3,518	3,039	15.8	3,577	(1.7)	
	Margin (%)	22.9	22.7	21 bps	24.2	-137 bps	
	PBT	2,548	2,317	10.0	2,614	(2.5)	
	Adj. PAT	2,141	2,016	6.2	1,963	9.1	
Rainbow Children's Medicare	Sales	3,457	3,302	4.7	3,701	(6.6)	Expect to report seasonally moderate Q1, with occupancy declining sequentially due to lower pediatric and maternity volumes. Anticipate single digit revenue growth.
	EBITDA	1,037	937	10.7	1,147	(9.6)	
	Margin (%)	30.0	28.4	162 bps	31.0	-100 bps	
	PBT	647	534	21.3	770	(15.9)	
	Adj. PAT	475	395	20.2	563	(15.7)	

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	FY25	FY26E	FY27E	FY24	FY25	FY26E	FY27E	FY24	FY25	FY26E	FY27E	FY24	FY25	FY26E	FY27E	FY24	FY25	FY26E	FY27E	FY24	FY25	FY26E	FY27E
Aurobindo Pharma	C	Buy	1,185	1,440	688.3	290.0	317.2	342.3	373.6	58.4	66.1	71.5	79.5	35.6	34.9	40.8	46.8	60.7	60.0	70.3	80.6	12.5	11.2	11.8	12.2	19.5	19.7	16.9	14.7
Cipla	C	BUY	1,511	1,730	1,219.5	257.7	275.5	298.9	320.5	62.9	71.3	72.0	75.3	41.2	52.7	51.0	52.9	51.1	65.3	63.1	65.5	16.5	18.2	15.5	14.5	29.6	23.1	23.9	23.1
Divi's Laboratories	C	Acc	6,889	6,800	1,825.5	78.6	94.0	110.0	127.0	22.2	30.0	37.3	44.8	16.2	25.2	27.2	32.9	61.1	95.2	102.7	124.2	12.3	17.7	17.1	18.1	112.8	72.4	67.1	55.4
Dr. Reddy's Laboratories	C	Reduce	1,311	1,225	1,093.0	279.2	325.5	355.9	354.6	78.4	86.2	91.9	73.3	55.7	56.5	57.2	43.3	66.8	67.8	68.6	51.9	21.8	18.4	16.1	11.0	19.6	19.3	19.1	25.2
Eris Lifesciences	C	BUY	1,734	1,740	235.8	20.1	28.9	32.7	36.7	6.7	10.2	11.8	13.6	3.9	3.5	5.2	7.3	28.6	25.6	38.5	53.4	16.3	12.8	17.1	20.3	60.6	67.7	45.1	32.5
Indoco Remedies	C	Hold	330	325	30.4	18.2	16.6	18.3	21.1	2.4	1.0	1.6	3.0	0.9	-0.8	-0.1	0.9	9.3	-8.6	-1.6	9.6	8.0	-7.4	-1.5	8.5	35.5	-38.5	-205.3	34.2
Ipca Laboratories	C	Acc	1,456	1,525	369.4	77.1	89.4	98.5	110.0	12.9	16.9	19.9	23.3	6.6	9.4	10.6	12.8	25.8	37.2	42.0	50.6	10.8	14.2	14.3	14.9	56.4	39.2	34.7	28.8
J.B. Chemicals & Pharmaceuticals	C	BUY	1,633	2,030	253.4	34.8	39.2	43.9	49.2	9.0	10.3	12.1	14.4	5.5	6.6	8.1	9.8	35.6	42.5	52.4	63.0	20.5	20.8	21.9	22.4	45.9	38.4	31.2	25.9
Lupin	C	BUY	1,979	2,400	903.4	198.1	227.1	253.6	270.3	35.9	52.8	63.9	65.4	19.0	32.8	40.5	42.7	41.7	71.7	88.8	93.5	14.2	20.8	21.3	18.6	47.5	27.6	22.3	21.2
Sun Pharmaceutical Industries	C	BUY	1,680	2,000	4,030.6	485.0	525.8	572.3	633.0	129.9	150.9	157.7	188.7	95.8	109.3	122.9	149.0	41.8	49.2	51.2	62.1	16.0	16.1	16.2	17.6	40.2	34.2	32.8	27.1
Torrent Pharmaceuticals	C	Acc	3,354	3,850	1,133.7	107.3	115.2	129.6	145.1	33.7	37.2	43.1	49.4	16.6	19.1	25.4	31.1	46.4	57.2	75.3	91.9	24.0	26.8	30.8	32.0	72.3	58.6	44.6	36.5
Zydus Lifesciences	C	Acc	999	970	1,004.8	195.5	232.4	249.2	252.7	53.0	69.0	66.9	58.8	38.4	45.3	45.3	40.2	38.1	45.0	45.0	40.0	20.5	20.7	17.7	14.1	26.2	22.2	22.2	25.0

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					
						FY26E			FY27E			FY26E			FY27E			FY26E			FY27E		
	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	1,440	1,440	0.0%	3,42,259	3,42,259	0.0%	3,73,649	3,73,649	0.0%	40,803	40,803	0.0%	46,820	46,820	0.0%	70.3	70.3	0.0%	80.6	80.6	0.0%
Cipla	BUY	BUY	1,730	1,730	0.0%	2,98,949	2,98,949	0.0%	3,20,499	3,20,499	0.0%	50,962	50,962	0.0%	52,896	52,896	0.0%	63.1	63.1	0.0%	65.5	65.5	0.0%
Divi's Laboratories	Acc	Acc	6,800	6,800	0.0%	1,09,952	1,09,952	0.0%	1,26,999	1,26,999	0.0%	27,215	27,215	0.0%	32,921	32,921	0.0%	102.7	102.7	0.0%	124.2	124.2	0.0%
Dr. Reddy's Laboratories	Reduce	Reduce	1,225	1,225	0.0%	3,55,851	3,55,851	0.0%	3,54,559	3,59,622	-1.4%	57,210	57,210	0.0%	43,291	42,802	1.1%	68.6	68.6	0.0%	51.9	51.3	1.1%
Eris Lifesciences	BUY	BUY	1,740	1,740	0.0%	32,688	32,688	0.0%	36,710	36,710	0.0%	5,234	5,234	0.0%	7,260	7,260	0.0%	38.5	38.5	0.0%	53.4	53.4	0.0%
Indoco Remedies	Hold	Hold	325	325	0.0%	18,310	19,055	-3.9%	21,065	21,890	-3.8%	-148	295	-150.1%	889	1,380	-35.5%	-1.6	3.2	-150.1%	9.6	15.0	-35.6%
Ipca Laboratories	Acc	Acc	1,525	1,525	0.0%	98,531	98,531	0.0%	1,10,039	1,10,039	0.0%	10,647	10,647	0.0%	12,827	12,827	0.0%	42.0	42.0	0.0%	50.6	50.6	0.0%
J.B. Chemicals & Pharmaceuticals	BUY	BUY	2,030	2,030	0.0%	43,913	43,913	0.0%	49,245	49,245	0.0%	8,135	8,135	0.0%	9,780	9,780	0.0%	52.4	52.4	0.0%	63.0	63.0	0.0%
Lupin	BUY	BUY	2,400	2,400	0.0%	2,53,588	2,53,588	0.0%	2,70,287	2,70,287	0.0%	40,531	40,531	0.0%	42,676	42,676	0.0%	88.8	88.8	0.0%	93.5	93.5	0.0%
Sun Pharmaceutical Industries	BUY	BUY	2,000	2,000	0.0%	5,72,287	5,72,287	0.0%	6,32,993	6,32,993	0.0%	1,22,866	1,22,866	0.0%	1,48,980	1,48,980	0.0%	51.2	51.2	0.0%	62.1	62.1	0.0%
Torrent Pharmaceuticals	Acc	Acc	3,850	3,850	0.0%	1,29,624	1,29,624	0.0%	1,45,058	1,45,058	0.0%	25,436	25,436	0.0%	31,074	31,074	0.0%	75.3	75.3	0.0%	91.9	91.9	0.0%
Zydus Lifesciences	Acc	Acc	970	970	0.0%	2,49,213	2,49,213	0.0%	2,52,667	2,52,667	0.0%	45,252	45,252	0.0%	40,208	40,208	0.0%	45.0	45.0	0.0%	40.0	40.0	0.0%

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	FY25	FY26E	FY27E	FY24	FY25	FY26E	FY27E	FY24	FY25	FY26E	FY27E	FY24	FY25	FY26E	FY27E	FY24	FY25	FY26E	FY27E	FY24	FY25	FY26E	FY27E
Apollo Hospitals Enterprise	C	BUY	7,616	8,350	1,095.2	190.6	217.9	248.5	293.7	23.9	30.2	38.3	49.0	9.0	14.5	19.6	26.8	62.5	100.5	136.0	186.4	13.7	19.1	21.6	24.1	121.9	75.7	56.0	40.9
Aster DM Healthcare	C	BUY	622	620	310.6	37.0	41.4	48.0	56.6	5.9	7.7	9.6	12.0	1.9	3.1	4.9	6.7	3.7	6.2	9.9	13.5	6.0	7.7	13.9	17.5	167.0	100.5	63.0	46.0
Fortis Healthcare	C	BUY	806	785	608.5	68.9	77.8	87.5	98.9	12.7	15.9	19.5	23.3	5.8	8.6	9.8	12.7	7.7	11.4	13.0	16.9	7.8	10.4	10.5	12.3	104.4	70.5	62.2	47.8
HealthCare Global Enterprises	C	BUY	560	620	78.1	19.1	22.2	25.2	28.9	3.3	3.9	4.9	5.8	0.5	0.4	1.0	1.9	3.5	3.2	7.3	13.6	5.2	5.1	10.5	16.9	162.1	175.9	76.6	41.2
Jupiter Life Line Hospitals	C	BUY	1,531	1,720	100.4	10.6	12.6	14.5	17.7	2.3	3.0	3.6	4.3	1.6	1.9	2.3	2.6	24.9	29.5	34.5	39.3	21.2	15.3	15.4	15.2	61.6	51.9	44.4	38.9
Krishna Institute of Medical Sciences	C	BUY	695	725	278.1	25.0	30.4	38.7	48.4	6.4	7.8	9.5	12.3	3.1	3.7	4.2	5.9	7.7	9.3	10.6	14.7	17.7	18.8	18.1	20.6	89.7	74.4	65.4	47.3
Max Healthcare Institute	C	BUY	1,300	1,300	1,263.4	68.5	86.7	111.6	131.7	19.1	23.2	29.6	36.6	12.8	14.9	19.9	26.1	13.1	15.3	20.4	26.8	15.5	15.0	17.4	19.5	98.8	84.9	63.6	48.4
Narayana Hrudayalaya	C	BUY	1,990	1,950	406.7	50.2	54.8	62.2	69.8	11.5	12.8	15.1	18.0	7.9	7.9	9.7	11.9	38.6	38.6	47.7	58.4	31.5	24.5	24.0	23.8	51.5	51.5	41.8	34.1
Rainbow Children's Medicare	C	BUY	1,573	1,725	159.8	13.0	15.2	18.0	21.4	4.3	4.9	5.9	7.1	2.2	2.4	3.0	3.8	21.4	24.0	29.4	37.8	18.7	17.8	18.7	20.4	73.6	65.6	53.5	41.6

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					
						FY26E			FY27E			FY26E			FY27E			FY26E			FY27E		
	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	8,350	8,350	0.0%	2,48,549	2,48,549	0.0%	2,93,728	2,93,728	0.0%	19,556	19,556	0.0%	26,799	26,799	0.0%	136.0	136.0	0.0%	186.4	186.4	0.0%
Aster DM Healthcare	BUY	BUY	620	620	0.0%	47,981	47,981	0.0%	56,616	56,616	0.0%	4,930	4,990	-1.2%	6,749	6,749	0.0%	9.9	10.0	-1.2%	13.5	13.5	0.0%
Fortis Healthcare	BUY	BUY	785	785	0.0%	87,494	87,494	0.0%	98,881	98,881	0.0%	9,783	9,783	0.0%	12,733	12,733	0.0%	13.0	13.0	0.0%	16.9	16.9	0.0%
HealthCare Global Enterprises	BUY	BUY	620	620	0.0%	25,160	25,160	0.0%	28,949	28,949	0.0%	1,019	1,019	0.0%	1,897	1,897	0.0%	7.3	7.3	0.0%	13.6	13.6	0.0%
Jupiter Life Line Hospitals	BUY	BUY	1,720	1,720	0.0%	14,484	14,484	0.0%	17,672	17,672	0.0%	2,261	2,261	0.0%	2,577	2,616	-1.5%	34.5	34.5	0.0%	39.3	39.9	-1.5%
Krishna Institute of Medical Sciences	BUY	BUY	725	725	0.0%	38,723	38,723	0.0%	48,376	48,376	0.0%	4,250	4,250	0.0%	5,874	5,874	0.0%	10.6	10.6	0.0%	14.7	14.7	0.0%
Max Healthcare Institute	BUY	BUY	1,300	1,300	0.0%	1,11,589	1,11,589	0.0%	1,31,708	1,31,708	0.0%	19,873	19,873	0.0%	26,084	26,084	0.0%	20.4	20.4	0.0%	26.8	26.8	0.0%
Narayana Hrudayalaya	BUY	BUY	1,950	1,950	0.0%	62,200	62,200	0.0%	69,760	69,760	0.0%	9,741	9,741	0.0%	11,936	11,936	0.0%	47.7	47.7	0.0%	58.4	58.4	0.0%
Rainbow Children's Medicare	BUY	BUY	1,725	1,725	0.0%	18,013	18,013	0.0%	21,434	21,434	0.0%	2,983	2,983	0.0%	3,836	3,836	0.0%	29.4	29.4	0.0%	37.8	37.8	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	8,350	7,496
2	Aster DM Healthcare	BUY	620	551
3	Aurobindo Pharma	BUY	1,440	1,191
4	Cipla	BUY	1,730	1,520
5	Divi's Laboratories	Accumulate	6,800	6,280
6	Dr. Reddy's Laboratories	Reduce	1,225	1,156
7	Eris Lifesciences	BUY	1,740	1,444
8	Fortis Healthcare	BUY	785	672
9	HealthCare Global Enterprises	BUY	620	560
10	Indoco Remedies	Hold	325	233
11	Ipca Laboratories	Accumulate	1,525	1,425
12	J.B. Chemicals & Pharmaceuticals	BUY	2,030	1,641
13	Jupiter Life Line Hospitals	BUY	1,720	1,422
14	Krishna Institute of Medical Sciences	BUY	725	663
15	Lupin	BUY	2,400	2,073
16	Max Healthcare Institute	BUY	1,300	1,142
17	Narayana Hrudayalaya	BUY	1,950	1,743
18	Rainbow Children's Medicare	BUY	1,725	1,358
19	Sun Pharmaceutical Industries	BUY	2,000	1,719
20	Sunteck Realty	BUY	650	401
21	Torrent Pharmaceuticals	Accumulate	3,850	3,408
22	Zydus Lifesciences	Accumulate	970	884

PL's Recommendation Nomenclature

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

ANALYST CERTIFICATION

(Indian Clients)

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