

Pharmaceuticals & Healthcare

India growth to recover; US to remain stable

We expect pharma and healthcare companies under our coverage to report moderate growth during the quarter ended Dec'20. We expect easing of lockdown to support some recovery in acute portfolio and injectable products. US revenues may witness marginal growth sequentially led by improvement in volumes of injectables, specialty portfolio and new launches. We estimate India business to grow in high single digit as seen in secondary sales data. We forecast the EBITDA margin of covered companies at ~22% (+130bps YoY) led by revenue growth and cost control measures. Hospitals and diagnostic centres can report significant recovery QoQ with rise in occupancy levels and pathology test volumes. Overall, we expect our coverage universe to report ~8% revenue growth.

- **India secondary sales:** The Indian pharma market witnessed a growth of 6.4% in value terms for Q3FY21 (*source: AWACS*). Volumes declined 1.9%, while prices and new introductions grew 4.9% and 3.4%, respectively. We expect primary sales YoY growth for under coverage companies similar or faster than the industry.
- **US generics:** US sales may grow ~2% QoQ in Q3FY21. Dr Reddy's and Glenmark will have largely flattish sales. We expect Lupin, Alkem, Alembic and Strides to show QoQ growth in US sales led by injectables, specialty products and new launches. Other companies would remain largely flattish in a stable environment.
- **Companies to watch:** We expect relatively better results from: 1) Aurobindo with new product approvals and stable pricing; 2) Dr Reddy's & Biocon with new product launches in the US; 3) Sun & Alembic with traction in existing and specialty products and 4) Divis lab led by strong demand for APIs from India. Healthcare companies would report decent recovery in non-COVID business as lockdown restrictions have been eased.
- **Key factors to watch out during management commentary:** i) Growth outlook in India for the industry and respective companies, ii) update on restart of USFDA inspections, iii) price scenario in base US business and traction in specialty products, iv) growth in emerging markets with demand outlook and v) sustainability of recovery in diagnostics and hospitals.

Quarterly summary

Company (Rs mn)	Sales			EBITDA			Adj. PAT		
	Q3FY21E	% Chg (YoY)	(QoQ)	Q3FY21E	% Chg (YoY)	(QoQ)	Q3FY21E	% Chg (YoY)	(QoQ)
Abbott India	11,429	6.0	8.4	2,594	8.2	7.8	2,004	7.3	10.9
Alembic Pharma	14,409	19.2	(1.1)	4,034	24.1	(9.0)	2,554	9.0	(23.4)
Alkem	23,640	8.3	0.1	5,319	17.3	(11.4)	3,893	1.9	(17.5)
Apollo Hospital	30,361	4.3	10.0	3,719	(13.5)	24.0	588	(36.2)	136.6
Aster DM	23,809	2.5	5.0	3,928	2.0	44.9	1,332	(14.9)	305.4
Aurobindo	63,104	7.0	(2.7)	13,126	8.7	(8.4)	7,888	11.3	(1.6)
Biocon	19,481	11.4	11.6	4,951	11.5	26.5	2,399	18.3	41.7
Cadila	38,479	6.2	0.4	8,065	20.0	(8.2)	4,497	25.4	(23.4)
Cipla	48,025	9.9	(4.7)	10,109	24.7	(14.1)	5,434	40.2	(18.3)
Divis Labs	16,705	19.6	(4.5)	6,473	31.1	(12.7)	4,556	26.9	(12.3)
Dr Lal Pathlabs	4,119	25.6	(4.6)	1,153	40.0	(9.4)	801	48.1	(6.0)
Dr Reddy's	50,069	14.2	2.3	12,029	18.1	(1.5)	6,191	18.4	(25.5)
Fortis Health.	11,338	(3.0)	14.0	1,757	12.0	46.4	430	67.7	(1,135)
Glenmark	28,561	4.4	(3.3)	5,216	18.5	(8.5)	2,178	14.1	(19.7)
GSK	8,642	11.0	(1.7)	2,031	63.3	(0.9)	1,472	64.6	27.9
HCG	2,715	(2.3)	9.5	380	(16.9)	26.6	(165)	(27.8)	(26.1)
JB Chemicals	5,175	20.7	16.7	1,268	41.5	15.1	897	35.3	21.3
Jubilant Life	25,255	9.1	6.3	5,430	7.0	11.7	2,590	8.8	15.6
Lupin	40,109	6.4	4.6	6,738	57.0	15.9	3,663	236.1	73.6
Metropolis	2,940	31.9	2.0	863	35.8	(5.0)	571	35.7	(5.3)
Natco Pharma	4,921	2.0	(38.7)	1,378	(4.1)	(50.2)	1,078	(7.6)	(46.7)
Pfizer	5,920	10.0	(0.6)	1,764	32.2	(13.2)	1,187	5.2	(9.7)
Sanofi India**	7,671	(7.2)	11.7	2,096	17.6	9.1	1,534	40.3	15.3
Shilpa Medicare	2,574	8.7	(7.7)	643	(12.8)	(6.3)	387	(29.7)	(14.8)
Strides Pharma	8,207	12.0	3.4	1,632	(9.8)	3.8	601	(23.7)	20.7
Sun Pharma	88,617	8.7	3.6	19,496	5.9	(11.1)	10,895	19.3	(31.5)
Thyrocare	1,523	44.0	(0.6)	598	36.6	(3.3)	394	43.3	(8.5)
Torrent Pharma	20,541	4.5	1.8	6,368	17.9	0.3	3,387	35.0	9.3

Source: I-Sec research; Note: Q4CY20 estimates for Sanofi India

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Domestic market trends: Secondary data

AWACS data for Dec'20 shows India Pharma Market (IPM) had a growth rate of 3.1% in value terms over the year (MAT Dec'20). Adjusting for seasonality and free samples, industry grew at similar levels (3.2%) for the 12 months ended Dec'20. Chronic products portfolio grew at 8.5%, while acute portfolio remained flattish with a growth of 0.4% over the year in MAT terms.

Top-growing categories (MAT Dec'20):

- Anti-infectives declined 2.1%, while respiratory grew 0.2%, YoY.
- Chronic products segment continued to drive sales in the markets growing at an overall 8.5% rate with 13.4% YoY growth in cardiovascular and 7.8% YoY growth in anti-diabetic segments.
- Gastro-intestinal and derma sales grew 2.7% and 0.7% YoY, respectively, while VMN and Neuro/CNS grew 6.6% and 5.4%, respectively.
- Pain/Analgesics, anti-neoplastics and gynaec declined 2.8%, 3.2% and 3.5% YoY, respectively.
- Urology grew 7.8%, while ophthalmology declined 8.0% YoY, respectively.

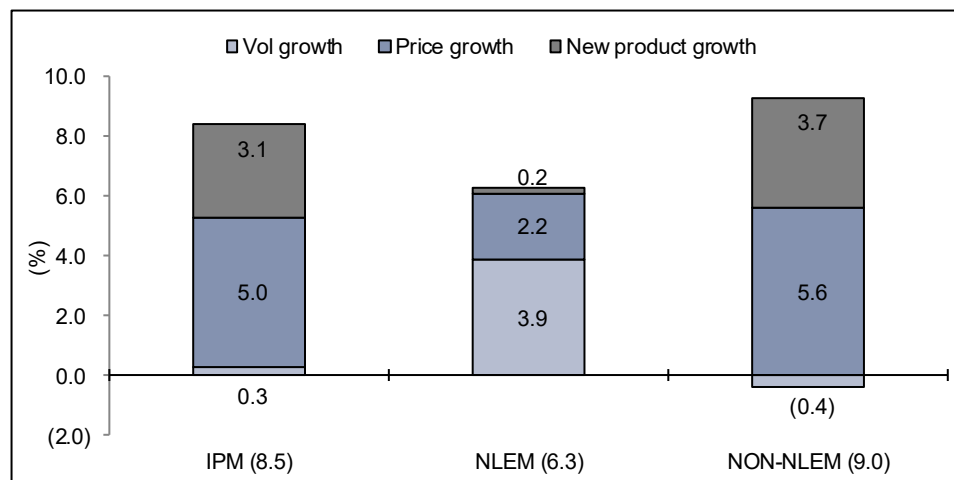
Winners in domestic sales growth (top 20 companies in the Indian market) with MAT in excess of 7% (with bonus units): Cipla, Aristo, Glenmark, Pfizer, USV and Ipca. Losers in domestic sales growth (sales growth less than 4%): Zydus, Lupin, Alkem, Dr Reddy's, GSK and Sanofi.

Table 1: Domestic growth rate of key companies

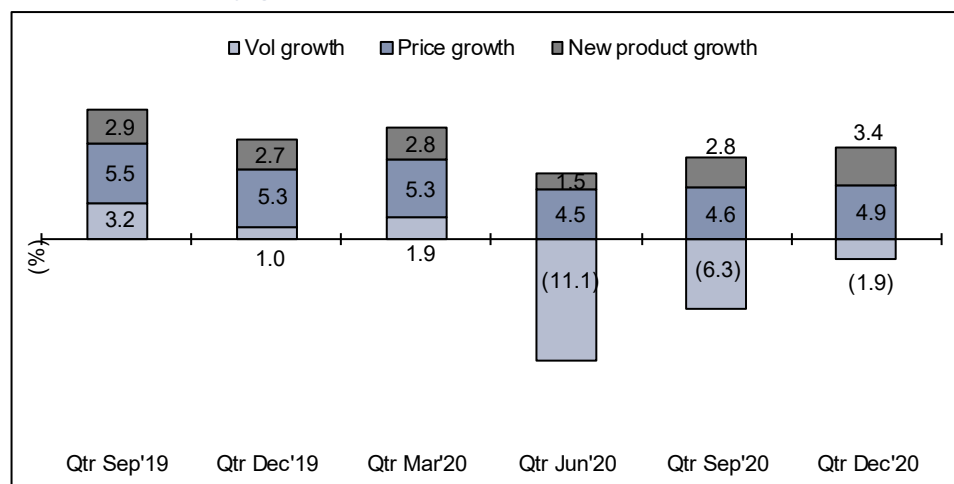
	YoY Growth (%)			Avg. Oct-Dec'20	MAT Dec'20
	Oct'20	Nov'20	Dec'20		
Industry	9.6	1.0	8.5	6.4	3.1
Sun + Ranbaxy	8.6	1.8	7.9	6.1	4.4
Abbott + Abbott HC + Novo	10.8	1.9	10.0	7.6	4.1
Cipla	22.0	12.6	15.3	16.6	8.2
Mankind	8.8	(5.4)	8.8	4.1	6.0
Zydus	14.7	5.7	11.6	10.7	4.0
Lupin	9.5	3.1	11.4	8.0	4.0
Alkem + Cachet + Indchemie	12.7	2.2	8.2	7.7	0.7
Torrent	10.8	1.9	11.0	7.9	6.9
Intas	13.9	3.1	10.7	9.2	4.4
Macleods	9.7	1.4	8.8	6.6	5.3
Dr. Reddys	8.0	0.3	6.2	4.8	2.1
Aristo	10.9	2.2	9.5	7.5	9.0
Glaxo	4.5	(3.2)	3.8	1.7	(5.4)
Emcure + Zuventus	13.9	9.9	17.1	13.6	6.5
Glenmark	22.9	14.5	13.6	17.0	16.1
Pfizer	5.5	(3.1)	7.5	3.3	7.4
Sanofi India	15.0	9.3	10.4	11.6	4.0
USV	15.1	4.1	12.3	10.5	10.1
Micro	6.4	(0.6)	9.9	5.2	4.4
Ipca	15.8	4.9	16.6	12.4	11.4

Note: Abbott includes Novo, Cadila includes Biochem, Alkem includes Cachet and Indchemie and Emcure includes Zuventus

Source: AWACS data, I-Sec research

Chart 1: Growth drivers for Dec'20

Source: AIOCD AWACS data, I-Sec research

Chart 2: Quarterly growth drivers (YoY)

Source: AIOCD AWACS data, I-Sec research

Table 2: Estimates for Q3FY21

(Rs mn)	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21E	% YoY	% QoQ	Comments
Abbott India								
Revenue	10,783	9,612	10,643	10,549	11,429	6.0	8.4	1) India to grow at 6% with recovery in the acute segment and continued traction in its Novo portfolio. 2) EBITDA margin to benefit from the cost saving measures implemented during lockdown which would sustain partially.
EBITDA	2,397	1,384	2,334	2,407	2,594	8.2	7.8	
EBITDA Margin (%)	22.2	14.4	21.9	22.8	22.7	50bps	(10)bps	
PAT	1,867	1,110	1,804	1,807	2,004	7.3	10.9	
EPS (Rs)	87.9	52.2	84.9	85.1	94.3	7.3	10.9	
Alembic Pharma								
Revenue	12,091	12,068	13,413	14,571	14,409	19.2	(1.1)	1) India to grow at 7% with recovery in the acute segment and continued traction in the chronic portfolio. 2) US is expected to grow 4% QoQ to \$81mn with new launches and stable pricing environment. 3) EBITDA margin to benefit from the cost saving measures and growth across segments.
EBITDA	3,251	3,275	4,074	4,434	4,034	24.1	(9.0)	
EBITDA Margin (%)	26.9	27.1	30.4	30.4	28.0	110bps	(240)bps	
PAT	2,342	2,329	3,015	3,334	2,554	9.0	(23.4)	
EPS (Rs)	11.9	11.9	15.3	17.0	13.0	9.0	(23.4)	
Alkem								
Revenue	21,818	20,490	20,035	23,628	23,640	8.3	0.1	1) India to grow at 7% with recovery in the acute segment and continued traction in the chronic portfolio. 2) US is expected to grow 4% QoQ to \$88mn with new launches and stable pricing environment. 3) EBITDA margin to benefit from the cost saving measures and growth across segments.
EBITDA	4,533	3,030	5,332	6,005	5,319	17.3	(11.4)	
EBITDA Margin (%)	20.8	14.8	26.6	25.4	22.5	170bps	(290)bps	
PAT	3,820	2,034	4,220	4,721	3,893	1.9	(17.5)	
EPS (Rs)	32.0	17.0	35.3	39.5	32.6	1.9	(17.5)	
Apollo Hospital								
Revenue	29,117	29,224	21,715	27,607	30,361	4.3	10.0	1) Expect occupancy ratio to improve to 65% (Q2FY21-56% and Q3FY20-69%) driven by easing of lockdown restrictions and some pent up demand driven by delayed elective procedures. 2) ARPOB would remain stable QoQ but still be lower YoY with lower occupancy, test mix and lack of international patients. 3) Margins remain low as newer hospitals are negatively affecting the profitability but QoQ growth is driven by improving occupancy.
EBITDA	4,300	3,801	355	2,998	3,719	(13.5)	24.0	
EBITDA Margin (%)	14.8	13.0	1.6	10.9	12.3	(250)bps	140bps	
PAT	921	211	(2,082)	248	588	(36.2)	136.6	
EPS (Rs)	6.6	1.5	(15.0)	1.8	4.2	(36.2)	136.6	
Aster DM								
Revenue	23,217	23,014	17,606	22,677	23,809	2.5	5.0	1) Expect occupancy ratio to improve to 60% (Q2FY21-56% and Q3FY20-62%) driven by easing of lockdown restrictions and some pent up demand driven by delayed elective procedures in India as well as GCC hospitals benefiting from higher occupancy as expats are unable to travel. 2) ARPOB would remain stable QoQ but still be lower YoY with lower occupancy, test mix and lack of international patients. 3) Margins remain stable as GCC segment performance is largely stable but QoQ growth is driven by improving performance in the Indian business segments.
EBITDA	3,851	4,040	1,427	2,711	3,928	2.0	44.9	
EBITDA Margin (%)	16.6	17.6	8.1	12.0	16.5	(10)bps	450bps	
PAT	1,565	1,574	(829)	329	1,332	(14.9)	305.4	
EPS (Rs)	3.1	3.1	(1.6)	0.7	2.6	(14.9)	305.4	

(Rs mn)	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21E	% YoY	% QoQ	Comments
Aurobindo								1) US is expected to decline 4% QoQ to \$413mn post divestment of the Natrol business. Adjusting for it the business remains stable with recovery in the injectable business and supported by new launches. 2) EU and EM are expected to have stable growth driven by steady demand without logistical hurdles. API segment would grow 5% with demand in the non-Betalactam segment. 3) EBITDA margin to remain stable with QoQ drop as some of the cost control initiatives unwind with easing of restrictions.
Revenue	58,950	61,584	59,248	64,834	63,104	7.0	(2.7)	
EBITDA	12,080	13,424	12,574	14,328	13,126	8.7	(8.4)	
EBITDA Margin (%)	20.5	21.8	21.2	22.1	20.8	30bps	(130)bps	
PAT	7,084	8,608	7,646	8,018	7,888	11.3	(1.6)	
EPS (Rs)	12.1	14.7	13.0	13.7	13.5	11.3	(1.6)	
Biocon								1) Biosimilars is expected to grow 13% driven by launch of Glargine in US and partnered Enbrel in EU. 2) Generics and Research services would expect to growth at a stable 8-10% with steady demand and consistent nature of the business. 3) Margins are expected to improve QoQ with new biosimilar launches.
Revenue	17,481	15,575	16,713	17,448	19,481	11.4	11.6	
EBITDA	4,442	3,370	4,133	3,914	4,951	11.5	26.5	
EBITDA Margin (%)	25.4	21.6	24.7	22.4	25.4	-	300bps	
PAT	2,028	1,418	1,494	1,693	2,399	18.3	41.7	
EPS (Rs)	1.7	1.2	1.2	1.4	2.0	18.3	41.7	
Cadila								1) India to grow at 11% with recovery in the acute segment, continued traction in the chronic portfolio and COVID related drugs. 2) Consumer health is expected to grow at 12% with growing demand in the segment. 3) US is expected to grow 3% QoQ to \$235mn with new launches and stable pricing environment. 4) EBITDA margin to benefit from the cost saving measures and growth across segments.
Revenue	36,228	37,288	36,273	38,326	38,479	6.2	0.4	
EBITDA	6,719	7,650	8,027	8,786	8,065	20.0	(8.2)	
EBITDA Margin (%)	18.5	20.5	22.1	22.9	21.0	250bps	(190)bps	
PAT	3,586	4,170	4,413	5,871	4,497	25.4	(23.4)	
EPS (Rs)	3.5	4.1	4.3	5.7	4.4	25.4	(23.4)	
Cipla								1) India to grow at 10% with recovery in the acute segment, continued traction in the chronic portfolio and demand in COVID related drugs. 2) US is expected to grow 3% QoQ to \$145mn with traction in ProAir, new launches and stable pricing environment. 3) EBITDA margin to benefit from the cost saving measures and growth across segments.
Revenue	43,710	43,762	43,462	50,383	48,025	9.9	(4.7)	
EBITDA	8,108	7,210	10,487	11,766	10,109	24.7	(14.1)	
EBITDA Margin (%)	18.5	16.5	24.1	23.4	21.1	260bps	(230)bps	
PAT	3,877	3,106	5,779	6,654	5,434	40.2	(18.3)	
EPS (Rs)	4.8	3.9	7.2	8.3	6.8	40.2	(18.3)	
Divis Labs								1) Continuity of strong demand in the Custom synthesis and API segments would provide strong double digit growth during the quarter. 2) EBITDA margin would improve YoY driven by high growth across segments however it would contract QoQ with rising prices of raw materials.
Revenue	13,963	13,897	17,305	17,493	16,705	19.6	(4.5)	
EBITDA	4,939	4,445	7,001	7,411	6,473	31.1	(12.7)	
EBITDA Margin (%)	35.4	32.0	40.5	42.4	38.8	340bps	(360)bps	
PAT	3,591	3,882	4,921	5,196	4,556	26.9	(12.3)	
EPS (Rs)	13.5	14.6	18.5	19.6	17.2	26.9	(12.3)	

(Rs mn)	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21E	% YoY	% QoQ	Comments
Dr Lal Pathlabs								
Revenue	3,279	3,017	2,660	4,319	4,119	25.6	(4.6)	1) Expect ex-COVID business to grow 12% largely driven by volume with stable pricing supported by easing of travel and logistical restrictions. 2) COVID-19 contribution to total revenue would reduce to 11% from 17% QoQ with reduction in test prices despite growing volumes. 3) EBITDA margin would be higher YoY benefiting from cost saving due to lockdown but QoQ would decline as they would partially unwind.
EBITDA	823	573	483	1,272	1,153	40.0	(9.4)	
EBITDA Margin (%)	25.1	19.0	18.2	29.5	28.0	290bps	(150)bps	
PAT	541	325	284	853	801	48.1	(6.0)	
EPS (Rs)	6.5	3.9	3.4	10.2	9.6	48.1	(6.0)	
Dr Reddy's								
Revenue	43,838	44,318	44,175	48,967	50,069	14.2	2.3	1) India to grow at 28% with the Wockhardt integration. Adjusting for it the growth would stand at 12% driven largely by the chronic portfolio and benefit from COVID drugs. 2) US is expected to grow 1% QoQ to \$250mn with limited launches and stable pricing environment. 3) EBITDA margin to benefit from the cost saving measures and growth across segments.
EBITDA	10,188	9,406	11,129	12,215	12,029	18.1	(1.5)	
EBITDA Margin (%)	23.2	21.2	25.2	24.9	24.0	80bps	(90)bps	
PAT	5,231	6,384	5,793	8,314	6,191	18.4	(25.5)	
EPS (Rs)	31.5	38.5	34.9	50.1	37.3	18.4	(25.5)	
Fortis								
Revenue	11,689	11,129	6,060	9,947	11,338	(3.0)	14.0	1) Expect occupancy ratio to improve to 67% (Q2FY21-57% and Q3FY20-68%) driven by easing of lockdown restrictions and some pent up demand driven by delayed elective procedures. 2) ARPOB would remain stable QoQ but still be lower YoY with lower occupancy, test mix and lack of international patients. 3) SRL to grow 9% largely driven by volume with stable pricing supported by easing of travel and logistical restrictions. COVID contribution to reduce to 18% from 28% for the diagnostic segment. 4) Margins would improve YoY and QoQ driven by improving occupancy and several cost control initiatives launched by the new management.
EBITDA	1,570	1,258	(1,033)	1,200	1,757	12.0	46.4	
EBITDA Margin (%)	13.4	11.3	(17.0)	12.1	15.5	210bps	340bps	
PAT	257	-445	(1,793)	(42)	430	67.7	(1,135.0)	
EPS (Rs)	0.3	-0.6	(2.4)	(0.1)	0.6	67.7	(1,135.0)	
Glenmark								
Revenue	27,356	27,675	23,448	29,525	28,561	4.4	(3.3)	1) India to grow at 14% driven largely by the traction in the diabetic segment and benefit from COVID related drugs. 2) US is expected to grow 2% QoQ to \$103mn with limited launches and stable pricing environment. 3) EBITDA margin to benefit from the cost saving measures and growth across segments.
EBITDA	4,401	4,657	4,781	5,699	5,216	18.5	(8.5)	
EBITDA Margin (%)	16.1	16.8	20.4	19.3	18.3	220bps	(100)bps	
PAT	1,908	1,733	2,057	2,712	2,178	14.1	(19.7)	
EPS (Rs)	6.8	6.1	7.3	9.6	7.7	14.1	(19.7)	
GSK								
Revenue	7,786	7,758	6,486	8,793	8,642	11.0	(1.7)	1) India to grow at 11% with recovery in the acute segment and low base of last year impacted by Ranitidine discontinuation. 2) EBITDA margin growth led by benefit from the cost saving measures which would sustain partially and low base of last year impacted by Ranitidine discontinuation.
EBITDA	1,244	1,736	1,141	2,049	2,031	63.3	(0.9)	
EBITDA Margin (%)	16.0	22.4	17.6	23.3	23.5	750bps	20bps	
PAT	894	1,293	791	1,151	1,472	64.6	27.9	
EPS (Rs)	5.3	7.6	4.7	6.8	8.7	64.6	27.9	

(Rs mn)	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21E	% YoY	% QoQ	Comments
HCG								
Revenue	2,779	2,704	1,935	2,479	2,715	(2.3)	9.5	1) Expect occupancy improve during the quarter driven by easing of lockdown restrictions.
EBITDA	457	360	194	300	380	(16.9)	26.6	2) ARPOB would remain stable
EBITDA Margin (%)	16.5	13.3	10.0	12.1	14.0	(250)bps	190bps	QoQ but still be lower YoY with lower occupancy, test mix and lack of international patients.
PAT	(228)	(436)	(398)	(223)	(165)	(27.8)	(26.1)	3) Milann would continue to underperform as footfalls remain low. However, QoQ improvement is expected with normalisations in few months.
EPS (Rs)	(2.7)	(5.1)	(4.7)	(2.6)	(1.9)	(27.8)	(26.1)	4) Margins remain subdued due to low occupancy sequential improvement would support profitability.
								5) New fund infusion would help reduce debt substantially.
JB Chemicals								
Revenue	4,286	4,436	5,223	4,436	5,175	20.7	16.7	1) India to grow at 12% driven largely by its top products and their line extensions.
EBITDA	896	917	1,554	1,101	1,268	41.5	15.1	2) Exports is expected to grow 30% driven by demand and accretion of deferred sales from the previous quarter.
EBITDA Margin (%)	20.9	20.7	29.8	24.8	24.5	360bps	(30)bps	2) EBITDA margin to benefit from the cost saving measures which would sustain partially.
PAT	663	576	1,195	739	897	35.3	21.3	
EPS (Rs)	8.3	7.2	15.5	9.6	11.6	40.5	21.3	
Jubilant Life								
Revenue	23,152	23,914	18,929	23,749	25,255	9.1	6.3	1) Pharma business segment would grow at 9% largely driven by recovery in the radiopharma business and traction in the CDMO segment.
EBITDA	5,074	5,366	3,022	4,862	5,430	7.0	11.7	2) LSI business segment would grow at 10% driven by steady growth across segments but especially from the nutritional segment.
EBITDA Margin (%)	21.9	22.4	16.0	20.5	21.5	(40)bps	100bps	3) EBITDA margin would remain stable with some sequential improvement driven by operating leverage and cost control initiatives.
PAT	2,380	2,605	880	2,240	2,590	8.8	15.6	
EPS (Rs)	14.9	16.4	5.5	14.1	16.3	8.8	15.6	
Lupin								
Revenue	37,693	38,457	35,279	38,350	40,109	6.4	4.6	1) India to grow at 6% with recovery in the acute segment and continued traction in the chronic portfolio.
EBITDA	4,291	5,253	4,881	5,812	6,738	57.0	15.9	2) US is expected to grow 11% QoQ to \$200mn with traction in ProAir, new launches and stable pricing environment.
EBITDA Margin (%)	11.4	13.7	13.8	15.2	16.8	540bps	160bps	3) EBITDA margin to benefit from the cost saving measures and traction in ProAir in the US market.
PAT	1,090	3,241	1,069	2,110	3,663	236.1	73.6	
EPS (Rs)	2.4	7.2	2.4	4.7	8.1	236.1	73.6	
Metropolis								
Revenue	2,229	2,070	1,431	2,884	2,940	31.9	2.0	1) Expect ex-COVID business to grow 7% largely driven by volume, with some price erosion, supported by easing of travel and logistical restrictions.
EBITDA	636	514	121	909	863	35.8	(5.0)	2) COVID-19 contribution to total revenue would reduce to 19% from 35% QoQ with reduction in test prices despite growing volumes.
EBITDA Margin (%)	28.5	24.8	8.5	31.5	29.4	90bps	(210)bps	3) EBITDA margin would be higher YoY benefiting from cost saving due to lockdown but QoQ would decline as they would partially unwind.
PAT	421	272	29	603	571	35.7	(5.3)	
EPS (Rs)	8.4	5.4	0.6	12.0	11.4	35.7	(5.3)	

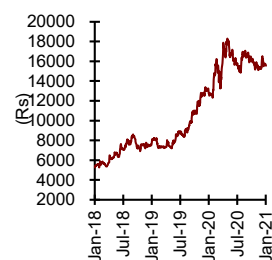
(Rs mn)	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21E	% YoY	% QoQ	Comments
Natco Pharma								1) India business would decline 15% with slowdown in the oncology and HepC segment due to travel restrictions led delays and declining patient pool respectively. 2) Export business would grow 26% with benefit from seasonal sales of Tamiflu and low base. 3) EBITDA margin would contract sharply QoQ due as there is an element of settlement income in the previous quarter. Adjusting for it margin would be largely stable.
Revenue	4,822	4,548	5,634	8,022	4,921	2.0	(38.7)	
EBITDA	1,437	1,283	1,711	2,764	1,378	(4.1)	(50.2)	
EBITDA Margin (%)	29.8	28.2	30.4	34.5	28.0	(180)bps	(650)bps	
PAT	1,167	941	1,228	2,024	1,078	(7.6)	(46.7)	
EPS (Rs)	6.4	5.2	6.7	11.1	5.9	(7.6)	(46.7)	
Pfizer								1) India to grow at 10% driven largely by its VMN portfolio. 2) EBITDA margin to benefit from the cost saving measures which would sustain partially and strong growth in the VMN segment.
Revenue	5,382	5,020	5,149	5,954	5,920	10.0	(0.6)	
EBITDA	1,334	1,087	1,863	2,034	1,764	32.2	(13.2)	
EBITDA Margin (%)	24.8	21.7	36.2	34.2	29.8	500bps	(440)bps	
PAT	1,129	980	1,245	1,314	1,187	5.2	(9.7)	
EPS (Rs)	24.7	21.4	27.2	28.7	25.9	5.2	(9.7)	
Sanofi India**								1) Company to witness a decline of 7% due to divestment post Zentiva transaction. Adjusting for it growth would be 8% driven largely by its chronic portfolio. 2) EBITDA margin to benefit from the cost saving measures which would sustain partially and reduction of the low margin export business post divestment.
Revenue	8,263	7,845	7,105	6,866	7,671	(7.2)	11.7	
EBITDA	1,782	1,767	1,772	1,922	2,096	17.6	9.1	
EBITDA Margin (%)	21.6	22.5	24.9	28.0	27.3	570bps	(70)bps	
PAT	1,093	1,174	1,355	1,330	1,534	40.3	15.3	
EPS (Rs)	47.5	51.0	58.9	57.8	66.7	40.3	15.3	
Shilpa Medicare								1) API may see steady growth of 12% supported by stable demand. 2) Formulation business would remain stable with marginal market share gain in existing products and high base. 3) Increasing revenue contribution from formulations will support EBITDA margin, however, YoY decline is attributed to high base last year on launch of new product.
Revenue	2,369	2,200	2,229	2,789	2,574	8.7	(7.7)	
EBITDA	737	456	657	687	643	(12.8)	(6.3)	
EBITDA Margin (%)	31.1	20.7	29.5	24.6	25.0	(610)bps	40bps	
PAT	551	346	409	454	387	(29.7)	(14.8)	
EPS (Rs)	6.9	4.3	5.1	5.7	4.8	(29.7)	(14.8)	
Strides Pharma								1) US is expected to grow 11% QoQ to \$60mn with traction driven by new launches especially from own front end and stable pricing environment. 2) EU & Aus is expected to grow at 16% with steady demand and contractual agreements in the region. 3) Africa and Institutional business would see a strong growth with revenues almost doubling driven by new tenders and growth in the private market. 4) EBITDA margin would witness decline YoY due to lower sales in the US market.
Revenue	7,324	6,186	7,818	7,936	8,207	12.0	3.4	
EBITDA	1,808	837	1,510	1,572	1,632	(9.8)	3.8	
EBITDA Margin (%)	24.7	13.5	19.3	19.8	19.9	(480)bps	10bps	
PAT	787	-251	546	498	601	(23.7)	20.7	
EPS (Rs)	8.8	-2.8	6.1	5.6	6.7	(23.7)	20.7	
Sun Pharma								1) India to grow at 10% with recovery in the acute segment and continued traction in the chronic portfolio. 2) US is expected to grow 2% QoQ to \$342mn with traction in its specialty segment and stable performance from Taro. 3) EBITDA margin to remain stable but QoQ decline as partial cost saving measures implemented during the lockdown unwind.
Revenue	81,549	81,849	75,853	85,531	88,617	8.7	3.6	
EBITDA	18,414	13,630	18,435	21,933	19,496	5.9	(11.1)	
EBITDA Margin (%)	22.6	16.7	24.3	25.6	22.0	(60)bps	360bps	
PAT	9,135	6,605	11,460	15,900	10,895	19.3	(31.5)	
EPS (Rs)	3.8	2.8	4.8	6.6	4.5	19.3	(31.5)	

(Rs mn)	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21E	% YoY	% QoQ	Comments
Thyrocare								
Revenue	1,058	1,014	563	1,533	1,523	44.0	(0.6)	1) Expect ex-COVID business to grow 10% largely driven by volume, with stable price environment, supported by easing of travel and logistical restrictions. 2) COVID-19 contribution to total revenue would reduce to 26% from 41% QoQ with reduction in test prices despite growing volumes. 3) EBITDA margin would be lower as its ex-COVID business has not recovered completely since its largely B2B and unwinding of the cost saving due to lockdown.
EBITDA	438	310	85	619	598	36.6	(3.3)	
EBITDA Margin (%)	41.4	30.5	15.0	40.4	39.3	(210)bps	(110)bps	
PAT	275	50	2	431	394	43.3	(8.5)	
EPS (Rs)	5.2	0.9	0.0	8.2	7.5	43.3	(8.5)	
Torrent Pharma								
Revenue	19,660	19,460	20,560	20,170	20,541	4.5	1.8	1) India to grow at 12% largely driven by its strong chronic portfolio and ability to take price hikes. 2) US would largely remain flattish QoQ at \$45mn without any new launches in a stable pricing environment. 3) Brazil is expected to decline 16% due to the unfavourable currency fluctuation (expect growth in constant currency) while Germany is expected to grow 15% on a low base with serialisation complete. 4) EBITDA margin to remain stable but QoQ decline as partial cost saving measures implemented during the lockdown unwind.
EBITDA	5,400	5,480	6,610	6,350	6,368	17.9	0.3	
EBITDA Margin (%)	27.5	28.2	32.1	31.5	31.0	350bps	(50)bps	
PAT	2,510	2,610	3,210	3,100	3,387	35.0	9.3	
EPS (Rs)	14.8	15.4	19.0	18.3	20.0	35.0	9.3	

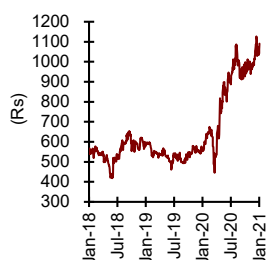
Source: Company data, I-Sec research; Note: CY ending estimates for Sanofi India

Price charts

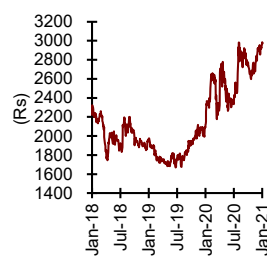
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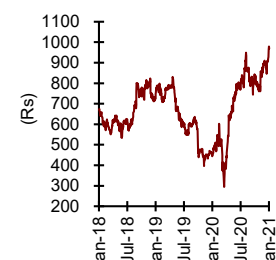
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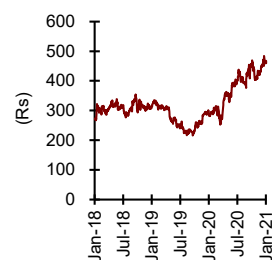
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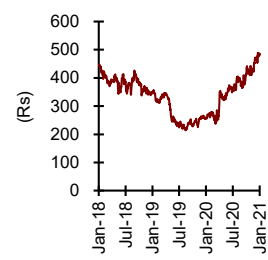
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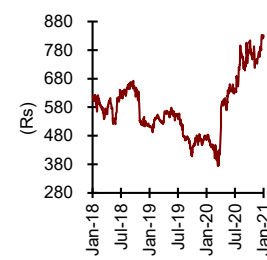
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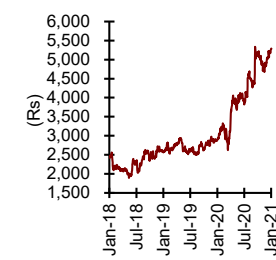
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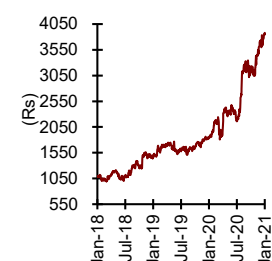
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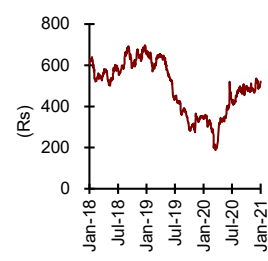
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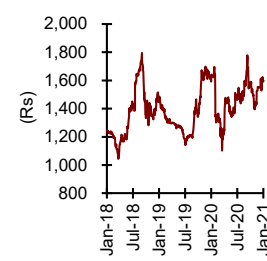
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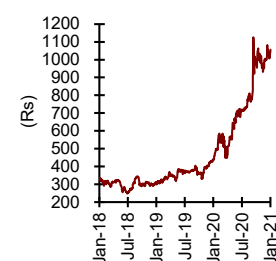
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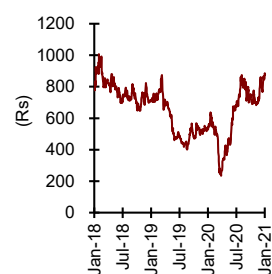
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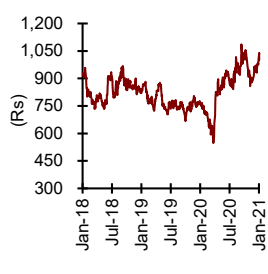
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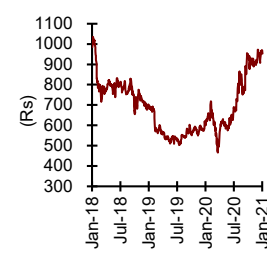
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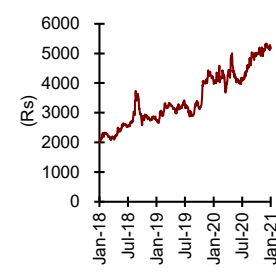
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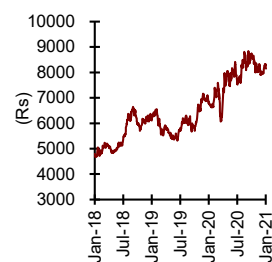
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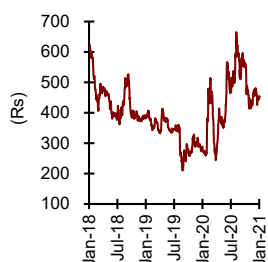
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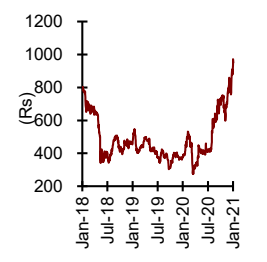
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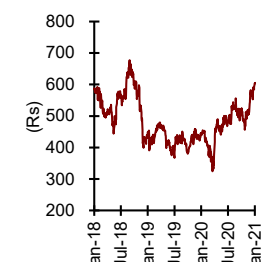
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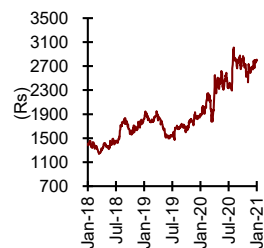
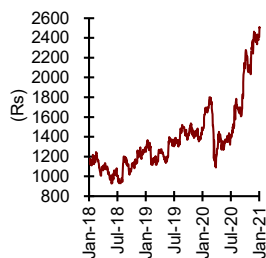
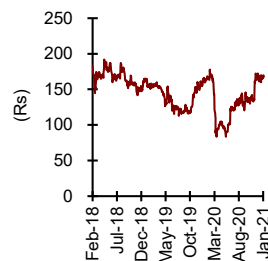
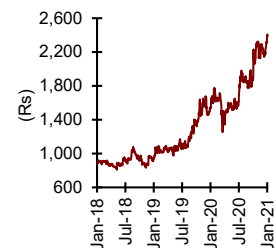
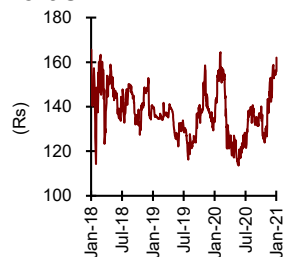
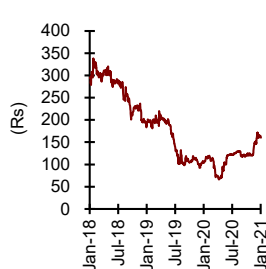
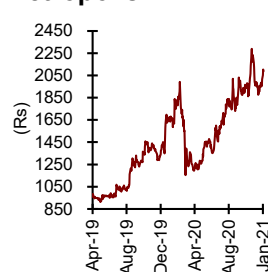
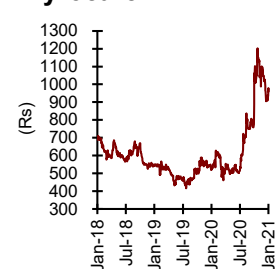


Strides Pharma Science



Sun Pharma



Torrent Pharma**Apollo Hospitals****Aster DM****Dr Lal Pathlab****Fortis****HealthCare Global****Metropolis****Thyrocare**

Source: Bloomberg

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