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India | Equity Research | Q4FY24 preview

Pharma

Q4FY24 preview: US to drive momentum

Q4 has historically been a weak quarter for pharma companies; however, with exclusivities in the US and softening of RM prices in Q4FY24, we expect our coverage universe to report revenue/EBITDA/PAT CAGR of 10%/20%/34%, respectively. US is likely to be the primary growth driver, with sales propping 12% YoY. We have built USD 112/55/52/32/30/25mn from gRevlimid for Dr Reddy's/Zydus/ Natco/Cipla/Sun/Aurobindo and USD 30mn of revenue from gSprivia for Lupin in Q4FY24E. Drag in acute therapies could keep a check on India growth, likely at ~8% for our coverage universe. Easing of RM cost and better sales of exclusive products for US tdrive ~130bps/190bps YoY expansion in gross/EBITDA margins to 65.7%/23%, respectively. **Cipla, Aurobindo, Ajanta Pharma, Piramal Pharma and Abbott India are our top picks.**

Synopsis of Q4FY24E performance

Revenue for our coverage universe is likely to grow ~10%/3% YoY/QoQ to INR 699bn in Q4FY24E led by traction in US and India. Gross margin may expand 130bps YoY (-20bps QoQ) to 65.7% in Q4FY24E. EBITDA is likely to grow 20% YoY (3% QoQ) to INR 161bn, while margin may improve ~190bps YoY bps and -10bpsQoQ to 23%. Profit for our coverage companies may surge 34% YoY (6% QoQ) to INR 103bn. Alkem, Aurobindo, Lupin, Dr Reddy's, JB Chemicals, Torrent and Ajanta Pharma may grow at a faster pace.

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Stable pricing, exclusivities to prop growth in US

Aggregate US sales of our coverage universe may scale up to USD 2.5bn, up ~14% YoY and 3% QoQ. Lesser price erosion in base business, improved supplies and better sales from gRevlimid and gSpiriva to drive growth. We expect Sun's specialty portfolio to report sales of USD 284mn driven by Ilumya and Winlevi. Torrent is likely to witness some improvement in US sales (up 5% QoQ) with six approvals in Q4FY24 and Dahej being compliant with the USFDA norms. Lupin, Aurobindo, Alkem, Ajanta and Alembic may witness revenue moderation in the US on a sequential basis.

India growth to remain in single digit

Q4 is seasonally a weak quarter for India business of most pharma companies. This, coupled with a drag in acute business, may restrict India business growth of our coverage companies at ~8% YoY (vs ~6% market growth as per IQVIA) in Q4FY24E, fetching revenue of INR 197bn. Price hikes, new launches and acquisitions are likely to be the main growth drivers, while volume growth for the industry may remain muted. Torrent Pharma, Ajanta Pharma and JB Chemicals are likely to grow the fastest at 11-12%.

Lower RM and operating leverage to push margins

Improvement in gross margin owing to low prices of input materials is likely to help our coverage companies report 130bps improvement in gross margin to ~65.7%. Companies are further rationalising their R&D budgets, which, coupled with operating leverage, may drive an overall improvement of 190bps (-20bps QoQ) in EBITDA margin to ~23%, while surge in logistics cost due to issues related to Red Sea may have a minor impact on margins.

Key risks: Adverse outcome of USFDA inspections, currency volatility and inclusion of more products under NLEM in India.

Q4FY24E preview

Exhibit 1: Key financials

Company	Revenue (INR mn)					EBITDA (INR mn)					PAT (INR mn)				
	Q4FY24E	Q3FY24	Q4FY23	QoQ (%)	YoY(%)	Q4FY24E	Q3FY24	Q4FY23	QoQ (%)	YoY(%)	Q4FY24E	Q3FY24	Q4FY23	QoQ (%)	YoY(%)
Sun Pharma	1,21,113	1,22,147	1,08,747	(0.8)	11.4	31,005	33,108	27,462	(6.4)	12.9	23,887	24,414	20,885	(2.2)	14.4
Dr Reddy's	73,734	72,148	60,328	2.2	22.2	19,466	20,145	13,154	(3.4)	48.0	13,128	13,872	8,072	(5.4)	62.6
Aurobindo	74,078	73,518	64,730	0.8	14.4	15,630	16,013	10,022	(2.4)	56.0	8,827	9,363	5,063	(5.7)	74.3
Zydus Lifesciences	52,498	45,052	50,106	16.5	4.8	14,122	10,796	13,136	30.8	7.5	10,114	7,721	8,979	31.0	12.6
Cipla	62,909	66,038	57,393	(4.7)	9.6	13,337	17,475	11,737	(23.7)	13.6	8,694	11,580	5,800	(24.9)	49.9
Lupin	48,018	51,974	44,301	(7.6)	8.4	9,027	10,220	6,041	(11.7)	49.4	4,483	5,997	2,606	(25.2)	72.0
Biocon	37,304	36,037	37,739	3.5	(1.2)	6,230	5,768	9,973	8.0	(37.5)	671	(723)	3,157	(192.8)	(78.7)
Glenmark	31,895	25,067	33,737	27.2	(5.5)	5,295	(1,924)	6,050	(375.1)	(12.5)	2,352	(4,060)	1,235	(157.9)	90.4
Torrent Pharma	28,238	27,320	24,910	3.4	13.4	8,952	8,690	7,270	3.0	23.1	4,444	3,832	2,870	16.0	54.8
JB Chemicals	8,403	8,445	7,623	(0.5)	10.2	2,118	2,231	1,636	(5.1)	29.4	1,400	1,336	876	4.8	59.7
Ajanta Pharma	10,619	11,052	8,818	(3.9)	20.4	2,931	3,141	1,670	(6.7)	75.5	2,118	2,100	1,364	0.9	55.3
Alkem	31,357	33,239	29,026	(5.7)	8.0	4,578	7,076	3,533	(35.3)	29.6	3,294	6,423	1,585	(48.7)	107.8
Alembic Pharma	15,870	16,306	14,065	(2.7)	12.8	2,555	2,664	2,122	(4.1)	20.4	1,611	1,805	1,526	(10.7)	5.6
Strides Pharma	11,001	10,377	9,864	6.0	11.5	2,211	1,938	1,556	14.1	42.1	194	30	56	536.9	249.4
Natco	9,931	7,586	8,979	30.9	10.6	4,211	2,681	3,391	57.1	24.2	3,446	2,127	2,758	62.0	24.9
Divi's	21,543	18,550	19,508	16.1	10.4	6,097	4,890	4,918	24.7	24.0	4,661	3,456	3,239	34.9	43.9
Piramal Pharma	24,686	19,586	21,930	26.0	12.6	3,907	2,684	1,947	45.6	100.6	1,673	350	(277)	378.6	(704.4)
Abbott India	14,640	14,371	13,431	1.9	9.0	3,631	3,877	2,801	(6.4)	29.6	2,999	3,110	2,314	(3.6)	29.6
Sanofi India	7,217	6,939	7,365	4.0	(2.0)	2,244	1,874	2,299	19.8	(2.4)	1,802	1,377	1,779	30.8	1.3
Pfizer	5,555	5,400	5,726	2.9	(3.0)	1,539	1,526	1,819	0.9	(15.4)	1,282	1,241	1,451	3.3	(11.6)
GSK Pharma	8,111	8,053	7,875	0.7	3.0	1,898	2,181	1,697	(13.0)	11.8	1,608	1,598	1,261	0.6	27.5
Coverage Universe	6,98,718	6,79,203	6,36,200	2.9	9.8	1,60,982	1,57,052	1,34,234	2.5	19.9	1,02,689	96,948	76,599	5.9	34.1

Source: Company data, I-Sec research

Exhibit 2: Valuation summary

Pharma Company	Target Price (INR)	Rating	EPS (INR)			ROCE (%)			P/E (x)			EV/ EBITDA (x)		
			FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Sun Pharma	1,400	HOLD	37.5	44.9	51.0	13.5	14.8	14.9	42.2	35.2	31.1	28.6	24.1	21.0
Dr Reddy's	6,000	HOLD	319.9	323.4	348.4	20.1	17.9	17.0	19.1	18.9	17.5	12.3	11.7	10.3
Aurobindo	1,270	BUY	53.6	67.3	83.9	10.5	12.4	14.0	19.5	15.5	12.5	10.5	8.4	6.7
Lupin	1,330	SELL	42.3	49.7	57.9	12.7	13.5	14.1	38.4	32.7	28.0	20.8	18.3	15.9
Cipla	1,660	BUY	53.4	61.4	75.4	17.1	16.9	17.8	26.1	22.7	18.5	15.9	13.4	10.7
Zydus Lifesciences	855	ADD	37.7	40.2	42.7	15.4	14.0	13.3	25.6	24.0	22.6	19.3	17.6	15.9
Biocon	200	SELL	2.0	4.4	6.5	2.3	2.7	3.2	139.2	62.2	41.9	19.5	16.8	14.0
Glenmark	780	REDUCE	4.6	41.3	52.1	-12.3	10.4	11.7	229.1	25.5	20.2	19.4	11.5	9.4
Torrent	2,800	ADD	47.5	58.9	70.7	15.0	17.7	19.9	54.4	43.8	36.5	27.2	23.4	20.3
Alkem	5,470	HOLD	157.5	169.6	195.4	19.7	18.7	18.9	30.1	27.9	24.2	24.0	21.3	18.2
Ajanta	2,385	ADD	67.7	81.4	93.7	23.4	23.3	22.2	31.4	26.1	22.6	21.7	18.1	15.2
Alembic	900	REDUCE	30.5	34.1	42.3	12.6	12.5	14.0	32.4	29.0	23.4	21.2	19.5	18.4
Strides	710	HOLD	13.8	38.1	51.3	7.0	10.4	12.1	60.9	22.0	16.3	13.8	12.0	10.4
JB Chemicals	1,730	HOLD	36.1	43.4	51.1	18.0	19.3	20.1	49.9	41.4	35.2	30.7	26.1	22.4
Natco	980	ADD	71.0	78.4	84.9	23.7	22.0	20.2	13.7	12.4	11.5	10.3	8.8	7.6
Abbott India	33,000	BUY	572.8	674.0	784.9	34.9	33.9	32.7	46.1	39.2	33.7	35.3	29.8	25.3
Pfizer India	4,190	HOLD	108.4	124.8	139.1	15.3	15.8	15.7	38.4	33.3	29.9	27.8	23.6	20.7
Sanofi India	9,170	HOLD	256.6	277.9	312.6	58.0	51.2	47.6	31.6	30.5	27.1	23.7	21.1	18.3
GSK Pharma	1,895	REDUCE	39.3	43.1	47.4	40.3	48.3	49.4	47.9	43.7	39.8	35.8	32.4	29.3
Divi's	3,225	REDUCE	54.8	74.9	92.6	11.0	14.1	16.2	68.8	50.4	40.8	47.1	34.7	28.0
Piramal Pharma	180	BUY	0.7	3.7	5.7	2.0	5.2	7.1	204.8	38.0	24.3	21.7	16.0	12.4

Source: Company data, I-Sec research

Exhibit 3: Company wise key developments in Q4FY24

Company	Key highlights
Sun Pharma	The company acquired 100% stake in Israel-based Libra Merger Ltd on Jan 3, '24.
	Sun entered into a definitive merger agreement with Taro pursuant to which Sun has agreed to acquire all the outstanding ordinary shares of Taro other than the shares already held by Sun or its affiliates for USD 43 per share in cash.
	The company recalled 55,000 bottles of Febuxostat Tablets, in 40 mg and 80 mg strengths, from the US market due to manufacturing practice deviations caused by microbial contamination. The product was manufactured at its Dadra plant.
	In collaboration with Cosmo, Sun Pharma receives an approval to sell acne treatment cream Winlevi in Australia in Mar'24.
	Dadra facility receives OAI inspection status from the USFDA. The inspection was conducted from Dec 4, '23 to Dec 15, '23 post which it had issued 6 observations.
Dr Reddys	Dr Reddy's acquired the entire MenoLabs supplements portfolio for the US market from Amyris on Jan 3, '24. The acquisition includes seven brands namely MenoFi and MenoGlow probiotics, Happy Fiber and Well Rested dietary supplements, Athena's Shield menopause support supplement and Goodness Glow and Keep Glowing Gorgeous supplements for healthy aging support.
	The company recalled 8,280 bottles of Tacrolimus capsules from the US for presence of foreign tablets/capsules in the affected lot. The affected lot was produced at Bachupally-based plant.
	Formulations manufacturing facility (FTO-3) in Bachupally, Hyderabad, was issued an Establishment Inspection Report (EIR) by the USFDA following an inspection conducted in Oct'23.
	The company and a wholly-owned step down subsidiary in the US have been named defendants in an anti-trust complaint related to cancer drug Revlimid in the US.
	Wholly-owned subsidiary in Mexico has been directed to pay Mexican peso 58mn as penalty in a tax-litigation case.
	It launched Versavo (biosimilar bevacizumab) in the UK on Mar 19, '24.
Aurobindo	It entered into an exclusive distribution partnership with Sanofi Healthcare India to promote and distribute their vaccine brands across private markets in the country. Under the terms of the agreement, DRL will have exclusive rights to promote and distribute Sanofi's vaccine brands, including Hexaxim, Pentaxim, Tetraxim, Menactra, FluQuadri, Adacel, and Avaxim 80U.
	USFDA issued an EIR and classified inspection of its formulation Unit VI-B located at Chitkul village, in Sangareddy district of Telangana as VAI.
	CuraTeQ Biologics (subsidiary) received a recommendation for grant of marketing authorisation of biosimilar trastuzumab from a subject experts committee of the Central Drugs Standard Control Organization (CDSCO) for India market.
	USFDA conducted an inspection from Jan 22 to Feb 2, '24 and issued nine observations to Eugia's Unit-III, a formulation manufacturing facility, situated at Pashamylaram, Patancheru Mandal, Sangareddy District, Telangana.
	Eugia US Manufacturing LLC has entered into an asset purchase agreement with Empower Clinic Services New Jersey, LLC to divest certain assets and liabilities and employees. Eugia will receive an upfront cash of USD 52mn and USD 58mn in lease payments over 20 years.
	Manufacturing unit of Auro Peptides (synthetic peptides API) situated in Indrakaran Village, Kandi Mandal, Sangareddy District, Telangana, was audited by the USFDA from Feb 12-16, '24. The inspection was concluded with zero observations.
	USFDA issued seven observations to Eugia SEZ unit (an injectable facility) in Jadcherla post inspection from Feb 19-29, '24.
	Board of Directors appointed N. Ravikiran as Chief Business Officer, with effect from March 5, 2024.
	The company restarted manufacturing on its terminally sterilised production lines at unit 3 of Eugia in Mar'24. Earlier in Feb'24, it had also started distribution of aseptic products manufactured at this site.
	CuraTeQ Biologics successfully completed phase I trials for omalizumab biosimilar (BP11), demonstrating pharmacokinetic and pharmacodynamic equivalence to Genentech's/Novartis' US and EU-sourced Xolair®. The trials were conducted on 165 healthy adults in Australia and New Zealand.
	CuraTeQ further commenced phase III trials of BP11 in Europe for the treatment of chronic spontaneous or idiopathic urticaria in India for the treatment of asthma patients. CuraTeQ expects to seek regulatory approval of BP11 in India in 2024 and in regulated markets in 2025.
Zydus Lifesciences	Curateq extends negotiations deadline with MSD for contract manufacturing operations to end of May'24.
	On Apr 1, '24 its subsidiary Lyfius Pharma Private Limited, Qule Pharma Private Limited, Eugia Steriles Private Limited and Auroactive Pharma Private Ltd. commissioned four plants in Andhra Pradesh including Pen-G and 6-APA facilities.
	Zydus and Synthon enter into an exclusive licensing and supply agreement for Palbociclib Tablets (generic version of IBRANCE®) for the US market. Under the terms of this agreement, Synthon will be responsible for obtaining US regulatory approval for Palbociclib Tablets, and thereafter, for the manufacturing and supply of the product. Zydus will be responsible for commercialization of the oncology product in the US.
	USFDA issued a EIR report for the inspection conducted at the API facility at Ahmedabad (in Gujarat). This facility underwent an inspection from Dec 14-22, '23 and has been classified as Voluntary Action Indicated (VAI).
Cipla	USFDA issued four observations for Ahmedabad SEZ oncology injectable plant. The inspection was conducted from Mar18-27, '24.
	On Jan 7, '24, Cipla Technologies, a wholly-owned step-down subsidiary of Cipla Limited and Pulmatrix have agreed to terminate the phase 2b clinical trial for development of Pulmazole by Jul 30, '24. Further Cipla shall now have exclusive rights for the development and commercialisation of Pulmazole in all countries except the US.
	Cipla's UK-based subsidiary entered into a joint venture with Kemwell Biopharma and Manipal Education & Medical Group for global development and commercialisation of innovative cell therapy products.
	Cipla Medpro South Africa (Cipla South Africa) completed USD 49mn acquisition of 100% stake in over-the-counter (OTC) product company Actor Pharma on Feb 8, '24.
	Cipla has entered into a collaborative research agreement with CSIR-Central Drug Research Institute to jointly develop a novel ophthalmic formulation for fungal keratitis.
	USFDA conducted a pre-approval inspection at the manufacturing facility of Cipla (Jiangsu) Pharmaceutical Co., located in Qidong, Jiangsu Province, China from Feb 26 to Mar 1, '24. The inspection has been concluded with zero form 483 observations.

Company	Key highlights
	<p>The company elevated Rajeev Kumar Sinha, (earlier working as Global Head - Formulations Manufacturing) as Senior Management Personnel and Global Chief Manufacturing Officer of the Company with effect from Apr 1, '24.</p> <p>USFDA issued a form 483 with six observations to the API and formulations manufacturing facility at Patalganga in Maharashtra.</p> <p>The FDA had conducted a routine current Good Manufacturing Practices (cGMP) inspection of the plant between Mar 28-April 4, '24.</p>
Lupin	<p>On Feb 13, '24 Lupin launched generic version of Sun Pharma's Bromsite, Bromfenac Ophthalmic Solution, 0.075% in the US. The brand has sales of USD 15mn as per IQVIA MAT Dec'23.</p> <p>USFDA inspected Aurangabad (in Maharashtra) manufacturing facility from Mar 6-15, '24 and issued one observation.</p> <p>It announced the appointment of Christoph Funke as Chief Technical Operations Officer of the company on Mar 18, '24.</p>
Biocon	<p>The company entered into a five-year partnership with Sandoz AG providing Sandoz exclusive rights to promote, sell and distribute biosimilar Trastuzumab (market value of AUD 35mn) and biosimilar Bevacizumab (market value of AUD 45mn) in Australia.</p> <p>The company has signed a settlement and license agreement with Janssen Biotech Inc as per which Biocon may launch its Bmab 1200, a proposed biosimilar to Stelara, in the US in Feb'25 subject to approval from the USFDA.</p> <p>Biocon Biologics entered into a long-term commercial collaboration with Eris Lifesciences to expand patient access to its portfolio of metabolics, oncology and critical care products in India. The transaction value of INR 12,420mn, valued the divested business at 3.4x EV/Sales and 18x EV/EBITDA. As a part of the deal, over 430 employees associated with the business are likely to transition to Eris.</p> <p>Biocon Biologics has signed a 10-year supply agreement with Eris, as a part of this deal. The transaction to come into effect from Apr 1, '24, subject to customary closing conditions.</p> <p>Biocon, through its European partner, Zentiva, has received approval from the UKMHRA, for its complex formulation Liraglutide (gSaxenda®) in a 6mg/ml solution for injection in pre-filled pen, used in the treatment of weight management as an adjunct to a reduced-calorie diet and increased physical activity.</p>
Alkem	<p>On Jan 13, '24 the company reported a cyber-security incident which resulted in a loss of INR 520mn.</p> <p>API facility at Mandva received establishment inspection report (EIR) from the USFDA, classifying the facility as VAI.</p> <p>USFDA conducted GMP and pre-approval inspection at its manufacturing facility located in Baddi, Himachal Pradesh. The inspection was conducted from Mar 19-27, '24. At the end of the inspection, the plant received 10 observations.</p>
JB Chemicals	As per media reports, PE firm KKR is considering to sell its controlling stake of 53.8% in the company.
Natco	<p>Mr. Ravi Kiran Namburi, Vice President (Sales & Marketing-Domestic) of the company had resigned effective Feb 29, '24 to pursue carrier opportunity outside the company. Further Mr. James RajaKumar has been promoted as Vice President (Sales & Marketing-Domestic) of the company w.e.f. Mar 1, '24.</p> <p>Natco received a warning letter dated Apr 8, '24 from the USFDA for its Kothur (in Telangana) manufacturing facility.</p>
Glenmark	<p>Glenmark launches biosimilar of anti-diabetic drug Liraglutide (GLP-1) in India under brand name Lirafit. The drug is priced at 70% discount to innovative brand at INR 100 for a standard dose of 1.2mg per day.</p> <p>Glenmark Specialty S A (subsidiary) has signed a licensing agreement with Jiangsu Alphamab Biopharmaceuticals Co and 3D Medicines (Beijing) Co Ltd for KN035 (Envafolimab), used in cancer treatment. As per the terms of the agreement, Glenmark will get the license for KN035 (Envafolimab) in India, Asia Pacific, the Middle East, Africa, Russia, CIS, and Latin America.</p> <p>Glenmark and Pfizer will co-market abrocitinib in India under the brand names JABRYUS and CIBINQO. Developed by Pfizer, abrocitinib has received marketing authorization for abrocitinib in adults with moderate-to-severe atopic dermatitis from the CDSCO.</p> <p>The company completed transfer of its 75% stake or 91.89bn shares of Glenmark Lifesciences to Nirma for ~INR 56.5bn.</p>
Torrent	USFDA issued an establishment inspection report (EIR) for Bileshwarpura facility in Gujarat. It had conducted a pre-approval inspection at the oral-oncology manufacturing facility from Dec 5-11, '23 and had issued five observations.
Abbott	MD Vivek Kamath resigned from the company effective Mar 18, '24.
Strides	The company has divested 100% stake in Eris Pharma GmbH, Germany held by its subsidiary Fairmed Healthcare AG, Switzerland for Euro 200,000.
Alembic	USFDA had conducted the inspection at its oncology (injectable and oral solid) formulation facility (F-2) at Panelav, Gujarat from Feb 28 to Mar 8, '24. At the end of the inspection, USFDA issued a form 483 with four procedural observations.
Sanofi	<p>Sanofi India and Emcure Pharmaceuticals announced an exclusive distribution and promotion agreement for Sanofi's cardiovascular products in India. Emcure Pharmaceuticals will exclusively distribute and promote Sanofi India's Cardiovascular brands including Cardace, Clexane, Targocid, Lasix, and Lasilactone. Sanofi India will continue to manufacture and import these brands and retain its ownership, while Emcure will leverage its reach to expand access to these medications for patients across India. Sanofi India's employees working on these brands will also be transferred to Emcure Pharmaceuticals.</p> <p>It announced an exclusive partnership with Cipla for a period of five years for distribution and promotion of its central nervous system (CNS) product range in India.</p>
Piramal	<p>Piramal Critical Care (PCC) launched new 10mg/10mL (1 mg/mL) concentration of zinc sulphate for injection USP in the US.</p> <p>USFDA issued a form 483 with three observations post a PAI inspection conducted from Jan 29 to Feb 6, '24 at its API plant in Riverview, Michigan. These observations were classified as VAI by the USFDA.</p>

Source: Company data, I-Sec research

Exhibit 4: India business trends over the quarters

(INR mn)	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24E	% YoY	% QoQ
Sun Pharma	30,956	33,871	34,600	33,919	33,641	35,604	38,425	37,785	36,669	9.0	(3.0)
Dr Reddy's	9,689	13,339	11,500	11,274	12,834	11,482	11,860	11,800	13,476	5.0	14.2
Zydus Lifesciences	11,640	11,251	12,648	12,316	12,896	12,270	13,341	14,273	13,799	7.0	(3.3)
Cipla	21,830	24,830	25,630	25,630	22,590	27,720	28,170	28,590	24,397	8.0	(14.7)
Lupin	13,511	14,920	15,841	15,213	14,786	16,384	16,915	17,251	15,969	8.0	(7.4)
Glenmark	8,847	10,352	10,916	10,745	8,284	10,643	11,217	2,622	9,112	10.0	247.5
Torrent Pharma	10,340	12,450	12,240	12,590	12,570	14,260	14,440	14,150	14,078	12.0	(0.5)
JB Chemicals	2,870	4,180	4,340	4,070	3,800	4,890	4,810	4,620	4,237	11.5	(8.3)
Ajanta Pharma	2,450	2,790	3,140	2,940	2,870	3,190	3,550	3,080	3,214	12.0	4.4
Alkem	17,187	17,815	22,161	19,922	20,113	19,007	23,278	22,328	21,521	7.0	(3.6)
Alembic Pharma	4,490	4,800	5,490	5,450	4,900	5,240	5,770	5,960	5,390	10.0	(9.6)
Natco	763	885	935	1,011	918	1,324	1,025	994	1,001	9.0	0.7
Abbott India	12,550	13,044	13,795	13,222	13,431	14,790	14,941	14,371	14,640	9.0	1.9
Sanofi India	5,868	5,804	5,743	5,577	6,113	5,861	5,931	5,759	5,990	(2.0)	4.0
Pfizer	5,497	5,929	6,375	6,218	5,726	5,314	5,752	5,400	5,555	(3.0)	2.9
GSK Pharma	8,096	7,451	9,169	8,023	7,875	7,617	9,570	8,053	8,111	3.0	0.7
Total Domestic sales	1,66,585	1,83,711	1,94,522	1,88,119	1,83,347	1,95,595	2,08,996	1,97,036	1,97,158	7.5	0.1
Growth (YoY)	12.7	(2.6)	7.1	7.1	10.1	6.5	7.4	4.7	7.5		

Source: Company data, I-Sec research

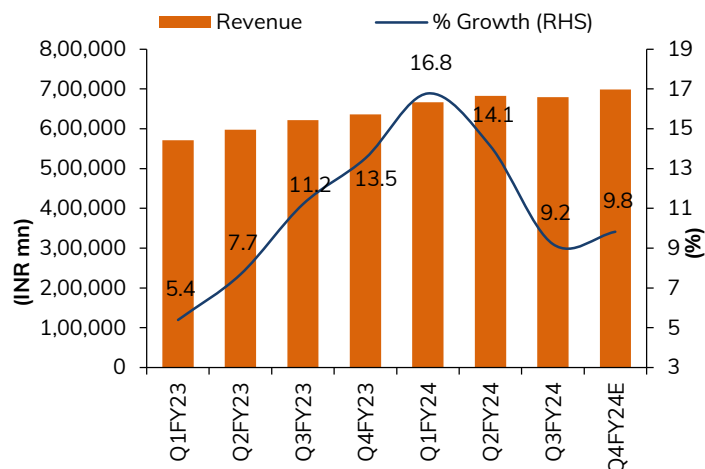
Exhibit 5: US business trends over the quarters

(USD mn)	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24E	% YoY	% QoQ
Sun Pharma	389	420	412	422	430	471	430	477	490	13.9	2.7
Dr Reddy's	265	230	351	375	312	389	385	401	409	31.1	2.0
Aurobindo	363	386	331	366	359	382	409	451	426	18.7	(5.5)
Zydus Lifesciences	189	202	214	235	275	298	225	221	281	2.0	26.9
Cipla	160	155	179	195	204	222	229	230	233	14.4	1.5
Lupin	181	121	159	177	175	181	213	212	201	15.1	(5.0)
Glenmark	98	86	95	102	104	98	89	92	98	(5.8)	7.0
Torrent Pharma	37	39	37	35	34	36	30	33	35	1.9	5.0
Ajanta Pharma	23	22	23	32	24	26	29	31	29	21.5	(5.0)
Alkem	71	73	77	92	72	85	93	82	76	6.2	(7.4)
Alembic Pharma	75	45	51	53	43	47	53	57	55	27.5	(3.0)
Strides Pharma Science	44	46	60	63	63	57	61	67	70	12.2	5.0
Piramal Pharma	73	66	71	64	86	75	72	69	81	(6.8)	16.0
Total US sales	1,968	1,890	2,059	2,211	2,181	2,368	2,319	2,423	2,484	13.9	2.5
Growth (YoY)	3.1	(0.1)	6.6	13.1	10.8	25.3	12.6	9.6	13.9		

Source: Company data, I-Sec research

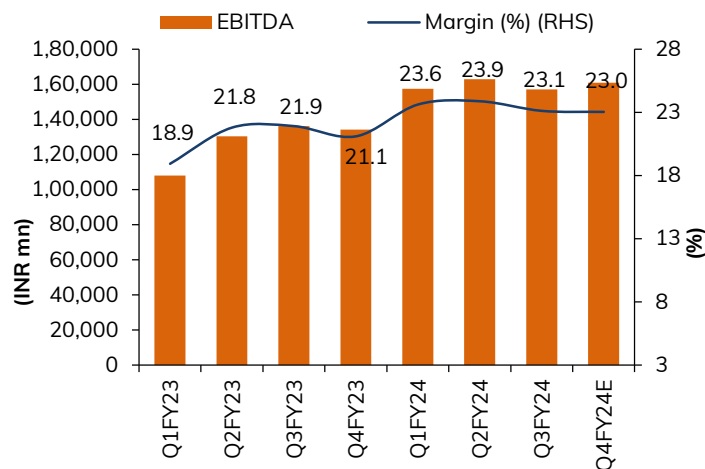
Quarterly trends in charts

Exhibit 6: Revenue of our coverage universe is set to grow 10% YoY



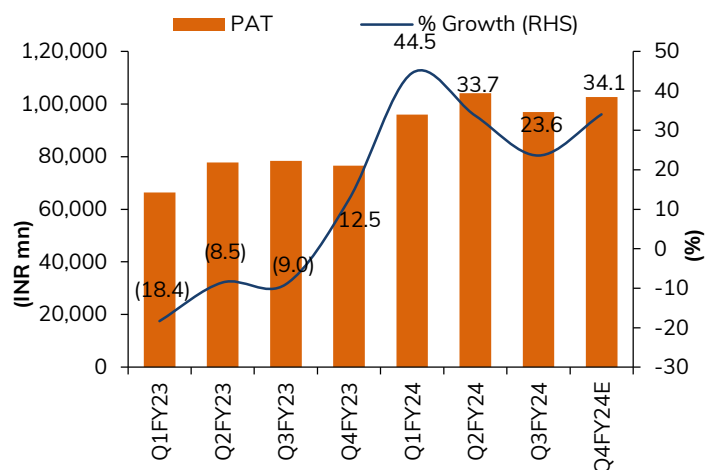
Source: Company data, I-Sec research

Exhibit 7: EBITDA margin to remain sturdy at ~23%



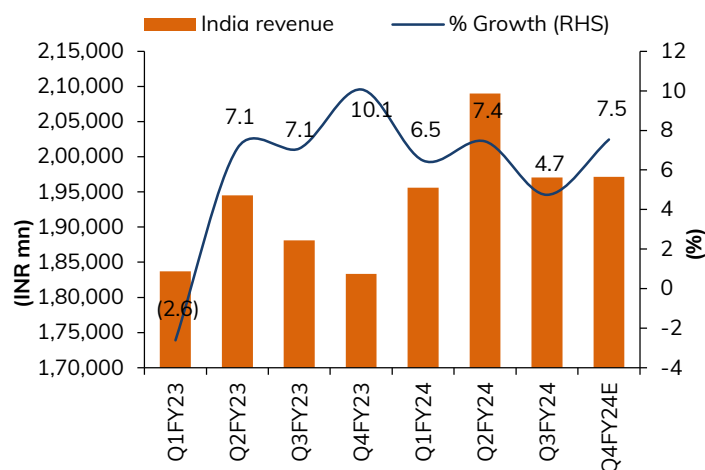
Source: Company data, I-Sec research

Exhibit 8: Net profit for our pharma coverage universe to grow 34% YoY



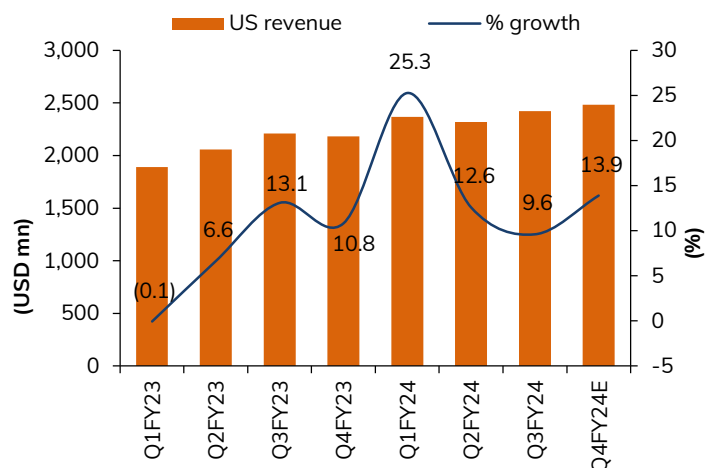
Source: Company data, I-Sec research

Exhibit 9: Acute therapies to drag domestic growth to single digits



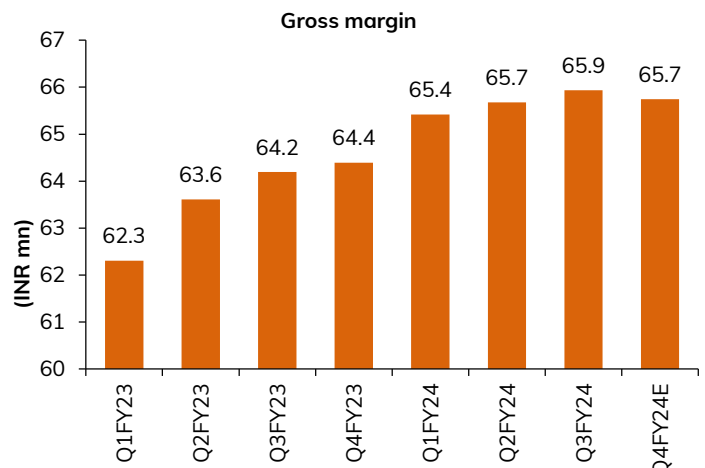
Source: Company data, I-Sec research

Exhibit 10: Lower price erosion, exclusivities to ensure double digit growth in US

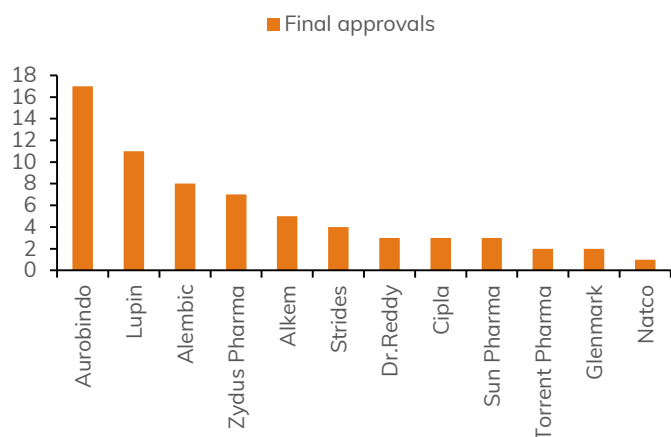


Source: Company data, I-Sec research

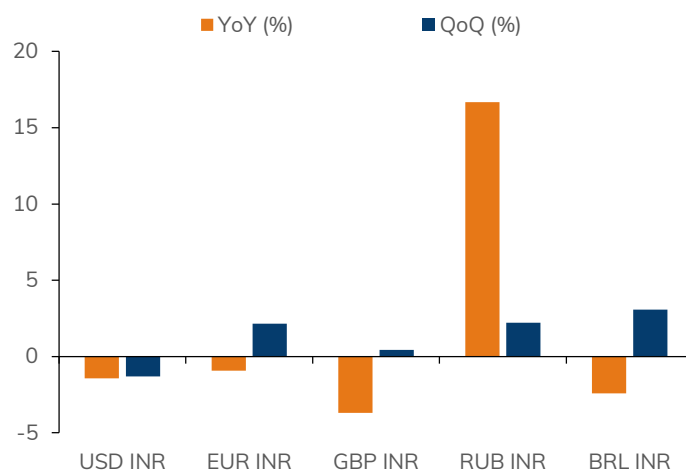
Exhibit 11: Lower RM and gRevlimid to improve margins



Source: Company data, I-Sec research

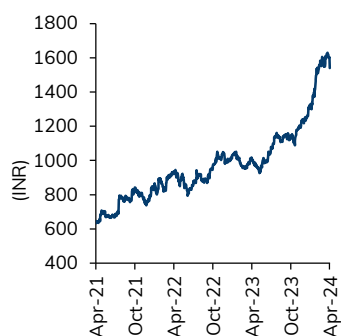
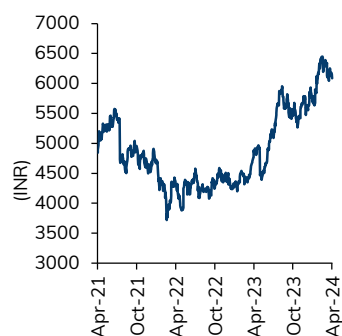
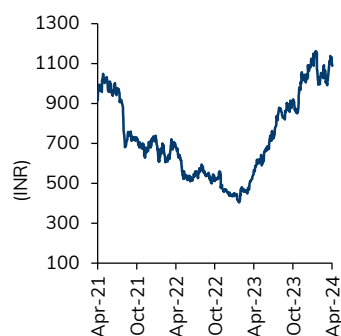
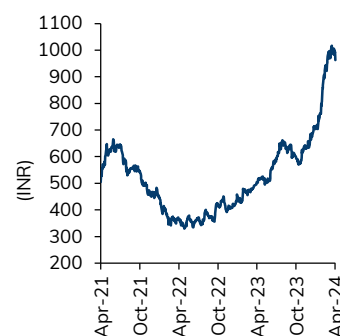
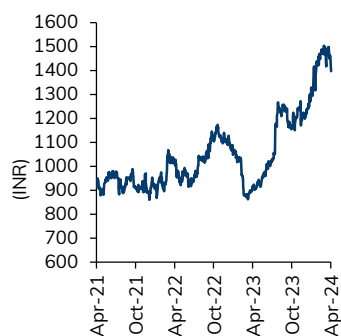
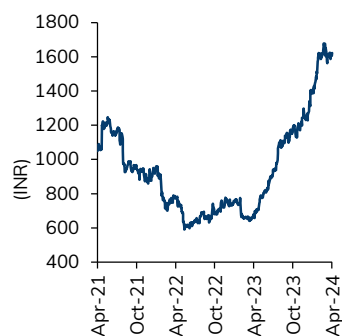
Exhibit 12: Aurobindo received highest number of approvals in Q4FY24


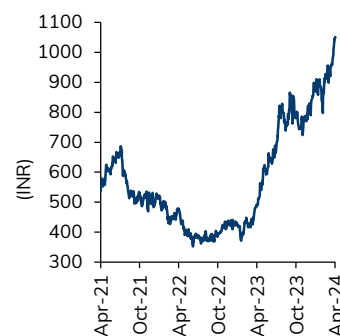
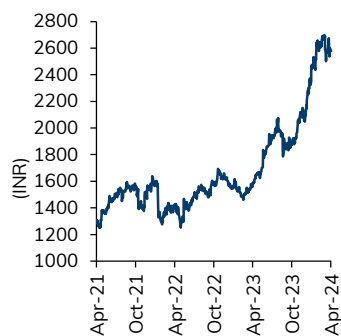
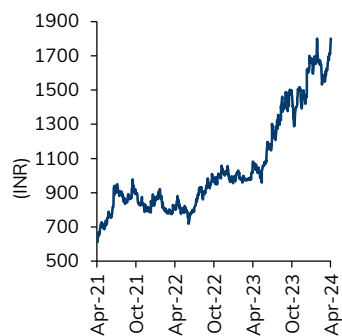
Source: USFDA, I-Sec research

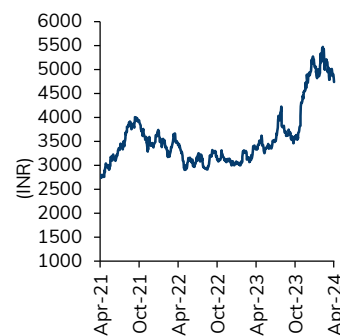
Exhibit 13: Depreciating rupee continues to make export business competitive


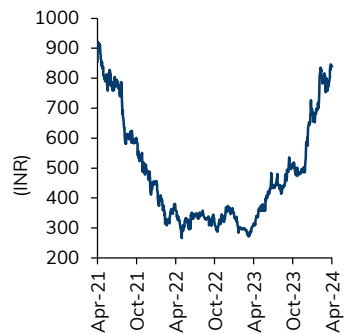
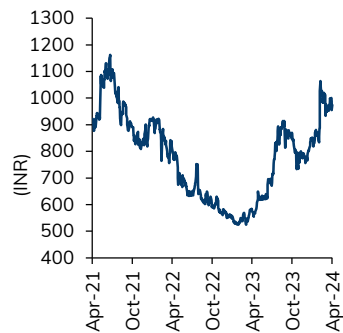
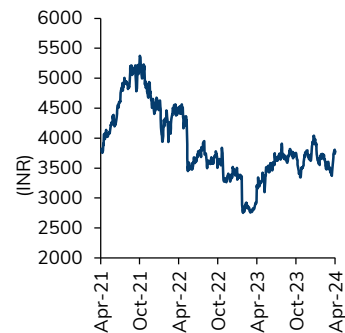
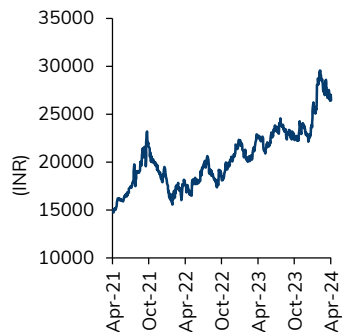
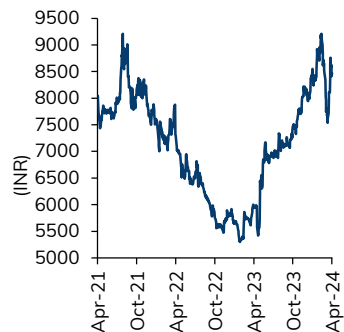
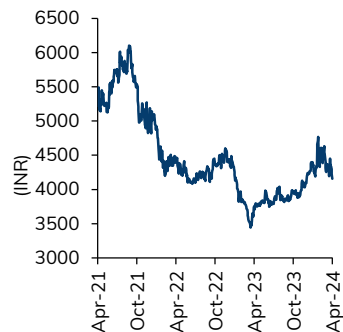
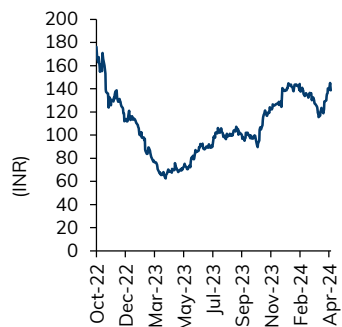
Source: Bloomberg, I-Sec research

Price chart

Sun Pharma

Dr Reddy's

Aurobindo

Zydus Lifesciences

Cipla

Lupin

Biocon

Glenmark

Torrent Pharma

JB Chemicals

Ajanta Pharma

Alkem


Alembic Pharma**Strides Pharma Science****Natco****Divi's Lab****Abbott India****Sanofi India****Pfizer****GSK Pharma****Piramal Pharma**

Source: Bloomberg

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