

## PHARMACEUTICALS

Q4FY25 Preview

22 April 2025

**Healthy earnings in a seasonally weak quarter**

- **4QFY25E to report another strong quarter, driven by a healthy product mix due to increase in gRevlimid sales in the US**
- **Domestic sales growth for our coverage companies to grow by 11.7%, surpassing IPM growth of ~7% led by new product launches**
- **EBITDA margin for our coverage companies to report at 25%, driven by a healthy product mix and marketing cost rationalisation**

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**Another strong quarter in 4QFY25E:** We expect sales for our coverage companies to grow by 13.3% YoY to Rs 557 bn, driven by 11.7% growth in the domestic region and 6.9% growth in the US region. We expect EBITDA growth of 22.4% YoY to Rs 135 bn to be driven by a healthy product mix and marketing cost rationalisation, resulting in increase in EBITDA margin by 155bps YoY to 25.1%. Subsequently, we expect PAT growth of 20.3% to Rs 92.8bn.

**Chronic sales to drive domestic growth:** We expect domestic sales for our coverage companies to grow by 11.7% vs IPM growth of 7%, driven by (1) higher MR productivity (2) value growth (3) new product launches (4) recovery in the acute segment. From our coverage companies, we believe domestic sales for ERIS to be the highest at 35% amidst diabetes brand Empagliflozin going off-patent followed by SUN at 13%, due to volume growth. In the acute segment, expect ALKM to report 9% and surpass IPM growth in acute therapy of 6%.

**US sales growth to be driven by niche products:** We expect US sales for our coverage companies to grow by 6.9% to Rs 128 bn. In cc terms, we expect sales to grow by 5.2% to USD 1.9 bn, driven by (1) a strong gRevlimid quarter (2) stable sales from complex products like gMirabegron, gSpiriva, Peptides and specialty sales (3) easing of price erosion in generics. From our coverage companies, in INR terms, we expect SUN to report 14% growth driven by Ilumya sales in the specialty segment; while in cc terms, we expect LPC to report 15% growth at USD 240mn.

**Higher gRevlimid sales to drive margins:** We expect margins of our coverage companies to expand by 155bps YoY to 25.1%, largely driven by healthy gRevlimid sales and specialty/ complex generic products. We expect ERIS to report higher margin increment of 533 bps to 35%, followed by 350 bps increment for LPC driven by gMirabegron launch.

**Our preferred picks:** We prefer SUN as BUY post the Checkpoint acquisition and CIPLA post the gAbraxane approval amongst the US focus companies. On the domestic front, we prefer ABBOTT due to healthy leadership core brands.



## 4QFY25 Pharma Preview

Fig 1 – Preview table

Y/E March	Net Sales (Rs mn)			EBITDA (Rs mn)			EBITDA Margin (%)			Adjusted PAT (Rs mn)		
	Q4FY25E	YoY (%)	QoQ (%)	Q4FY25E	YoY (%)	QoQ (%)	Q4FY25E	YoY bps	QoQ bps	Q4FY25E	YoY (%)	QoQ (%)
Sun Pharma	134,310	12.1	(1.8)	37,875	22.5	(9.7)	28.2	240.0	(245.6)	30,438	14.7	4.8
Dr.Reddy's	84,863	19.8	1.5	22,913	28.4	(0.4)	27.0	181.0	(51.2)	14,005	7.2	(0.9)
Cipla	65,660	6.5	(7.2)	13,132	19.8	(20.8)	24.0	265.0	(412.0)	10,828	15.3	(31.1)
Lupin	54,254	9.4	(5.9)	12,804	28.5	(6.3)	23.6	350.7	(8.3)	7,112	93.1	(17.2)
Aurobindo Pharma	83,123	9.7	4.2	17,955	7.3	10.3	21.8	(12.7)	(20.4)	9,994	4.7	12.5
Ajanta	11,120	5.5	(3.0)	2,892	3.9	(9.9)	26.0	(40)	(199)	2,047	1.0	(12.1)
Alkem	33,459	14.0	(0.8)	4,715	17.3	(37.9)	15.2	1.5	(7.3)	3,620	23.3	(42.2)
Alembic Pharma	16,535	9.0	2.7	2,517	(3.2)	(3.3)	15.2	(1.9)	(0.1)	1,314	(26.3)	(4.6)
Eris	7,388	35.0	2.3	2,545	59.1	2.2	35.2	533	(2.9)	866	22.1	3.6
Divi's	26,647	15.7	14.9	8,660	18.5	16.6	32.5	18	17	6,301	17.1	7.0
Laurus Labs	15,865	10.2	12.1	3,173	31.4	11.3	20.0	323	(15)	1,088	43.4	20.1
Suven Pharma	7,550	NA	NA	2,303	NA	NA	30.5	NA	NA	1,532	NA	NA
Abbott India	16,257	13.0	0.7	4,471	35.7	2.5	27.5	4.6	0.5	3,689	28.5	2.3
<b>Total</b>	<b>557,031</b>	<b>13.32</b>	<b>1.6</b>	<b>135,954</b>	<b>22.4</b>	<b>(3.8)</b>	<b>25.1</b>	<b>155.2</b>	<b>(78.7)</b>	<b>92,835</b>	<b>20.3</b>	<b>(4.8)</b>

Source: Company, BOBCAPS Research

Fig 2 – Domestic sales

(Rs mn)	4QFY25E	4QFY24	3QFY25	YoY (%)	QoQ (%)
Sun Pharma	41,898	37,078	43,004	13.0	(2.6)
Dr.Reddy's	12,617	11,265	13,464	12.0	(6.3)
Cipla	26,104	24,170	31,460	8.0	(17.0)
Lupin	17,617	16,015	19,305	10.0	(8.7)
Ajanta	3,590	3,260	3,450	10.1	4.1
Alkem	21,499	19,724	23,649	9.0	(9.1)
Alembic Pharma	5,533	5,030	6,140	10.0	(9.9)
Abbott India	16,013	14,171	15,901	13.0	0.7
Eris	6,649	4,925	6,499	35.0	2.3
<b>Total</b>	<b>151,520</b>	<b>135,638</b>	<b>162,871</b>	<b>11.7</b>	<b>(7.0)</b>

Source: Company, BOBCAPS Research

Fig 3 – US sales preview in INR terms

(Rs mn)	4QFY25E	4QFY24	3QFY25	YoY (%)	QoQ (%)
Sun Pharma	45,121	39,544	40,030	14.1	12.7
Dr.Reddy's	34,757	32,626	33,834	6.5	2.7
Cipla	20,063	18,750	19,060	7.0	5.3
Lupin	20,910	19,006	21,213	10.0	(1.4)
Aurobindo Pharma	38,270	36,390	36,710	5.2	4.2
Ajanta	2,984	2,620	2,630	13.9	13.4
Alkem	6,491	6,241	6,340	4.0	2.4
Alembic Pharma	4,611	4,230	5,210	9.0	(11.5)
<b>Total</b>	<b>128,084</b>	<b>119,863</b>	<b>124,997</b>	<b>6.9</b>	<b>2.5</b>

Source: Company, BOBCAPS Research

**Fig 4 – US sales preview in cc terms**

(USD mn)	4QFY25E	4QFY24	3QFY25	YoY (%)	QoQ (%)
Sun Pharma	519	476	474	8.9	9.4
Dr.Reddy's	400	391	395	2.0	1.0
Cipla	231	225	226	2.5	2.1
Lupin	240	209	244	15.0	(1.7)
Aurobindo Pharma	445	438	435	1.5	2.3
Ajanta	34	31	32	9.1	8.7
Alkem	75	75	76	(0.3)	(1.9)
Alembic Pharma	53	51	61	4.5	(13.5)
<b>Total</b>	<b>1,996</b>	<b>1,897</b>	<b>1,944</b>	<b>5.2</b>	<b>2.7</b>

Source: Company, BOBCAPS Research

**Fig 5 – CDMO sales**

(Rs mn)	4QFY25E	4QFY24	3QFY25	YoY (%)	QoQ (%)
Divi's	26,647	23,030	23,190	15.7	14.9
Laurus	15,865	14,397	14,151	10.2	12.1
Suven	7,550	NA	6,764	NA	11.6
<b>Total</b>	<b>50,062</b>	<b>37,427</b>	<b>44,105</b>	<b>33.8</b>	<b>13.5</b>

Source: Company, BOBCAPS Research

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