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Pharma

Divis Labs	Q1 FY25	Q1 FY24	Q4 FY24	YoY	QoQ	FY24	FY23	YoY
Revenue	2,118	1,778	2,303	19%	-8%	7,845	7,768	1%
Gross Profit	1,265	1,090	1,401	16%	-10%	4,716	4,714	0%
Gross Margin(%)	60%	61%	61%			60%	61%	
EBITDA	701	585	810	20%	-13%	2,544	2,714	-6%
EBITDA Margin (%)	33%	33%	35%			32%	35%	
PBT	604	492	713	23%	-15%	2,163	2,369	-9%
PBT Margin (%)	29%	28%	31%			28%	30%	
PAT	430	356	538	21%	-20%	1,600	1,823	-12%
PAT Margin (%)	20%	20%	23%			20%	23%	

Business performance

Generic API (incl nutraceuticals): CSM split was 51:49 in Q1FY25, Nutraceuticals revenue at 178 Cr vs 190Cr QoQ & 720Cr for FY24
Exports accounts for 86% in Q1FY25, US & Europe accounts for 70%
GPM contraction led by -ve product mix, EBITDA% expansion YoY led by operating leverage
Cash on books of at 4,229 Cr, receivables at 1,942 Cr & inventories at 3,108 Cr
RM prices remained stable for Q1FY25, maintaining safety stock for extended periods due to geopolitical situation & diversifying supplier base

Outlook

Growth will be driven by all six pillars i.e sartans have been growing well, an increase in demand for existing API products, growth in contrast media, growth in the CSM business, increase in asset turnover, aims to maintain 50:50 revenue mix between generic API and CSM
CSM - Works on 2 Segment in contrast media side i.e Iodine based compound used in CT scan & Gadolinium compound used in MRI, Considering Biosecure Act, witnessing opportunities across phase II and Phase III molecules, venturing into building peptide fragments (forward integrating from protective amino acids) for GLP-1 and GLP-2 molecules.
Generic API - Pricing environment challenging while volumes are strong offsetting some price declines, facing pricing pressure since covid mainly due to inventory correction; to stabilize from here.
Gained market share in most of the products, backward integrated for most leading products that are coming off patent over the next 4-5 yrs
Current Assets turns at 0.7x, peak asset turns to be 1-1.1x. Current utilization at 80%, Kakinada unit to complete by FY25, peak utilization in 2 years

Capex & Other investments

Q1FY25 Capex at 60 Cr. Maintenance capex for FY25 at 200-250 Cr, while New capex guidance will be provided in next few quarters
CWIP stood at 1062 Cr, of which Kakinada unit amounts to 837 Cr (Total capex spent on Kakinada till now at 1000+ Cr)

Other Information & insights

Supply chain challenges resulting in significant freight hikes and long transit times due to rerouting and vessel cancellation.
Innovators control 85-90% of contrast media market, while generic companies have only 10-15% share

Aarti Drugs	Q1 FY25	Q1 FY24	Q4 FY24	YoY	QoQ	FY24	FY23	YoY
Revenue	555	661	620	-16%	-10%	2,529	2,716	-7%
Gross Profit	195	215	223	-9%	-12%	851	828	3%
Gross Margin(%)	35%	32%	36%			34%	30%	
EBITDA	66	85	87	-22%	-24%	320	311	3%
EBITDA Margin (%)	12%	13%	14%			13%	11%	
PBT	44	64	64	-31%	-31%	236	224	5%
PBT Margin (%)	8%	10%	10%			9%	8%	
PAT	33	48	47	-31%	-30%	172	166	4%
PAT Margin (%)	6%	7%	8%			7%	6%	

Business Performance

Segment-wise revenue - API:Formulation:Specialitychem:Intermediates is 80%:12%:5%:3%
Therapeutic-wise Revenue - Anti-biotic:Anti-protozol:Anti-inflammatory:Anti-diabetic:Anti-fungal: others is 43.2%:18.1%:9.1%:14%:10.1%:5.5%
Domestic - Export mix at 67:33%. Domestic API volume was flattish, while export volume declined by 8% YoY
Revenue declined YoY due lower realization & subdued export market demand in API business; price decline was 11% YoY
Fire incident at Tarapur Greenfield project (dermatology) impacted by 6 Cr

Outlook

FY27- Revenue guidance of 4,000 Cr with EBITDA% of 14-15% (at current prices)
Guiding for flattish H1 for both API & Specialty segment, expecting Specialty segment to grow 50% YoY & API segment to grow in mid teens in H2
EBITDA% Guidance at 13-14% for FY25 vs earlier guidance of 14-15% in Q4FY25; scope of 1% improvement in GPM led by good demand
Operating leverage expected from H2, improved utilization of both projects; margins to be driven by export sales and backward integration
Peak revenue potential of 4,500 Cr from existing capex; current utilization at ~72%

Capex & other investments

Q1FY25 Capex at 50 Cr, FY25 Capex target at 200 Cr mainly funded through internal accruals
Sayakha Greenfield Project for specialty chemicals & intermediates is expected to commence by end of Q2FY25 (vs earlier guidance of Q1FY25)
Tarapur Greenfield project for dermatology products, expect to ramp up the production in next 2 quarters

Laurus Labs	Q1 FY25	Q1 FY24	Q4 FY24	YoY	QoQ	FY24	FY23	YoY
Revenue	1,195	1,182	1,440	1%	-17%	5,041	6,041	-17%
Gross Profit	658	598	718	10%	-8%	2,609	3,267	-20%
Gross Margin(%)	55%	51%	50%			52%	54%	
EBITDA	174	171	260	2%	-33%	804	1,598	-50%
EBITDA Margin (%)	15%	14%	18%			16%	26%	
PBT	18	41	107	-56%	-83%	236	1,109	-79%
PBT Margin (%)	2%	3%	7%			5%	18%	
PAT	13	27	75	-52%	-83%	162	793	-80%
PAT Margin (%)	1%	2%	5%			3%	13%	

Business performance

Q1FY25 Revenue mix - API at 56%, FDF at 23%, CDMO at 18% & Bio at 3%, ARV at 46% of sales

GPM improvement led by product mix & lower RM, EBITDA% down sequentially due to lower asset utilization and dilution from growth projects

APIs up 11% YoY while down -11% QoQ due to timing of shipments other API segment, Pricing across ARV stable but low for broader API portfolio

FDF down 4% YoY & 36% QoQ, impacted by lower ARV volumes (-20%) offsetting good growth in Developed market portfolio (+25%), Recent US launches/approvals to benefit in coming quarters.

CDMO down 14% YoY & 9% QoQ on expected lines & BIO down 14% YoY & up 38% QoQ, positive market demand dynamic in Bio continued

R&D spends at 64 Cr (5.4% of Revenues). Asset turns are at 0.8x vs a 5Y average of 1.1x, 5Y highest of 1.5x, Net debt at 2633 Cr

Outlook

FY25 outlook maintained along with 20% EBITDA led by medium to long term contracts & commercial opportunity in late-phase NCE projects

FY26 expected to be better driven by growth in the animal health; prioritizing investments into high-value business segments

Expect H2FY25 to drive growth along with EBITDA% improvement & Net debt/EBITDA > 2.5x by end of FY25 vs. (3.3x currently)

Confident of securing large CDMO opportunities over the next few year, Guiding for 2500 Cr annual revenue for ARV segment in FY25

Capex & Other investments

Q1FY25 capex at 125 Cr, Expect 1800-2000 Cr capex for FY25 & FY26 Mainly towards CDMO

Investing 200 Cr for setting up large-scale commercial fermentation facility, expect to commissioned by June 26

Expanding tablets manufacturing facility from 2 billion to 13 billion tablets

Alkem Labs	Q1 FY25	Q1 FY24	Q4 FY24	YoY	QoQ	FY24	FY23	YoY
Revenue	3,032	2,968	2,936	2%	3%	12,668	11,599	9%
Gross Profit	1,956	1,769	1,829	11%	7%	7,730	6,692	16%
Gross Margin (%)	65%	60%	62%			61%	58%	
EBITDA	729	455	478	60%	53%	2,434	1,723	41%
EBITDA Margin (%)	24%	15%	16%			19%	15%	
PBT	619	353	367	75%	69%	2,023	1,305	55%
PBT Margin (%)	20%	12%	13%			16%	11%	
PAT	550	288	304	91%	81%	1,811	1,007	80%
PAT Margin(%)	18%	10%	10%			14%	9%	

Business Performance

Q1FY25 revenue - India accounts for 67.6%, US accounts for 21.5% & Other International Market accounts for 10.9%

India business up 6.6% YoY (volume 1.5%, new launches 2.5% & price 2.5%), international sales were lower by 2.2% YoY & US down by -7.6% YoY

R&D at 4.1% of sales in Q1FY25, Net cash at 3845 Cr

Other expenses to revenue at 24.5% for Q1 due to lower R&D expenses in Q1, may increase in absolute sense by 100 Cr from here per quarter. Cost saving intiatives continue to bear fruit, expect other expenses to trend lower in % terms YoY as a % of revenue

Outlook

Expect FY25 GPM at ~62%, EBITDA% at 18% (higher upside if API prices improves), ETR at 11-13% & R&D at 4.5-5%, Expect India business to grow in line with IPM (8-10%) & ROW to remain strong going forward. Expects stable API pricing

India - Alkem growth at 8.4% vs IPM growth of 8.7% (IQVIA), Chronic segment accounts for ~20% sales, Non-NLEM product prices inc by 5-6% p.a.

Employee costs are in line with inflation-related increments, MR count stands at 12,700 with first-line Managers at 10% of MRs (in line with industry), Focusing on inc MR productivity (Avg MR productivity is around 45 lakhs & 35 lakhs for chronic division)

US - Single digit price erosion, launched 1 product in the US and received approval for 3 ANDAs from the USFDA, including one tentative approval

Capex & investments

FY25 expected capex at 600-700Cr, (100 Cr towards maintenance & 400-450 Cr toward new biologics facility in U.S)

Alkem is open to M&A opportunities, Chronic whould be first priority

Other Information & insights

Successful resolved of all the USFDA observations received for Baddi facility

Supply chain issues in Australia impacted Non-US business growth, which was limited to 1%

FY27 tax rate should be 25% due to Sikkim tax holiday to get over. ETR (effective tax rate) for FY25 to be 11-13%

NLEM exposure within India portfolio at ~30%

Gufic Bio	Q1 FY25	Q1 FY24	Q4 FY24	YoY	QoQ	FY24	FY23	YoY
Revenue	203	195	195	4%	4%	807	691	17%
Gross Profit	108	98	106	10%	2%	417	359	16%
Gross Margin(%)	53%	50%	55%			52%	52%	
EBITDA	37	36	35	3%	6%	148	138	7%
EBITDA Margin (%)	18%	18%	18%			18%	20%	
PBT	28	28	27	0%	4%	116	107	8%
PBT Margin (%)	14%	14%	14%			14%	15%	
PAT	21	21	20	0%	5%	86	80	8%
PAT Margin(%)	10%	11%	10%			11%	12%	

Q4FY25 & Q1FY25 include financials of GUL & GPPL

Business Performance

Revenue split - Domestic at 50-55%, International at 18-20%, contract manufacturing at 25-30% & API at 5-7%; running at full utilization

Issued ESOP to 6 employees like head of Indore plant, head of marketing team, etc

Critical care - Launched a new task force i.e Fertimax, comprising of 40 well-trained field personnel (18-20 Existing & 15-20 new hires) to boost field efficiency and drive deeper market penetration for 3 products (dydrogesterone 20/30, Guficin Alpha, Supergraf)

IVF - Gufic is fourth largest player in terms of sales, its has similar products basket to BSV (Bharat Serums and Vaccines). Market size ~4500 Cr

Sparsh - successfully launched in Tamil Nadu and expanded into additional territories, Expanded team to 85, Launching contrast media

International business - have almost 200+ registrations across 30-35 markets with 150+ products in pipeline targeting almost 40 countries. WC is stretched due to discounts to gain market penetration and build confidence, expected to reach normal levels by year-end

Outlook

Expect peak revenue of 1500 Cr in FY27 (Indore + Navsari)

Peak revenue of 700 Cr at Navsari could increase to 1200-1500 Cr, depending on changes in product mix

Capex & other investments

OCF used to fund WC for Indore plant, from FY26 cash flow of 75-80 Cr will use to repay debt over 3-4 years

Expect peak debt will be around 300Cr (175 Cr term loan & 120 Cr WC loan)

Indore facility - 300 Cr capex, targeting 30-35% utilization in FY26, 60% for FY27 & full utilization for FY28. Doubles current manufacturing capacity

Completed validations of 3 manufacturing lines, remaining to be completed by the end of Aug & commercial production to start in September

Gland Pharma	Q1 FY25	Q1 FY24	Q4 FY24	YoY	QoQ	FY24	FY23	YoY
Revenue	1,402	1,209	1,537	16%	-9%	5,665	3,625	56%
Gross Profit	838	756	938	11%	-11%	3,492	1,940	80%
Gross Margin(%)	60%	63%	61%			62%	54%	
EBITDA	315	332	401	-5%	-21%	1,503	1,209	24%
EBITDA Margin (%)	22%	27%	26%			27%	33%	
PBT	218	261	298	-16%	-27%	1,133	1,055	7%
PBT Margin (%)	16%	22%	19%			20%	29%	
PAT	144	194	192	-26%	-25%	772	781	-1%
PAT Margin(%)	10%	16%	12%			14%	22%	

Business performance

Q1FY25 Consolidated revenue split - USA 54%, Europe 18% , Other Core Markets (Canada, Australia & New Zealand) 3%, ROW 20% & India at 4%

USA up 27% YoY, Europe 15% YoY, Other Core Markets up 72% YoY, while ROW down -3% YoY & India -19% YoY

GPM down -2.8% YoY due to change in product mix in base business offset by higher GM in Cenexi business

Revenue (ex Cenexi) at 1013 Cr +14% YoY, driven by volume growth in key injectables and new product launches, US contribution at 74%, EBITDA % at 29% vs 30% YoY & 34% QoQ,

Regulatory filings: 8 ANDAs filed, 7 ANDAs approved. Total filings: 356 ANDAs in the US (295 approved, 61 pending). Global prod registrations: 1,708

Cenexi Revenue up 21% YoY & 7% QoQ, GPM at 78%, EBITDA at -7%

R&D expenses at 5% for base business, Net cash at 2740 Cr, milestone income was at 9% vs (16% in 4QFY24)

Outlook

Maintain guidance of mid-teens (14-15%) YoY growth in revenue (ExCenexi) for FY25 with EBITDA% of 32-33%

Cenexi - Expecting subdued Q2FY25 led by European holiday season & planned shutdowns, While Guiding +ve EBITDA for Q4FY25 & FY26, driven by increased revenue (exceeding €200 Mn threshold)

US market remains crowded, requiring manufacturers to maintain continued focus on cost competitiveness, evaluating various strategic options to determine the best path forward for India business, Expects RoW to grow at a healthy rate

US Biosecure Act has led to increased interest, which is expected to benefit Indian CDMOs

Biologics facility (Genome Valley) is attracting advanced-stage interest from multiple players for contract manufacturing of monoclonal antibodies and novel plasma-based proteins. In addition, Gland is in discussions with a leading biologics company for a potential strategic collaboration.

Capex & other investments

Looking at opportunities in complex injectables & products with higher complexity

Dr. Reddy Labs	Q1 FY25	Q1 FY24	Q4 FY24	YoY	QoQ	FY24	FY23	YoY
Revenue	7,696	6,758	7,114	14%	8%	28,011	24,670	14%
Gross Profit	5,514	4,820	5,022	14%	10%	19,802	17,012	16%
Gross Margin(%)	72%	71%	71%			71%	69%	
EBITDA	2,323	2,240	2,032	4%	14%	8,842	7,441	19%
EBITDA Margin (%)	30%	33%	29%			32%	30%	
PBT	1,883	1,850	1,605	2%	17%	7,201	6,048	19%
PBT Margin (%)	24%	27%	23%			26%	25%	
PAT	1,392	1,405	1,310	-1%	6%	5,578	4,507	24%
PAT Margin(%)	18%	21%	18%			20%	18%	

Business performance

Q1FY25 Revenue split by geography US at 50%, Europe at 7%, India at 17%, Emerging markets at 15% & PSAI at 10%

GPM improve YoY & QoQ led by favourable product mix & overhead leverage, partially offset by price erosion in generics markets

US sales up 20% YoY & 18% QoQ led by inc in volumes of base business (higher contribution from gRevlimid), contribution from new launches, partly offset by price erosion, launched 3 new products in the U.S

India up 15% YoY & 18% QoQ led by new product launches including the recently in-licensed vaccine portfolio, launched 13 new brands

Europe up 4% YoY & 1% QoQ, improvement in base business & new product launches were partly offset by price erosion, launched 12 new products

PSAI up 18% YoY while down 7% QoQ due decrease in volumes of certain existing products

SG&A expenses up 28% YoY & 11% QoQ, primarily on account of investment in new business initiatives, higher freight costs, business integration costs, annual merit increases, and building commercial capabilities to enhance operational efficiencies

Q1FY25 R&D% at 8.1 % vs 7.4% YoY & 9.7% QoQ, Net cash surplus at 6730 Cr

Outlook

Maintained its long-term guidance of 25% EBITDA margin, 25% RoCE, expected R&D 8.5-9% (60% towards small molecules, 20% on biosimilars & 20% on APIs and other, continues to guide for higher other exp at 27%-28% & ETR at 24-25% for FY25

Focusing on generics (B2B and branded generics), innovative products, consumer healthcare, and biologics

India - India remains a very important market, base business to grow in double-digits in FY25 (ex - vaccine)

US - plans to launch 20 products in the US during FY25, Capability to grow its ex-gRevlimid annual. US sales in single digits, collaborated with Alvotech for the commercialization of biosimilar (denosumab) in US, Europe and UK which is Expected to be commercialized in FY26, in-licensed biosimilar (abatacept) will be launched in CY27.

Global OTC sales stand at $300-320 Mn currently. New acquisitions will add $300 Mn, Aiming to reach $1 bn over next 3-4 years.

Capex & Other investments

Q1FY25 Capex at 491 Cr

Inaugurated biologics facility in Genome Valley, Hyderabad (focusing towards CDMO)

Spending 20% of R&D & 10% of capex towards biologics

Any other information/insights

Announced split of equity share in ratio of (1:5)

Acquiring Nicotinell and its related brands in the Nicotine Replacement Therapy category in markets outside US from Haleon PLC for GBP 500mn, transaction is expected to close in Q4CY24.

Abbott India	Q1 FY25	Q1 FY24	Q4 FY24	YoY	QoQ	FY24	FY23	YoY
Revenue	1,558	1,479	1,439	5%	8%	5,849	5,349	9%
Gross Profit	712	655	633	9%	12%	2,628	2,374	11%
Gross Margin(%)	46%	44%	44%			45%	44%	
EBITDA	458	411	411	11%	11%	1,701	1,360	25%
EBITDA Margin (%)	29%	28%	29%			29%	25%	
PBT	437	390	390	12%	12%	1,618	1,274	27%
PBT Margin (%)	28%	26%	27%			28%	24%	
PAT	328	290	287	13%	14%	1,201	949	27%
PAT Margin(%)	21%	20%	20%			21%	18%	

NO Investor Presentation & Concall

Glenmark Pharma	Q1 FY25	Q1 FY24	Q4 FY24	YoY	QoQ	FY24	FY23	YoY
Revenue	3,244	3,036	3,063	7%	6%	11,813	12,990	-9%
Gross Profit	2,134	1,848	2,067	15%	3%	7,400	8,453	-12%
Gross Margin (%)	66%	61%	67%			63%	65%	
EBITDA	619	405	855	53%	-28%	1,531	1,829	-16%
EBITDA Margin (%)	19%	13%	28%			13%	14%	
PBT	462	151	555	206%	-17%	434	868	-50%
PBT Margin (%)	14%	5%	18%			4%	7%	
PAT	340	173	-1214	97%	-128%	-1,434	377	-480%
PAT Margin (%)	10%	6%	-40%			-12%	3%	

FY23 & FY24 other income include net expectional loss of -760 & -504

Business Performance

Geographies mix - India at 37%, US at 24%, Europe at 21% & ROW at 18%

India Business up 11.9% YoY, while Europe Business up higher at 21.4% YoY, ROW Business lower growth at 13.3% YoY & US down -4.6% YoY

India business continued to outperform the overall industry in terms of growth (16.9% and 11.3% for Glenmark vs. 8.7% and 7.5% for IPM as per IQVIA April-June 2024 and IQVIA MAT June 2024 respectively)

R&D expenses at 7.4% of sales

Outlook

Targeting Consolidated revenue at 13,500-14,000 Cr, GPM at 65-67%, EBITDA at 19% & R&D spends at 7-7.25% & double-digit PAT% for FY25

India business to grow 10-15% in FY25, Consumer Care grew 11.3% in Q1, Collaborated with Beigene for distribution of novel oncology products

US growth remained challenging due to lack of new product launches and delay in scale-up of launches, filed one ANDA in Q1 & plans to file 2 in Q2

EU - All key countries recorded healthy double-digit growth, Branded respiratory portfolio, including Ryaltris, continues to outperform, EU business has much higher potential than the US business over medium term, Awaiting approval of 4 respiratory products which were filed in Q4FY23

ROW - Strong performance in Russia and LATAM, MEA continued to achieve secondary sales growth in key markets while APAC registered subdued growth in secondary sales across its key markets

Ryaltris sales at $80Mn (currently 420Mn) in FY25, planning to launch Ryaltris in 10-11 markets over the next one year. Plans to file Envafolimab in 20+ markets in FY25 with first market launch is expected in FY26 & Plans to launch WINLEVI in its licensed markets starting FY26

Capex & Other investment

FY25 capex target at 700 Cr, 115 Cr added to fixed asset base in Q1. Net cash at 360 Cr as of Q1 end

Working capital cycle to be 70-75 days

Sun Pharmaceuticals	Q1 FY25	Q1 FY24	Q4 FY24	YoY	QoQ	FY24	FY23	YoY
Revenue	12,653	11,941	11,983	6%	6%	48,497	43,886	11%
Gross Profit	9,978	9,183	9,603	9%	4%	37,834	33,224	14%
Gross Margin (%)	79%	77%	80%			78%	76%	
EBITDA	4,141	3,214	3,539	17%	29%	13,883	12,110	15%
EBITDA Margin (%)	33%	27%	30%			29%	28%	
PBT	3,424	2,481	2,816	22%	38%	11,088	9,408	18%
PBT Margin (%)	27%	21%	23%			23%	21%	
PAT	2,861	2,006	2,659	8%	43%	9,610	8,513	13%
PAT Margin (%)	23%	17%	22%			20%	19%	

Business Performance

Q1FY25 Revenue - US formulation at 31.1%, Indian branded at 33.1%, Emerging markets at 18.9%, RoW at 12.6%, API & Others at 3.94%

India grew 16.4% YoY, EMs: +8.8% YoY, While US down at -1%, ROW at -2.9% & API & others at 8.2%

In India Sun Pharma continues to be No.1 pharma company in IPM with 8.6% market share as of Jun24

R&D expenditure at 6.3%, 45.2% of R&D spent is is towards Specialty products. Global specialty sales up 14.7% YoY; now at 17.7% of revenue

Net Cash Cash at $2.5 bn as on Q1FY25 at consolidated level

Outlook

FY25 R&D spend to be 8-10% for FY25 & R&D spending would step up in subsequent quarter, ETR is expected to increase ahead.

India - growth across major therapies driven by volumes & product launches; while IPM growth was price led, expect growth to be better than IPM

U.S - Focused on increasing volume, growing faster than the market & increasing prescription share from doctor, have promising pipeline for launches in FY25, Sales ex gRevlimid actually grown during Q1FY25, launched 5 new products in Q1FY25

RoW market were subdued because of price cuts and generic product pricing pressure in Japan, Expect this business to continue to do well

Entire emerging market business is branded generics

Other Information & insights

Remediation of the Halol plant is in process & will invite USFDA for a re-inspection once the remediation in completed

No critical products filing from Halol / Mohali / Dadra. As per mgt FY25 would be an investment phase for most of its businesses

Congruence Advisers

Cipla Ltd	Q1 FY25	Q1 FY24	Q4 FY24	YoY	QoQ	FY24	FY23	YoY
Revenue	6,694	6,329	6,163	6%	9%	25,774	22,753	13%
Gross Profit	4,501	4,092	4,113	10%	9%	16,954	14,501	17%
Gross Margin(%)	67%	65%	67%			66%	64%	
EBITDA	1876	1632	1565	15%	20%	6,843	5,320	29%
EBITDA Margin (%)	28%	26%	25%			27%	23%	
PBT	1611	1375	1259	17%	28%	5,702	4,038	41%
PBT Margin (%)	24%	22%	20%			22%	18%	
PAT	1175	998	932	18%	26%	4,154	2,833	47%
PAT Margin(%)	18%	16%	15%			16%	12%	

Business Performance

Q1FY25 Revenue - India 43%, North America 31%, SAGA Excl QCIL 10%, Emerging Markets & Europe 13%, Api 2% & other 1%

India business crosses 10000+ Cr (TTM), branded Prescription up 10% at 2248 Cr in Q1FY25, Chronic constitutes 61.5% of branded Prescription, Trade Generics impacted due to change in distribution model, consumer health posted lower 3% YoY growth on a high base

Posted higher ever quarterly sales for North America up 13% YoY, Lanreotide (21% market share) & Albuterol (17% market share vs 13% in Q4), Total ANDAs & NDAs at 278 (164 approved, 31 Tentatively Approved & 83 under approval)

SAGA up 25% YoY with Healthy performance across key therapies like Respiratory, CNS and Anti-infectives, SA OTC growing at robust 19.4%

EM & Europe up marginally YoY, While API down YoY

Q1FY25 R&D to revenue at 5.3%, Net Cash 8449 Cr & MR count at 8500 (1500 added in Q1FY25)

Outlook

Maintains FY25 EBITDA guidance at ~25%, R&D spends at 5-6% vs (6-7% guided in Q4FY24) & ROIC to be around 30%

GPM may deteriorate as tender business trends up from Q2

North America - US Quarterly run-rate likely to be $230-240 million for 9MFY25, price erosion would be 10% YoY & 5% QoQ in generics (older products have seen larger erosion), Expecting higher gRevlimid sales in FY25, launched generic Lanreotide which is biggest peptide launch for Cipla in FY25 & plans to launch 2 more peptide in H2FY25, looking for in licensing of niche products & acquiring a sterile/injectable facility.

India - Focusing to grow branded business, added 2 brand in 100Cr+ category & has 24 bands in same category, MR force expansion planned for FY25, trade generic business transition completed in Q1FY25 and back on growth path, Expansion of trade generics in Tier 2-6 towns will not significantly impact the branded segment due to minimal portfolio overlap (<20%), consumer health has sustainable EBITDA of 15-16%

SAGA - outpacing industry growth by 6.1%, OTC exhibited 19% YoY growth in Q1FY25.

Capex & Investments

FY25 Capex target at 1500-1800 Cr, Majority will be towards India (respiratory) & rest towards US

Open to inorganic opportunities in India & international

Other Information & Insights

Goa facility went through re-inspections in Q1FY25, received 6 Form 483 observations

Patalganga and Kurukumbh facilities have received USFDA VAI status

Focused on remediation & implementation of CAPA, at Indore.

Cipla has India largest Trade Generics business with 5500+ stockiest, 1.50+ Chemist spread across 15,000+ in India with 500+ Retail field team

Aarti Pharmalabs	Q1 FY25	Q1 FY24	Q4 FY24	YoY	QoQ	FY24	FY23	YoY
Revenue	555	458	506	21%	10%	1,853	1,945	-5%
Gross Profit	217	187	253	16%	-14%	836	775	8%
Gross Margin(%)	39%	41%	50%			45%	40%	
EBITDA	98	85	120	15%	-18%	344	391	-12%
EBITDA Margin (%)	18%	19%	24%			19%	20%	
PBT	74	64	96	16%	-23%	261	300	-13%
PBT Margin (%)	13%	14%	19%			14%	15%	
PAT	55	47	65	17%	-15%	193	217	-11%
PAT Margin(%)	10%	10%	13%			10%	11%	

Business Performance

Q1FY25 Revenue split - Xanthine 53.6%, APIs & Intermediates 43.9% & CMO/CDMO 2.4% vs 18.4% YoY, expected to pickup in subsequent quarters

Geo Split - Exports at 47% & Domestic at 53%

GPM lower due to lower mix of CMO/CDMO, as business picks up GPM should improve in subsequent quarters

Consolidated figures include some trading activities that will be phased out by the end of year

Outlook

Maintains guidance of EBITDA growth of 10-12% in FY25 & long-term goal of around 15% annual growth

CDMO/CMO has highest GPM, Flowed by API and Intermediate & than Xanthine

Xanthine exports up despite aggressive China competition & declining spot market prices (15%) due to falling RM prices

APIs & Intermediates - Domestic at 47% & Exports at 53%, regulated market at 55% and non regulated at 10% & ROW at 35%

CMO/CDMO - Expect to grow 15-20% in FY25, 18 customers (16 in Q4) on 53 projects (40 in Q4); 27 projects (21 in Q4) are commercial and 26 (19 in Q4) are under different stages of development

US bio-secure act has forced US companies to shift away from China, leading to increased inquiries for Non-Chinese suppliers of intermediates

Capex & Investments

FY25 capex target at 500 Cr (vs 600 Cr guided earlier in Q4Y24)

Brownfield expansion of Xyethene capacity (150 Cr) from 5,000 to 9,000 MT; acquiring adjacent land, expect to complete by Q1 FY26

Atali expansion for API/Intermediates + CDMO plant at (375 Cr), expect to commission by Q4FY25

Semi commercial block production at USFDA Intermediate unit at Vapi in final stages of completion; to become fully operationalized in Q2

Solar power plant (90 Cr) at Akola Maharashtra estimated to get commissioned in Q2, covering 1/3 of power needs

Medplus Health	Q1 FY25	Q1 FY24	Q4 FY24	YoY	QoQ	FY24	FY23	YoY
Revenue	1,489	1,284	1,490	16%	0%	5,625	4,558	23%
Gross Profit	329	236	336	39%	-2%	1,233	1,000	23%
Gross Margin(%)	22%	18%	23%			22%	22%	
EBITDA	103	80	116	29%	-11%	394	312	26%
EBITDA Margin (%)	7%	6%	8%			7%	7%	
PBT	18	5	32	260%	-44%	73	47	55%
PBT Margin (%)	1%	0%	2%			1%	1%	
PAT	14	4	34	250%	-59%	66	50	32%
PAT Margin(%)	1%	0%	2%			1%	1%	

Business Performance

Pharmacy revenue at 1462 Cr out of the consolidated revenue of 1489 Cr

Q1FY25 revenue growth lower due to seasonal weak quarter & higher share of MedPlus private label (lower MRP vs Branded pharma)

GPM impacted by new private label, inventory provisioning & other business income and data fees recorded in Q4

Revenue split - Branded Pharma 69%, Branded Non Pharma 11%, Private label pharma 9.1%, Private label non pharma 6.7% & others 3.5%

Revenue mix by store location - Metro & tier 1 at 65%, tier 2 at 23% & tier 3 and below at 12%

Omni-channel revenue at 83 Cr, having 632 Delivery Hubs & servicing 2591 pin codes. Delivery in < 2 hours offered through cluster stores

Presently offers over 880+ SKUs, across pharmaceutical & non-pharmaceutical categories

WC days at 69 days, Inventory at 40 days (Store < 1 year have 104 days, while store > 1 year have 47 days). 160 Cr closing cash balance in Q1

Marketing spends at 9.5 Cr vs 1.3 Cr YoY & 8.5 Cr QoQ, marketing spend mainly towards TN & WB, expected to normalize going forward

Outlook

Maintain 20%+ topline growth guidance with better EBITDA% for FY25 vs FY24. Organized share still at < 10% across pharmacy industry

New private labels GPM is higher than branded but lower than old private labels due to cannibalization

GPM: Branded pharma 13%, Old private label pharma 74-76%, New Pvt label 64-66%, branded non-pharma 11% & Private label non-pharma 16-18%

As a cohort, all stores combined reach breakeven in just 4 months

To clear inventory and prevent expiry, around 200 of the 600 products within old private label pharma will be re-priced to MedPlus rates

Decrease in average revenue per store is due to increased proportion of stores in Tier 2 & Tier 3 & Introduction of new private label products

Goal is to reach 30% own private label share over time, Walgreens & CVS in the US have a 20-30% own private label share

Capex & Investments

600 gross stores additions in FY25, more closures than usual planned in FY25 to rationalize low performing stores

37 Stores net Additions in Q1FY25 (subdued due weak quarter & election) & 469 in TTM, total Network of 4,444 stores across 650+ cities & 10 states covering 2.3 million square feet (3,269 stores are less than 600 square feet & 1,175 stores are greater than 600 square feet)

Vintage-wise stores -13% are year 1, 24% are in year 2 & 64% are > 2 years or more

Diagnostic:Operates 4 full-service diagnostic centers at Hyderabad, 8 level 2 centers & over 110 collection centers, running operating EBITDA loss at central level. No major capex planned except maintenance

Windlas Biotech	Q1 FY25	Q1 FY24	Q4 FY24	YoY	QoQ	FY24	FY23	YoY
Revenue	175	145	171	21%	2%	631	513	23%
Gross Profit	66	53	64	23%	3%	235	188	25%
Gross Margin(%)	37%	37%	37%			37%	37%	
EBITDA	25	20	26	25%	-4%	91	70	30%
EBITDA Margin (%)	14%	14%	15%			14%	14%	
PBT	18	16	23	13%	-22%	77	57	35%
PBT Margin (%)	10%	11%	13%			12%	11%	
PAT	13	12	17	8%	-24%	58	43	35%
PAT Margin(%)	7%	8%	10%			9%	8%	

Business Performance

Sales up 21% YoY outpaced the IPM growth at 7%. Sales crossed 175 Cr milestone, highest revenue for 6th quarter in a row

Sales split division wise : CDMO at 77.6%, Trade Generics & Institutional at 20% while exports at 2.4%

CDMO up 23% YoY, Trade Generics & Institutional up 14% & Exports up 10% YoY

Expanding BD team, broadening customer base & new products launches are driving strong results in CDMO

Profitability got impacted by additional operating costs & depreciation associated with new injectable business. Using WDV depreciation implying initial period of depreciation will be higher, injectable capex is plant & machinery which has high depreciation rate factor (18%)

Tax rate is higher due adjustments made in deferred tax for existing investments (change in capital gains), tax rate will remain similar going forward.

Outlook

Optimistic on all 3 verticals & keen on expanding into Dosage forms, on the lookout to acquire profitable assets that meet criteria

CDMO - Running at 65% utilization (peak at 65-70%), focusing on new product launches & wallet share expansion

Trade generics expected to continue momentum in FY25, expanded sales force & improved penetration in several new institutional accounts

Injectable - Expect revenue from injectable facility to clock in starting mid Q3FY25 which will lead to positive impact on profitability margins

Entered into an agreement to acquire a basket of market authorizations in Europe to expand product portfolio and geographic reach, European MA allows quicker advantage both in price & registration in many other countries in ROW markets

Capex & other investments

Expect maintenance capex at 10-12 Cr p.a

Identified & shortlisted small facility for acquisition which is pending at documentation level (likely to conclude before end of FY25)

Working on expansion of Plant 2 in existing capacity which is expected to be completed by Q3

Disclaimer:

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