

Company's Name	Target Price	Reco
Ajanta Pharma	1,385	HOLD
Aurobindo Pharma	NA	UR
Alembic Pharma	345	BUY
Biocon	427	HOLD
Cadila	1,228	BUY
Cipla	379	HOLD
Divis Lab	1,507	BUY
Dr Reddy	3,006	BUY
Glenmark	636	HOLD
Jubilant LifeSciences	191	HOLD
JB Chemicals	186	BUY
Shilpa Medicare	544	BUY
Lupin	1,192	BUY
Sun Pharma	638	HOLD
Ipca Lab	930	BUY
Torrent	758	BUY

Source: IndiaNivesh Research

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Coverage Pharma Universe to maintain the growth momentum, we expect revenue growth of 24.1% y-o-y in Q1FY15E

Robust performance of Indian Pharma companies is likely to continue in the current quarter also. Companies under INSPL Pharma Coverage Universe are expected to grow at healthy rate of 24.1% y-o-y in Q1FY15E. Revenue growth in domestic market is likely to revive on sequential basis from 12.7% in the previous quarter to 13.5% in the current quarter. US market is expected to maintain robust growth & likely to grow 39.2% y-o-y in Q1FY15E. We expect RoW market to report healthy growth. Among the pack, highest growth is likely to be from Aurobindo (+65%), followed by Shilpa Medicare (54%), Torrent Pharma (+33%). Among the universe, Jubilant is likely to report lowest growth of only 11% y-o-y.

EBITDA margins likely to expand ~169 bps y-o-y (lower ~100 bps sequentially) : Due to INR depreciation, batter pricing scenario for raw material & favorable operating leverage, EBITDA margin of INSPL Pharma universe is expected to expand ~169 bps y-o-y to 25% level in Q1FY15E. On sequential basis EBITDA margins may contract ~100 bps. We expect, cumulative EBITDA to grow 33.1% y-o-y (decline 1% sequentially) in Q1FY15E. Adj Net Profit (adj for exceptional items & forex losses) is expected to grow 26.7% y-o-y (decline 6.4% q-o-q).

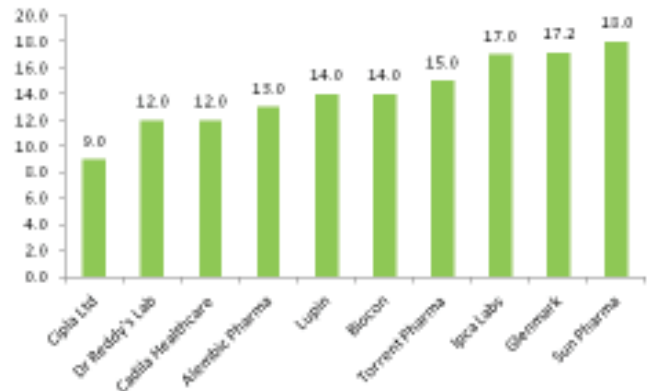
Domestic market growth is likely to revive sequentially. On account of normalization in implementation of new pricing policy, we expect INSPL Pharma Universe's domestic growth to improve sequentially to 13.5% y-o-y in Q1FY15E compared to 12.7% in Q4FY14. In our coverage universe, Sun, Glenmark & Ipca are likely to be top performer in domestic market.

INSPL Pharma Universe's domestic growth:



Source: Company; IndiaNivesh Research

Company wise domestic revenue growth (in %) in Q1FY15E



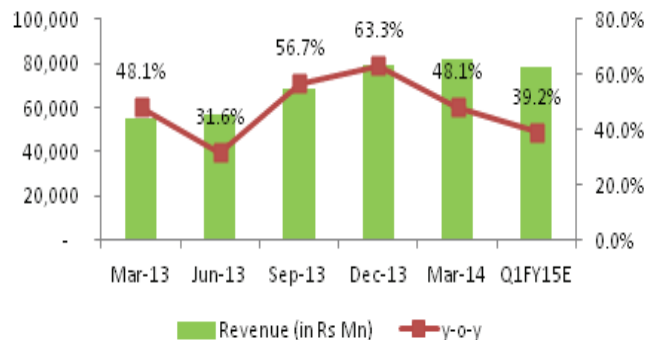
Source: Company; IndiaNivesh Research

US sales likely to remain robust (expect ~39.2% y-o-y growth from major players):

On the US front, Torrent, Aurobindo, & Cadila Healthcare are likely to be top performers (between 70-180% y-o-y revenue growth) followed by Lupin (~45% y-o-y), DRL (~35% y-o-y) & Sun Pharma (19.4% y-o-y). Overall INSPL Pharma Coverage universe is likely to report ~39.2% y-o-y revenue growth in Q1FY15E.

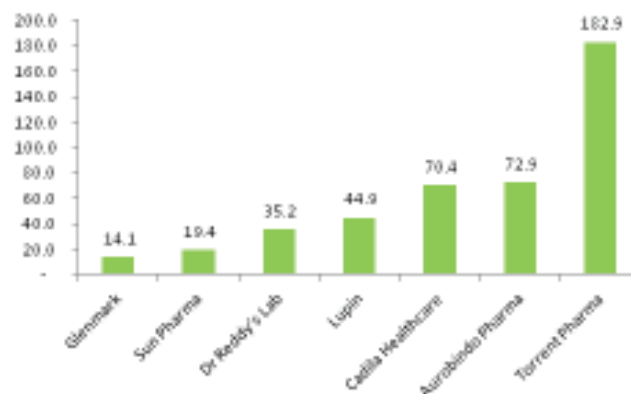
Q1FY15E Results Preview (contd...)

US revenue is likely to grow 39.2% y-o-y in Q1FY15E for the major players:



Source: Company; IndiaNivesh Research

Company wise US revenue growth (in %) in Q1FY15E



Source: Company; IndiaNivesh Research

Valuations & Recommendation:

Company's Name	Market Cap (Rs Mn)	Sales (Rs Mn) FY15E	P/E FY15E	M Cap/Sales FY15E	ROE(%)	EBITDA Margin (%) FY15E	Net D/E x	CMP (Rs) as	Target Price	Reco
Ajanta Pharma	51,708	13,935	19.0	3.71	26.5	30.2	0.3	1,463	1,385	HOLD
Aurobindo Pharma	213,885	92,070	26.2	2.32	16.9	18.2	0.9	735	NA	UR
Alembic Pharma	63,694	21,176	24.9	3.01	17.0	18.1	0.2	338	345	BUY
Biocon	97,293	33,106	23.8	2.94	16.6	19.2	(0.1)	492	427	HOLD
Cadila	219,113	85,101	21.9	2.57	24.0	19.1	1.0	1,070	1,228	BUY
Cipla	353,758	116,000	19.8	3.05	16.6	25.2	0.2	441	379	HOLD
Divis Lab	199,074	29,635	24.3	6.72	25.3	37.2	(0.3)	1,497	1,507	BUY
Dr Reddy	453,435	149,444	22.5	3.03	25.0	21.9	0.2	2,662	3,006	BUY
Glenmark	153,969	72,327	16.2	2.13	20.1	20.5	0.8	568	636	HOLD
Jubilant LifeSciences	30,904	65,895	11.3	0.47	18.7	16.4	1.5	194	191	HOLD
JB Chemicals	13,685	11,282	8.8	1.21	18.6	16.1	(0.3)	161	186	BUY
Shilpa Medicare	25,921	15,620	25.2	1.66	13.0	13.8	2.1	470	544	BUY
Lupin	486,805	131,345	27.3	3.71	22.0	21.3	0.2	1,089	1,192	BUY
Sun Pharma	770,635	184,908	25.3	4.17	23.0	42.5	NA	744	638	HOLD
Ipca Lab	107,606	38,295	18.0	2.81	24.7	22.4	0.3	853	930	BUY
Torrent	117,960	55,329	14.2	2.13	28.0	20.1	0.2	697	758	BUY

Source: Company; IndiaNivesh Research

Alembic Pharmaceuticals Ltd: CMP = Rs 338, Reco= BUY, TP= Rs 345

Rs Mn	Q1FY15E	Q1FY14A	Q4FY14A	Y-o-Y Ch.	Q-o-Q Ch.
Sales	5,067	4,266	4,849	18.8%	4.5%
EBITDA	1,010	715	1,022	41.3%	-1.2%
Adj Net Profit	677	466	659	45.1%	2.6%
Forex (loss) Gain	-	-	-		
Reported Net Profit	677	466	659	45.1%	2.6%
Adj EPS (Rs.)	3.59	2.47	3.50	45.1%	2.6%
				bps	bps
EBITDA margins	19.9%	16.8%	21.1%	317	(116)
PAT Margins	13.4%	10.9%	13.6%	242	(24)

Source: Company; IndiaNivesh Research

On the back of healthy ramp up in US market, we see healthy growth of above 55% y-o-y in international generics business & ~13% y-o-y growth in domestic market. Owing to management's conscious decision to focus on high margin business, we

expect API business to remain almost flat during the quarter. Hence overall revenue growth is likely to be 18.8% y-o-y in Q1FY15E.

Due to change in product mix linked with higher contribution from US business & domestic business, company's EBITDA margins are likely to expand ~317 bps y-o-y to 19.9% level. We expect company's net profit to increase 45% y-o-y to Rs 677 mn in Q1FY15E.

Key things to watch out: Ramp up in Generics business post expanded facility, commentary on the revenue growth in domestic market.

Aurobindo Pharma: CMP= Rs 735, Reco=UR, TP= UR

Aurobindo Pharma (Rs Mn)	Q1FY15E	Q1FY14A	Q4FY14A	Y.o.Y %	Q.o.Q %
Sales	28,080	16,996	23,059	65.2%	21.8%
EBITDA	6,055	3,077	7,430	96.8%	-18.5%
Net Profit	3,982	1,899	4,661	109.7%	-14.6%
Forex (loss) Gain/other	-	(1,724)	356	-100.0%	-100.0%
Net Profit Reported	3,982	175	5,016	2180.6%	-20.6%
Adj EPS (Rs.)	13.68	6.52	16.02	109.7%	-14.6%
				bps	bps
EBITDA Margins	21.6%	18.1%	32.2%	346	(1,066)
Net Margins	14.2%	11.2%	20.2%	301	(603)

Source: Company; IndiaNivesh Research

On the back of key launches in US market in the last 3-4 quarters, including injectables, re-launch of cephalosporins from unit VI (*after resolution of import alert*) & launch of gCymbalta in the previous quarters, we expect Aurobindo's US formulation business to grow 61% y-o-y to \$180 mn in Q1FY15.

Owing to inclusion of European business acquired from Actavis, European business is expected to report revenue of \$105 mn in Q1FY15. API business would remain almost flat on sequential basis, while it may grow 7% y-o-y to \$124 mn. We expect overall revenue to grow ~65% y-o-y to Rs 28.08 bn in Q1FY15E.

We expect ~346 bps y-o-y expansion in EBITDA margins to 21.6% in Q1FY15E. Sequential decline in EBITDA margins of 1066 bps is mainly due to going way benefits of gCymbalta launch & inclusion of loss making European business from current quarter onwards.

Key thing to watch out: Performance in US market & European business impact on EBITDA margins.

Ajanta Pharma Ltd: CMP= Rs 1463 Reco= HOLD, TP= Rs 1385

(Rs. In Mn.) SA	Q1FY15E	Q1FY14A	Q4FY14A	Y-o-Y Ch.	Q-o-Q Ch.
SALES	2,671	2,154	3,011	24.0%	-11.3%
EBITDA	801	475	1,024	68.5%	-21.8%
Adj Net Profit	542	305	719	77.8%	-24.6%
Forex (loss) Gain	-	21	(18)		
Reported Net profit	542	325	701	66.6%	-22.7%
EPS	15.3	8.6	20.3	77.8%	-24.6%
				bps	bps
EBITDA Margins	30.0%	22.1%	34.0%	793	(401)
Net Margins	20.3%	14.2%	23.9%	614	(357)

Source: Company; IndiaNivesh Research

Robust performance of Ajanta is likely to continue in the current quarter also. We expect, overall healthy revenue growth of ~24% y-o-y & EBITDA margins to stand at ~30% level partially benefiting from INR depreciation.

Key things to watch out: Company's progress on ANDA filings in USA & update on new facility in Gujrat would be key monitorables.

Biocon Ltd: CMP = Rs 492 , Reco= HOLD, TP = Rs 427

(in Rs Mn)	Q1FY15E	Q1FY14A	Q4FY14A	Y.o.Y	Q.o.Q
Out-licensing income	40	76	-		
Core sales	7,680	6,872	7,233	11.8%	6.2%
NET SALES	7,720	6,948	7,233	11.1%	6.7%
EBITDA	1,857	1,462	1,701	27.0%	9.2%
Adj Net Profit	1,219	935	1,129	30.3%	7.9%
EPS (Rs.)	6.09	4.68	5.65	30.3%	7.9%
				bps	bps
Adj EBITDA Margins	23.7%	20.2%	23.5%	349	14
Net Margins	15.3%	12.5%	15.6%	285	(26)

Source: Company; IndiaNivesh Research

We expect Biocon to grow ~12% y-o-y in Q1FY15E on the back of 14% growth from domestic formulation business & 25% y-o-y from Syngene partially offset by lower growth of 6.5% from Pharma business. We expect, company's adj EBITDA Margins (*adjusting for out-licensing income*) to increase ~349 bps y-o-y to 23.7% level mainly due to decline in material cost, lower R&D expenses & other charges. Accordingly net profit is likely to grow ~30% y-o-y to Rs 1,219 mn.

Key things to watch out: R&D expenses, performance of CRAMS business & management commentary on various products in pipeline.

Cipla Ltd: CMP= Rs 441, Reco= HOLD, TP = Rs 379

Cipla (Rs Mn)	Q1FY15E	Q1FY14A	Q4FY14A	Y.o.Y	Q.o.Q
Sales	25,978	23,077	24,293	12.57%	6.94%
EBITDA	4,957	5,647	4,093	-12.22%	21.10%
Adj Net Profit	2,963	3,456	2,207	-14.26%	34.26%
Forex (loss) Gain/Exceptional	-	120	400		
Rep Net Profit	2,963	4,852	2,607	-38.93%	13.66%
EPS (Rs.)	3.80	4.24	2.89	-10.44%	31.16%
				bps	bps
EBITDA Margins	19.1%	24.5%	16.8%	(539)	223
Net Margins	11.4%	15.0%	9.1%	(357)	232

Source: Company; IndiaNivesh Research

We expect Cipla's total revenue to grow ~13% y-o-y to Rs 25.98 bn in Q1FY15E, mainly on the back of Cipla Medpro acquisition from July 2013 onwards & ~9% growth in domestic business.

EBITDA margins are expected to decline on yearly basis by ~540 bps to 19.1% mainly due to increase in employee cost & other expenses linked with front end expansion of company. Net profit is likely to decline ~39% y-o-y to Rs 2.96 bn in Q1FY15E.

Key thing to watch out: Integration of Cipla Medpro SA business & stabilization in employee cost & other expenses.

Cadila Healthcare: CMP = Rs 1070, Reco = BUY, TP=Rs 1228

(Rs Mn)	Q1FY15E	Q1FY14A	Q4FY14A	Y.o.Y	Q.o.Q
Sales	19,694	16,075	19,163	22.5%	2.8%
EBITDA	3,393	2,610	3,742	30.0%	-9.3%
Adj Net Profit	2,118	1,689	2,407	25.4%	-12.0%
Forex (loss) Gain	-	267	(15)		
Rep Net Profit	2,118	1,956	2,392	8.3%	-11.4%
EPS (Rs.)	10.35	8.25	11.76	25.4%	-12.0%
				bps	bps
EBITDA Margins	17.2%	16.2%	19.5%	99	(230)
Net Margins	10.8%	10.5%	12.6%	25	(181)

Source: Company; IndiaNivesh Research

After the stellar performance in US market in the previous two quarter, we expect Cadila's US performance to remain on the track & likely to report above \$110 mn revenue in the current quarter. We expect company's domestic business to revive to growth slowly & steadily. Growth in emerging markets & Latin markets would be deciding factor for cumulative growth of the company.

On the margins front, company's EBITDA margins are expected to increase ~100 bps y-o-y, while may decline 230 bps q-o-q.

Key things to watch out: Revenue growth across the markets & EBITDA margins.

Divis Lab (SA): CMP= Rs 1497, Reco= BUY, TP= Rs 1507

Divis Lab (SA Rs Mn)	Q1FY15E	Q1FY14A	Q4FY14A	y-o-y	q-o-q
Sales	6,552	5,159	7,380	27.0%	-11.2%
EBITDA	2,660	1,959	2,772	35.8%	-4.1%
Adj Net Profit	1,950	1,317	2,111	48.0%	-7.6%
Forex (loss) gain	-	430	(180)		-100.0%
Rep Net profit	1,950	1,747	1,931	11.6%	1.0%
Adj EPS (Rs.)	14.69	9.92	15.90	48.0%	-7.6%
				bps	bps
EBITDA Margins	40.6%	38.0%	37.6%	262	304
Net Margins	29.8%	25.5%	28.6%	423	116

Source: Company; IndiaNivesh Research

Partially benefiting from lower base, we expect Divis Lab's revenue to grow 27% y-o-y to Rs 6.55 bn in Q1FY15E. Anticipating healthy product mix & operating leverage, we expect EBITDA margins to increase ~262 bps y-o-y to 40.6% level. Company's net profit is expected to grow ~48% y-o-y to Rs 1.95 bn.

Key things to watch out: Sustainability in EBITDA margins and ramp up in revenue.

Dr Reddy's Lab: CMP= Rs 2662, Reco= BUY, TP= Rs 3006

in Rs Mn	Q1FY15E	Q1FY14A	Q4FY14A	Y-o-Y	Q-o-Q
SALES	34,219	28,449	34,809	20.3%	-1.7%
Operating Profit (EBIT)	5,910	3,796	5,630	55.7%	5.0%
Adj Net Profit	5,028	3,609	4,816	39.3%	4.4%
Forex (loss) gain/ other	-	-	-	NA	
Rep Net Profit	5,028	3,610	4,816	39.3%	4.4%
EPS (Rs.)	29.60	21.22	28.36	39.5%	4.4%
				bps	bps
EBIT Margins	17.3%	13.3%	16.2%	393	110
Net Margins	14.7%	12.7%	13.8%	201	86

Source: Company; IndiaNivesh Research

DRL's overall revenue is expected to grow 20.3% y-o-y in Q1FY14E on account of ~35% y-o-y growth from North America, ~24% from Russia & CIS region, ~12% from domestic market. However, European market and PSAI business may remain laggard in the pack. During the quarter, company has launched gCymbalta, gAntara & gZemplar in US market. Owing to complex launches in the previous quarters like Vidaza, Dacogen & Cymbalta and market gain in complex molecules, including Propecia, Toprol XL, Zometa, Isotretinoin, Arixtra & Tacrolimus, company is expected to report ~\$245 mn revenue from North America business in Q1FY15E.

We expect ~393 bps expansion in EBIT margins on yearly basis mainly due to favorable product mix & lower contribution from PSAI business linked with rationalization strategy towards high margin products.

Key things to watch out: Ramp up in key launches in US market including gCymbalta, Toprol XL, LamotrigeneXR, Isotretinoin, Fondaparinux & Vidaza etc, Revenue growth across the markets & Operating margins.

Glenmark Pharmaceuticals Ltd: CMP= Rs 568, Reco= HOLD , TP= Rs 636

In Rs Mn	Q1FY15E	Q1FY14A	Q4FY14A	Y.o.Y	Q.o.Q
Core sales	15,996	12,379	16,788	29.2%	-4.7%
Out-licensing income	-	-	247		
Total sales	15,996	12,379	16,817	29.2%	-4.9%
EBITDA	3,631	2,478	3,569	46.6%	1.8%
Adj Net Profit	2,126	1,287	2,359	65.2%	-9.9%
Forex (loss) gain/Exceptional	-	-	-		NA
Rep Net Profit	2,126	1,287	431	65.2%	393.6%
Adj EPS (Rs.)	7.84	4.7	8.7	-100.0%	-100.0%
				bps	bps
EBITDA Margins	22.7%	20.0%	21.2%	269	148
Net Margins	13.3%	10.4%	14.0%	290	(73)

Source: Company; IndiaNivesh Research

We expect Glenmark's core revenue to grow ~29% y-o- y to ~Rs 16 bn in Q1FY15E. We expect US revenue to grow ~6% y-o-y to \$85 mn. Domestic market is likely to maintain growth momentum and should grow at 17.2% y-o-y. We expect company's core business PAT to grow 65.2% y-o-y to Rs 2,126 mn in Q1FY15E.

Key things to watch out: Revenue performance across the markets, EBITDA margins & any data point on R&D front.

Ipca Labs (SA): CMP= Rs 853 , Reco= BUY, TP= Rs 930

IPCA Lab. (Rs Mn)	Q1FY15E	Q1FY14A	Q4FY14A	Y.o.Y	Q.o.Q
Sales	9,207	7,925	7,398	16.17%	24.45%
EBITDA	2,356	1,710	1,824	37.76%	29.20%
Adj Net Profit	1,561	1,197	1,188	30.36%	31.36%
Forex (loss) gain	-	(480)	182		-100.00%
Rep Net profit	1,561	718	1,370	117.47%	13.92%
Adj EPS (Rs)	12.37	9.49	9.42	30.36%	31.36%
				bps	bps
EBITDA Margins	25.6%	21.6%	24.6%	401	94
Net Margins	17.0%	15.1%	16.1%	185	89

Source: Company; IndiaNivesh Research

Ipca labs is expected to report revenue growth of ~16% y-o-y on the back of ~17% y-o-y growth in domestic formulations, ~20% y-o-y growth from generic & Institutional business & ~20% growth in branded business. However, API business is expected to grow only 15% y-o-y.

On account of rationalization in raw material prices, Gross margins are likely to

improve. We expect EBITDA margins to expand ~400 bps on yearly basis to 25.6% level partially linked with favorable currency movement.

Key things to watch out: Management commentary on Institutional business & ramp up in generics business post Indore SEZ approval.

JB Chemicals & Pharmaceuticals Ltd (SA): CMP= Rs 161, Reco=, BUY, TP= Rs 186

In Rs Mn (SA)	Q1FY15E	Q1FY14 A	Q4FY14A	Y.o.Y %	Q.o.Q %
Sales	2,567	2,292	2,236	12.0%	14.8%
EBITDA	417	344	218	21.3%	91.5%
Adj Net Profit	359	244	252	47.3%	42.6%
Forex (loss) gain/other	-	(55)	59		
Rep Net Profit	359	203	214	76.7%	67.6%
Adj EPS	4.2	2.9	2.5	47.3%	67.6%
				bps	bps
EBITDA Margins	16.3%	15.0%	9.7%	125	651
Net Margins	14.0%	10.6%	11.3%	336	273

Source: Company; IndiaNivesh Research

We expect company's topline to grow ~12% y-o-y to Rs 2.57 bn in Q1FY15E on account of healthy growth in exports business & pricing gain in domestic business. Due to favorable product mix & improving operating leverage, we expect EBITDA margins to improve ~125 bps y-o-y (~651 bps q-o-q) to 16.3% level. Hence, EBITDA should grow ~21% y-o-y to Rs 417 mn. Net profit is likely to grow ~76% y-o-y to Rs 359 mn.

Key thing to watch out: Expansion in EBITDA margins & revenue growth in domestic market.

Jubilant Life Sciences Ltd: CMP= Rs 194 , Reco= HOLD , TP= Rs 191

Jubilant Lifescience (Rs Mn)	Q1FY15E	Q1FY14 A	Q4FY14A	Y.o.Y %	Q.o.Q %
Sales	14,750	13,247	15,516	11.35%	-4.9%
EBITDA	2,470	1,992	2,351	24.05%	5.1%
Adj Net Profit	715	411	564	73.87%	26.8%
Forex (loss) gain	-	(1,223)	364		
Rep Net Profit	715	(526)	928	-235.91%	-22.9%
Adj EPS	4.5	2.6	3.5	73.87%	26.8%
				bps	bps
EBITDA Margins	16.7%	15.0%	15.2%	171	160
Net Margins	4.8%	3.1%	3.6%	174	121

Source: Company; IndiaNivesh Research

We expect ~9% y-o-y revenue growth in Pharma segment & ~16% y-o-y growth in Life Sciences Ingredients (LSI) segment mainly driven by volume. Overall revenue is expected to grow ~11% y-o-y to Rs 14.75 bn in Q1FY15E. We expect EBITDA margins to increase 171 bps on yearly basis due to price gain in LS segment. Due to favorable currency movement, company may report partial forex gains on foreign currency loans during the quarter. We expect JLL's adjusted net profit to grow ~74% y-o-y to Rs 715 mn in Q1FY15E.

Key things to watch out: Pricing & volume growth, EBITDA margins, pricing scenario in chemical business and Symtet capacity utilization.

Lupin Ltd: CMP= Rs 1089, Reco= BUY, TP= Rs 1192

Lupin Ltd(Rs Mn)	Q1FY15E	Q1FY14A	Q4FY14A	Y.o.Y	Q.o.Q
Sales	30,128	24,207	30,516	24.5%	-1.3%
EBITDA	7,841	5,340	8,080	46.8%	-3.0%
Adj Net Profit	4,435	4,011	5,478	10.6%	-19.0%
Forex (loss) gain/exceptional	-	-	52		-100.0%
Rep Net Profit	4,435	4,011	5,530	10.6%	-19.8%
Adj EPS (Rs.)	9.92	8.97	12.34	10.6%	-19.6%
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EBITDA Margins	26.0%	22.1%	26.5%	397	(45)
Net Margins	14.7%	16.6%	18.0%	(185)	(323)

Source: Company; IndiaNivesh Research

On account of launch of Trizivir (*with 180 days exclusivity*), Cymbalta, Niaspan & Trilipix in the previous quarters, we expect Lupin's growth momentum in US generic market to continue. However, due to genericisation of Antara, branded business may remain muted. We expect Lupin to report ~ \$240 mn revenue from US market in the current quarter & growth of ~33.3% (*in USD term*) y-o-y. Owing to lower base, domestic market is likely to report growth of 14% y-o-y. Net profit is expected to grow by 10.6% y-o-y to Rs 4.43 bn in Q1FY15E.

Considering favorable product mix in the current quarter (*gCymbalta*), EBITDA margins are likely to increase ~400 bps y-o-y to 26% level in Q1FY15E.

Key thing to watch out: Revenue growth across the markets, Yen depreciation impact on Margins and commentary on new launches in US market.

Sun Pharmaceutical Industries Ltd: CMP=Rs 744 , Reco=HOLD, TP= Rs 638

Sun Pharma (Rs Mn)	Q1FY15E	Q1FY14A	Q4FY14A	Y.o.Y	Q.o.Q
Sales	41,672	34,822	40,436	19.7%	3.1%
EBITDA	17,779	15,306	17,856	16.2%	-0.4%
Adj Net Profit	13,879	12,413	15,871	11.8%	-12.6%
Forex/exceptional item	-	(25,174)	-		
Rep Net Profit	13,879	(12,761)	15,871	-208.8%	-12.6%
Adj EPS (Rs.)	6.7	6.0	7.66	11.8%	-12.6%
				<i>bps</i>	<i>bps</i>
EBITDA Margins	42.7%	44.0%	44.2%	(129)	(149)
Net Margins	33.3%	35.6%	39.3%	(234)	(595)

Source: Company; IndiaNivesh Research

Assuming ~\$165 mn revenue from Taro Pharma, continuity in generic Doxil supply & traction from DUSA & URL, we expect Sun Pharma's revenue to grow ~20% y-o-y to Rs 41.67 bn in Q1FY15E. On account of favorable product mix & operating leverage, EBITDA margins are likely to stand above 40% level. We expect Net profit to grow 12% y-o-y to Rs 13.88 bn.

Key things to watch out: Revenue growth across the markets, sustainability in EBITDA margins & commentary on Ranbaxy acquisition.

Torrent Pharmaceutical Ltd: CMP=Rs 697, Reco=BUY, TP= Rs 758

(Rs Mn)	Q1FY15E	Q1FY14A	Q4FY14A	Y-o-Y	Q-o-Q
Sales	12,053	9,030	12,070	33.48%	-0.14%
EBITDA	2,955	1,390	3,320	112.57%	-11.00%
Adj Net Profit	2,201	1,410	2,440	56.13%	-9.78%
Forex (loss)	-	-	-		
Rep Net profit	2,301	1,490	2,440	54.45%	-5.68%
Adj EPS (Rs.)	13.01	8.33	13.83	56.13%	-5.92%
				bps	bps
EBITDA Margins	24.5%	15.4%	27.5%	912	(299)
Net Margins	18.3%	15.6%	20.2%	265	(195)

Source: Company; IndiaNivesh Research

Considering 15% y-o-y growth in domestic market, robust growth of ~183% from USA & continuity in orders from Germany, we expect Torrent's revenue to grow ~33.5% y-o-y to Rs 12.05 bn in Q1FY15E. In our view, USA & ROW markets are likely to be key drivers for growth.

We expect EBITDA margins to increase ~912 bps y-o-y to 24.5% level due to favorable product mix, particularly gCymbalta contribution from US market. Net profit is expected to grow 56% y-o-y to Rs 2.30 bn.

Key things to watch out: Company's performance across the markets & EBITDA margins.

Shilpa Medicare Ltd : CMP=Rs 470, Reco=BUY, TP= 544.

Shilpa Medicare Ltd (Rs Mn)	Q1FY15E	Q1FY14A	Q4FY14A	Y.o.Y	Q.o.Q
Sales	1,750	1,137	1,674	53.9%	4.5%
EBITDA	383	270	355	42.1%	8.1%
Adj PAT	267	226	247	18.4%	8.2%
Forex (loss) gain/other	-	56	(0)		
Rep Net Profit	267	169	247	57.8%	8.2%
Adj EPS (Rs.)	7.27	6.14	6.72	18.4%	8.2%
				bps	bps
EBITDA Margins	21.9%	23.7%	21.2%	(182)	73
Net Margins	15.3%	19.9%	14.8%	(458)	52

Source: Company; IndiaNivesh Research

On the back of continued ramp up in the product supply for oncology products & CRAMS business, we expect Shilpa Medicare to report revenue growth of 54% y-o-y to Rs 1,750 mn in Q1FY15E. EBITDA margins are likely to stand at 22% level. Net profit would grow 19% y-o-y to Rs 267 mn in Q1FY15E.

Things to watch out: Sequential growth in revenue, EBITDA margins.



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