Domestic pharma tonic for US-led drag

Indian hospitals and diagnostics maintain growth momentum

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Figures in ₹ cr	Net sales Q1FY27E	Chg % Y-o-Y	Ebitda Q1FY27E	Chg % Y-o-Y	PAT Q1FY27E	Chg % Y-o-Y
Sun Pharma	15,731	13.6	4,248	4.3	2,920	-2.5
Cipla	7,367	5.9	1,326	-25.4	899	-30.7
Torrent Pharma	4,793	50.8	1,592	54.3	418	-25.1
Apollo Hospitals	6,928	18.6	1,046	22.8	553	27.8
Dr Lal Pathlabs	769	14.9	221	15.2	154	16.6

E:Estimates; PAT: Profit after tax; Ebitda: Earnings before interest, taxes, depreciation and amortisation
Source: Nuvama Institutional Equities

Indian pharmaceutical (pharma) companies are expected to post year-on-year revenue growth of 7–15 per cent in the first quarter (April-June) of 2026-27, but earnings before interest, tax, depreciation, and amortisation (Ebitda) growth is likely to slow to 2.4–5 per cent and adjusted profit after tax (PAT) could decline 1–17 per cent, according to brokerage estimates.

Hospitals and diagnostics are expected to outperform. Hospitals could report revenue growth of 14–18 per cent, Ebitda growth of 16–19 per cent, and PAT growth of 9–21 per cent, driven by new beds, better utilisation, and higher patient volumes. Diagnostics firms are projected to deliver revenue growth of 14–16 per cent, Ebitda growth of 16–20 per cent, and PAT growth of 14–21 per cent, supported by higher sample volumes, a favourable test mix, and operating leverage.

RESULTS PREVIEW

Domestic formulations are expected to grow 10–14 per cent, led by chronic therapies, glucagon-like peptide-1 launches, and improving volumes, partly offsetting weakness in exports. US sales, however, are likely to decline 5–9 per cent following the loss of high-margin generic Revlimid revenue, continued price erosion, and limited launches. Ebitda margins are expected to contract despite a weaker rupee as an adverse US product mix and higher research and development, marketing, freight, and input costs weigh on profitability. Nuvama expects Sun Pharmaceutical Industries' revenue to grow 13.6 per cent, although higher spending on its global innovation business could limit Ebitda growth to 4.3 per cent.

Torrent Pharmaceuticals could post the strongest revenue growth at 50.8 per cent, reflecting the consolidation of JB Pharma, though PAT may decline because of acquisition-related interest and amortisation costs.

Aurobindo Pharma's revenue and PAT are projected to rise 17.8 per cent and 22.8 per cent, respectively, aided by Europe, emerging markets, its Penicillin-G facility, and a weaker rupee.

Dr Reddy's Laboratories (DRL) and Cipla are expected to face the sharpest earnings pressure. Nuvama forecasts DRL's Ebitda and PAT to decline 39 per cent and 56.9 per cent, respectively, after the end of the generic Revlimid opportunity. Cipla's revenue may grow 5.9 per cent, but Ebitda and PAT are projected to fall 25.4 per cent and 30.7 per cent because of the loss of Revlimid revenue and the absence of Lanreotide supplies. Lupin is expected to outperform, with revenue and Ebitda growth of 22.6 per cent and 27.8 per cent, supported by its India business and US products such as Tolvaptan and Mirabegron.

Brokerages remain divided on costs. Axis Securities expects stable active pharmaceutical ingredient prices, softer crude oil, and easing shipping rates to support margins. HDFC Securities, however, forecasts a 178-basis point contraction in aggregate Ebitda margins because of higher input and freight costs. Analysts at 360 One Capital also warned that prolonged West Asian tensions could raise crude-linked input and shipping costs, although companies generally hold two to three months of inventory.

Hospital operators are expected to maintain double-digit growth. Apollo Hospitals is forecast to lead the sector with revenue growth of about 18 per cent and Ebitda growth of 21–23 per cent. Aster DM Healthcare, Max Healthcare, and Fortis Healthcare are also expected to report healthy growth, although clinician costs, integration expenses, and new-bed ramp-up could limit margin expansion.

Diagnostics firms are expected to report steady growth. HDFC Securities forecasts aggregate revenue, Ebitda, and PAT growth of 15 per cent, 18 per cent, and 16 per cent, respectively, while Nuvama expects corresponding growth of 15.8 per cent, 19.5 per cent, and 20.8 per cent. Metropolis Healthcare and Vijaya Diagnostic Centre are expected to outperform, driven by a better test mix, and stronger utilisation. Diagnostic Ebitda margins are likely to remain at 28–30 per cent.

YOUR MONEY

IMMEDIATE ANNUITIES

Multiple options available, weigh trade-offs carefully

SANJAY KUMAR SINGH

DigitLife Insurance has launched the DigitLife Pension Plan, offering a guaranteed lifelong annuity and another option that combines guaranteed and Nifty 50-linked variable annuities. Three other insurers offer similar plans.

Secure regular cash flow

An immediate annuity starts payments upon purchase. A lifelong annuity addresses the risk that retirees may outlive their savings. "It also protects against reinvestment risk because the retiree does not have to renew fixed-income investments periodically at possibly lower rates," says Sameep Singh, head of investments, Policybazaar.

An annuity may, however, earn less than a diversified portfolio. "A retiree in the 30 per cent tax bracket may earn a post-tax return below inflation," says Arvind Rao, founder, Arvind Rao and Associates.

Conventional annuities keep payouts unchanged, so inflation may erode purchasing power with time. Liquidity is limited and the purchase is hard to reverse. "Surrender may return mainly the principal with only limited additional interest," says Singh.

Annuitise only enough for essential expenses and keep the rest in accessible instruments.

Guaranteed return option

This option provides certainty but limits returns. "The insurer must invest in safe assets to honour the guarantee, which limits the return it can offer," says Arnav Pandya, founder, Moneyeduschool.

The fixed payout does not adjust for inflation and may generate a low or negative post-tax real return. It suits retirees without other fixed cash flow options.

The market-linked alternative

This annuity combines a guaranteed income with a market-linked component.

The variable component usually tracks a largecap index such as the Nifty 50. "The guaranteed component may provide a lifelong fixed return of around 6–6.5 per cent," says Singh. The variable component may outperform it if the index delivers around 10–12 per cent—the historical average.

However, the variable portion may contribute little during a bear phase.

"This could affect financial planning, especially if the guaranteed component alone cannot meet total expenses," says Pandya.

This option suits retirees who have other passive income sources.

Joint life option for couples

A joint-life annuity continues income to the surviving spouse and is most useful for those who lack supplementary income sources. It is possible that the survivor may outlive the primary annuitant by 15–20 years.

Because it covers two lives, the initial payout from this option may be lower. Buyers should opt for at least 75 per cent, preferably 100 per cent, payout to the surviving spouse.

Decide payout period

A life-only annuity pays until death, after which the family gets nothing. The insurer may offer a higher rate because it benefits if the annuitant dies early.

A guaranteed-period annuity pays for a fixed period, say, 15 or 20 years. If the annuitant dies early, the family receives income for the remaining period, but the rate of return is lower. "The downside of this option is that the annuitant may outlive the guaranteed period," says Rao.

A lifelong annuity suits buyers seeking protection against outliving their savings.

Want premiums back?

The with return-of-purchase-price (RoPP) option returns the original investment after death. This can provide support to the family, aid estate planning and suit buyers who don't have other wealth to pass on.

Its drawback is a lower rate of return. Buyers who already have an inheritance plan, have no dependants, or have no wish to leave a legacy may prefer an option without return of purchase price, which offers higher income.

Payouts from joint life annuity with return of purchase price

Amount invested: ₹1 crore; pension amounts are for 60-year-old male and female

Plan	Yearly pension (₹)	Rate (%)
Aditya Birla Capital Life Insurance Guaranteed Annuity Plan	7,00,058	7
HDFC Life Smart Pension Plus	6,60,000	6.6
LIC India Jeevan Akshay - VII	6,58,550	6.59
Bajaj Allianz Life Guaranteed Pension Goal II	6,57,186	6.57
IPru Life Guaranteed Pension Plan	6,33,014	6.33
TATA AIA Life Fortune Guarantee Pension	6,01,708	6.02

Get lifelong pension. After you, your spouse gets full lifelong pension. Lump sum amount returned to nominee.
IRR calculation assumes annuitant's life span of 80 yrs and joint life annuitant's life span of 90 yrs.
Source: Policybazaar

Sebi eases after-death mutual fund claim rules

The Securities and Exchange Board of India (Sebi) has simplified the process of transferring mutual fund investments after an investor's death by asking the Association of Mutual Funds in India (Amfi) to revise the industry's transmission norms.

The new framework, effective immediately, aims to reduce delays due to mismatches in records.

Here are the details:

1. Under the revised rules, AMCs can accept the latest KYC-backed address. Can use standard verification to resolve differences in names or signatures instead of additional affidavits or repeated documentation.
2. Experts say the move will reduce paperwork and help genuine claims move faster. However, they caution that changes do not alter succession laws.
3. Cases having no nominee, disputes among legal heirs or the absence of a valid Will still require legal documents.
4. They advise investors to keep nomination details, KYC records, PAN, and other details updated.
5. Informing family members about investments and maintaining a Will, where required, help avoid delays.

Investors should:

- Keep nomination details updated across all MF folios
- Ensure KYC, PAN, address and bank details are current
- Maintain a valid Will, especially in complex family situations
- Inform family members about mutual fund investments and where the records are kept

Read full report here: mybs.in/2g7l82O

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