

# Lack of growth triggers to weigh on Dr Reddy's

Lower margins also a key concern; stock has been underperformer in short, long term

RAM PRASAD SAHU  
Mumbai, 13 May

Pharma major Dr Reddy's Laboratories delivered a muted operational performance in the fourth quarter of 2024-25 (Q4FY25), even as revenue growth remained healthy. Lower gross margin performance and muted domestic growth are key concerns. Most brokerages have a "sell" or "reduce" rating as there are uncertainties related to the development of a new product portfolio and the launch timelines.

The stock has been an underperformer compared to peers not only in the short term (three months, and six months) but also in the longer term. While the peer index, Nifty Pharma, has delivered a 70 per cent return over the past two years, the drug major's returns are at 20 per cent.

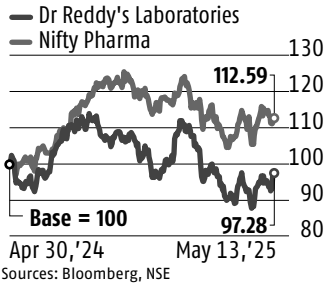
Near-term disappointment has been the margin performance in Q4. Gross margins were down 262 basis points (bps) sequentially, and fell over 400 bps compared to the year-ago quarter. This is the third consecutive fall in gross margins for Dr Reddy's.

Shashank Krishnakumar and Bhavya Gandhi of Emkay Research point out that the sharp sequential decline in gross margins validates their concern since Q2FY25 that gross margin might be on a secular downward trajectory.

While the gross margin decline in Q4 was partly attributed to one-offs, the weakness is also a function of incremental pricing pressures in the core US portfolio, particularly the generic version of Subrozone (for opioid use disorder), the largest contributor after generic variant of cancer drug



## UNDER PRESSURE



Revlimid. The brokerage has a "reduce" rating, with a target price of ₹1,050.

Its ability to maintain growth engines, given the impending dip in Revlimid sales (patent expiry in January 2026), is another key worry and will remain an overhang. After a lacklustre approval rate for key drugs in the last five years, the company is eyeing over 20 major launches in the US market over the next four years. Gaurav Tinani of Antique Stock Broking believes that the company has a tough transition ahead as it is in the early stages of a growth rebuild, aiming to counter the anticipated decline in Revlimid sales.

This transition involves navigating the complexities of development, timeline uncertainties for market formation for limited competition biosimilar opportunities, and higher associated costs. The

brokerage estimates operating profit margin to be 22.3 per cent for FY27, compared to the management's target of 25 per cent. It has maintained a "sell" rating on the stock, with a target price of ₹1,025.

Growth in the domestic market will be another concern area. The company's India business revenue grew by 16 per cent year-on-year (Y-o-Y), largely driven by the vaccine portfolio incensed from Sanofi, new product launches, and price increases. This was partially offset by lower volumes.

Excluding the Sanofi portfolio, domestic sales grew by just 6 per cent in the quarter due to headwinds in cardiac and gastrointestinal therapies. Analysts led by Alankar Garude of Kotak Institutional Equities pointed out that the company's domestic sales have demonstrated a seemingly healthy 10.5 per cent growth annually over FY17-FY24. However, adjusted for incensing, acquisitions and divestments, Dr Reddy's like-for-like organic domestic sales over FY17-FY24 is merely 7.5 per cent, they added.

The brokerage has a "reduce" rating, with a target price of ₹1,180. At current market prices, they believe the US pricing stability, upside in emerging markets from blood sugar-control formulation GLP-1 or glucagon-like peptide-1, and healthy growth in the EU are priced in.

## YOUR MONEY

### DEFENCE FUNDS

# Valuation risk: Avoid entering or do so via SIP with 10-yr horizon

SANJAY KUMAR SINGH

The Nifty India Defence Total Return Index (TRI) has risen 27.4 per cent over the past three months, outperforming the Nifty 50 TRI, which gained 8.2 per cent. Defence-focused mutual funds have mirrored this rally. The category includes one active fund, HDFC Defence Fund, with assets under management (AUM) of ₹5,487.27 crore, and passive schemes from three fund houses — Motilal Oswal, Aditya Birla Sun Life, and Groww. These schemes manage ₹9,133.82 crore collectively.

These funds invest in defence equipment and other stocks related to the defence sector. "A look at the Nifty India Defence Index's constituents reveals that it is a highly concentrated, top-heavy index. There is also a paucity of listed names in this space," says Kautubh Belapurkar, director-manager research, Morningstar

Investment Research India.

#### Sound prospects

Jefferies estimates India's defence sector opportunity at \$100–120 billion over the next five-six years, with growth projected at 13 per cent compounded annually from financial year (FY) 2022-23 to FY2030. In FY24, domestic defence production reached a record ₹1.3 trillion.

"With the trend of protectionism in defence spreading globally, the Indian government has launched the Make in India

initiative in the defence sector, which is a key driver for its growth," says Vishal Dhawan, chief financial planner, Plan Ahead Wealth Advisors. The recent border tensions with Pakistan could lead to a spike in India's defence budget. "This would mean higher revenues and profits for the companies in this sector," says Abhishek Kumar, Securities and Exchange Board of India (Sebi) registered investment advisor and founder, SahajMoney.com. He adds that investing in these funds may also help investors diversify their portfolios beyond traditional sectors.

#### Concentration, valuation risk

Defence funds carry high concentration risk. "Both the index and the active fund in this space are driven by just a few stocks," says Belapurkar.

Heavy inflows have driven many defence stocks up by 60–70 per cent annually over five years, leading to expensive valuations. "The current price-to-earnings (P/E) ratio of the Nifty 50 is 22, while the Nifty India Defence Index is at 52. The price-to-book value for the two

indices is 4 and 13 respectively. Thus, the Nifty Defence Index's valuations are more than two-three times the Nifty 50's," says Dhawan. HDFC Defence Fund stopped accepting investments in mid-2024 — a development that investors should regard as a cautionary signal. While defence firms are winning large orders, these typically take years to convert into revenue. "This could create a mismatch between the size of the order book and immediate profitability," says Dhawan. Kumar highlights that these funds could take a hit if defence spending slows or due to elevated valuations.

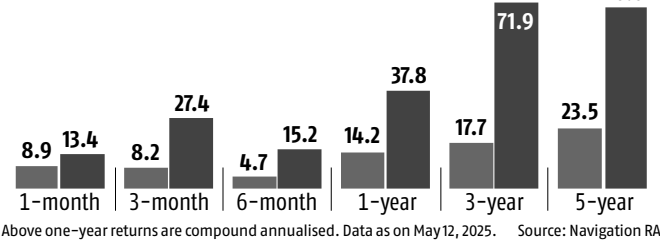
#### Right time to enter?

Given the sharp run-up, most investors should avoid entering now. Only those with a strong fundamental view of the sector and its companies should invest. "These investors will have to be extremely patient and must be ready to ride out a down cycle before the sector moves up again," says Belapurkar.

Dhawan adds that only experienced investors with a high risk appetite, a grasp of market cycles, and comfort with volatility and timing risk should invest. Kumar cautions that conservative or inexperienced investors, those seeking stable returns, or those with short-term goals should stay away. Exposure to these funds should be taken in the satellite portfolio and limited to 5 per cent. Stagger your entry and have a minimum horizon of 10 years.

### DEFENCE INDEX: ENJOYING A HOT STREAK

Returns (%) ■ Nifty 50 TRI ■ Nifty India Defence TRI



## Got a tax notice for a sudden income spike? What you must do

A notice from the income-tax department under Section 133(6) of the Income-tax Act, 1961 is commonly sent when there are high-value transactions, sudden income spikes, or large deductions that appear inconsistent with the income reported by the taxpayer. If you get one such notice, don't panic.

**Steps to follow after receiving the notice**  
Ankit Jain, partner at Ved Jain and Associates, says that the taxpayer should follow a structured response:  
**VERIFY THE NOTICE:** Ensure it has been issued by a valid income tax officer and carries a Document Identification Number.

**UNDERSTAND THE REQUIREMENT:** Read the notice carefully to determine the scope and type of information requested.  
**COMPILE DOCUMENTS:** Gather all relevant data and check for accuracy.  
**SUBMIT THE RESPONSE:** The information should be furnished via the Income Tax e-filing portal.  
**SEEK MORE TIME IF NEEDED:** If doc-

uments can't be provided within the deadline, Jain advised sending a formal request for extension.  
**How to avoid receiving one in the first place**  
Naveen Wadhwa, vice-president at Taxmann, recommended maintaining financial transparency.

Read full report here: mybs.in/2en0iex

COMPILED BY AMIT KUMAR



**एसजेवीएन लिमिटेड SJVN Limited**  
(भारत सरकार एवं हिमाचल प्रदेश सरकार का संयुक्त उपक्रम)  
(A Joint Venture of Govt. of India & Govt. of H.P.)  
CIN No. L40101HP1989G0108409

**Notice Inviting Tender (NIT)**  
NIT No: SJVN/CC-Delhi/LO/C&P/4434 Date: 13.05.2025  
SJVN Limited hereby invites **ONLINE** bids from the eligible bidders for  
**"One-time Remedial Contract for Supply of materials, repair/ restoration, testing and commissioning of 4 Nos WTGs of SJVN's 47.60 MW (56 x850 kW) Khirvire Wind Power Station (KWPS) at Khirvire/Kombhaine site, District Ahmednagar in the State of Maharashtra".** The NIT Document can be downloaded from the websites **www.sjvn.nic.in**, **www.eprocure.gov.in** and **GEM portal (Bid No. GEM/2025/B/6227300 dt 13/5/2025)** from **13.05.2025 to 03.06.2025 till 14:00 Hrs (IST).** The Bid is to be submitted **ONLINE** on the **GEM Portal** i.e. **https://gem.gov.in**. The prospective bidders are requested to remain updated through above mentioned websites for any clarification or notification concerned with this NIT, as no further information will be published in respect of this NIT through any other media.  
**Last Date & Time for submission of bids : 03.06.2025 till 14:00 Hrs**  
**Date & Time of opening of bids : 03.06.2025 at 15:00 Hrs**  
**Dy. General Manager (C&P)**  
6th Floor, Tower1, NBCC Office Complex, East Kidiwai Nagar,  
New Delhi-110023. Ph: 011-61901906 / 61901953

**Our Shared Vision: 25000 MW by 2030; 50000 MW by 2040**

**SHOPPING MALL AVAILABLE FOR SALE IN PERAMBUR, CHENNAI**

Spectrum mall - 60% stake [5 screens currently operated by PVR Cinemas on lease + shopping area] along with two vacant lands (Palikaranai & Market Street, Perambur) and 8 residential flats are available for E-auction under IBC, 2016.

**[Ganga Foundations Private Limited]**  
**E-auction date : 18th June 2025**  
Contact Liquidator for further details :  
**CA Mahalingam Suresh Kumar / gfpl.liq@gmail.com/**  
**Ph : +91 94888 10404**



**STATE BANK OF INDIA**  
Premises & Estate Dept., Local Head Office,  
2nd Floor, III/1, Pt. J. N. Marg, Bhubaneswar-751001,  
Ph. No. : 0674-2304637, E-mail: agmpre.lhobhu@sbi.co.in


**TENDER NO: BHU/P&E/2025-2016, DATED: 13.05.2025**  
**PRE-QUALIFICATION AND SELECTION OF ARCHITECTURAL CONSULTANCY FIRM (CONSULTANT) THROUGH DESIGN COMPETITION FOR CONSTRUCTION OF BANK'S MULTI STORIED (B+S+4) BUILDING ON VACANT PLOT AT IDCO PLOT, MANCHESWAR I.E. BHUBANESWAR UNDER BHUBANESWAR CIRCLE.**  
Premises & Estate Department, on behalf of SBI, invites offer in two bid system for appointment of Architectural Consultancy Firm (Consultant) through design competition for upcoming construction of Bank's multi-storey building(B+S+4) to accommodate L&PC, CCPC, CPCC & I-DAC at MANCHESWAR I.E. Bhubaneswar, Khurda district, Odisha. The eligible and interested parties may download the prescribed application form from the Bank's **website: "Bank.sbi->SBI in the news->Procurement news"**. The applications can be downloaded from **14.05.2025 to 04.06.2025** up to **15.00 Hrs** and completely filled in application in the prescribed format along with all supporting documents should reach us in the aforesaid address on or before due date & time. The Bank reserves the right to reject/accept any or all the offers received without assigning any reason thereof. The addendum/ corrigendum, if any will be published in the Bank's Website only.  
**Place: Bhubaneswar, Date: 14.05.2025 Asst. General Manager (P&E)**

**FORM NO. CAA 2**  
[Pursuant to Section 230(3) of the Companies Act, 2013 and Rule 6 and 7 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016]

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL DIVISION BENCH-II, CHENNAI. CA(CAA)/16(CHE)/2025**  
In the matter of Composite Scheme of Arrangement and Amalgamation Between Cura Healthcare Private Limited (Demerged Company) And Adonis Medical Systems Private Limited (Resulting/Transferee/Amalgamated Company) And 3l Medical Technologies Private Limited (Transferor/Amalgamating Company) And Their respective shareholders and creditors  
Adonis Medical Systems Private Limited, (CIN: U51397TN1998PTC121627) a Company incorporated under the Companies, Act, 1956, having its Registered Office at Refex Towers, 2<sup>nd</sup> Floor, 313, Valluvar Kottam High Road, Sterling Road Signal, Nungambakkam, Chennai, Tamil Nadu 600034  
... **2nd Applicant/Resulting/Transferee/Amalgamated Company**

**ADVERTISEMENT OF NOTICE OF THE MEETING OF THE UNSECURED CREDITORS OF ADONIS MEDICAL SYSTEMS PRIVATE LIMITED**  
NOTICE is hereby given that by an order dated 29<sup>th</sup> April 2025, the National Company Law Tribunal, Division Bench-II, Chennai ("NCLT" or "the Tribunal") has directed a meeting to be held of the Unsecured Creditors of Adonis Medical Systems Private Limited ("the Applicant Company" or "the Resulting Company" or "the Transferee Company" or "the Amalgamated Company" or "the Company") for the purpose of considering, and if thought fit, approving with or without modification, the Composite Scheme of Arrangement and Amalgamation proposed to be made between Cura Healthcare Private Limited (CIN: U51397TN2001PTC047385) and Adonis Medical Systems Private Limited (CIN: U51397TN1998PTC121627) and 3l Medical Technologies Private Limited (CIN: U33110TN2020PTC139683) and their respective shareholders and creditors ("the Scheme").  
In pursuance of the said order and as directed therein, further notice is hereby given that a meeting of the Unsecured Creditors of the Company will be convened and held on **Sunday, 15 June 2025 at 10:30 A.M** through video conferencing or other audio-visual means ("VC/OAVM"). At such day, date and time, the said Unsecured Creditors of the Company are requested to attend.  
The quorum for the Meeting shall be 35 (Thirty-five) in number. In case, the said quorum is not present at fixed time for meeting, the meeting shall be adjourned by half an hour and thereafter, the person(s) present for voting shall be deemed to constitute the quorum.  
Copies of the said Scheme, and the Explanatory Statement required to be furnished under Section 230 and other applicable provisions of the Companies Act, 2013 can be obtained free of charge at the registered office of the Company.  
Unsecured Creditors entitled to attend and vote at the meeting, shall vote through remote e-voting or through e-voting facility made available during the meeting through VC/OAVM. The procedure and instructions for attending the meeting through means of VC/OAVM and for e-voting shall be communicated separately to the e-mail ID registered with the Company shortly.  
The Tribunal has appointed Mr. Jayanth Viswanathan as the Chairperson of the said Meeting and M.S.Elamathi as the Scrutinizer of the said Meeting. The above-mentioned Scheme, if approved by the Meeting, will be subject to the subsequent approval of the NCLT.  
Dated this 14th May 2025 at Chennai

**Jayanth Viswanathan**  
**Chairperson appointed for the Meeting**



**GlaxoSmithKline Pharmaceuticals Limited**  
**Registered Office:** GSK House, Dr. Annie Besant Road, Worli, Mumbai 400030 • **Website:** https://india-pharma.gsk.com/en-in/  
**Email:** in.investorquery@gsk.com • **Corporate Identity Number:** L24239MH1924PLC001151


**STATEMENT OF STANDALONE AND CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31<sup>ST</sup> MARCH, 2025** (₹ in Lakhs)

Particulars	Standalone					Consolidated				
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
	3 months ended 31.03.2025	3 months ended 31.12.2024	Corresponding 3 months ended 31.03.2024	Year ended 31.03.2025	Year ended 31.03.2024	3 months ended 31.03.2025	3 months ended 31.12.2024	Corresponding 3 months ended 31.03.2024	Year ended 31.03.2025	Year ended 31.03.2024
1 Revenue from continuing operations	96608	94636	91087	372349	340725	97437	94942	92980	374921	345371
2 Profit before Exceptional Items and tax	35490	30635	26631	124375	95265	35857	30810	26822	125519	95980
3 Exceptional Items [credit / (charge)]	—	—	240	469	(14361)	—	—	240	469	(14361)
4 Profit before tax	35490	30635	26871	124844	80904	35857	30810	27062	125988	81619
5 Net Profit after tax	26014	22858	19308	91906	58469	26287	22988	19448	92758	58996
6 Total comprehensive income for the period	25630	22976	19239	91640	58052	25903	23106	19379	92492	58579
7 Paid-up Equity Share Capital (Face value per share ₹ 10)	16941	16941	16941	16941	16941	16941	16941	16941	16941	16941
8 Other Equity	—	—	—	177982	161468	—	—	—	178190	160823
9 Earnings Per Share (EPS) (of ₹ 10 each)										
Basic and diluted EPS before Exceptional Items (₹)	15.35	13.49	11.29	54.01	40.83	15.52	13.57	11.37	54.52	41.14
Basic and diluted EPS after Exceptional Items (₹)	15.35	13.49	11.39	54.24	34.51	15.52	13.57	11.48	54.76	34.83
	Not Annualised					Not Annualised				

**Notes:**  
1. The above is an extract of the detailed format of the Financial Results for the quarter and year ended March 31, 2025 filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the said Financial Results are available on the website of the Company at **www.gsk-india.com** and on the website of Stock Exchanges at **www.nseindia.com** and **www.bseindia.com**. The same can be assessed by scanning the QR code.  
2. The above Results were reviewed by the Audit Committee and were thereafter approved by the Board of Directors at their respective meetings held on 13<sup>th</sup> May, 2025.  
3. The Board of Directors recommended a final Dividend of Rs. 42 per equity share of face value of Rs.10 each (Year ended 31<sup>st</sup> March 2024 Rs. 32 per equity share).

**Place: Mumbai**  
**Date: 13<sup>th</sup> May, 2025**

**By Order of the Board**  
**Bhushan Akshikar**  
Managing Director  
DIN: 09112346



By Order of the Board  
Bhushan Akshikar  
Managing Director  
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