

## Pharma cos may post 15% growth in Q3

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Pharmaceutical companies are expected to post core profit growth of over 15 per cent year-on-year for the quarter ended December 2013.

"We expect core profit growth of over 15 per cent year-on-year across the pharmaceutical sector in Q3 FY'14. The US launches and currency benefit to be the key growth drivers," Kotak Institutional Equities said in its report. While the domestic growth stays subdued, the US launches remain strong, it said.

It expects the US generic launches to be the key growth driver, offsetting weak growth in India.

The improving US prod-

uct mix and currency remain key margin drivers for Indian generics, according to the report.

"The currency benefit is likely to sustain. In the current quarter, the Indian rupee has appreciated by one per cent sequentially on a quarter-end basis. Hence, we expect marginal impact due to translation impact of net balance-sheet items and MTM losses on foreign currency hedges," said Kotak Equities research analyst Krishna Prasad.

Among the leading pharma players, Sun Pharma and Dr Reddy's will lead the sector, while Lupin US generics growth is expected to remain strong, it said, adding that Kotak expects a stable growth for Glenmark.

*Industry*

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