

Sanofi India (SANL)

Pharmaceuticals | 2QCY25 Result Update

Hold
CMP: Rs5,825 | Target Price (TP): Rs5,907 | Upside: 1%
August 01, 2025

Soft quarter; strategic reset underway

Key Points

- Sanofi India's results were a mixed bag. Revenues missed estimates, while margins were in line with NBIE estimates.
- The company has a tie-up with Emcure for their diabetes portfolio (OADs) effective Jun-25; further consolidation of core therapies and leadership changes at the Goa plant signal execution focus.
- We also appreciate the company's strategic partnerships with Cipla and Emcure. We are valuing Sanofi India at a P/E of 37x over 2QCY27E EPS of Rs160, arriving at a target price (TP) of Rs5,907. We maintain a HOLD rating on the stock.

Business performance: Sanofi India's 2QCY25 revenue stood at Rs4bn, driven by flagship diabetes brands such as Lantus and Toujeo, as well as the successful launch of Soliqua. The company has done a strategic tie-up with Emcure for its diabetic products. EBITDA declined 18%YoY to Rs949mn and margins also contracted by 161bps YoY to 23.4% on the back of softening raw material prices and lower employee expenses. APAT decreased 25.6% YoY to Rs695mn.

Outlook: We expect the revenue/EBITDA/PAT to clock CAGR of 5%/5%/5% over CY25-27E. EBITDA margins are expected to remain healthy at around 26%. ROE/ROCE are expected to remain at 30.5%/31.4% in CY27E. Cumulative FCF generation should remain strong around Rs7.3bn over CY26E-27E.

Valuation: We like the management's strategic partnerships with Cipla and Emcure. We reduced the estimates owing to a weaker quarter and are valuing Sanofi India at a P/E of 37x for 1QCY27E EPS of Rs160, arriving at a target price (TP) of Rs5,907. We maintain a HOLD rating on the stock.

Est Change	Downwards
TP Change	Downwards
Rating Change	Maintain

Company Data and Valuation Summary

Reuters	SANO.BO
Bloomberg	SANL IN Equity
Market Cap (Rsbn / US\$bn)	134.2 / 1.6
52 Wk H / L (Rs)	7,600 / 4,902
ADTV-3M (mn) (Rs / US\$)	60.3 / 0.7
Stock performance (%) 1M/6M/1yr	(8.6) / 5.4 / (11.9)
Nifty 50 performance (%) 1M/6M/1yr	(2.9) / 1.4 / (1.0)

Shareholding	3QFY25	4QFY25	1QFY26
Promoters	60.4	60.4	60.4
DIIIs	22.7	23.0	23.1
FIIIs	5.6	5.6	5.6
Others	11.3	11.0	10.9
Pro pledge	0.0	0.0	0.0

Financial and Valuation Summary

Particulars (Rsmn)	CY24	CY25E	CY26E	CY27E
Net Sales	20,132	18,521	19,448	20,420
Growth YoY %	0.9	(8.0)	5.0	5.0
Gross margin %	51.4	52.0	52.0	52.0
EBITDA	4,908	4,876	5,099	5,331
EBITDA margin %	24.4	26.3	26.2	26.1
Adj PAT	3,813	3,423	3,586	3,757
Growth YoY %	(5.0)	(10.2)	4.8	4.8
Adj EPS (Rs)	165.8	148.8	155.9	163.3
RoCE	38.9	35.7	32.8	30.5
RoE	40.7	37.0	33.9	31.4
RoIC	58.3	52.8	53.2	55.9
P/E	35.1	39.1	37.4	35.7
EV/EBITDA	26.7	26.7	25.3	23.9
P/BV	15.6	13.5	11.9	10.6

Source: Company, Bloomberg, Nirmal Bang Institutional Equities Research

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Exhibit 1: 1QCY25 consolidated performance

Particulars (Rsmn)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25E	4Q25E	CY24	CY25E
Net Sales	5,108	4,635	5,240	5,149	5,359	4,063	4,716	4,383	20,132	18,521
YoY Change (%)	-2.0	-10.0	6.8	9.7	4.9	-12.3	-10.0	-14.9	0.9	-8.0
Gross Profit	2,624	2,424	2,640	2,651	2,954	1,976	2,358	2,343	10,339	9,631
Margin (%)	51.4	52.3	52.0	51.5	55.1	48.6	50.0	53.5	51.4	52.0
EBITDA	1,371	1,157	1,197	1,183	1,719	949	1,287	1,171	4,908	4,876
YoY Change (%)	-10.3	-4.9	5.5	18.8	25.4	-18.0	7.5	-1.0	0.6	-0.6
Margin (%)	26.8	25.0	22.8	23.0	32.1	23.4	27.3	26.7	24.4	26.3
Depreciation	91	90	90	96	96	91	90	96	367	366
Interest	3	4	4	4	3	4	4	4	15	18
Other income	35	48	23	59	33	87	-	-	165	165
Extraordinary Items	379	88	-	80	-	-	-	-	1,390	-
PBT (bei)	1,312	1,111	1,126	1,142	1,653	941	1,193	1,071	4,691	4,657
PBT	1,691	1,199	1,126	1,222	1,653	941	1,193	1,071	6,081	4,657
Tax	325	200	304	309	458	246	310	217	1,138	1,234
ETR (%)	26.0	26.0	27.0	25.3	27.7	25.0	26.0	20.3	18.7	26.5
Reported PAT	1,366	999	822	913	1,195	695	883	854	4,943	3,423
Adj. PAT	1,086	934	822	853	1,195	695	883	854	3,813	3,423
YoY Change (%)	-15.4	1.0	2.0	22.4	10.1	-25.6	7.4	0.1	197.2	215.3
Adj. EPS (Rs)	47.2	40.6	35.7	37.1	52.0	30.2	38.4	37.1	165.8	148.8

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 2: Revised estimates

(Rsmn)	New Estimates			Old estimates			Change (%)		
	CY25E	CY26E	CY27E	CY25E	CY26E	CY27E	CY25E	CY26E	CY27E
Net Sales	18,521	19,448	20,420	21,139	22,196	23,305	(12.4)	(12.4)	(12.4)
EBITDA	4,876	5,099	5,331	5,487	5,735	5,995	(11.1)	(11.1)	(11.1)
Margin (%)	26.3	26.2	26.1	26.0	25.8	25.7	37 bps	38 bps	38 bps
PAT	3,423	3,586	3,757	3,872	4,055	4,246	(11.6)	(11.5)	(11.5)
Margin (%)	18.5	18.4	18.4	18.3	18.3	18.2	17 bps	17 bps	18 bps
EPS (Rs)	148.8	155.9	163.3	168.3	176.3	184.6	(11.6)	(11.5)	(11.5)

Source: Nirmal Bang Institutional Equities Research

Exhibit 3: Quarterly trends

(Rsmn)	3QCY23	4QCY23	1QCY24	2QCY24	3QCY24	4QCY24	1QCY25	2QCY25
Revenue	7,146	-1,611	5,108	4,635	5,240	5,149	5,359	9,422
YoY Growth (%)	3.3	-124.0	-27.7	-35.1	-425.3	0.8	15.6	79.8
Gross Profit	4,148	-1,939	2,624	2,424	2,640	2,651	2,954	4,930
Gross Margin (%)	58.0	57.3	51.4	52.3	52.0	51.5	55.1	52.3
EBITDA	2,085	-1,289	1,371	1,157	1,197	1,183	1,719	2,668
EBITDA margin (%)	29.2	80.0	26.8	25.0	22.8	23.0	32.1	28.3
EBIT	1,986	-1,360	1,280	1,067	1,107	1,087	1,623	2,481
EBIT margin (%)	27.8	84.4	25.1	23.0	21.1	21.1	30.3	26.3
PBT	2,101	1,885	1,691	1,199	1,126	1,222	1,653	2,474
Reported PAT	1,522	2,166	1,366	999	822	913	1,195	1,770
PAT margin (%)	21.3	-134.5	26.7	21.6	15.7	17.7	22.3	18.8

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 4: Margin summary

Margins (%)	3QCY23	4QCY23	1QCY24	2QCY24	3QCY24	4QCY24	1QCY25	2QCY25
Gross Margin	58.0	57.3	51.4	52.3	52.0	51.5	55.1	52.3
EBITDA Margin	29.2	80.0	26.8	25.0	22.8	23.0	32.1	28.3
EBIT Margin	27.8	84.4	25.1	23.0	21.1	21.1	30.3	26.3
PBT Margin	29.4	(117.0)	33.1	25.9	21.5	23.7	30.8	26.3
PAT Margin	21.3	(134.5)	26.7	21.6	15.7	17.7	22.3	18.8

Source: Company, Nirmal Bang Institutional Equities Research

Valuation and outlook

- Sanofi India's 2QCY25 revenue stood at Rs4bn. The company has announced a partnership for its diabetic brands with Emcure. We expect the revenue/EBITDA/PAT to clock CAGR of 5%/5%/5% over CY25E-27E. EBITDA margins are expected to remain healthy at around 23.4%. ROE/ROCE are expected to remain at 31.4%/30.5% in CY27E. Cumulative FCF generation should remain strong around Rs7.3bn over CY26E-27E.
- The stock is currently trading at P/E of 37.4x/35.7x for CY26E/CY27E. We are valuing Sanofi India at a P/E of 37x over 2QCY27E EPS of Rs160, arriving at a target price (TP) of Rs5,907. We maintain a HOLD rating on Sanofi India.

Exhibit 5: One-year rolling forward P/E



Source: Company, BSE, Bloomberg, Nirmal Bang Institutional Equities Research

Financial statements

Exhibit 6: Income statement

Y/E December (Rsmn)	CY23	CY24	CY25E	CY26E	CY27E
Net Sales	19,961	20,132	18,521	19,448	20,420
Growth (%)	(27.9)	0.9	(8.0)	5.0	5.0
Raw Materials	9,535	9,793	8,890	9,335	9,802
Employee Expenses	2,807	2,402	2,162	2,292	2,429
Other expenses	2,742	3,029	2,593	2,723	2,859
Total expenditure	15,084	15,224	13,645	14,349	15,089
Gross Profit	10,426	10,339	9,631	10,113	10,618
% growth	(34.0)	(0.8)	(6.8)	5.0	5.0
EBITDA	4,877	4,908	4,876	5,099	5,331
Growth (%)	(30.8)	0.6	(0.6)	4.6	4.6
EBITDA margin (%)	24.4	24.4	26.3	26.2	26.1
Other income	612	165	165	165	165
Interest Costs	17	15	18	18	18
Gross Profit	10,426	10,339	9,631	10,113	10,618
Growth (%)	(34.0)	(0.8)	(6.8)	5.0	5.0
Gross Margins	52.2	51.4	52.0	52.0	52.0
Depreciation	365	367	366	366	366
Exceptional Items	2,561	1,390	0	0	0
PBT	7,668	6,081	4,657	4,880	5,112
Tax	1,639	1,138	1,234	1,293	1,355
Effective tax rate (%)	21.4	18.7	26.5	26.5	26.5
Reported PAT	6,029	4,943	3,423	3,586	3,757
Adjusted PAT	4,015	3,813	3,423	3,586	3,757
Growth (%)	(23.6)	(5.0)	(10.2)	4.8	4.8
Adjusted EPS (Rs)	174.6	165.8	148.8	155.9	163.3
Growth (%)	(23.6)	(5.0)	(10.2)	4.8	4.8

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 8: Balance sheet

Y/E December (Rsmn)	CY23	CY24	CY25E	CY26E	CY27E
Equity	230	230	230	230	230
Reserves	9,922	8,376	9,677	11,040	12,467
Net worth	10,152	8,606	9,907	11,270	12,697
Total Loans	0	0	0	0	0
Deferred tax liabilities	37	-1	-1	-1	-1
Other non-current liabilities	446	320	320	320	320
Total Liabilities	10,635	8,925	10,226	11,589	13,016
Fixed assets including CWIP	2,677	2,739	3,422	3,359	3,274
Goodwill & Intangible Assets	75	13	13	13	13
Long Term Loans & Advances	0	0	0	0	0
Other Non-Current Assets	1,916	2,097	2,084	2,091	2,099
Inventories	6,638	4,998	4,480	4,711	4,954
Debtors	1,317	2,300	2,116	2,222	2,333
Cash and cash equivalents	4,065	2,948	3,743	5,103	6,546
Other current assets	460	1,022	940	987	1,037
Asset Held for Sale	0	0	0	0	0
Total Current Assets	12,480	11,268	11,279	13,022	14,869
Creditors	2,915	4,063	3,688	3,873	4,067
Other current liabilities/provisions	3,598	3,129	2,883	3,024	3,173
Total current liabilities	6,513	7,192	6,571	6,897	7,240
Net current assets	5,967	4,076	4,707	6,125	7,630
Total Assets	10,635	8,925	10,226	11,589	13,016

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 7: Cash flow

Y/E December (Rsmn)	CY23	CY24	CY25E	CY26E	CY27E
PBT	7,668	6,081	4,657	4,880	5,112
Depreciation	365	367	366	366	366
Net Chg in WC	-3,490	-286	328	-152	-161
Taxes	-1,629	-1,378	-1,234	-1,293	-1,355
Others	-627	-184	-151	87	91
CFO	2,287	4,600	3,966	3,887	4,054
Capex	243	-358	-1,049	-303	-281
FCF	2,530	4,242	2,917	3,583	3,773
Net Investments made	475	166	0	0	0
Others	-343	0	0	0	0
CFI	375	-192	-1,049	-303	-281
Change in Share capital	0	0	0	0	0
Change in Debts	-83	-63	0	0	0
Div. & Div Tax	-8,683	-3,846	-2,122	-2,224	-2,329
Others	0	-1,606	110	0	0
CFF	-8,766	-5,515	-2,012	-2,224	-2,329
Total Cash Generated	-6,104	-1,107	905	1,360	1,444
Cash Opening Balance	10,049	3,945	2,838	3,743	5,103
Cash Closing Balance	3,945	2,838	3,743	5,103	6,546

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 9: Key ratios

Y/E December	CY23	CY24	CY25E	CY26E	CY27E
Profitability & return ratios					
EBITDA margin (%)	24.4	24.4	26.3	26.2	26.1
Net profit margin (%)	30.2	24.6	18.5	18.4	18.4
RoE (%)	35.1	40.7	37.0	33.9	31.4
RoCE (%)	33.4	38.9	35.7	32.8	30.5
RoIC (%)	72.0	58.3	52.8	53.2	55.9
Working capital & liquidity ratios					
Receivables (days)	24	33	44	41	41
Inventory (days)	130	139	127	117	117
Payables (days)	78	84	104	96	96
Working capital (days)	75.1	88.6	66.6	61.4	61.6
Current ratio (x)	1.9	1.6	1.7	1.9	2.1
Quick ratio (x)	0.9	0.9	1.0	1.2	1.4
Leverage ratios					
Net Debt/Equity (x)	(0.4)	(0.3)	(0.4)	(0.4)	(0.5)
Interest Cover (x)	265.4	302.7	250.6	262.9	275.8
Net Debt/EBITDA (x)	(0.8)	(0.6)	(0.7)	(1.0)	(1.2)
Valuation ratios					
EV/Sales (x)	6.5	6.5	7.0	6.6	6.2
EV/EBITDA (x)	26.7	26.7	26.7	25.3	23.9
P/E (x)	33.4	35.1	39.1	37.4	35.7
P/BV (x)	13.2	15.6	13.5	11.9	10.6

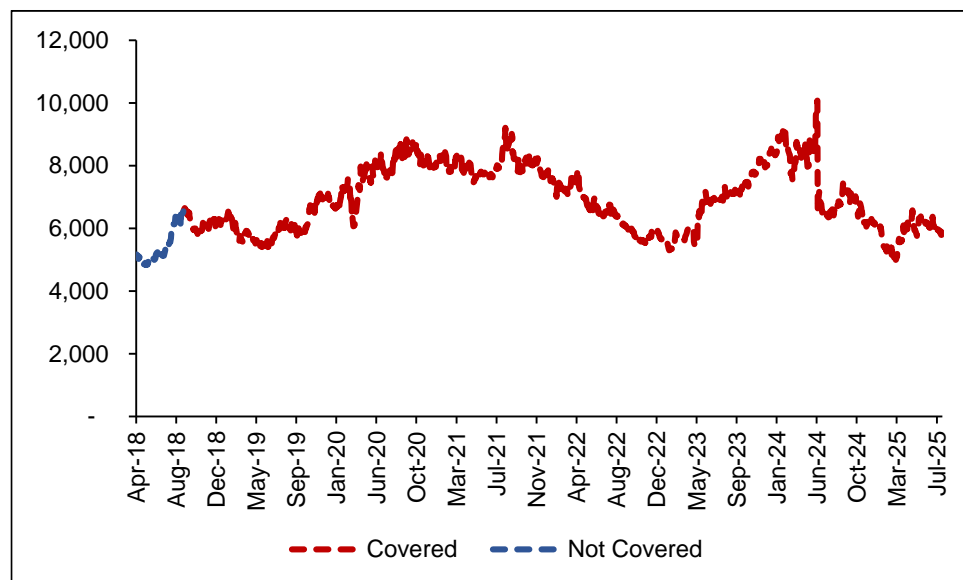
Source: Company, Nirmal Bang Institutional Equities Research

Rating Track

Date	Rating	Market price (Rs)	Target price (Rs)
6 September 2018	Buy	6,516	7,570
26 October 2018	Buy	5,785	7,570
27 February 2019	Buy	6,070	7,039
12 April 2019	Buy	5,740	6,411
8 May 2019	Buy	5,611	6,471
30 July 2019	Hold	6,111	6,471
23 September 2019	Buy	5,918	7,280
13 November 2019	Hold	6,606	7,280
26 February 2020	Hold	7,022	7,760
27 March 2020	Buy	6,124	7,760
23 April 2020	Hold	7,505	7,760
20 May 2020	Hold	7,506	7,760
29 July 2020	Hold	7,575	7,760
23 September 2020	Hold	8,342	9,283
28 October 2020	Buy	8,318	9,911
7 January 2021	Buy	8,126	11,023
24 February 2021	Buy	7,968	9,954
18 March 2021	Buy	8,203	9,954
28 April 2021	Buy	7,480	9,954
28 July 2021	Buy	7,959	9,954
6 September 2021	Buy	8,420	9,652
26 September 2021	Buy	8,199	10,038
27 October 2021	Buy	8,091	9,874
21 February 2022	Buy	7,298	8,650
3 March 2022	Buy	7,241	8,298
27 April 2022	Buy	7,051	8,298
27 July 2022	Buy	6,604	7,675
9 October 2022	Buy	5,922	7,039
4 November 2022	Buy	5,582	6,716
26 February 2023	Buy	5,559	6,651
16 March 2023	Buy	5,748	6,651
11 May 2023	Buy	6,210	7,666
10 August 2023	Buy	7,316	8,542
15 November 2023	Buy	7,798	9,212
26 February 2024	Buy	9,050	10,408
17 May 2024	Buy	8,590	10,151
31 July 2024	Under Review	6,576	-
3 March 2025	Hold	5,012	5,217
2 May 2025	Hold	5,943	6,688
15 May 2025	Hold	6,047	6,599
1 August 2025	Hold	5,825	5,907

Note: # -price post demerger

Rating Track Graph



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