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India | Equity Research | Quarterly results review

Pharma

India traction healthy; post gRevlimid uncertainty looms

Pharma companies under our coverage reported strong 11.7%/15.6%/19.0% growth in revenue/EBITDA/PAT in Q4FY25. Revenue growth was led by RoW markets, while core markets of US and India grew at a slower pace of 6.5%/10.2%, respectively. Uncertainty over price competition in gRevlimid looms in FY26 and could be a major drag for earnings ahead. However, India biz is likely to grow at a steady pace of ~10% in FY26, driven by price increases and new launches. Traction among export-focused CDMO companies was healthy; coverage companies reported 11.2%/12.6%/15.2% growth in revenue/EBITDA/PAT. Post Q4FY25 results, we had upgraded FY27 estimates for Pfizer by ~5% while FY27E earnings of 14 companies were cut by 1–31%. **Our top picks: Sun Pharma, Cipla, Torrent, Piramal Pharma, Akums and Abbott India.**

Synopsis of quarterly performance

Revenue for our coverage universe grew 11.7% YoY (4.5% QoQ) to INR 784bn in Q4FY25 driven by RoW markets and India. GM contracted 10bps YoY (-10bps QoQ) to 67% due to unfavourable product mix. EBITDA grew 15.6% YoY (3.9% QoQ) to INR 195bn. EBITDA margin expanded 82bps YoY (-12bps QoQ) to 24.9%. Adj. profit of our coverage universe rose a strong 19.0% YoY (11.1% QoQ) to INR 133bn. Biocon, Cipla, Abbott India, Lupin, Divi's, Pfizer, Akums delivered results ahead of our expectations.

Exclusivities and stable prices drive US performance

Aggregate quarterly US sales of our coverage stood at USD 2.6bn, up 6.5% YoY (5.4% QoQ) led by better supplies of gRevlimid and Mirabegron for some companies while prices have been stable. US sales of Lupin and Zydus grew robust 19%/17% YoY mainly led by Mirabegron while Aurobindo reported 8.8% YoY jump on the back of gRevlimid. Dr Reddy's reported a modest 6.6% YoY growth driven by better volumes in existing products. Cipla reported a fall of 2.2% YoY due to lower sales of Lanreotide. Lower sales of generic products impacted Sun's US growth (down 2.5% YoY) though its specialty biz grew ~8.9% QoQ.

India biz of coverage companies continues to outpace IPM

The India business of our coverage companies grew 10.2% YoY to INR 207bn in Q4FY25 driven by better pricing, volumes and new launches. Among our coverage universe, Dr Reddy's grew the fastest at 15.8% YoY driven by in-licensed brands, Sun Pharma at 13.6% YoY and Ajanta Pharma at 13.2% YoY. Torrent and JB Chemicals grew ~12% YoY each while Zydus, Cipla, Alembic and Alkem reported a market-linked growth of ~8% YoY. Among MNCs, Abbott grew the fastest at 12% YoY while Pfizer and GSK grew ~8% and 5% YoY, respectively.

Operating leverage and cost curbs continue to boost margins

Gross margin for coverage companies reported a minor dip of 10bps/10bps YoY/QoQ to ~67%. However, EBITDA margin expanded 82bps YoY (-12bps QoQ) to 24.9% aided by operating leverage and cost curbs. Aggregate R&D spending of our coverage companies stood at 6.7% of sales, lower than 7.2% in Q4FY24 (6.5% in Q3FY25).

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Exhibit 1: Key financials

Company	Revenue (INR mn)					EBITDA (INR mn)					PAT (INR mn)				
	Q4FY25	Q3FY25	Q4FY24	QoQ (%)	YoY(%)	Q4FY25	Q3FY25	Q4FY24	QoQ (%)	YoY(%)	Q4FY25	Q3FY25	Q4FY24	QoQ (%)	YoY(%)
Sun Pharma	1,29,588	1,32,954	1,19,829	(2.5)	8.1	34,249	38,123	30,915	(10.2)	10.8	28,891	30,037	28,126	(3.8)	2.7
Dr Reddy's	85,060	83,586	70,830	1.8	20.1	20,497	22,991	17,807	(10.8)	15.1	16,547	14,130	12,929	17.1	28.0
Aurobindo	83,821	79,785	75,802	5.1	10.6	17,919	16,278	16,871	10.1	6.2	9,035	8,809	10,094	2.6	(10.5)
Zydus Lifesciences	65,279	52,691	55,338	23.9	18.0	21,649	13,017	16,252	66.3	33.2	13,905	8,048	11,781	72.8	18.0
Cipla	67,297	70,730	61,632	(4.9)	9.2	15,376	19,889	13,159	(22.7)	16.9	12,218	13,779	9,390	(11.3)	30.1
Lupin	56,671	57,677	49,608	(1.7)	14.2	12,921	14,515	9,968	(11.0)	29.6	8,317	9,221	5,083	(9.8)	63.6
Biocon	44,170	38,214	39,171	15.6	12.8	10,782	7,518	9,159	43.4	17.7	3,252	130	1,416	2,401.9	129.6
Glenmark	32,562	33,875	30,630	(3.9)	6.3	5,610	6,002	5,043	(6.5)	11.2	3,466	3,480	1,289	(0.4)	168.9
Torrent Pharma	29,590	28,090	27,450	5.3	7.8	9,810	9,140	8,830	7.3	11.1	5,287	5,030	4,490	5.1	17.8
JB Chemicals	9,495	9,635	8,617	(1.5)	10.2	2,264	2,545	1,981	(11.0)	14.3	1,457	1,625	1,262	(10.3)	15.5
Ajanta Pharma	11,704	11,461	10,541	2.1	11.0	2,972	3,208	2,783	(7.4)	6.8	2,253	2,329	2,027	(3.3)	11.1
Alkem	31,438	33,743	29,358	(6.8)	7.1	3,913	7,594	4,020	(48.5)	(2.7)	3,059	6,258	3,039	(51.1)	0.6
Alembic Pharma	17,696	16,927	15,170	4.5	16.7	2,719	2,602	2,601	4.5	4.6	1,564	1,384	1,782	13.0	(12.2)
Natco	12,210	4,748	10,683	157.2	14.3	5,731	388	4,973	1,377.1	15.2	4,810	424	3,863	1,034.4	24.5
Divi's	25,850	23,190	23,030	11.5	12.2	8,860	7,430	7,330	19.2	20.9	6,543	5,809	5,395	12.6	21.3
Abbott India	16,046	16,143	14,386	(0.6)	11.5	4,285	4,361	3,295	(1.7)	30.0	3,670	3,608	2,871	1.7	27.9
Pfizer	5,919	5,380	5,466	10.0	8.3	2,275	1,460	1,894	55.8	20.1	1,966	1,276	1,789	54.1	9.9
GSK Pharma	9,744	9,494	9,298	2.6	4.8	3,332	2,919	2,573	14.1	29.5	2,629	2,299	1,921	14.4	36.9
Piramal Pharma	27,541	22,042	25,524	24.9	7.9	5,610	3,377	5,299	66.1	5.9	1,535	37	1,149	4,075.7	33.6
Akums	10,555	10,104	9,442	4.5	11.8	939	1,214	882	(22.6)	6.5	1,313	617	455	112.7	188.4
Innova Cptab	3,147	3,165	2,626	(0.5)	19.8	477	466	381	2.4	25.2	296	342	287	(13.5)	3.0
Cohnace Life	8,412	6,764	7,018	24.4	19.9	2,632	2,396	2,554	9.8	3.1	1,441	1,457	1,721	(1.1)	(16.3)
Coverage Universe	7,83,796	7,50,399	7,01,449	4.5	11.7	1,94,822	1,87,434	1,68,570	3.9	15.6	1,33,453	1,20,126	1,12,158	11.1	19.0

Source: Company data, I-Sec research

Exhibit 2: Valuation summary

Company	Mkt. Cap (INR bn)	Target Price (INR)	Rating	EPS (INR)			RoCE (%)			P/E (x)			EV/EBITDA (x)		
				FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Sun	4,031	1,895	ADD	47.2	52.9	59.0	15.6	16.1	16.2	35.6	31.8	28.5	25.9	22.9	20.4
Dr Reddy's	1,101	1,100	HOLD	70.2	69.6	55.8	16.6	14.2	11.1	18.8	19.0	23.7	12.5	12.0	14.0
Aurobindo	680	1,330	ADD	60.3	69.8	83.2	10.2	10.7	11.8	19.2	16.6	13.9	10.2	8.9	7.4
Lupin	909	2,110	HOLD	76.9	87.1	95.9	19.5	18.2	18.1	25.9	22.9	20.8	16.7	15.3	13.8
Cipla	1,212	1,635	ADD	62.7	63.8	68.1	18.6	16.0	15.3	23.9	23.8	22.3	15.9	15.6	14.3
Zydus Life	984	910	HOLD	44.9	43.5	41.2	18.9	15.1	12.8	21.4	22.1	23.3	13.5	13.5	13.5
Biocon	396	270	SELL	2.6	4.6	9.6	2.1	2.5	3.6	126.5	71.8	34.5	18.8	16.2	12.1
Glenmark	449	1,300	REDUCE	49.2	58.3	71.9	16.9	16.9	17.7	32.3	27.3	22.1	19.1	16.6	13.7
Torrent	1,067	3,500	ADD	57.8	74.8	88.5	19.0	24.4	27.5	54.5	42.1	35.6	29.2	24.9	21.7
Alkem	581	5,900	ADD	181.1	194.0	160.4	21.0	19.8	14.7	26.8	25.0	30.3	22.6	20.2	17.7
Ajanta	325	2,500	REDUCE	73.4	86.5	101.7	26.0	26.6	25.3	35.1	29.8	25.3	25.2	21.3	17.7
Alembic	194	885	HOLD	29.0	34.5	42.2	10.8	11.3	13.3	33.9	25.6	20.9	20.2	15.5	13.2
JB Chemicals	263	1,815	ADD	42.4	49.2	56.9	25.0	21.7	18.5	40.0	34.4	29.8	25.1	21.7	18.6
Natco	156	890	HOLD	104.5	69.8	45.1	26.8	15.1	9.0	8.2	12.3	19.0	6.0	8.6	13.8
Abbott India	669	35,750	BUY	665.6	773.6	891.4	36.3	37.4	38.8	47.3	40.0	34.7	38.5	32.7	28.2
Pfizer India	261	5,450	ADD	139.2	158.3	181.4	16.3	16.2	16.7	40.9	36.0	31.4	31.6	27.5	24.1
GSK Pharma	579	2,600	REDUCE	54.5	60.2	67.9	53.7	50.4	45.7	62.8	56.8	50.4	47.1	43.2	38.6
Divi's	1,735	5,610	REDUCE	81.2	106.7	139.9	14.8	17.5	20.5	80.7	61.3	46.8	57.2	43.6	33.1
Piramal Pharma	273	280	BUY	0.7	1.3	4.6	1.4	2.5	6.0	299.6	155.2	44.9	21.9	21.1	14.9
Akums	86	710	BUY	21.0	22.8	30.3	12.0	10.5	12.4	26.9	24.8	18.6	17.8	13.6	10.6
Innova Cptab	50	1,030	ADD	22.4	29.2	41.1	10.8	12.2	14.9	39.4	30.2	21.5	28.6	19.7	14.2
Cohnace Life	405	1,365	BUY	14.0	16.2	22.3	18.0	16.3	17.9	75.5	65.1	47.5	46.9	38.9	29.9

Source: Company data, I-Sec research

Exhibit 3: Earnings revision for coverage universe post Q4FY25 results

Company	Target Price (INR)	EPS (INR) - Pre-results		EPS (INR) - Post-result		Earnings revision		Rating	
		FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	Pre-result	Post Result
Sun	1,895	57.4	61.1	52.9	59.0	-7.9	-3.4	BUY	ADD
Dr Reddy's	1,100	80.4	55.0	69.60	55.80	-13.4	1.5	HOLD	HOLD
Aurobindo	1,330	82.8	91.6	69.8	83.2	-15.7	-9.1	BUY	ADD
Lupin	2,110	85.9	95.7	87.1	95.9	1.4	0.3	HOLD	HOLD
Cipla	1,635	67.9	68.0	62.7	62.7	-7.6	-7.7	ADD	ADD
Zydus Lifesciences	910	45.0	42.7	43.5	41.2	-3.4	-3.4	HOLD	HOLD
Biocon	270	4.6	9.5	4.60	9.58	-0.5	1.0	SELL	SELL
Glenmark	1,300	58.0	72.3	58.3	71.9	0.5	-0.6	REDUCE	REDUCE
Torrent	3,500	75.3	87.8	74.8	88.5	-0.6	0.7	HOLD	ADD
Alkem	5,900	207.3	220.8	194.0	160.4	-6.4	-27.3	ADD	ADD
Ajanta	2,500	88.2	105.1	86.5	101.7	-1.9	-3.3	REDUCE	REDUCE
Alembic	885	38.8	47.8	34.5	42.2	-11.2	-11.8	HOLD	HOLD
JB Chemicals	1,815	51.2	59.2	49.2	56.9	-3.8	-3.8	ADD	ADD
Natco	890	142.7	61.9	69.8	45.1	-51.1	-27.3	ADD	HOLD
Abbott India	35,750	772.9	875.3	773.6	891.4	0.1	1.8	BUY	BUY
Pfizer India	5,450	154.2	173.6	158.3	181.4	2.7	4.5	HOLD	ADD
GSK Pharma	2,600	59.3	66.4	60.2	67.9	1.6	2.2	ADD	REDUCE
Divi's	5,610	100.2	135.6	106.7	139.9	6.6	3.2	SELL	REDUCE
Piramal Pharma	280	4.4	6.7	1.3	4.6	-69.9	-31.2	BUY	BUY
Akums	710	23.1	31.2	22.8	30.3	-1.3	-2.9	BUY	BUY
Innova	1,030	31.8	44.0	29.2	41.1	-8.0	-6.6	ADD	ADD
Cohance	1,365	16.9	23.3	16.2	22.3	-3.9	-4.5	BUY	BUY

Source: Company data, I-Sec research

Exhibit 4: Q4FY25 – takeaways on India business

Company	India Business Commentary
Sun Pharma	<ul style="list-style-type: none"> Sun's market share increased to 8.3% for MAT in Mar'25 led by sales force addition in the previous year and new product launches. Its outperformance in IPM growth was led by volumes and new product launches. It launched 10 new products in Q4FY25. Going ahead, it may launch more products in diabetes and weight loss therapies. MR addition ahead would be on the basis of market opportunity.
Dr. Reddy's Labs	<ul style="list-style-type: none"> Barring the in-licensing vaccine brands, its India business grew at 6% YoY in Q4FY25 and FY25. It launched 23 new products in FY25. In FY26, the company aims to register 15-16% growth in India, through in-licensing deals, new launches and addition of marketing field force.
Cipla	<ul style="list-style-type: none"> India business grew at 8.5% despite challenges in acute therapy market. Growth in India business was led by volumes, new launches and price hikes. Management expects domestic pharma market to grow at 8-10% next year and Cipla will continue to outperform the market. Trade generic business has been fully restructured and the segment is back on growth track. Consumer business grew in double digits in Q4FY25 and new launches will boost growth ahead. Implementation of schedule M may not be a tailwind to boost growth in trade generic business of Cipla. The company will launch injectable version of semaglutide in FY27 and oral solid product at a later stage. Inhaled insulin products will be launched in India in next 3-4 months. It is not expected to be a mass product and will serve a niche population.
Lupin	<ul style="list-style-type: none"> The company is aiming to grow 1.2-1.3x IPM growth rate (7-8% market growth pegged for next year) ahead. Innovative products from pipeline, in-licensing deals and acquisition will boost India growth. It has 10,400 MRs currently and will add 2000 MRs in next 4-5 years (400-500 every year). Loss of exclusivity in couple of products (empagliflozin) led to muted performance in Q4FY25. Management expects high single digit growth in diabetes portfolio ahead while cardio and OTC products are likely to grow in double digits. Lupin has 18% market share in human insulin; launch of GLP-1 products could help it further increase market share by 4-5%. Company is going to manufacture oral solid dose of semaglutide captively while injectables will be sourced from a CMO. GLP-1 products may take a few years to cannibalise sales of cardiac and of other therapies for which the drug may be approved. Lupin's diagnostics biz has reached sales of INR 1bn. It is targeting to become EBITDA positive by FY27.
Zydus Lifesciences	<ul style="list-style-type: none"> Branded biz growth in Q4 and FY25 was driven by higher uptick in pillar brands and innovation in product portfolio. Innovation portfolio has witnessed volume and value-led growth. Momentum is likely to continue in FY26. Management plans to launch more differentiated products in FY26. Domestic branded business is likely to grow ahead of market's growth rate in FY26. The company has developed a novel dosage of semaglutide, which it would launch at the time of market formation in India and other markets. The company may also out-license this product to other companies.
Torrent Pharma	<ul style="list-style-type: none"> Cardiac brands have grown faster at 15% YoY vs market growth of 10% YoY due to restructuring and expansion done last year. Chronic business grew 14% vs market growth of 9% driven by outperformance in cardiac, diabetes, gastro, CNS and dermatology. As per AIOCD, Torrent's India business grew at 14%. Better volumes aided 4% growth, new launches 2.3% and 7.4% came from price hikes. It is witnessing positive traction in Curatio. The portfolio grew 18-19% in FY25 and growth could be higher in FY26. The company shall be reinvesting in the business for the next 1-2 years, which should help improve margins in the future. In Q4FY25, it added 200 medical representatives (700 MRs in FY25). Overall, it had 6,400 MRs at the end of FY25. Majority addition was in chronic therapy and sub chronic (gastro). Management expects its India business to grow better than IPM in FY26. Torrent would launch its semaglutide injectable (partnered) and oral launch (in-house) in India in the first wave of launches.
Alkem	<ul style="list-style-type: none"> As per IQVIA, in Q4 volumes for Alkem grew 2.1% ahead of market growth rate of 1.2% outperforming the IPM in gastro-intestinal, gynaec, respiratory and VMN therapies. Oral solid and liquid anti-infective brands of Alkem have outperformed market growth. India biz growth will be in line or 100bps higher than market growth of 7-8% in FY26. Trade generics grew 6-7% in FY25 and the market has become quite competitive due to entry of new players. It will grow in line with IPM growth rate in FY26. The company has worked on margin improvement of its trade generic biz in last 2 years and is aiming to narrow the margin gap further ahead. It is on track to be in the first wave of GLP1 launch (semaglutide) in India.
Glenmark	<ul style="list-style-type: none"> India biz growth in Q4 was impacted by continued slowdown in acute respiratory biz mainly due to low seasonal pick up, heightened competition in diabetes market and discontinuation of low-margin brands in hospitals and trade generic segments. Launch of semaglutide along with better traction in sitagliptin, liraglutide and empagliflozin could revive growth in diabetes portfolio ahead. Zita and Remo account for less than 60% of diabetes revenue. Discontinuation of select non-core, low margin brands in hospitals and trade generic segments may improve overall business margins. In Mar'25, the company launched empagliflozin, under the brand name GLEMPA. Tislelizumab and Zanubrutinib (partnered with beiGene) will be launched in Q1FY26 (early July'25). These brands are expected to drive growth in oncology segment for the company in near term.

Company	India Business Commentary
	<ul style="list-style-type: none"> It has launched Lirafit (liraglutide -GLP-1) in India and plans to launch other GLP-1 products as well in near term. Lirafit has witnessed strong traction post launch; however, it is witnessing supply-led challenges. Some in-licensed products launched in Q4 are likely to see better traction ahead.
JB Chemicals	<ul style="list-style-type: none"> Base biz (ex of ophthalmology biz of Novartis) growth was 12% YoY supported by volume growth of 6% YoY (<2% market growth). Chronic mix continued to improve and chronic business is outpacing the market. Trade generics is not going to be a focus area for the company. Top 7-8 brands account for ~60% of India revenue vs 85% by top 5 brands over the last couple of years. Sequential decline due to rationalisation of inventory in Mar'25.
Ajanta Pharma	<ul style="list-style-type: none"> Increase in volumes (2x of IPM) and new launches aided 11% YoY growth (8% for IPM-Mar'25) to Ajanta's Q4FY25 India revenue. It has recently added 200 MRs in therapies like gynaecology and nephrology. MR count at end of FY25 stood at 3,450 and it may add some more MRs in FY26. In Q4, the company acquired 3 small brands in pain management segment. These brands had sales of INR 150-170mn and were acquired for INR 300mn (~2x EV/sales). It launched 32 products in FY25 including 8 first-to-file products in India.
Alembic Pharma	<ul style="list-style-type: none"> India biz grew 8% driven by strong growth in gynaecology, antidiabetics, ophthalmology and dermatology, Commissioned new Pithampur facility, peptide block and new injectables line. Inventory levels have increased on account of upcoming scheduled launches and all manufacturing facilities having higher utilisation levels.
Natco	<ul style="list-style-type: none"> Clinical trial for semaglutide is ongoing and the company targets to launch its brand at the time of market formation in Mar'26. Launch of Risdiplam in India will depend on the outcome of the litigation in High Court. Last hearing is pending and the judgement is expected in Jul'25. The company may launch this product immediately if the outcome is favourable. Semaglutide and Risdiplam are likely to be the main growth drivers for India biz in near term.
GSK	<ul style="list-style-type: none"> Derma portfolio grew in double digits in Q4 while antibiotics had a muted quarter, though its brands have gained market share. 38% of pharma portfolio is under price control. The company may take price hikes on residual portfolio in FY26. 99% of general medicine products are manufactured in India. Nearly 33% of these products are manufactured at captive plants, and balance products are sourced from 20 CMO sites. The company did not hike prices of its vaccine brands due to stiff competition. Trials for RSV (respiratory syncytial virus) vaccine are ongoing in India. Shingrix registered sales of 20,000 doses in Q4FY25 with 10,000 doses in Mar'25. Revenue from Nucala and Trelegy was INR 1.0bn-1.5bn in FY25. Management plans to launch oncology brands Zejula (66mn ovarian cancer patients in India) and Jimperli in next couple of months.
Akums	<ul style="list-style-type: none"> It received EUR 100mn from the EUR 200mn contract for supply of oral liquid formulation to a customer in Europe as upfront consideration cash on 9th Apr'25; rest will be received over the course of the contract. It will supply products worth INR 3-3.5bn p.a. on commercialisation from Q4FY27. The European CDMO contract will have margin of 15% (in line with current CDMO margin). The company will start expensing the cost related to this project on commercialisation in Q4FY27. The cash balance (including advance for the European contract) will be used for M&A to further strengthen its CDMO (enhancing capabilities or exposure to new markets) and exports businesses. Utilisation at injectable and liquid facility is above 70%, while 40% is for oral solid dosages. New penem/injectable plants are operating at 10%/ 5%, respectively.
Innova Captopab	<ul style="list-style-type: none"> New product and dosage form launches from the Kathua plant are expected to further accelerate growth. CDMO business growth was mainly driven by volumes. Revenue growth in domestic branded generic likely to be ~12-13% in FY26. It commercialised manufacturing in Jammu on 14 Jan'25 and the plant generated revenue of INR 360mn in Q4FY25. Jammu shall achieve INR 4bn revenue for FY26 (GST benefit of ~INR 300-350mn). Depreciation charge of this plant would be INR 240-250mn p.a.

Source: Company data, I-Sec research

Exhibit 5: US Commentary: Q4FY25

Company	US Business Commentary
Sun Pharma	<ul style="list-style-type: none"> Growth in US was mainly led specialty portfolio, which helped reduce the impact of decline in generic biz. In generics business, Sun is witnessing more competition in some products. It launched two generic products in US in Q4FY25. Revlimid was not a significant contributor to sales in Q4 (flat QoQ). Management has requested FDA for a re-audit of its Halol plant while remediation at Mohali and Dadra is ongoing, post which the company shall intimate the USFDA. Unloxyt has been approved by the USFDA and it would be launched in US post completion of the acquisition. Leqselvi is likely to be launched in US in Q2FY26 (delayed by 3 quarters). Patent litigation is ongoing; however, the court has not restricted it from launching the product. In case of an unfavourable trial ruling for Sun, the launch may get delayed till patent expiry in Dec'26.
Aurobindo Pharma	<ul style="list-style-type: none"> Volume gains led to growth in oral solid biz; pricing was stable during the quarter. OTC portfolio continues to grow and momentum is expected to accelerate in next couple of quarters. New launches in oral solids and volume increase in recent launches will drive growth in the segment. It launched five products in US in Q4FY25. gRevlimid revenue for the quarter was in line with management's expectation. FY26 is expected to be a muted year for Eugia due to pending regulatory clearance of Eugia Unit 3 and lower revenue of gRevlimid. The company has six limited competition launches in FY27 which will boost growth. Invested INR 10bn in setting up multiple 15KL bioreactor lines; plant to commercialise by Q2FY26 and validation batches will start from Q4FY26 Biosimilar portfolio will have seven products in regulated markets by FY28-30.
Dr. Reddy's Labs	<ul style="list-style-type: none"> It launched seven new products in the US in Q4 and 18 products in FY25. Growth in US in FY25 was primarily driven by new product launches, increased volumes of select key products. Pricing scenario in the US is quite better than last year. Currently, it is in low single digit. Pricing in gRevlimid continues to be stable. The company is preparing for various scenarios of tariff imposition in the US. Generic pharma companies may not absorb the cost of tariff. Mandating tariff cost absorption for pharma companies may result in disruption in supply chain and create shortages USFDA has accepted biologics license application (BLA) for AVT03 (bDenosumab) developed by partner Alvotech DRL has partnered with Shanghai Henlius Biotech, Inc. to commercialise HLX15 (bDaratumumab) in US and Europe.
Lupin	<ul style="list-style-type: none"> The company is looking to collaborate with PBMs to manufacture their private label products for the US market. Ranibizumab and Pegfilgrastim are likely to be launched in FY27 while Aflibercept and Etanercept may be launched in US in FY30. Complex injectables include pipeline of depot, liposomal and peptide injectables. Injectables (Risperidone, Liraglutide (Victoza) and Glucagon) are expected to make strong contribution in H2FY26. It expects approval for liraglutide (Victoza) and Glucagon in Jul-Aug'25. Liraglutide (Saxenda) is likely to be launched in FY27. The company continues to sell Mirabegron in US. Next trial date is in Feb'26. Management is confident of its position in this litigation. Albuterol is witnessing pricing pressure and currently has close to 19-20% market share. Lupin is likely to lose exclusivity in Tolvaptan in H2FY26 followed by Spiriva next year, which may restrict its quarterly US sales run-rate to USD 250mn. Risperidone should be approved in next couple of months. Spiriva DPI will be launched in FY29.
Cipla	<ul style="list-style-type: none"> Sales of Lanreotide in Q4FY25 were higher than Q3FY25. Manufacturing of this product has picked up and management is confident of reaching its prior market share levels in the next couple of quarters. The company will launch nano-paclitaxel in US market in near term. The product has sales of USD 800-900mn and continues to be a three-player market. The company is hopeful of gaining a significant market share in this product. It has filed six respiratory assets including Symbicort and Qvar. It may file four more products in next 12-18 months. It has filed gAdvair from an alternate site in US with the USFDA and is on track to launch the product in FY26. The company may file 10 complex and peptide products in FY26. Peptide products are likely to be manufactured at a CMO site as the company does not have an injectable manufacturing plant. Peptide products in pipeline are expected to be launched (one decent size product) in H2FY26. Focus of US legislation is on new drug products. 505b(2) and generic products are unlikely to be impacted due to its implementation. Loss of exclusivity in gRevlimid may slow down US business growth for the company; impact of it may be offset by new launches. US business is likely to clock sales of ~USD 220mn in Q1FY26. The company will be launching Nilotinib in FY26 while gSymbicort is likely to be launched in US in FY27.
Zydus Lifesciences	<ul style="list-style-type: none"> Usnoflast received USFDA approval to conduct Phase II(b) clinical trials in patients with ALS. It has also granted Orphan drug designation status for ALS indication. Zydus has entered into an exclusive agreement with Zhuhai Beihai Biotech for BEIZRAY (albumin solubilized cocetaxel injection), a 505(B)(2) product for the US market. It also entered into an exclusive agreement with Synthon for a novel 505(B)(2) oncology product. NDA for the product is likely to be filed in FY26. US formulations business growth was driven by volume expansion and new product launches. Sequential growth was driven by Mirabegron and other new launches. gRevlimid revenue was flat QoQ.

Company	US Business Commentary
	<ul style="list-style-type: none"> In FY25, it filed 27 ANDAs and received approval for 24 new products (incl. 5 tentative approvals). Launched 17 new products in the generic space. It has launched all 3 brands of Sitagliptin 505(b)(2) franchise; Zituvio, Zituvimet and Zituvimet XR tablets and is one of its key launches for FY25. Zydus has a 5-year national contract for Sitagliptin. Traction shall further improve in FY26. Zydus would continue to sell Mirabegron in the US until the court order in the upcoming trial in Feb'26 restricts it to sell. gRevlimid was not a major contributor to US growth in Q4FY25. Supplies of this product have been pushed to Q1FY26, as the company is facing pricing pressure. Revlimid revenue peaked in FY25. Going ahead, base biz is likely to sustain a USD 1bn revenue run-rate. Overall US business could grow in high single digit in FY26. It is witnessing traction in base business led by healthy new business opportunities and uptick in the portfolio. Mesalamine shall continue to be a meaningful product for the company. Peptide product such as liraglutide, semaglutide and tirzepatide are filed, or under development. They company may add a few peptides to its pipeline in the near term. 14-15 material new launches are lined up for FY27, which should help the company offset the impact of the dip in sales of gRevlimid. These include exclusive and semi-exclusive products and a mix of oral solids and injectables.
Torrent Pharma	<ul style="list-style-type: none"> Sales driven by enhanced volume of purchases from consumers under the existing contract. Torrent had launched 5-10 products in FY25; however, these did not have any material contribution to US revenue in FY25. Launch pipeline for FY27 includes some products, which may help it improve momentum in this segment. It may launch gEntresto on 15 Jul'25. Management expects significant competition in this product at the time of launch. The company could launch 7-8 products in US in FY26.
Glenmark	<ul style="list-style-type: none"> Decline in US revenue was due to lack of meaningful launches. Management expects US biz growth to pick up in FY26 on the back of respiratory (H1FY26) and injectable launches. It launched seven products in Q4FY25 (13 in FY25). It has 51 applications pending approval with USFDA of which 23 are Para IV. The company has filed two ANDAs for generic nasal sprays and is awaiting approval for it from the USFDA. It has filed gFlovent for two doses and is also working on filing the ANDA for the other two strengths of gFlovent. No pending filings from Pithampur plant, and hence, the current regulatory issues at the plant may not have any significant impact on its US growth ahead. The company anticipates USFDA approval for 44mcg towards the end of Q2FY26 while 110mcg is likely to be filed in H1FY26 and 220mcg in H2FY26. Nasal spray is likely to be launched in H2FY25. The company is awaiting re-inspection of Monroe plant by the USFDA. Gross block value of the plant on book now stands at USD 100mn (USD 150mn impaired earlier). Most of its injectable filings are done from this plant. Glenmark's partner in Mainland China, Grand Pharmaceutical (China) Co. Ltd., expects to receive the approval for Ryaltris in FY26. Ryaltris achieved USD 80mn of sales in FY25 (USD 40mn in FY24) and expects to cross USD 100mn in FY26. It targets peak sales of USD 200-300mn over the next couple of years.
Natco	<ul style="list-style-type: none"> Trial for NCE product NRC 2694 is ongoing in India and US. Trial is on patients who could not be treated by Keytruda. It plans to recruit more patients in next 1-1.5 years. Natco expects monetisation from its investment in eGenesis in longer term (invested USD 8mn). It will record strong revenue for Revlimid in H1FY26 however the run-rate may not continue in H2FY26. In FY25, it filed 5 (shared exclusivities) products including semaglutide sole FTF for one strength and risdiplam (shared FTF). In FY26, it plans to file 7-8 products (semaglutide, Olaparib, Carfilzomib, erdafitinib) in the US. It incurred R&D capex of INR 3.73bn in FY25 and the spending will rise to INR 4bn in FY26. Spending on NCE product is expected to be around INR 250-300mn. Management is working towards development of 15-16 NCE products in its portfolio.
Alkem	<ul style="list-style-type: none"> In Q4FY25, it filed six ANDAs and received four approvals from the USFDA. The company expects its US biz to grow in mid-single digit in FY26 driven by 5-6 product launches. It plans to launch gEntresto at the time of market formation in Jul'25. It will file 8-9 products with USFDA in FY26. R&D spending is likely to increase ahead as the company is developing injectable products for US markets. Tariffs are unlikely to hamper generic business volumes. CDMO plant in US will generate sales of INR 1bn in FY26. In 2-3 years, it will touch revenue of INR 4.5-5bn (peak asset turnover of 1x). The company has decent orderbook to achieve its FY26 guidance.
Ajanta Pharma	<ul style="list-style-type: none"> Q4FY25 growth in US was driven by 5 launches in H2FY25. The company has 22 ANDAs awaiting approval from the USFDA. Management aims to launch 7 new products and may file at least 10 ANDAs next year. US has currently imposed 20% tariff on pharmaceutical products sourced from China; however, this has so far not helped Indian generics to win market share from Chinese competitors.

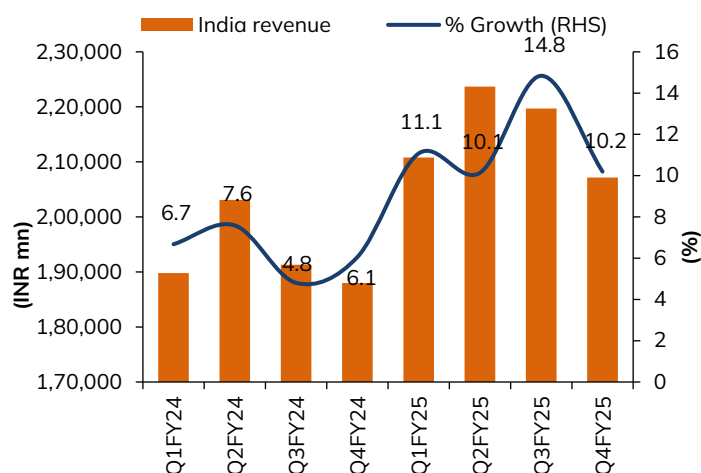
Source: Company data, I-Sec research

Exhibit 6: Outlook

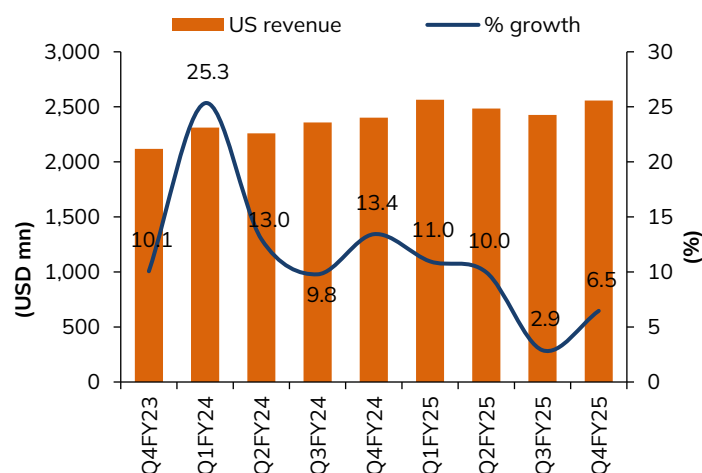
Company	Guidance
Sun Pharma	<ul style="list-style-type: none"> Revenue growth is likely to be in mid to high single digit in FY26. Management aims to continue to outperform the market growth ahead. Sun plans to spend USD 100mn on commercialisation of new specialty products (promotion and addition of field force). R&D could be 6-8% of sales for FY26 while ETR is likely to go up in FY26 from its current levels of ~17%. The topline data of phase-3 trial for psoriatic arthritis indication of Ilumya is expected in H2FY25 and the topline data of phase-2 study of SCD044 is expected to happen within a month. The company may initiate phase-2 trials of type-2 diabetes indication for GL0034 (GLP-1 drug) in H2CY25.
Aurobindo Pharma	<ul style="list-style-type: none"> Revenue outlook for FY26 is grim as it expects price competition in gRevlimid and commercial revenue from PLI project to take 4-6 months to begin Tariff announcement is expected in Jul'25; company does not anticipate any major impact. EBITDA margin may be stable at current level of ~21% in FY26. ETR is expected to be 28-30% in FY26. Company is likely to explore buyback post Aug'25. Other operating income could be ~INR 2bn in FY26.
Dr. Reddy's Labs	<ul style="list-style-type: none"> Targeting double digit revenue growth and flattish EBITDA margin in FY26. Semaglutide and biosimilar launches may help the company offset the impact and grow on the base of gRevlimid. EBITDA margin and RoCE may remain above 25% while R&D and S&G costs may be in similar range of 8-8.5% and 28-29%, post loss of exclusivity in gRevlimid. Management expects gross margin to improve in quarters ahead. EBITDA margin in the acquired NRT portfolio in Europe could be ~25%. The company could rationalise its R&D cost through strategic collaborations. ETR could be flat YoY at ~25% in FY26. Capex for FY26 will be ~INR 27bn (flat YoY).
Divi's	<ul style="list-style-type: none"> Divi's continues to be quite strong in both the segments it operates in; it is poised to gain from the opportunities in GLP-1 and other peptides. Management aims for double-digit growth next year. RFQ and RFPs have increased in the last couple of months as compared to historical run-rate. The company is investing in new growth opportunities such as continuous flow chemistry and bio-catalyst for small molecules. FY26 capex shall mainly be towards new projects for INR 14bn and additional maintenance capex of INR 2.5-3bn. Sea freight cost is expected to remain stable in Q1 while air freight cost may ease ahead. The company is shifting KSM manufacturing from its existing two plants to Kakinada, which should free up capacities at these units for GLP-1 products. Assets worth INR 14.07bn have been capitalised for Kakinada. It would further incur INR 2bn in capex for phase 1. It recently signed two agreements with global pharma MNCs for APIs and advanced intermediate manufacturing. Two new CS projects are likely to be commercialised towards end-CY26 or early-CY27.
Cipla	<ul style="list-style-type: none"> Management expects EBITDA margin of 23.5-24.5% in FY26. Loss of exclusivity in gRevlimid may slow down US business growth for the company; impact of it may be offset by new launches. Capital allocation ahead will be mainly towards strengthening India business (M&A and MR addition), partnership/M&A for complex products in the US and dividend payments. R&D spending will be between 6-6.5% in FY26.
Lupin	<ul style="list-style-type: none"> Management is confident of sustaining growth in India and US. It aims to establish specialty biz in US through acquisitions and 505b(2) pipeline. Respiratory and CNS are the key focus areas for specialty portfolio. R&D expense is likely to increase to 8.5% of sales in FY26 (8.0% in FY25). The company will raise a maximum of INR 100bn in debt to fund any large acquisition in US and Europe. It will look to acquire assets which can deliver 20% RoE and a payback within 4-5 years.
Zydus Lifesciences	<ul style="list-style-type: none"> Management guided for an overall double-digit revenue growth in FY26. EBITDA margin could be ~26% in FY26, impacted by lower revenue share of Revlimid and Asacol in US and higher R&D expenses of Saraglitazar clinical trial. Sales of gRevlimid is likely to be spread across remaining quarters in CY25, as the company has started facing pricing pressure in this product. R&D expenses shall be 8% of sales in FY26. Zydus is a key contender of MR vaccine in India and also has opportunity to participate in the UNICEF tender along with tenders in Egypt. Ramp up in vaccine portfolio is expected to happen in FY26.
Torrent Pharma	<ul style="list-style-type: none"> R&D expense may increase to 5.4% of sales in FY26 vs 5% in FY25 due to increase in investment for India and Brazil and development of complex products (USD 5-10mn cost of development per product) for the US market. 200-300 MR shall be added in Q1FY26; the company would have 6,800-6,900 MRs (600-650 in Curatio) in FY26. The company is likely to turn net cash positive by Q3FY27.
Biocon	<ul style="list-style-type: none"> It has recently announced its intent to raise INR 45bn through a combination of QIP and private placement and aims to complete the first tranche by Jun'25. The proceeds will be utilised towards servicing the put option from the investment in Biocon Biologics. R&D will be between 6-9% of sales.
Alkem	<ul style="list-style-type: none"> Management is targeting double digit revenue growth in medium term. Gross margin is expected between 62.5-63.5% in FY26. EBITDA margin could remain flat in FY26 as the company is increasing growth-related investments and R&D. R&D spending will be ~5% in FY26, increase is mainly towards product filings in US and RoW markets. It will incur capex of INR 7-7.5bn (including INR 2-2.5bn for Enzene) in FY26. The company is building a new R&D facility and a manufacturing plant for India biz. Besides, it will also pay balance INR 700mn for Medtech biz acquisition.

Company	Guidance
	<ul style="list-style-type: none"> Tax rate will be 13-15% in FY26 and 35-37% for FY27. The company has MAT tax credit of INR 14.5bn and will move closer to 25% once it completely exhausts MAT tax credit.
Glenmark	<ul style="list-style-type: none"> Management guided for revenue growth of 10-12% in FY26 with EBITDA margin of 19-20% led by Ryaltis, new launches in US and benefit from R&D spends. It aims to generate INR 3-4bn of cash from core business post interest and dividend payments in FY26. Effective tax rate will be 21-22% in FY26. IGI spends will be ~USD 70mn in each of the next 3 years. The company is in discussion for an out-licensing deal of ISB 2001 and a decision is expected soon. Proceeds from the out-licensing deal are expected to cover the R&D budget of IGI for the next 3 years. R&D likely to be 6-7% of sales in FY26. Working capital cycle is likely to be at current level of 104 days. Interest expense is likely to be lower than Q4FY25 levels ahead.
JB Chemicals	<ul style="list-style-type: none"> ESOP cost will be INR 410-460mn/INR 260mn in FY26/27, respectively (total INR 750mn in next 24-30 months). Management guided 30-50bps improvement in GM in the range of 66-67% and ex ESOP EBITDA margin of 27-29% for FY26. Management continues to evaluate inorganic opportunities in India and other markets. Payback period is 7-8 years. India and CDMO businesses will account for 75-80% of the company in next 2-3 years. Capex outlay of INR 1bn in next year (INR 550-600mn growth capex). India business could continue to outperform market by 3-4%. Other income too may be in the range of INR 650-700mn in FY26. Expect 12-14% increase in productivity over the next 2-3 years.
Ajanta Pharma	<ul style="list-style-type: none"> US biz is expected to grow at 15-19%, while branded generics will grow at 13-14%. India biz will grow 200bps faster than market for next 2 years. Gross margin is expected to be between 76-78% while EBITDA margin may be between 27-28% in FY26. Other expenses are likely to remain elevated in FY26. Effective tax rate is expected to remain at ~23%. It will incur capex of INR 3bn and R&D will be ~5% of sales in FY26. Future free cashflow may be deployed for capacity addition and M&A or maybe distributed as dividends to shareholders.
Alembic Pharma	<ul style="list-style-type: none"> Management has guided for double-digit growth in India in FY26. US is expected to grow in the range of 14-19%. Other international markets will grow at 10-12% and API biz will grow ~10%. Maintenance capex of INR 4-4.5bn including spillover from the existing projects. R&D is expected to be INR 6-6.5bn, of which 30-35% shall be for injectables and complex products. Gross margin to be in the range of 70-71% for FY26.
Natco	<ul style="list-style-type: none"> Base business is likely to grow 7-10% (excluding launch of semaglutide and risdiplam) ahead. Management guides for 20%/30% dip in revenue/ profit in FY26 (ex semaglutide and risdiplam launch). It intends to incur capex of INR 3-3.5bn and R&D of INR 4bn in FY26. Driven by gRevlimid, management expects H1FY26 to be stronger than H2FY26. Natco has a 400acre land that can be monetised in next 4-5 years. Management targets revenue of INR 1.6-1.7bn and EBITDA breakeven of its agrochem biz in FY26. Export formulations ex-US could have sales of INR 8-9bn in FY25. The company is actively exploring inorganic opportunities and intends to finalise a deal in FY26.
Piramal	<ul style="list-style-type: none"> Management guided for mid-teen digit revenue growth (excluding sales of 1 commercial product) in FY26 and mid to high teen growth in FY27. In a steady state, gross margin could be between 64-65% and it expects mid-teen EBITDA margin for FY26 and 19-20% in FY27. Overall debt is currently at 2.7x and is expected to increase slightly in FY26. It intends to bring it down to 1x by FY30. It is setting up a new CDMO manufacturing line at Digwal facility and increasing the KSM manufacturing at Dahej Maintained guidance of USD 1.2bn revenue by FY30 with 25% margin. It will incur USD 90mn expansion at 2 sites in Lexington (addition of commercial-scale serology-actable capabilities) and Riverview (addition of development and commercial-scale).
GSK	<ul style="list-style-type: none"> Management aims for sustainable growth in its general medicine segment ahead. As per IQVIA, IPM is expected to grow by 8-9% in FY26 and the company expects to outpace market growth in FY26. EBITDA margin is likely to sustain in the current range of ~31% in FY26.
Akums	<ul style="list-style-type: none"> It will incur capex of INR 3bn in FY26 (including maintenance capex of INR 1bn). EBITDA margin of the company is likely to improve in FY26 backed by curbing losses in trade generics and API division. Opportunity in sickle cell product is subject to allocation of tender from Indian government; it is not factored into the revenue growth guidance of the company. Management guides high single digit volume growth with flattish EBITDA margin for CDMO in FY26.
Innova Captab	<ul style="list-style-type: none"> Management expects 25% revenue CAGR over the next 3 years. Margins are likely to improve going ahead led by operational efficiency and GST benefit. EBITDA breakeven of Jammu plant would happen once it achieves quarterly revenue run-rate of INR 500-550mn.
Cohance Lifesciences	<ul style="list-style-type: none"> Management has maintained guidance of achieving USD 1bn revenue by 2030, driven by strong traction across all the three verticals and aims for double-digit revenue growth in FY26. Q1FY26 will be a muted quarter, as shipment timings are skewed towards H2FY26. EBITDA margin in FY26 is likely to be in low 30s and will be scaled to mid-30s in medium term. EBITDA margin dip in FY26 could be mainly due to change in business mix, integration of NJ bio and Sapla and inventory destocking. Capex for FY26 will be higher at INR 3.5bn, mainly towards capacity addition for NJ Bio.

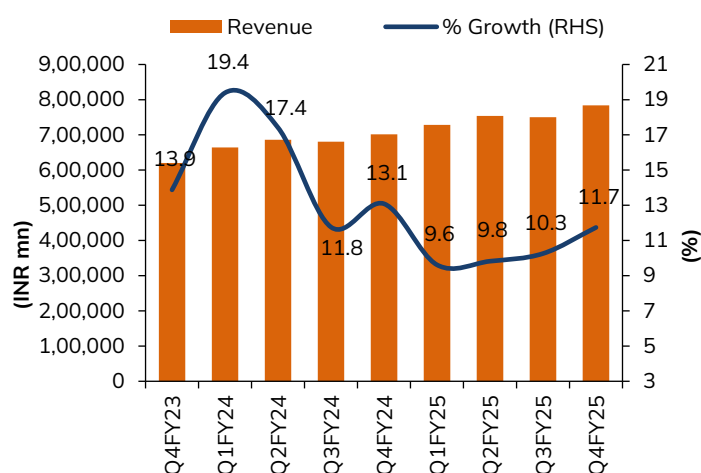
Source: Company data, I-Sec research

Exhibit 7: India growth driven by better pricing and volumes

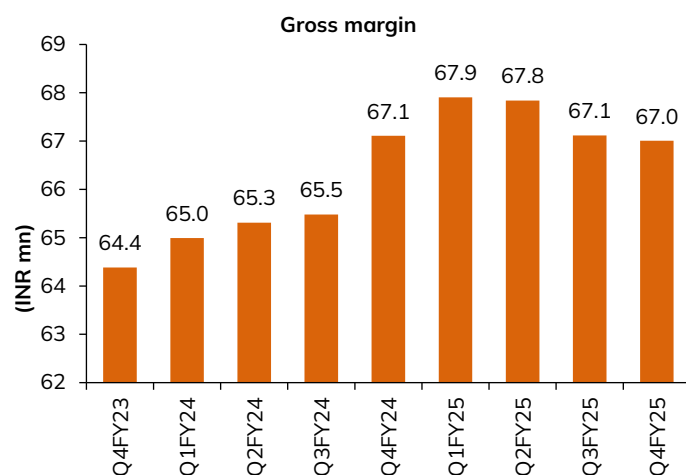
Source: Company data, I-Sec research

Exhibit 8: Exclusivities and new launches continue to boost US revenue

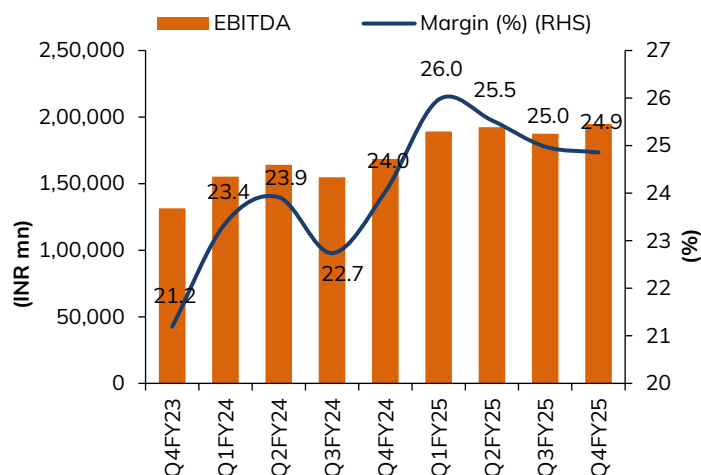
Source: Company data, I-Sec research

Exhibit 9: Revenue of our coverage universe grew 11.7% YoY

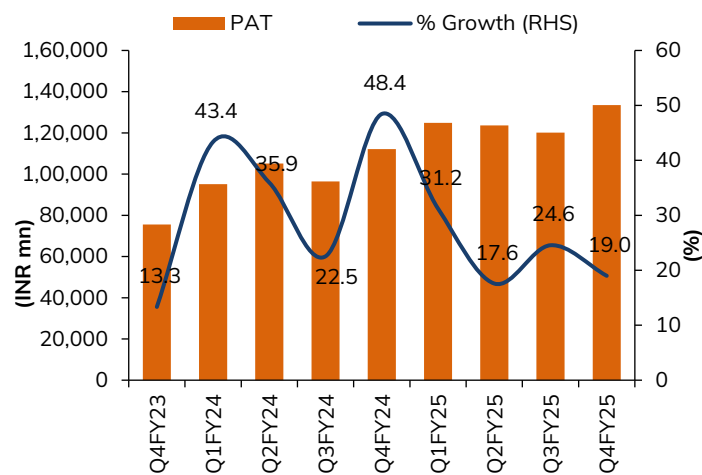
Source: Company data, I-Sec research

Exhibit 10: Gross margin reported a minor dip

Source: Company data, I-Sec research

Exhibit 11: Operating leverage and cost curbs drive EBITDA margin expansion

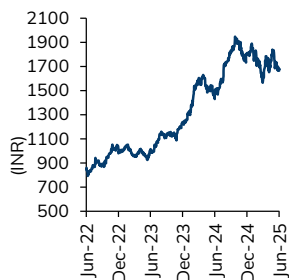
Source: Company data, I-Sec research

Exhibit 12: Adj. profit for our pharma coverage universe rose 19.0% YoY

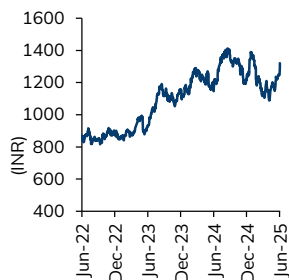
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Price charts

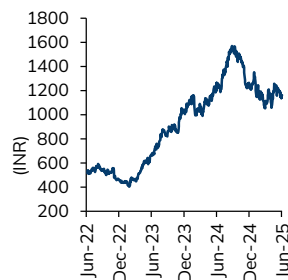
Sun Pharma



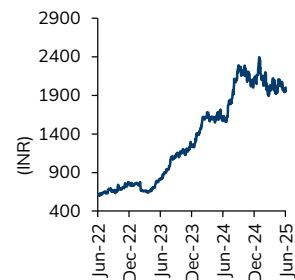
Dr Reddy's



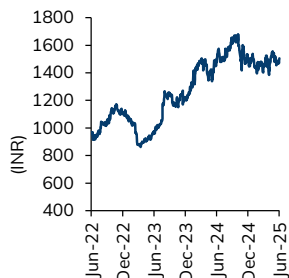
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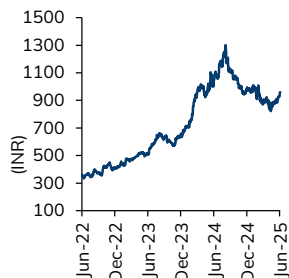
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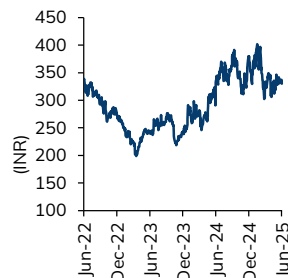
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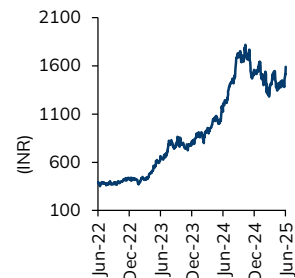
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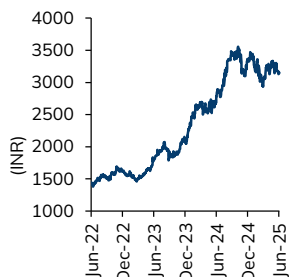
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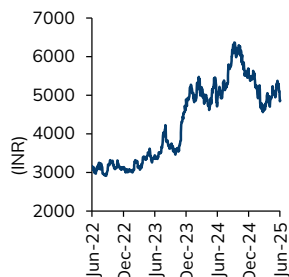
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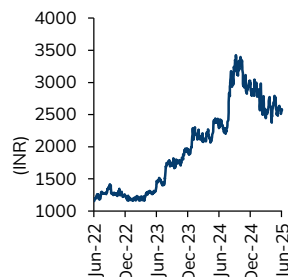
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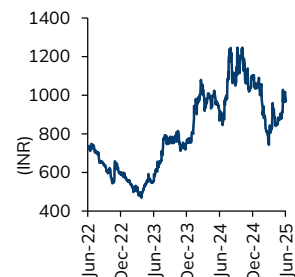
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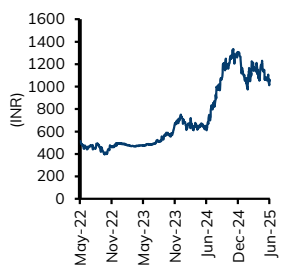
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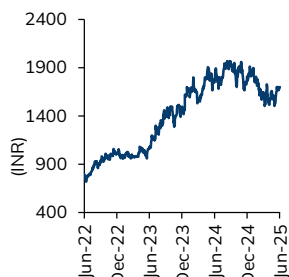
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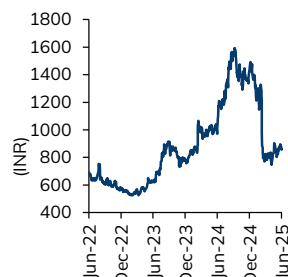
Cohance Life



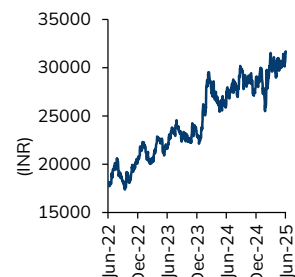
JB Chemicals



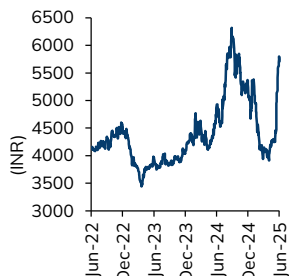
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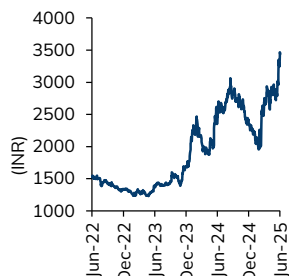
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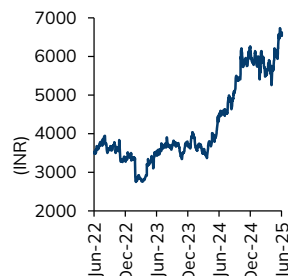
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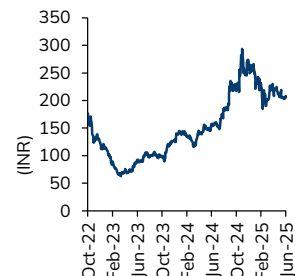
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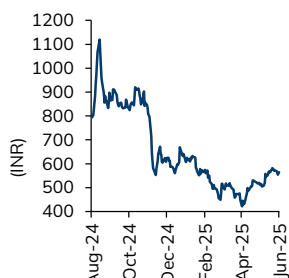
Divi's



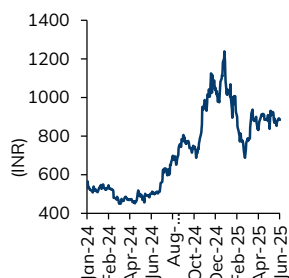
Piramal Pharma



Akums



Innova Captab



Source: Bloomberg

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