

09 October 2025

India | Equity Research | Quarterly Results Preview

Pharma

Q2FY26 preview: Bracing for slower growth

We anticipate growth slowing down for pharma companies in Q2FY26E. Our coverage companies will likely report modest growth of 7.0%/5.1%/5.1% YoY in revenue/EBITDA/PAT. We expect US business revenue to decline 0.7% YoY, as companies have started facing pricing pressure in gRevlimid. Aggregate India sales of our coverage are expected to grow at a slower pace of 7.5% YoY, at INR 240bn, due to a transitory impact of de-stocking on account of the revision in GST rates. We remain cautious on the near-term outlook for the sector, considering uncertainties surrounding tariffs in US, loss of exclusivity for key products, and NLEM price revision in India in 2026. **Sun Pharma, Cipla, Aurobindo Pharma, Piramal Pharma, Alkem Laboratories, Cohance Lifesciences and OneSource are our top picks in the sector.**

Synopsis of Q2FY26E performance

Revenue of our coverage universe is likely to grow 7%/2.5% YoY/QoQ to INR 825bn led by traction in India. Gross margin may contract 10bps YoY (-30bps QoQ) to 67.6%. EBITDA may grow 5.1% YoY (0.7% QoQ) to INR 206bn, while margins may contract 45bps YoY (-43bps QoQ) at 25.0%. Profit for our coverage companies may grow 5.1% YoY (-1.6% QoQ) to INR 131bn. Profit growth of Torrent, Divi's, Lupin, Ajanta, JB Chemicals and Pfizer could outpace peers.

Pricing pressure in gRevlimid to weigh on US growth

Aggregate US sales of companies under coverage may decline 0.7%/3.4% YoY/QoQ to USD 2.4bn. Lupin's US business is likely to grow the fastest among larger peers at 30% YoY to USD 286mn, mainly led by Tolvaptan. Sun's specialty revenue is likely to surge 13% YoY (4% QoQ); while aggregate US revenue is expected to decline 6.8% YoY. Zydus/Cipla are likely to post marginal growth of 5%/2% YoY. Lower sales of gRevlimid may drag Dr Reddy's/Aurobindo's sales by ~15%/10% YoY.

GST rate cut may temporarily impact domestic business

We expect the domestic business of our coverage universe to grow at 7.5% YoY in Q2FY26E. Inventory de-stocking, on account of GST rate on certain medicines from 12% to 5%, may have a temporary impact on the India business. JB Chemicals is expected to grow the fastest at 11% aided by its in-licensed portfolio while Sun, Torrent and Ajanta may report growth of 10% each. Dr Reddy's, Lupin, Cipla and Alkem are also likely to grow between 6–9% YoY. Among MNCs under coverage, Abbott may grow the fastest at ~11% YoY.

Divergent trends across CDMOs

Divi's may register revenue/EBITDA/PAT growth of 16.0%/23.9%/28.9% YoY led by traction in its custom synthesis business. Slowdown in innovative CDMO business is expected to take a toll on Piramal's growth and we expect revenues/EBITDA dip to 7%/35.9%. Cohance is likely to witness sequential recovery; however, lack of supplies in two molecules shall dent revenue by 5.3% while EBITDA/PAT may dip 42.5%/57.5%. Gland's base business is expected to be flat while Cenexi is expected to post moderate growth and we expect ~4%/8%/15% growth in revenue/EBITDA/PAT. On a low base, OneSource may report a ~7%/28% QoQ jump in revenue/EBITDA; however, revenue booking of Semaglutide shall start from Q3FY26.

Key risks

Tariffs on US shipments, loss of exclusivity in key products, adverse outcome of regulatory inspections and inclusion of more products under NLEM in India.

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Q2FY26 preview

Exhibit 1: Key financials

Company	Revenue (INR mn)					EBITDA (INR mn)					PAT (INR mn)				
	Q2FY26E	Q1FY26	Q2FY25	QoQ (%)	YoY (%)	Q2FY26E	Q1FY26	Q2FY25	QoQ (%)	YoY (%)	Q2FY26E	Q1FY26	Q2FY25	QoQ (%)	YoY (%)
Sun Pharma	1,40,405	1,38,514	1,32,914	1.4	5.6	39,454	40,726	38,109	(3.1)	3.5	27,231	29,961	29,323	(9.1)	(7.1)
Dr Reddy's	85,273	85,452	80,162	(0.2)	6.4	21,403	21,497	22,478	(0.4)	(4.8)	14,388	14,178	14,009	1.5	2.7
Aurobindo	80,793	78,681	77,961	2.7	3.6	16,643	16,034	15,661	3.8	6.3	8,863	8,250	8,075	7.4	9.8
Zydus Lifesciences	55,391	65,737	52,370	(15.7)	5.8	15,731	20,243	14,160	(22.3)	11.1	9,742	14,140	8,791	(31.1)	10.8
Cipla	75,911	69,575	70,510	9.1	7.7	20,041	17,781	18,856	12.7	6.3	14,098	12,976	13,025	8.6	8.2
Lupin	64,357	62,683	56,727	2.7	13.5	16,926	16,414	13,668	3.1	23.8	10,812	11,589	8,711	(6.7)	24.1
Biocon	43,799	39,419	35,904	11.1	22.0	8,541	7,489	6,204	14.0	37.7	374	314	(671)	19.0	(155.7)
Glenmark	36,834	32,644	34,338	12.8	7.3	6,814	5,805	6,019	17.4	13.2	4,033	3,129	3,542	28.9	13.8
Torrent Pharma	32,636	31,780	28,890	2.7	13.0	10,770	10,470	9,390	2.9	14.7	5,930	5,591	4,530	6.1	30.9
JB Chemicals	10,793	10,939	10,006	(1.3)	7.9	3,098	3,159	2,705	(1.9)	14.5	2,059	2,136	1,746	(3.6)	18.0
Ajanta Pharma	13,265	13,027	11,866	1.8	11.8	3,794	3,765	3,368	0.8	12.6	2,785	2,747	2,356	1.4	18.2
Alkem	36,783	33,711	34,147	9.1	7.7	7,908	7,391	7,528	7.0	5.0	7,068	6,531	6,886	8.2	2.6
Alembic Pharma	17,625	17,107	16,480	3.0	6.9	2,943	2,814	2,393	4.6	23.0	1,650	1,529	1,425	7.9	15.8
Natco	11,006	13,289	13,711	(17.2)	(19.7)	4,579	5,710	8,043	(19.8)	(43.1)	3,971	4,923	6,765	(19.3)	(41.3)
Divi's	27,128	24,100	23,380	12.6	16.0	8,871	7,290	7,160	21.7	23.9	6,311	5,160	4,895	22.3	28.9
Abbott India	18,041	17,384	16,327	3.8	10.5	3,846	4,871	4,390	(21.0)	(12.4)	3,974	3,659	3,586	8.6	10.8
Pfizer	6,268	6,031	5,886	3.9	6.5	2,163	2,100	1,893	3.0	14.3	1,844	1,918	1,584	(3.8)	16.4
GSK Pharma	10,512	8,052	10,108	30.6	4.0	3,332	2,512	3,217	32.7	3.6	2,681	2,050	2,478	30.8	8.2
Piramal Pharma	20,858	19,337	22,418	7.9	(7.0)	2,190	1,067	3,416	105.3	(35.9)	32	(1,031)	226	(103.1)	(86.1)
Akums	9,806	10,240	10,331	(4.2)	(5.1)	1,167	1,290	1,212	(9.5)	(3.7)	609	635	625	(4.0)	(2.6)
Innova	3,626	3,515	3,182	3.1	13.9	548	521	497	5.1	10.1	339	310	350	9.3	(3.1)
Cohance Lifesciences	5,726	5,493	6,046	4.2	(5.3)	1,179	1,120	2,050	5.3	(42.5)	580	570	1,364	1.8	(57.5)
Gland Pharma	14,611	15,056	14,058	(3.0)	3.9	3,214	3,678	2,971	(12.6)	8.2	1,879	2,155	1,635	(12.8)	14.9
OneSource	3,574	3,273	3,340	9.2	7.0	986	885	773	11.5	27.6	76	27	(355)	184.9	(121.5)
Coverage Universe	8,25,022	8,05,040	7,71,062	2.5	7.0	2,06,141	2,04,631	1,96,161	0.7	5.1	1,31,329	1,33,445	1,24,902	(1.6)	5.1

Source: Company data, I-Sec research

Exhibit 2: Valuation summary

Pharma Company	Target Price (INR)	Reco	EPS (INR)			RoCE (%)			P/E (x)			EV/EBITDA (x)		
			FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Sun	1,800	ADD	47.2	50.0	55.7	15.6	15.3	15.4	34.6	32.7	29.3	25.1	25.1	25.1
Dr Reddy's	1,200	HOLD	70.2	62.9	57.5	16.5	12.4	10.3	17.6	19.6	21.5	11.7	11.6	11.7
Aurobindo	1,300	BUY	60.3	64.8	82.4	10.2	10.0	11.7	17.7	16.5	13.0	9.4	8.4	6.8
Lupin	1,950	HOLD	76.9	87.2	95.5	19.6	18.4	18.2	24.7	21.8	19.9	15.9	14.0	12.7
Cipla	1,800	BUY	62.7	64.5	69.0	18.6	16.2	15.4	23.8	23.1	21.6	15.8	15.1	13.8
Zydus Lifesciences	910	HOLD	44.9	43.1	40.8	18.9	15.4	13.1	21.9	22.8	24.1	13.9	13.9	14.0
Biocon	270	SELL	2.3	4.7	9.3	2.1	2.4	3.4	148.5	73.8	37.3	20.8	16.8	12.7
Glenmark	1,570	SELL	49.2	55.0	68.7	16.9	14.3	14.0	39.1	35.0	28.0	23.1	20.4	16.8
Torrent	3,530	HOLD	57.5	64.5	75.7	19.0	12.7	10.5	61.8	55.1	46.9	35.9	31.0	23.2
Alkem	6,400	BUY	181.1	203.7	173.3	21.0	20.7	15.6	30.4	27.0	31.8	25.7	22.0	19.1
Ajanta	2,500	REDUCE	74.0	87.0	100.7	26.0	26.6	24.9	32.6	27.7	24.0	23.6	20.0	16.9
Alembic	900	HOLD	29.0	33.0	40.5	10.8	11.1	12.5	32.1	27.1	22.1	19.2	16.0	13.7
JB Chemicals	1,800	HOLD	42.4	49.4	57.2	24.7	21.3	18.4	39.6	34.0	29.3	24.8	21.4	18.5
Natco	810	REDUCE	104.5	60.1	42.7	26.8	12.5	7.3	7.7	13.5	18.9	5.6	9.2	14.5
Abbott India	35,750	ADD	665.6	774.9	889.4	36.3	37.4	38.5	44.9	38.5	33.6	36.5	31.9	27.7
Pfizer India	5,900	BUY	139.2	161.9	184.9	16.3	16.6	17.0	37.1	31.9	28.0	28.3	24.0	21.0
GSK Pharma	2,600	REDUCE	54.5	59.7	67.8	53.7	50.1	45.8	50.0	45.7	40.2	37.1	34.2	30.1
Divi's	5,400	REDUCE	81.2	95.5	135.1	14.6	15.8	19.9	75.3	64.0	45.2	54.0	45.0	32.4
Piramal Pharma	265	BUY	0.7	1.3	4.6	1.4	2.8	5.9	281.2	152.7	42.2	20.7	22.3	15.0
Akums	655	BUY	21.0	19.0	24.5	12.0	9.9	10.2	21.0	23.2	18.0	13.7	11.0	9.1
Innova Captab	1,000	ADD	22.4	29.0	39.9	10.8	12.2	14.5	37.0	28.6	20.8	26.9	19.1	14.1
Cohance Lifesciences	1,250	BUY	14.0	14.2	20.6	15.3	14.7	17.3	61.5	60.5	41.9	42.1	36.3	26.8
Gland Pharma	2,115	ADD	42.4	58.0	76.1	7.2	9.0	10.5	46.2	33.7	25.7	27.6	23.4	18.7
OneSource Specialty Pharma	2,475	BUY	1.0	26.0	67.7	0.8	5.0	10.7	1,893.2	71.6	27.6	47.4	34.8	19.5

Source: Company data, I-Sec research

Exhibit 3: Company-wise key developments in Q2FY26

Company	Key highlights
Sun Pharma	- Sun announced a settlement with Incyte Corporation in litigation relating to LEQSELEVI, where Sun shall pay to Incyte an upfront amount, plus ongoing royalty payments until the expiry of the patents, in exchange for the settlement and license. - The company launched LEQSELEVI (deuruxolitinib) in US on 14 Jul'25 for the treatment of severe Alopecia Areata. - Incorporated a new wholly owned subsidiary in China for localisation of products that would be produced at prospective partners in China for sales locally. - Phase 3 clinical studies evaluating Tildrakizumab 100mg (ILUMYA®) in Active Psoriatic Arthritis meet their primary endpoint. - Sun's subsidiaries, SPII and Taro, have signed a settlement agreement with the End Purchaser Plaintiffs in the In re Generic Pharmaceuticals Pricing Antitrust Litigation in the Eastern District of Pennsylvania, US and would make an aggregate payment of USD 200mn in exchange for a full release of all claims asserted against them. The settlement agreement is entered into without admission of any wrongdoing in the End Purchaser Action and is subject to court approval. - USFDA classified the inspection at Company's Halol Facility as OAI. The facility is under import alert, resulting in the refusal of shipments from the facility into the US, barring certain exemptions due to drug shortage, until the facility becomes fully compliant with FDA and CGMP standards.
Dr Reddys	- USFDA completed a GMP and a PAI at Dr. Reddy's formulations manufacturing facility in Andhra Pradesh with 7 observations. - Received EIR from USFDA for the Company's API facility in Middleburgh, New York, classifying it as VAI. - The Company announced its intention to appoint M/s. Deloitte Haskins & Sells LLP as Statutory Auditors effective from FY26-27. - Received EIR from USFDA for its API manufacturing facility in Miryalaguda, Telangana, classifying it as VAI. - Ms. Archana Bhaskar resigned as CHRO of the Company, effective 30 Nov'25. - USFDA concluded a GMP inspection at the Company's API Mirfield facility UK with 7 observations. - Dr. Reddy's Laboratories Limited entered into a definitive agreement with Janssen Pharmaceutica NV (a J&J company) for USD 50.5mn to acquire the STUGERON brand, including its leading local brands across 18 markets in the Asia-Pacific (APAC) and Europe, Middle East, and Africa (EMEA) regions. - USFDA completed a PAI at its biologics facility in Bachupally, Hyderabad with five observations. - Launched a novel patented molecule, Tegoprazan in India under the brand name PCAB for acid-related gastrointestinal diseases. - Received positive CHMP opinion from European Medicines Agency for AVT03 (denosumab), a proposed Biosimilar of Prolia & Xgeva.
Aurobindo	- CuraTeQ Biologics, has obtained marketing authorization from the European Commission for Dazublys, its trastuzumab biosimilar version. - Aurobindo Pharma USA Inc. entered into a definitive agreement to acquire 100% of Lannett Company LLC, a US-based manufacturer of generic pharmaceuticals, for USD 250 mn. - CuraTeQ Biologics has obtained marketing authorisation from UK's MHRA for Dazublys. - USFDA concluded inspection at the Company's API manufacturing facility in Sangareddy, Telangana with 5 observations. - USFDA concluded inspection at Unit-XII, which includes both oral solids and injectable manufacturing unit at Bachupally, Telangana with 8 observations. - Incorporated a new wholly owned subsidiary in Malaysia by the name of Aurobindo Pharma (Malaysia) SDN. BHD. - CuraTeQ Biologics announced successful completion of Phase 3 Clinical Study for Denosumab Biosimilar. - CuraTeQ Biologics B.V. incorporated a new wholly owned subsidiary in Malta by the name of CuraTeQ Biologics (Malta) Limited.
Zydus Lifesciences	- Zydus' US arm has entered into a definitive agreement to acquire Agenus Inc.'s two US based biologics manufacturing facilities, where Zydus will pay USD 75mn upfront payment and further USD 50mn in contingent payments over 3 years. - USFDA completed a Remote Regulatory Assessment (RRA) at the Company's formulations manufacturing facility in Matoda, Gujarat for the Prior Approval Supplement (PAS) of Atorvastatin Calcium Tablets. No observations were noted and the site was recommended for approval. - Received tentative approval from the USFDA for Ibrutinib tablets 140 mg, 280 mg, and 420 mg. - Zydus completed acquisition of an 85.6% stake in Amplitude Surgical, a European MedTech leader in high-quality, lower-limb orthopaedic technologies at a price of EUR 6.25/share and a total consideration of EUR 256.8mn. It also announced upcoming filing of a simplified tender offer for remaining stake at EUR 6.25/share. - Received NOC from Health Canada for ZDS-Varenicline Tablets 0.5 & 1 mg, marking the group's first NoC approval in Canada. - USFDA granted final approval for Prucalopride Tablets, 1 mg and 2 mg. - Received final approval from USFDA for Diltiazem Hydrochloride Tablets USP, 30 mg, 60 mg, 90 mg, and 120 mg. - USFDA completed a PAI at the group's formulation manufacturing plant located SEZ – II, Ahmedabad for 3 products with zero observations. - USFDA conducted a surveillance inspection at the group's formulation manufacturing plant in Baddi, Himachal Pradesh. The inspection concluded with 4 observations. - Zydus Therapeutics reported positive topline results from EPICS-III Phase 2(b)/3 Trial of Saroglitazar Magnesium in patients with Primary Biliary Cholangitis. - Launched VaxiFluTM, India's first trivalent influenza vaccine for flu protection, thus becoming the first Indian company to follow global recommendations in accordance with WHO. - Zydus and Synthon entered into exclusive licensing and supply agreement for Ozanimod Capsules (generic version of ZEPOSIA) for the U.S. market. - USFDA completed an inspection at its injectable manufacturing plant at Jarod, Gujarat with 4 observations. - ZyVet launched affordable Furosemide tablets to support long-term heart care in dogs and cats and launched first generic treatment for Canine Urinary Incontinence in aging dogs. - Received EIR from USFDA for its oncology injectable manufacturing facility in SEZ-1, Ahmedabad classifying it as VAI (revised from OAI classification in Jun'24). - Acquisition of API business of Sterling Biotech (SBL) is expected to be completed by 31 Dec'25 and SBL is in process of completing certain conditions precedents of the business transfer agreement. - Zydus' subsidiary, Sentynl Therapeutics received a Complete Response Letter (CRL) from USFDA related to its NDA for CUTX-101, which is intended to treat Menkes disease in pediatric patients. - Received final approval from USFDA for Deflazacort oral suspension, 22.75mg/mL.

Company	Key highlights
Cipla	- USFDA has classified the GMP inspection at its Bommasandra, Bengaluru facility as VAI. - Cipla has completed acquisition of 20% voting rights in iCaltech Innovations Private Limited.
Lupin	- Lupin announced the strategic carve-out of its consumer healthcare business, Lupin Life Consumer Healthcare Ltd. - Lupin has entered into a License and Supply Agreement with Zentiva, k.s., for commercialization of Lupin's biosimilar Certolizumab Pegol. - Achieved GMP Certification from TGA Australia for Dabhasa API Facility of Lupin Manufacturing Solutions. - USFDA concluded inspection at Lupin's Pithampur Unit-2 manufacturing facility with four observations and Pithampur Unit-3 with three observations. - Received approval from USFDA for Liraglutide Injection Single-Patient-Use Prefilled Pens and Glucagon for Injection vials. - Lupin Limited announced the launch of Glucagon for Injection USP, 1mg/vial packaged in an emergency kit in the US. - Lupin partnered with Sandoz Group AG, Switzerland, to market and commercialize Lupin's biosimilar ranibizumab across multiple regions. - Launched Bosentan Tablets for oral suspension in the US with 180-Day Exclusivity. - Received USFDA approval for Risperidone Long-Acting Injectable, with 180-Day CGT Exclusivity, the first product from its Nanomi's long-acting injectable platform. - USFDA concluded a product-specific PAI at the Company's Aurangabad manufacturing facility with two observations. - USFDA completed inspection of Lupin's Nagpur Injectable facility with six observations. - Received approval from USFDA for Lenalidomide capsules, bioequivalent to Revlimid Capsules of Bristol-Myers Squibb. - USFDA completed a product-specific PAI at the Company's Pune Biotech facility with four observations. - Received tentative approval from USFDA for Bictegravir, Emtricitabine, and Tenofovir Alafenamide tablets. - Lupin strengthened its Global Specialty Ophthalmology business with the acquisition of VISUfarma from GHO Capital at an enterprise value of EUR190mn. The transaction is expected to be consummated by the end of CY25, subject to certain closing conditions and approval of the national authorities for foreign direct investment in Germany and notification in Spain. - On October 3, 2025, Lupin launched Liraglutide injection in the US. - USFDA has determined its inspection of Company's Pithampur Unit-2 facility s OAI. - Lupin announced plans to build a new state-of-the-art manufacturing facility in Florida, US to produce 25+ critical respiratory medicines, with projected investment of USD 250mn over five years.
Biocon	- Biocon Biologics received marketing authorisation from the European Commission for Vevzuo and Evfraxy biosimilars of Denosumab in the EU. - Biocon Biologics received MHRA UK Approval for Vevzuo and Evfraxy, Denosumab biosimilars. - Biocon Biologics received FDA Approval of Kirsty, the first and only interchangeable rapid-acting insulin aspart in the US. - Biocon Biologics launched Nepexto, a Biosimilar to Enbrel (Etanercept), in Australia - USFDA concluded an inspection at Biocon Biologics' Facility at Biocon Campus, Bengaluru, India with five observations. - The company inaugurated its first US manufacturing facility in Cranbury, New Jersey, by its wholly owned subsidiary, Biocon Generics Inc (BGI). - Biocon Biologics received USFDA approval for Bosaya and Aukelso, Denosumab biosimilars - Company has fully bought-back and fulfilled its payment obligation in respect of the Commercial Papers worth INR 6bn on September 19, 2025. - Biocon Pharma has received tentative approval USFDA for Sitagliptin Tablets USP, in 25 mg, 50 mg and 100 mg strengths. - Settlement and license agreement with Amgen enables Biocon Biologics to launch Bosaya and Aukelso, Denosumab biosimilars in the US
Alkem	- Alkem agreed to incorporate a subsidiary company in the Kingdom of Saudi Arabia where Alkem will hold 51% stake while the balance 49% will be held by Mr. Abdulaziz Alsheikh. - Launched Olesoft Trucera, an advanced ceramide-boosting moisturizing lotion for skin barrier repair. - Launched Pertuza, a pertuzumab biosimilar, in India for treatment of HER2-positive breast cancer.
Natco	- On 23 Jul'25, NATCO submitted a firm intention cash offer of ZAR 75/share to Adcock Ingram (target) to acquire the minority-held shares in the target company, amounting to an acquisition cost of around ZAR 4bn or USD 228mn at the then prevailing exchange rate. Should the offer be accepted, NATCO will hold a 35.75% stake in Adcock Ingram with Bidvest holding the remaining stake and Adcock Ingram shall be delisted from the JSE. - USFDA granted EIR for Natco's API facility located in Mekaguda, Hyderabad. - Received EIR from USFDA for the company's pharma division in Kothur, Hyderabad, classifying the facility as VAI. - Board has given in-principle approval to evaluate the demerger of company's agro business into a separate entity. As a part of the proposed reorganization, Natco may retain a small minority stake in the resulting company.
Glenmark	- Ichnos Glenmark Innovation (IGI) and AbbVie announce exclusive global licensing agreement for ISB 2001, a First-in-Class CD38×BCMA×CD3 tri-specific antibody, which is currently in Phase 1 clinical trial in patients with relapsed/refractory multiple myeloma. - IGI announced global commercialisation strategy for ISB 2001: Glenmark to develop, manufacture and lead commercialisation in emerging markets while AbbVie to lead global development and manufacturing and commercialise in North America, Europe, Japan, and Greater China. - Received a warning letter from the USFDA for its Indore facility. - Glenmark USA agreed to enter into a settlement with the putative direct purchaser class, for a total of USD 37.75mn, subject to approval by the court overseeing the litigation. It is payable in two instalments, with USD 11.1mn due after preliminary approval by the Court and the second payment, USD 26.65mn, due on or before 1 Apr'26. - Glenmark Pharmaceuticals Inc., USA announced the upcoming launch of Micafungin for Injection USP, 50mg/vial and 100mg/vial (single-dose vial). - Glenmark Pharmaceuticals Inc., USA announced the upcoming launch1 of Eribulin Mesylate Injection, 1mg/2ml (0.5mg/ml) single-dose vials. - Glenmark Initiated a multi-country phase 3 clinical trial for Envafohimab in Resectable Stage III Non-Small Cell Lung Cancer. DCGI grants NOC to commence enrolment in India while clinical trial applications are underway in Russia, Brazil, and Mexico. - IGI received an upfront payment of USD 700mn from AbbVie.

Company	Key highlights
	- BTA for transfer of the Company's Consumer Care Business to Glenmark Consumer Care Limited, a wholly owned subsidiary of the Company, was executed on 15 Sep'25. The transaction is expected to be completed by end of CY25, subject to completion of customary conditions. - Glenmark Specialty S.A. (GSSA), a wholly owned subsidiary of the company entered into an exclusive license and collaboration agreement with Hengrui Pharma for Trastuzumab Rezetecan (SHR-A1811), a next-generation HER2-targeting antibody drug conjugate (ADC) for multiple regions.
Torrent	- SPA was executed between the Company and certain employees of JB Chemicals for acquisition of up to 2.41% stake in the latter at INR 1,600/share for about INR 6.2bn. - Mr. Aman Mehta was appointed as Managing Director and Whole-time Key Managerial Personnel of the Company for the period of 5 years, effective 1 Aug'25. - USFDA concluded inspection of its manufacturing facility at Vizag, Andhra Pradesh with zero observations.
Alembic	- Alembic has acquired Utility Therapeutics for USD 12mn in staggered manner over period of time, depending on milestones achieved. - Mr. R. K. Baheti, Director – Finance and CFO has relinquished the position of CFO. Mr. G. Krishnan has been appointed as the CFO of the Company w.e.f. 7 Jul'25. - Received final approval from USFDA for Carbamazepine Extended-Release Tablets USP, 100mg, 200mg, and 400mg. - USFDA granted final approval for Tretinoin Cream USP, 0.025% and Macitentan Tablets, 10mg. - Received final approval from USFDA for Phytonadione Injectable Emulsion USP, 1mg/0.5ml single-dose prefilled syringe. - API - I, API - II facility at Panelav received EIR from USFDA.
Piramal	Piramal Healthcare Inc., a wholly owned subsidiary of Piramal Pharma, has completed investment of ~INR 16.27bn in PPL Pharma Inc.
J.B. Chemicals & Pharmaceuticals (JBCP)	- Mr. Ashwani Kumar Puri and Ms. Richa Arora were appointed as the Non-Executive Independent Directors of the Company. - Torrent Pharma has announced an open offer to acquire up to 26% of the expanded share capital of JB Chemicals at a price of INR 1,639.18/share, aggregating ~INR 68.43bn (assuming full acceptance) payable in cash.
Pfizer	Launched 20-valent Pneumococcal Conjugate Vaccine (PCV20) for adults in India, offering broad protection against Pneumococcal disease.
GSK	GSK forays into Oncology in India with Jemperli and Zejula, bringing precision therapies for gynaecological cancers.
Cohance Lifesciences	- Mr. Yann D'Herve appointed as CEO – CDMO Business, effective 1 Aug'25, replacing Dr. Sudhir Kumar Singh. - Company has provided corporate guarantee for an amount up to USD 16.5mn to Citibank N.A. (lender) to secure the credit facility to be availed by NJ Bio for an amount up to USD 15mn from the lender. - Announced USD 10mn investment in cGMP bioconjugation suite at NJ Bio, Princeton, US to accelerate ADC innovation. - Announced INR 230mn investment and progress on cGMP oligonucleotide facility at Hyderabad, India. - USFDA completed GMP inspection the company's finished dosage formulations facility (Unit-I) in Nacharam, Hyderabad with 6 observations. - USFDA concluded a cGMP audit at its API manufacturing facility in Jaggaiahpet, Andhra Pradesh with zero observations. - Advent International, through its arm Jsmiral Holdings (promoter of Cohance Lifesciences), sold 8.93% stake in the company on 18 Sep'25, at an average price of INR 906/share, amounting to a deal value of ~INR 30.94bn. Sale proceeds, primarily, to be utilised for part payment of the borrowings under a Notes Purchase Agreement
Gland	- Received GMP compliance certificate from the Danish Medicines Agency for aseptically prepared powder for injection, infusion and inhalation. - Received USFDA approval for Cangrelor for injection. - USFDA granted approval for Gland's ANDA filed for Vasopressin in 5% Dextrose Injection, 40 units per 100ml and 20 Units per 100ml RTU vials. - Received approval for Norepinephrine Bitartrate in 5% Dextrose Injection Bags.
Onesource	- Mr. Jeffrey Wong was appointed as the Chief Business Officer, effective 7 Jul'25. Prior to this, he was Head of Biologics at Syngene International. - OneSource board approved amalgamation by absorption of Sterisience International business with manufacturing in Europe and Anti-infective business of Brooks Sterisience in India on 26th September. The assets have revenue potential of USD 100mn with EBITDA margins of 40% in FY27. The transaction values OneSource at INR 2.7bn (18.6% premium). The deal is expected to be completed in 12-15 months subject to regulatory approvals in India and Singapore.

Source: Company data, I-Sec research

Exhibit 4: India business trends over the quarters

(INR mn)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26E	% YoY	% QoQ
Sun Pharma	38,425	37,785	37,078	41,445	42,652	43,004	42,130	47,211	46,917	10.0	(0.6)
Dr Reddy's	11,860	11,800	11,265	13,252	13,971	13,464	13,047	14,711	15,228	9.0	3.5
Zydus Lifesciences	13,341	14,273	13,912	14,073	14,569	15,145	15,394	15,195	15,297	5.0	0.7
Cipla	28,170	28,590	24,170	28,980	29,480	31,460	26,220	30,700	31,249	6.0	1.8
Lupin	16,915	17,251	16,015	19,259	20,096	19,305	17,113	20,894	21,503	7.0	2.9
Glenmark	11,252	2,658	9,391	11,962	12,817	10,637	9,430	12,399	13,266	3.5	7.0
Torrent Pharma	14,440	14,150	13,800	16,350	16,320	15,810	15,450	18,110	17,952	10.0	(0.9)
JB Chemicals	4,810	4,620	4,650	5,950	5,880	5,660	5,190	6,780	6,527	11.0	(3.7)
Ajanta Pharma	3,550	3,080	3,260	3,530	3,860	3,450	3,690	4,090	4,246	10.0	3.8
Alkem	23,278	22,328	19,755	20,223	24,610	23,649	21,355	22,650	26,087	6.0	15.2
Alembic Pharma	5,770	5,960	5,030	5,720	6,090	6,140	5,450	5,990	6,313	3.7	5.4
Natco	1,025	994	524	1,022	1,023	961	994	1,070	1,074	5.0	0.4
Abbott India	14,941	14,371	14,386	15,576	16,327	16,143	16,046	17,384	18,041	10.5	3.8
Pfizer	5,752	5,400	5,466	5,629	5,886	5,380	5,919	6,031	6,268	6.5	3.9
GSK Pharma	9,570	8,053	9,298	8,147	10,108	9,494	9,744	8,052	10,512	4.0	30.6
Total Domestic sales	2,03,099	1,91,313	1,88,001	2,11,117	2,23,688	2,19,701	2,07,171	2,31,266	2,40,480	7.5	4.0
Growth (YoY)	7.6	4.8	6.1	11.2	10.1	14.8	10.2	9.5	7.5		

Source: Company data, I-Sec research

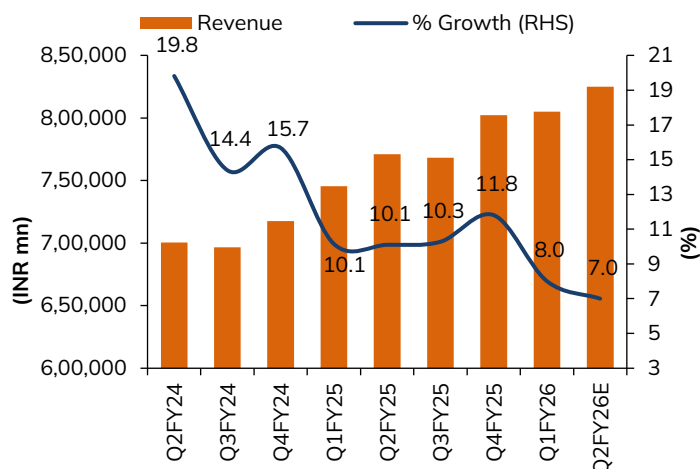
Exhibit 5: US business trends over the quarters

(USD mn)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26E	% YoY	% QoQ
Sun Pharma	430	477	476	466	517	474	464	473	482	(6.8)	1.8
Dr Reddy's	385	401	392	462	445	395	418	398	378	(15.1)	(5.0)
Aurobindo	409	451	432	426	421	435	470	408	379	(9.9)	(7.0)
Zydus Lifesciences	225	221	304	371	288	285	363	372	302	5.0	(18.7)
Cipla	229	230	226	250	237	226	221	226	242	2.0	7.0
Lupin	213	212	209	227	220	235	245	282	286	30.0	1.4
Glenmark	91	93	91	94	88	93	82	91	94	6.0	3.0
Torrent Pharma	30	33	32	31	32	32	35	36	37	15.9	3.0
Ajanta Pharma	29	31	32	28	28	32	40	38	37	30.0	(2.7)
Alkem	93	82	76	78	73	77	74	85	87	20.0	2.7
Alembic Pharma	53	57	51	55	56	62	59	63	64	14.0	1.8
Total US sales	2,187	2,288	2,321	2,487	2,406	2,346	2,472	2,472	2,388	(0.7)	(3.4)
Growth (YoY)	13.4	9.8	14.2	11.3	10.0	2.6	6.5	(0.6)	(0.7)		

Source: Company data, I-Sec research

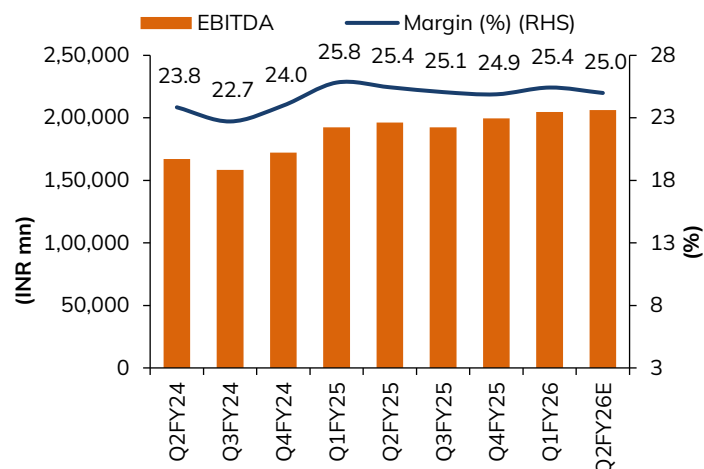
Quarterly trends in charts

Exhibit 6: Revenue of our coverage universe to grow 7% YoY



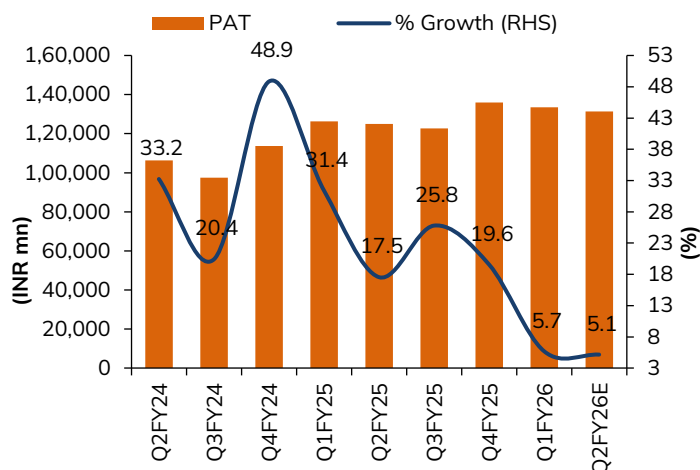
Source: Company data, I-Sec research

Exhibit 7: EBITDA margin to remain steady at ~25%



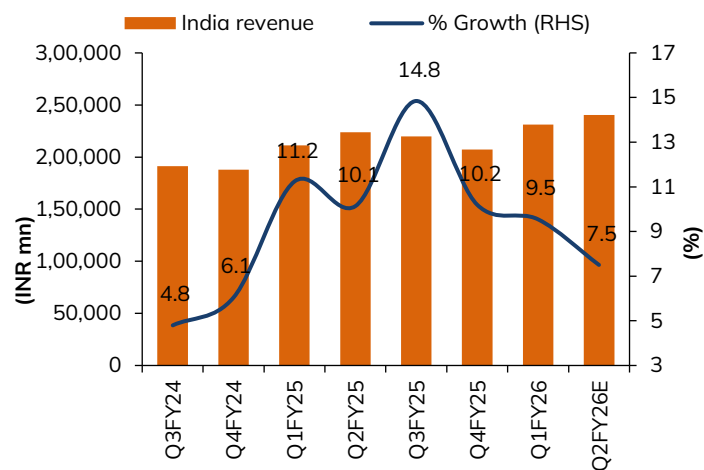
Source: Company data, I-Sec research

Exhibit 8: Net profit of our pharma coverage universe to grow 5.1% YoY



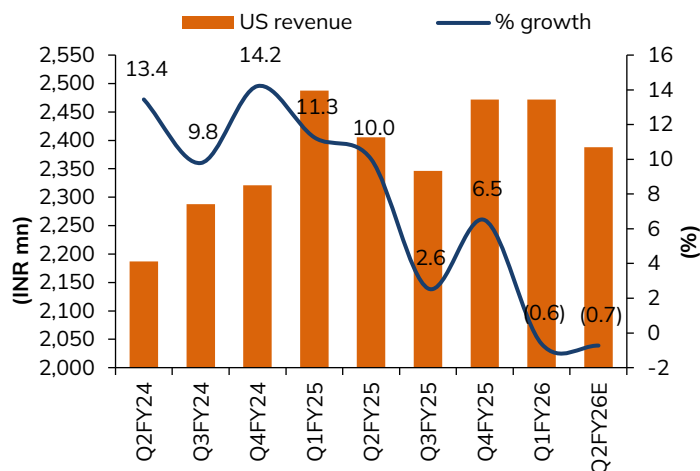
Source: Company data, I-Sec research

Exhibit 9: India business likely to witness slowdown led by inventory destocking



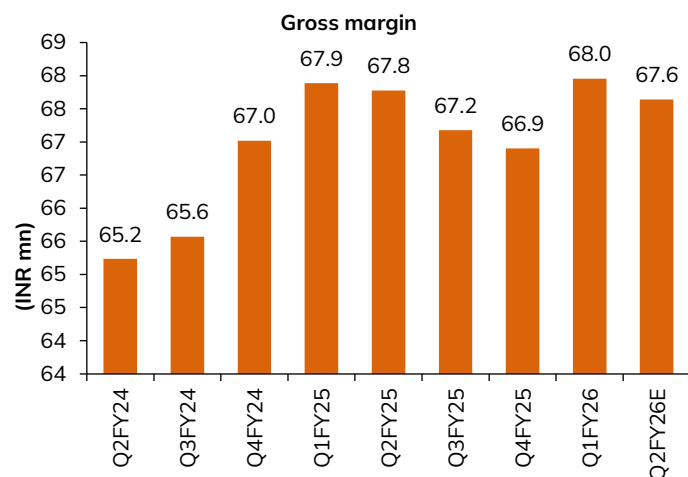
Source: Company data, I-Sec research

Exhibit 10: US sales to decline led by pricing pressure in gRevlimid



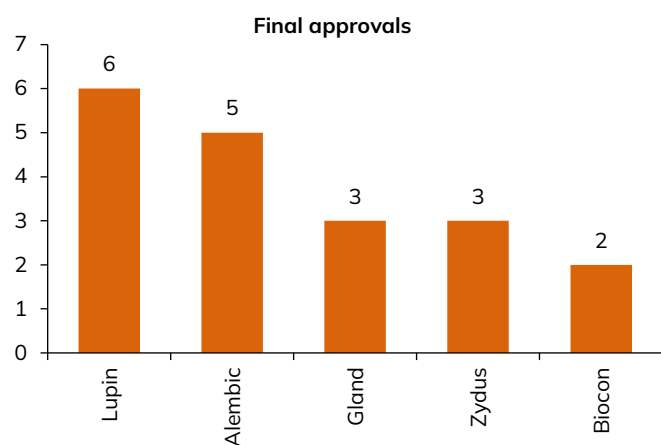
Source: Company data, I-Sec research

Exhibit 11: Margins likely to be steady at ~68%



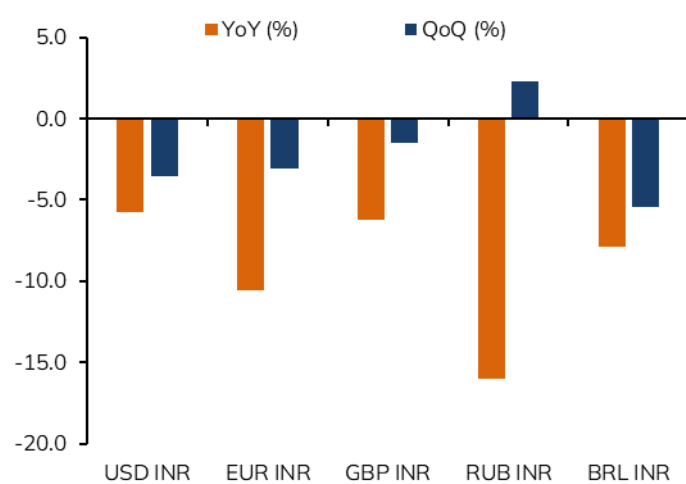
Source: Company data, I-Sec research

Exhibit 12: Lupin received highest number of approvals in Q2FY26



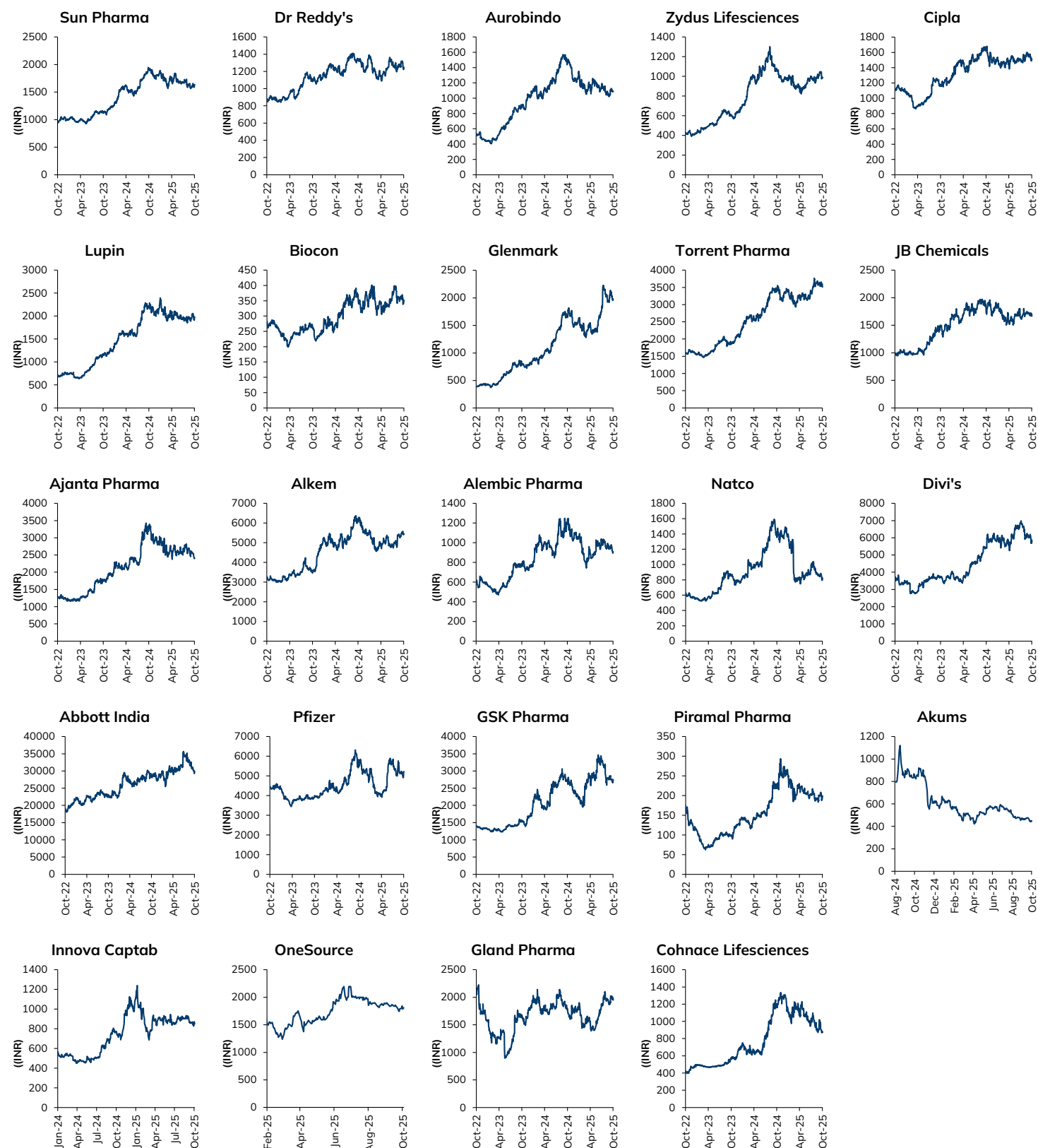
Source: Company, I-Sec research

Exhibit 13: Softening of INR may benefit pharma companies



Source: Bloomberg, I-Sec research

Price chart



Source: Bloomberg

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