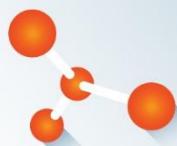




Q3FY26E Pharmaceuticals Sector Preview



January 5, 2026

Q3FY26E Pharma Sector Preview Report

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Coverage Stocks

Coverage	Rating	CMP	Target	Upside
Zydus Lifesciences Ltd	BUY	918	1,121	22.1%
Cipla Ltd	ACCUMULATE	1,512	1,620	7.1%
Sun Pharmaceutical Industries Ltd	ACCUMULATE	1,728	1,853	4.2%
Lupin Ltd	BUY	2,105	2,404	14.2%
Dr. Reddy's Laboratories Ltd	SELL	1,256	1,140	-9.2%
Divi's Laboratories Ltd	ACCUMULATE	6,393	6,795	6.3%
Aurobindo Pharma Ltd	ACCUMULATE	1,215	1,185	TA
Glenmark Pharmaceuticals Ltd	BUY	2,065	2,300	11.4%
Alembic Pharmaceutical Ltd	BUY	835	1,132	35.6%
Granules India Ltd	ACCUMULATE	615	588	TA
Laurus Labs Ltd	REDUCE	1,107	900	-18.7%
Supriya Lifescience Ltd	ACCUMULATE	751	850	13.2%

Note: All market data is as of previous closing. TA - Target Achieved

Source: Company, Deven Choksey Research

Executive Summary

For our pharma coverage universe, we expect Revenue to be largely steady at INR 644,525 mn in Q3FY26E, translating into 3.7% YoY growth and a marginal -0.3% QoQ.

On profitability, we expect EBITDA to rise to INR 147,140 mn in Q3FY26E (up 11.4% YoY and 2.9% QoQ), with EBITDA margin expanding to 22.8% (up 161 bps YoY and 70 bps QoQ), reflecting a favourable mix, operating leverage, and improving cost efficiencies across key exporters and complex-generic franchises.

Adjusted PAT is estimated at INR 119,599 mn in Q3FY26E (up 14.7% YoY and 3.4% QoQ), with Adj. PAT margin improving to 18.6% (up 179 bps YoY and 71 bps QoQ), supported by better operating profitability and a steadier other-income and improving interest-cost profile mainly in companies like Laurus, Divi's, Glenmark, Alembic, etc.

Within our coverage, we expect the strongest Q3FY26E topline momentum to be driven by companies with visible product-cycle tailwinds and capacity unlocks. Lupin remains a key outperformer, backed by strong U.S. complex-generic momentum and upcoming launches, which should support above-average growth and sustained profitability; notably, the company delivered 24.2% YoY revenue growth in Q2FY26 and a sharp improvement in operating leverage. Granules India also remains well positioned for an accelerated trajectory, supported by improving formulation sales, regulatory progress and capacity expansion, with Rx scale-up expected to build through Q3–Q4, providing confidence on demand traction and execution.

On margin expansion, we expect Q3FY26E improvement to be led by portfolios benefiting from richer mix (specialty, complex generics, and CDMO) and operating leverage. Lupin has demonstrated sharp margin step-up, driven by product mix and strong U.S. contribution, and the benefit is likely to sustain as the complex portfolio ramps further. Divi's Laboratories continues to benefit from a higher Custom Synthesis mix and operating efficiencies and the execution pipeline suggests sustained margin resilience into Q3FY26E. Laurus Labs has seen a strong profitability rebound led by CDMO and ARV recovery. Supriya Lifescience remains a differentiated high-margin API exporter, supported by operating leverage and Module E ramp-up, with new launches likely to support growth visibility through H2FY26.

In our top picks, Zydus and Lupin stand out on clear growth visibility and structural margin tailwinds. Alembic is seeing a recovery in growth and margins, albeit with near-term investment drag, while Glenmark's growth is driven more by specialty optionality and future pipeline monetisation, with margin expansion still a medium-term aspiration.

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Alembic Pharmaceuticals Ltd

Q3FY26 Earnings Preview

Stock Snapshot

Parameter	Value
CMP (INR)	835
Market Cap (INR Mn.)	164,907
52-Week High/Low (INR)	1,124 / 725
Target (INR)	1,132
Upside (%)	35.6%
Rating	BUY

Note: All the market data is as of previous closing.

Source: Company, DevenChoksey Research

Executive Summary

Alembic Pharma is expected to deliver Q3FY26 revenue of around INR 19,289 Mn, implying modest sequential growth of 1.0% and a healthy 14.0% YoY expansion, driven by continued traction in US generics and Ex-USA markets. EBITDA is likely to come in at roughly INR 3,344 Mn, translating into an EBITDA margin of 17.3%, an improvement of 81 bps QoQ and 196 bps YoY aided by a richer specialty and injectable mix, better plant utilization, and operating leverage on R&D spends. PAT is forecast at about INR 2,004 Mn, up 8.5% QoQ and 44.8% YoY, supported by stronger operating performance and contained finance costs. Margin gains are expected to sustain over the next few quarters as higher complex generic contributions offset pricing pressure and rising field force intensity in India.

Business Highlights

US generics should remain a key growth driver in Q3FY26, building on Q2FY26 revenue of INR 5,660 Mn and double digit volume led growth from new launches such as complex injectables and niche oral solids, while Ex-USA sales continue to benefit from robust demand across Europe, Canada, and emerging markets.

Domestic formulations are expected to normalize after GST related billing disruptions, with branded therapies in gynecology, ophthalmology, and animal health sustaining high single digit to low double digit growth.

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Q3FY26 Estimates (INR Mn.)

Metric	Bull	Base	Bear
Revenue	19,675	19,289	18,900
EBITDA	3,520	3,344	3,150
Adj. PAT	2,120	2,004	1,880
OPM	17.9%	17.3%	16.7%
Adj. NPM	10.8%	10.4%	10.0%

Source: Company, DevenChoksey Research

Growth Comparison (Base Case)

Metric	YoY (%)	QoQ (%)
Revenue Growth	14.0%	1.0%
EBITDA Growth	25.8%	5.9%
PAT Growth	44.8%	8.5%
OPM Growth	196 bps	81 bps
Adj. NPM Growth	230 bps	75 bps

Source: Company, DevenChoksey Research

Management Guidance

Management reiterates its expectation of 10–15% YoY growth in US generics for FY26, underpinned by four to five new launches per quarter and stable base portfolio performance, while Rest of World markets are guided to sustain 15–20% growth driven by geographic diversification and partner led scale up. The India business is expected to recover in H2FY26 with growth converging towards or exceeding IPM levels as GST related disruptions fade, whereas the API segment is guided to deliver around 10% growth with improving utilization in new facilities. Management also aspires to lift EBITDA margin toward 18–20% over the next two years through higher plant utilization, a richer mix of injectables and oncology products, and disciplined R&D spending.

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Aurobindo Pharma Ltd

Q3FY26 Earnings Preview

Stock Snapshot

Parameter	Value
CMP (INR)	1,215
Market Cap (INR Mn.)	7,05,680
52-Week High/Low (INR)	1,356 / 1,010
Target (INR)	1,185
Upside (%)	TA
Rating	ACCUMULATE

Note: All the market data is as of previous closing.

Source: Company, DevenChoksey Research

Executive Summary

Aurobindo Pharma is expected to report revenue of INR 87,614 mn in Q3FY26, growing 9.8% YoY and 5.7% QoQ, driven by sustained momentum in formulations, particularly Europe and steady US base business. EBITDA is estimated at INR 16,781 mn with operating margin of 20.3%, expanding 20 bps YoY despite sequential contraction of 10 bps. Adjusted PAT is projected at INR 9,510 mn, up 6.2% YoY and 11.4% QoQ, benefiting from improved product mix and operational efficiency. Operating margin expansion is driven by favorable formulations mix, particularly strong Europe growth and gradual recovery in US injectables, while PAT growth momentum is supported by controlled operating expenses and lower finance costs despite continued R&D investments at 5% of revenue.

Business Highlights

Aurobindo's formulations segment continues its robust trajectory with Europe on track to achieve EUR 1 billion annualized run rate in FY26, driven by strong traction in France, Portugal, Netherlands and Germany with portfolio coverage at 80%. US formulations delivered steady performance with 6 new product launches and 13 ANDA filings in Q2FY26, while injectables showed 6% QoQ growth despite operating USD 5-10 mn below pre-disruption levels, with full recovery expected in the next 1-2 quarters post Eugia Unit III FDA clearance. The Pen-G facility continues its ramp-up at 40-50% utilization producing 6,000 MT annualized output with improving yields approaching breakeven, and management has submitted a Minimum Import Price request to support domestic competitiveness and faster scale-up to 15,000 MT capacity.

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Q3FY26 Estimates (INR Mn.)

Metric	Bull	Base	Bear
Revenue	91,119	87,614	84,109
EBITDA	18,953	16,781	16,822
Adj. PAT	9,659	9,510	8,495
OPM	20.8%	20.3%	20.0%
Adj. NPM	10.6%	10.3%	10.1%

Source: Company, DevenChoksey Research

Growth Comparison (Base Case)

Metric	YoY (%)	QoQ (%)
Revenue Growth	9.8%	5.7%
EBITDA Growth	7.2%	4.7%
PAT Growth	6.2%	11.4%
OPM Growth	20 bps	-10 bps
Adj. NPM Growth	-20 bps	-20 bps

Source: Company, DevenChoksey Research

Management Guidance

Management has reiterated FY26 EBITDA margin guidance of 20-21%, supported by multiple growth drivers including injectable recovery post Eugia Unit III FDA clearance expected in the next 1-2 quarters, Pen-G facility scale efficiencies with potential Minimum Import Price support enabling faster ramp-up toward 15,000 MT capacity, and China formulations plant achieving EBITDA breakeven by Q3-Q4 FY26 with stronger contribution from FY27. Europe is targeted to achieve EUR 1 billion annualized revenue run rate in FY26, while the Lannett acquisition awaiting FTC clearance will expand US controlled-substance and specialty portfolio. CapEx remains disciplined and focused on biosimilar manufacturing and fill-finish readiness with meaningful revenue contribution expected from FY27-28 following EU-US approvals, and biologic CMO progress adding medium-term momentum.

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Cipla Ltd

Q3FY26 Earnings Preview

Stock Snapshot

Parameter	Value
CMP (INR)	1,512
Market Cap (INR Mn.)	1,219,730
52-Week High/Low (INR)	1,673 / 1,335
Target (INR)	1,620
Upside (%)	7.1%
Rating	ACCUMULATE

Note: All the market data is as of previous closing.

Source: Company, DevenChoksey Research

Executive Summary

Cipla is expected to report Q3FY26 revenue of INR 75,107 Mn (up 6.2% YoY; down 1.0% QoQ), reflecting steady domestic and EM momentum amid continued North America price pressure. EBITDA is estimated at INR 19,220 Mn with OPM at 25.6% (up 62 bps QoQ; down 253 bps YoY), supported by softer other expenses, partly offset by higher employee cost. Adjusted PAT is expected at INR 13,905 Mn (down 11.5% YoY), led by margin normalization and higher tax, while complex launches in the U.S. remain the key upside trigger into H2FY26.

Business Highlights

The India business continues to deliver resilient growth, aided by chronic therapies and respiratory leadership, with management targeting 8–10% full-year India growth and upcoming launches such as Voltido Trio in Q3FY26. On the cost line, Q3FY26 base case assumes tighter control in other expenses and a stable operating cadence after Q2, while employee cost remains elevated due to field force and capability investments.

North America remains the swing factor: the base portfolio faces ongoing price erosion and Revlimid contribution continues to taper, but differentiated assets (Albuterol, Lanreotide) and the biosimilar entry (Filgrastim) provide support. Key near-term monitorables include the execution pace on respiratory launches (generic Advair and Symbicort in H2FY26), and mix-led margin movement as U.S. launches scale up versus branded formulation strength across EMEU and Africa.

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Q3FY26 Estimates (INR Mn.)

Metric	Bull	Base	Bear
Revenue	77,360	75,107	72,854
EBITDA	20,578	19,220	17,922
Adj. PAT	14,930	13,905	12,895
OPM	26.6%	25.6%	24.6%
Adj. NPM	19.3%	18.5%	17.7%

Source: Company, DevenChoksey Research

Growth Comparison (Base Case)

Metric	YoY (%)	QoQ (%)
Revenue Growth	6.2%	-1.0%
EBITDA Growth	-3.4%	1.4%
PAT Growth	-11.5%	2.9%
OPM Growth	-253 bps	62 bps
Adj. NPM Growth	-369 bps	71 bps

Source: Company, DevenChoksey Research

Management Guidance

Management has reiterated its North America revenue aspiration of USD 1 Bn by FY27, anchored on respiratory and biosimilar launches, with generic Advair and Symbicort expected in H2FY26. For India, guidance remains 8–10% full-year growth supported by respiratory seasonality and new launches, including Voltido Trio targeted for Q3FY26. The company aims to maintain FY26 EBITDA margin in the 23.5–24.5% band, while noting potential post-FY26 normalization as Revlimid contribution phases out and mix stabilizes.

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Divis Laboratories Ltd

Q3FY26 Earnings Preview

Stock Snapshot

Parameter	Value
CMP (INR)	6,393
Market Cap (INR Mn.)	1,696,880
52-Week High/Low (INR)	7,072 / 4,955
Target (INR)	6,795
Upside (%)	6.3%
Rating	ACCUMULATE

Note: All the market data is as of previous closing.

Source: Company, DevenChoksey Research

Executive Summary

Divi's Laboratories is expected to deliver Q3FY26E revenue of INR 26,381 Mn (13.8% YoY, -2.8% QoQ), led by sustained Custom Synthesis execution and stable generic volumes amid pricing pressure. EBITDA is estimated at INR 8,779 Mn (18.2% YoY), with OPM at 33.3% (124 bps YoY expansion) supported by favourable mix, backward integration benefits from Unit 3, and cost discipline. PAT is expected to come at INR 6,167 Mn (4.7% YoY), with QoQ softness primarily reflecting lower other income and margin normalization.

Business Highlights

Custom Synthesis remained the key growth engine recently, with Q2FY26 Custom Synthesis revenue at INR 15,204 Mn (27.5% YoY) and exports at 90% of sales, reflecting robust innovator engagement and strong execution on validation programs. Generic APIs (Q2FY26: INR 9,526 Mn) continued to see pricing pressure across key molecules, while nutraceuticals (Q2FY26: INR 2,420 Mn) stayed steady on consistent global demand.

Operationally, the Unit 3 Kakinada facility supports starting materials and intermediates, improving supply security and freeing GMP capacity at Units 1 and 2 for validations and new introductions. The company capitalised INR 2.01 bn during Q2 and maintained a strong balance sheet with cash of INR 34.51 bn as of September 30, 2025, supporting sustained investments in differentiated platforms such as peptides, flow chemistry, and biocatalysis.

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Q3FY26 Estimates (INR Mn.)

Metric	Bull	Base	Bear
Revenue	27,172	26,381	25,590
EBITDA	9,184	8,779	8,393
Adj. PAT	6,452	6,167	5,896
OPM	33.8%	33.3%	32.8%
Adj. NPM	23.7%	23.4%	23.0%

Source: Company, DevenChoksey Research

Growth Comparison (Base Case)

Metric	YoY (%)	QoQ (%)
Revenue Growth	13.8%	-2.8%
EBITDA Growth	18.2%	-1.1%
PAT Growth	4.7%	-10.5%
OPM Growth	124 bps	57 bps
Adj. NPM Growth	-202 bps	-200 bps

Source: Company, DevenChoksey Research

Management Guidance

Management remains structurally positive on Custom Synthesis, citing a healthy flow of RFPs, frequent customer site visits, and multiple projects in development, validation and qualification stages, with several expected to move to commercial manufacturing over the next 1–2 years subject to regulatory approvals. The three major long-term Custom Synthesis projects are at different stages, and commercial ramp-up is guided over the next 12–24 months. Generic pricing pressure is expected to persist for at least the next two quarters, while FY26 capex is guided to exceed INR 20 bn.

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Dr Reddys Laboratories Ltd

Q3FY26 Earnings Preview

Stock Snapshot

Parameter	Value
CMP (INR)	1,256
Market Cap (INR Mn.)	10,49,630
52-Week High/Low (INR)	1,406 / 1,020
Target (INR)	1,140
Upside (%)	(9.2)%
Rating	SELL

Note: All the market data is as of previous closing.

Source: Company, DevenChoksey Research

Executive Summary

In Q3FY26E, revenue is estimated at INR 86,500 Mn (3.2% YoY; -2.0% QoQ), with non-US momentum partly offset by continued North America pricing pressure and a softer contribution from high-margin products. EBITDA is estimated at INR 18,699 Mn (OPM 21.6%), implying a 550 bps YoY contraction as mix normalises and operating costs remain elevated. Adjusted PAT is estimated at INR 11,925 Mn (-15.6% YoY), tracking lower operating leverage; management continues to target a medium-term EBITDA margin of 26–27% with a gradual recovery post key product normalisation.

Business Highlights

Dr. Reddy's recent performance has been driven by strong Europe and Emerging Markets execution, aided by portfolio integration (including the NRT portfolio) and a high cadence of launches; in Q2FY26, Europe revenue grew 139% YoY to INR 13,762 Mn, while Emerging Markets grew 8% YoY to INR 16,548 Mn.

North America remains the key swing factor: Q2FY26 North America revenue declined 13% YoY to INR 32,408 Mn amid pricing erosion and lower Lenalidomide sales, even as the company executed seven launches in the quarter and guided for base business stabilisation with complex generics and biosimilars as the next leg of growth.

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Q3FY26 Estimates (INR Mn.)

Metric	Bull	Base	Bear
Revenue	89,095	86,500	83,905
EBITDA	19,868	18,699	17,452
Adj. PAT	12,741	11,925	10,908
OPM	22.3%	21.6%	20.8%
Adj. NPM	14.3%	13.8%	13.0%

Source: Company, DevenChoksey Research

Growth Comparison (Base Case)

Metric	YoY (%)	QoQ (%)
Revenue Growth	3.2%	-2.0%
EBITDA Growth	-17.7%	-10.0%
PAT Growth	-15.1%	-10.8%
OPM Growth	-550 bps	-191 bps
Adj. NPM Growth	-308 bps	-223 bps

Source: Company, DevenChoksey Research

Management Guidance

Management commentary indicates continued confidence in India delivering double-digit growth, with Emerging Markets expected to remain resilient on the back of sustained launches and diversified exposure. The U.S. generics business is guided to stabilise post-Revlimid, with incremental momentum expected from complex generics in H2FY26 and a scaling biosimilars pipeline (including Abatacept and other assets). The company continues to target an EBITDA margin of 26–27%, while PSAI margin is guided to normalise in a 20–25% band as utilisation and mix improve.

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Glenmark Pharmaceuticals Ltd

Q3FY26 Earnings Preview

Stock Snapshot

Parameter	Value
CMP (INR)	2,065
Market Cap (INR Mn.)	5,85,000
52-Week High/Low (INR)	2,285 / 1,276
Target (INR)	2,300
Upside (%)	11.4%
Rating	BUY

Note: All the market data is as of previous closing.

Source: Company, DevenChoksey Research

Executive Summary

Glenmark Q3FY26E consolidated revenue is estimated at INR 36,039 Mn, up 6.4% YoY but down 40.4% QoQ as Q2FY26 included one-time ISB-2001 income while Q3FY26 normalises to a more core operating run-rate. EBITDA is expected at INR 18,019 Mn with OPM at 50.0% (up 1,098 bps QoQ), aided by lower employee cost (INR 8,289 Mn; down 23.7% QoQ) and moderation in other expenses (INR 9,730 Mn; down 27.2% QoQ). Adj. PAT is projected at INR 15,107 Mn (up 334.1% YoY), supported by operating leverage, lower interest cost (INR 460 Mn; down 30.8% QoQ) and a softer tax charge (INR 1,432 Mn; down 59.9% QoQ).

Business Highlights

Q3FY26E prints a sharp QoQ revenue decline versus Q2FY26 (INR 60,469 Mn) as the prior quarter benefited from exceptional income, while underlying operating costs are forecast to remain controlled (total expenditure INR 18,019 Mn; down 51.1% QoQ). Consequently, EBITDA margin is estimated at 50.0%, with adj. net margin at 41.9%, implying continued mix support from higher-margin income streams alongside a leaner cost base.

Operationally, management has indicated India business normalisation from Q3 onward, while North America continues to build on injectables and partnered products and Europe remains supported by respiratory and dermatology launches (including continued ramp-up of branded products). This setup should keep earnings resilient in H2FY26E even as reported topline volatility normalises post the Q2 one-offs.

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Q3FY26 Estimates (INR Mn.)

Metric	Bull	Base	Bear
Revenue	37,841	36,039	34,237
EBITDA	19,299	18,019	16,434
Adj. PAT	16,082	15,107	13,524
OPM	51.0%	50.0%	48.0%
Adj. NPM	42.5%	41.9%	39.5%

Source: Company, DevenChoksey Research

Growth Comparison (Base Case)

Metric	YoY (%)	QoQ (%)
Revenue Growth	6.4%	-40.4%
EBITDA Growth	200.2%	-23.6%
PAT Growth	334.1%	147.5%
OPM Growth	3,228 bps	1,098 bps
Adj. NPM Growth	3,165 bps	892 bps

Source: Company, DevenChoksey Research

Management Guidance

Management reiterated consolidated revenue guidance of INR 80,000 Mn for H2FY26 and an EBITDA margin profile of 23%, with an explicit focus on improving working-capital efficiency and sustaining momentum into FY27. For India, the company expects reported growth to align with secondary sales from Q3, targeting a normalised quarterly run rate of INR 1,150–1,200 Cr, supported by newer products and channel stabilisation post the GST-related disruption. In North America, management commentary highlighted continued traction in injectables and a healthy regulatory pipeline (53 ANDAs pending, including 25 Para IVs), while the innovation platform remains funded with IGI R&D spend guided at USD 70–75 Mn annually for the next three years from deal proceeds.

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Granules India Ltd

Q3FY26 Earnings Preview

Stock Snapshot

Parameter	Value
CMP (INR)	615
Market Cap (INR Mn.)	1,49,240
52-Week High/Low (INR)	625 / 422
Target (INR)	588
Upside (%)	TA
Rating	ACCUMULATE

Note: All the market data is as of previous closing.

Source: Company, DevenChoksey Research

Executive Summary

Granules is expected to deliver Q3FY26 revenue of INR 13,014 Mn, up 14.4% YoY, supported by a steadier formulation ramp and easing supply constraints. EBITDA is estimated at INR 2,928 Mn (22.5% OPM), rising 27.2% YoY, aided by favourable mix, operating efficiencies and a gradual tapering of exceptional remediation-related costs. PAT is seen at INR 1,482 Mn (up 26.0% YoY), with margin expansion partly offset by higher depreciation and a still-elevated integration drag from the peptides platform.

Business Highlights

Operational performance in Q3FY26E stays resilient with sales at INR 13,014 Mn and EBITDA margin at 22.5%, reflecting continued scale benefits and a better product mix. Network readiness improves as Gagillapur remediation is largely complete, the site has cleared multiple customer audits without critical observations, and a Type-A meeting is scheduled in January 2026 to define the next regulatory steps. Capacity unlocks remain the key swing factor: Genome Valley adds 10 billion doses (about 40% uplift) and management expects Rx scale-up through Q3–Q4, helping diversify supply sources beyond the constrained facility. Peptides CDMO remains early-stage; the business had an EBITDA drag in Q2FY26 and is guided to return to profitability by Q4 FY26, with a clearer earnings contribution expected from FY27.

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Q3FY26 Estimates (INR Mn.)

Metric	Bull	Base	Bear
Revenue	13,404	13,014	12,624
EBITDA	3,083	2,928	2,752
Adj. PAT	1,582	1,482	1,376
OPM	23.0%	22.5%	21.8%
Adj. NPM	11.8%	11.4%	10.9%

Source: Company, DevenChoksey Research

Growth Comparison (Base Case)

Metric	YoY (%)	QoQ (%)
Revenue Growth	14.4%	0.3%
EBITDA Growth	27.2%	5.2%
PAT Growth	26.0%	13.4%
OPM Growth	226 bps	105 bps
Adj. NPM Growth	105 bps	131 bps

Source: Company, DevenChoksey Research

Management Guidance

Management continues to guide for a regulatory-led recovery, with Gagillapur corrective actions substantially complete and a Type-A USFDA meeting scheduled in January 2026, post which re-inspection timelines should become clearer. On growth, the near-term focus is the Genome Valley expansion (10 billion doses, about 40% uplift) with Rx scale-up expected across Q3–Q4, complemented by Europe distribution build-out and the US controlled-substance opportunity. Peptides CDMO is guided to return to profitability by Q4 FY26 and be meaningfully profitable through FY27 as conversions ramp.

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Laurus Labs Ltd

Q3FY26 Earnings Preview

Stock Snapshot

Parameter	Value
CMP (INR)	1,107
Market Cap (INR Mn.)	4,28,900
52-Week High/Low (INR)	1,119 / 501
Target (INR)	900
Upside (%)	(18.7)%
Rating	REDUCE

Note: All the market data is as of previous closing.

Source: Company, DevenChoksey Research

Executive Summary

For Q3FY26E, Laurus Labs is expected to report revenue from operations of INR 17,872 mn, implying 26.3% YoY growth on improving CDMO mix and steady ARV formulations momentum. EBITDA is estimated at INR 4,686 mn with OPM of 26.2%, up 607 bps YoY, led by operating leverage and better gross margin. Adj. PAT is seen at INR 2,241 mn, up 142.9% YoY, supported by higher EBIT and relatively stable finance costs; margins should sustain above 25% as utilization improves, even as elevated capex-linked depreciation persists.

Business Highlights

Q3FY26E gross-to-EBITDA conversion is expected to remain strong, with EBITDA projected at INR 4,686 mn (16.2% QoQ) despite flat employee costs of INR 2,156 mn and broadly stable other expenses at INR 3,703 mn. Depreciation is estimated at INR 1,238 mn, reflecting ongoing capacity additions, while the operating backdrop remains supported by CDMO scale-up and management's multi-modal investment roadmap, including the planned 532-acre pharma complex with INR 50,000 mn investment over eight years and FY26 capex guidance of INR 10,000 mn.

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Q3FY26 Estimates (INR Mn.)

Metric	Bull	Base	Bear
Revenue	18,408	17,872	17,336
EBITDA	4,915	4,686	4,369
Adj. PAT	2,393	2,241	1,994
OPM	26.7%	26.2%	25.2%
Adj. NPM	13.0%	12.5%	11.5%

Source: Company, DevenChoksey Research

Growth Comparison (Base Case)

Metric	YoY (%)	QoQ (%)
Revenue Growth	26.3%	8.1%
EBITDA Growth	64.3%	16.2%
PAT Growth	142.9%	15.0%
OPM Growth	607 bps	183 bps
Adj. NPM Growth	602 bps	75 bps

Source: Company, DevenChoksey Research

Management Guidance

Management commentary continues to emphasize a structurally higher profitability trajectory driven by rising CDMO share and better asset utilization. Gross margin is guided to sustain in the 55%–60% band, with EBITDA margin expected to remain above 25% as H2FY26 deliveries scale. FY26 capex is guided at INR 10,000 mn with no equity dilution planned, while net debt was around INR 21,000 mn (about 1.3x Net Debt/EBITDA) and ROCE is targeted to approach 25% over the next two years.

January 5, 2026

Lupin Ltd

Q3FY26 Earnings Preview

Stock Snapshot

Parameter	Value
CMP (INR)	2,105
Market Cap (INR Mn.)	5,09,600
52-Week High/Low (INR)	2,403 / 1,795
Target (INR)	2,404
Upside (%)	14.2%
Rating	BUY

Note: All the market data is as of previous closing.

Source: Company, DevenChoksey Research

Executive Summary

Lupin is expected to report Revenue from Operations of INR 63,645 Mn in Q3FY26E (10.3% YoY, -9.7% QoQ), reflecting a normalization versus a high base quarter while demand momentum in complex generics and select launches remains intact. EBITDA is estimated at INR 14,956 Mn with OPM at 23.5%, down 683 bps QoQ as Q2FY26 margins benefitted from an unusually favorable mix and operating leverage. Adj. PAT is projected at INR 9,188 Mn (7.4% YoY), tracking softer QoQ operating profitability.

Business Highlights

Q2FY26 delivered a record consolidated revenue of INR 70,475 Mn, led by North America at INR 27,624 Mn (47.3% YoY), supported by complex launches and continued traction in select exclusivity products. For Q3FY26E, the operating backdrop remains constructive with planned U.S. launches such as Risperdal Consta and Pegfilgrastim supporting the growth pipeline.

India performance in the recent quarter was muted at INR 20,777 Mn (-0.6% QoQ) amid lower institutional sales and LOE in in-licensed brands, while core formulations grew in high single digits. Into Q3FY26E, the key monitorables remain U.S. mix sustainability, launch execution, and R&D intensity, which management has guided at 7.5%–8.5% of sales to build complex generics and biosimilars.

INDIA EQUITY INSIGHT

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Q3FY26 Estimates (INR Mn.)

Metric	Bull	Base	Bear
Revenue	65,554	63,645	61,736
EBITDA	16,388	14,956	13,582
Adj. PAT	9,857	9,188	8,357
OPM	25.0%	23.5%	22.0%
Adj. NPM	15.0%	14.4%	13.5%

Source: Company, DevenChoksey Research

Growth Comparison (Base Case)

Metric	YoY (%)	QoQ (%)
Revenue Growth	10.3%	-9.7%
EBITDA Growth	9.5%	-30.0%
PAT Growth	7.4%	-37.8%
OPM Growth	-18 bps	-683 bps
Adj. NPM Growth	-56 bps	-364 bps

Source: Company, DevenChoksey Research

Management Guidance

Management has guided for FY26 U.S. sales to exceed USD 1 Bn, supported by complex injectables and biosimilars, with key launches such as Risperdal Consta and Pegfilgrastim expected around Q3FY26E. The company has raised FY26 EBITDA margin guidance to 25%–26% (from 24%–25%), aided by gross margin improvement and operating leverage, while keeping R&D at 7.5%–8.5% of sales and an effective tax rate of 21%–22%.

January 5, 2026

Sun Pharmaceutical Industries Ltd

Q3FY26 Earnings Preview

Stock Snapshot

Parameter	Value
CMP (INR)	1,728
Market Cap (INR Mn.)	4,150,600
52-Week High/Low (INR)	1,903 / 1,548
Target (INR)	1,853
Upside (%)	4.2%
Rating	ACCUMULATE

Note: All the market data is as of previous closing.

Source: Company, DevenChoksey Research

Executive Summary

Consolidated revenue is expected at INR 145,868 Mn in Q3FY26E, implying 6.7% YoY growth, led by sustained momentum in India formulations and improving traction in RoW and Emerging Markets, while US specialty remains the key margin anchor. EBITDA is seen at INR 41,817 Mn with OPM at 28.7%, as higher employee and R&D spend partly offsets the benefit of a richer specialty mix and operating leverage. Adj. PAT is estimated at INR 29,281 Mn, up 0.9% YoY, with profitability supported by stable core operations but moderated by a higher tax intensity and volatility in other income/FX.

Business Highlights

Q3FY26E revenue is modelled at INR 145,868 Mn versus INR 144,783 Mn in Q2FY26 and INR 136,755 Mn in Q3FY25, reflecting a steady underlying run-rate supported by India (+11.0% YoY in Q2FY26) and RoW (+22.7% YoY in Q2FY26), alongside resilient Emerging Markets momentum. EBITDA margin is expected at 28.7% (up 37 bps QoQ, down 199 bps YoY), as the company continues to invest in capabilities (R&D spend at INR 7,827 Mn or 5.4% of sales in Q2FY26) while scaling specialty assets such as ILUMYA, CEQUA and LEQSELVI; Adj. PAT margin is estimated at 20.1% (up 151 bps QoQ, down 481 bps YoY).

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Q3FY26 Estimates (INR Mn.)

Metric	Bull	Base	Bear
Revenue	150,244	145,868	141,492
EBITDA	44,624	41,817	39,194
Adj. PAT	31,252	29,281	27,167
OPM	29.7%	28.7%	27.7%
Adj. NPM	20.8%	20.1%	19.2%

Source: Company, DevenChoksey Research

Growth Comparison (Base Case)

Metric	YoY (%)	QoQ (%)
Revenue Growth	6.7%	0.7%
EBITDA Growth	-0.3%	2.1%
PAT Growth	-14.0%	9.0%
OPM Growth	-199 bps	37 bps
Adj. NPM Growth	-481 bps	151 bps

Source: Company, DevenChoksey Research

Management Guidance

Management commentary continues to emphasize a specialty-led margin-resilient growth trajectory, with US performance supported by LEQSELVI ramp-up and continued strength in ILUMYA and CEQUA, while acknowledging persistent pricing pressure in the generics portfolio. India growth is guided to be driven by new launches and volume-led outperformance, and the company has highlighted its intent to participate in GLP-1 opportunities post patent expiry (oral and injectable). R&D intensity remains elevated (Q2FY26: INR 7,827 Mn; 5.4% of sales), alongside portfolio actions such as the Checkpoint Therapeutics acquisition (USD 471 Mn).

January 5, 2026

Supriya Lifescience Ltd

Q3FY26 Earnings Preview

Stock Snapshot

Parameter	Value
CMP (INR)	751
Market Cap (INR Mn.)	60,440
52-Week High/Low (INR)	842 / 556
Target (INR)	850
Upside (%)	13.2%
Rating	ACCUMULATE

Note: All the market data is as of previous closing.

Source: Company, DevenChoksey Research

Executive Summary

In Q3FY26E, revenue is estimated at INR 2,443 Mn, up 31.6% YoY and 22.2% QoQ, driven by normalization of operating constraints, higher Module E utilization and sustained export-led demand across key therapies. EBITDA is projected at INR 861 Mn (OPM 35.2%), implying a 111 bps QoQ contraction on higher operating costs and product-mix, partly offset by operating leverage. Adjusted PAT is expected at INR 606 Mn (up 29.4% YoY), supported by healthy operating profitability and steady other income, while new launches (including ADHD) provide incremental growth support into H2.

Business Highlights

Q3FY26E continues the recovery in throughput as exports remain the key growth engine, supported by diversified regional demand (Europe 37%, Asia 34%, LATAM 21%) and improving Module E scale benefits. The base-case assumes disciplined cost control despite a modest margin softening versus Q2FY26 (OPM down 111 bps QoQ), with the company sustaining a high share of backward-integrated revenues (79%) to protect profitability through the cycle. Key upcoming triggers include the ADHD API launch targeted in Q3 FY26, potential ramp-up in the DSM vitamin project (FY26 revenue expectation of INR 250–300 Mn), and progressing customer validations that can lift regulated-market off-take over FY27. Additionally, WHO-GMP approval at Amarna and the planned start of finished-dosage contribution from Q4FY26 expand the medium-term addressable market, supporting management's confidence on multi-year scale-up.

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Q3FY26 Estimates (INR Mn.)

Metric	Bull	Base	Bear
Revenue	2,565	2,443	2,321
EBITDA	923	861	801
Adj. PAT	654	606	557
OPM	36.0%	35.2%	34.5%
Adj. NPM	25.5%	24.8%	24.0%

Source: Company, DevenChoksey Research

Growth Comparison (Base Case)

Metric	YoY (%)	QoQ (%)
Revenue Growth	31.6%	22.2%
EBITDA Growth	30.5%	18.5%
PAT Growth	29.4%	20.1%
OPM Growth	-28 bps	-111 bps
Adj. NPM Growth	-41 bps	-44 bps

Source: Company, DevenChoksey Research

Management Guidance

Management reiterated an intent to deliver 20% sustainable annual revenue growth and remains on track to achieve an INR 10,000 Mn revenue milestone by FY27, with H2FY26 expected to be materially stronger than H1FY26 on recovery of earlier production loss and scaling of new launches. EBITDA margin guidance stays at 33% to 35%, supported by 79% backward-integrated revenues, larger batch sizes via Module E optimization, and ongoing R&D-led process improvements. Amarna finished-dosage revenue is expected to start from Q4FY26, while the DSM vitamin project targets INR 250–300 Mn in FY26 and INR 600–700 Mn annual potential over time.

January 5, 2026

Zydus Lifesciences Ltd

Q3FY26 Earnings Preview

Stock Snapshot

Parameter	Value
CMP (INR)	918
Market Cap (INR Mn.)	9,23,670
52-Week High/Low (INR)	1,059 / 795
Target (INR)	1,121
Upside (%)	22.1%
Rating	BUY

Note: All the market data is as of previous closing.

Source: Company, DevenChoksey Research

Executive Summary

Zydus Lifesciences is expected to report Q3FY26 base-case revenue of INR 58,768 Mn (11.5% YoY, -4.0% QoQ), with sequential softness reflecting normalization in select US molecules and seasonality in consumer wellness. EBITDA is estimated at INR 14,158 Mn (17.5% YoY), while OPM is seen at 24.1% (down 207 bps QoQ) on higher employee cost and other expenses. Adj. PAT is projected at INR 8,650 Mn (2.9% YoY), supported by operating leverage despite lower other income and higher finance cost.

Business Highlights

Operating momentum remains underpinned by steady India branded formulations growth and sustained traction in select emerging markets, while the US portfolio continues to see a mix of new-launch benefits and price erosion in mature products. In Q3FY26, cost lines are expected to remain elevated, with employee cost estimated at INR 10,755 Mn (13.6% YoY) and other expenses at INR 16,749 Mn (9.2% YoY), keeping margins below the Q2FY26 run-rate.

Recent strategic actions, including expansion in specialty-led US launches noted in the prior quarter, continued consumer wellness scale-up, and disciplined execution across chosen therapy areas, are expected to support earnings normalization from Q3FY26 onward. We also factor in interest expense moderation versus the Q2FY26 spike, though YoY finance costs remain higher versus last year.

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Q3FY26 Estimates (INR Mn.)

Metric	Bull	Base	Bear
Revenue	60,531	58,768	56,417
EBITDA	15,073	14,158	12,917
Adj. PAT	9,250	8,650	7,750
OPM	24.9%	24.1%	22.9%
Adj. NPM	15.3%	14.7%	13.7%

Source: Company, DevenChoksey Research

Growth Comparison (Base Case)

Metric	YoY (%)	QoQ (%)
Revenue Growth	11.5%	-4.0%
EBITDA Growth	17.5%	-11.6%
PAT Growth	2.9%	-1.6%
OPM Growth	122 bps	-207 bps
Adj. NPM Growth	-124 bps	37 bps

Source: Company, DevenChoksey Research

Management Guidance

Management has maintained FY26E EBITDA margin guidance of 26%, anchored by operating leverage and an improving business mix, even as R&D investments stay elevated to progress late-stage assets and complex programs. The US business outlook is for single-digit growth, with Revlimid erosion expected to be offset through 25 new launches in FY26E, including 505 and injectable opportunities. India branded formulations is guided to outpace IPM, while emerging markets and Europe are expected to deliver high-teens to mid-20s growth.

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