

Pharma and Healthcare

Base business momentum to offset gRevlimid drag

The India Pharma and Healthcare sector is expected to see moderate revenue growth as EBITDA margins remain flat. We project sales/EBITDA growth of 11%/10% YoY for our coverage universe. Our assumptions are: (1) Pharma coverage will see 10% YoY sales growth driven by 11% YoY increase in the India business. The US formulations are expected to be flattish on the back of pricing pressures in the base business and QoQ lower gRevlimid sales (Dr Reddy's, Zydus, and Aurobindo) will be offset by steady traction in key products (gSpiriva - Lupin, gJynarque – Lupin, gMyrbetriq – Zydus and Lupin) and new launches. (2) Indian CRDMOs face a lumpy quarter as slowdown in commercial supplies and ramping up new capacities keep sales growth in check. (3) EBITDA margins for the pharma segment are expected to remain muted (-44bps YoY), as price erosion in the US, expected increase in R&D, and SG&A will partly offset by India growth; (4) the hospital business is projected to grow by 14% YoY, as lower occupancy (festive season) and moderate ARPOBs are offset by better case mix. We expect EBITDA margins to expand for Apollo Hospital (due to reduced spending on Apollo 24/7), while Aster DM (slower growth and new greenfield hospital) and Max Healthcare (integration of low margin acquired hospitals and new beds) may see a margin decline. (5) The diagnostics segment is expected to post 16% YoY sales growth (ex-M&A growth at 12% YoY), driven by patient/test volume increases, as network expansions and M&A-led costs could keep margins under pressure; (6) while the retail pharmacy Medplus is expected to see 12% YoY growth, Apollo Pharmacy could see steady 17% YoY growth. Overall, we expect strong performances from Lupin, IPCA, Divi's Labs, Sai Life, Apollo Hospitals and Medplus, while Aurobindo, Dr Reddy's and Sun Pharma may post muted results.

- **US business to be flat QoQ:** The US generics market is likely to remain muted QoQ growth due to lower sales from gRevlimid (Dr Reddy's, Aurobindo, Zydus) and pricing pressures in the base business. This is expected to be partly offset by traction in key products gJynarque (Lupin), gSpiriva (Lupin), and gMyrbetriq (for Lupin and Zydus), and specialty scale-up (Sun Pharma).
- **India coverage growth expected at 11% YoY vs IPM's at ~10.1%:** Indian pharma market (IPM) saw steady growth of 10.1% in Oct/Nov'25 (as per IQVIA), led by strong 15% growth in the chronic segment, which was partly offset by ~7% growth in the acute segment for the same period. We expect our coverage universe to see 11% YoY growth in India business on the back of traction in specialty portfolio (Sun Pharma, Zydus) and chronic (Sun, Torrent). On the other hand, muted growth in anti-infectives (Alkem, Mankind) could impact the overall growth momentum.
- **Healthcare coverage to see muted occupancy and steady ARPOB:** Hospital companies with a focus on case/payor-mix have seen steady ARPOB growth. However, occupancy in Q3FY26E is expected to remain muted, largely due to seasonality and impact of new bed additions. Retail pharmacy to see steady sales growth and margins. Diagnostics will see 16% growth on steady volume growth and M&As (organic growth at 12% YoY); network expansion, offset by M&A-related costs and lab additions to restrict margins.
- **Margins to remain under check:** We expect pharma segment margins to remain under check, as pricing pressures in the US business, increased R&D, SG&A, and addition of new MRs in India business are likely to impact margins this quarter. CRDMO business is also expected to sustain its margins as new capacities mature, while the hospital business could see some pressure on the back of lower occupancies and new bed additions.

YE March	Rec.	TP (INR/share)
Pharma		
Alkem	ADD	6,070
Aurobindo	ADD	1,260
Dr. Reddy's	REDUCE	1,320
Eris Life	ADD	1,810
IPCA Labs	BUY	1,660
Lupin	ADD	2,170
Mankind	ADD	2,530
Sun Pharma	BUY	2,000
Torrent Pharma	ADD	3,980
Zydus Life	ADD	1,020
Divi's Lab	BUY	7,630
Sai Lifesciences	BUY	1,160
Piramal Pharma	BUY	230
Anthem Biosciences	ADD	740
Laurus Labs	REDUCE	1,040
Healthcare		
Apollo Hospitals^	BUY	9,100
Max Healthcare	ADD	1,200
Aster DM Healthcare	ADD	740
Medplus	BUY	1,060
Dr Lal Path labs	BUY	1,740
Metropolis Healthcare	ADD	2,230

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Exhibit 1: HSIE estimates snapshot

Companies (INR mn)	Revenues			EBITDA			EBITDA Margin %			Adjusted Net Profit		
	Q3FY26E	YoY gr.	QoQ gr.	Q3FY26E	YoY gr.	QoQ gr.	Q3FY26E	YoY bps	QoQ bps	Q3FY26E	YoY bps	QoQ bps
Alkem Labs	38,748	15%	-3%	8,718	15%	-5%	22.5	-1	-51	7,464	19%	-2%
Aurobindo	84,347	6%	2%	17,038	5%	2%	20.2	-20	-5	9,216	7%	9%
Dr. Reddy's	84,135	0%	-5%	19,940	-12%	-8%	23.7	-342	-91	12,516	-5%	-12%
Eris Lifesciences	8,133	12%	3%	2,952	18%	2%	36.3	189	-7	1,315	57%	9%
IPCA	25,302	13%	-1%	5,516	24%	0%	21.8	193	12	3,398	47%	-3%
Lupin	68,153	18%	-3%	19,424	34%	-9%	28.5	333	-183	12,027	29%	-9%
Mankind	36,198	12%	-2%	9,520	15%	3%	26.3	61	138	5,551	30%	9%
Sun Pharma	1,48,054	8%	2%	41,899	0%	2%	28.3	-236	1	30,724	2%	10%
Torrent Pharma	32,309	15%	-2%	10,533	15%	-3%	32.6	6	-20	5,930	18%	-6%
Zydus Life	65,002	23%	6%	16,250	25%	-1%	25.0	30	-175	10,040	6%	0%
Divi's Labs	26,034	12%	-4%	8,591	16%	-3%	33.0	96	29	6,069	4%	-5%
Piramal Pharma	22,012	0%	8%	2,421	-28%	53%	11.0	-432	324	391	962%	-139%
Sai Life	5,433	24%	1%	1,499	25%	3%	27.6	37	47	791	47%	-6%
Anthem Bio	5,351	7%	-3%	1,857	16%	-15%	34.7	266	-492	1,232	5%	-23%
Laurus Labs	16,401	16%	-1%	4,002	40%	-1%	24.4	425	1	1,792	94%	-8%
Pharma Total	6,65,611	10%	0%	1,70,161	8%	-2%	25.6	-44	-41	1,08,456	11%	1%
Hospitals												
Apollo Hospital	63,466	15%	1%	9,418	24%	0%	14.8	106	-9	4,968	33%	4%
Aster DM	11,594	10%	-3%	2,236	18%	-10%	19.3	127	-158	1,063	47%	-4%
Max Healthcare^	25,856	13%	0%	6,985	12%	1%	27.0	-25	11	4,195	7%	1%
Hospitals Total	1,00,916	14%	0%	18,639	19%	-1%	18.5	71	-23	10,225	22%	2%
Diagnostic												
DLPL	6,585	10%	-10%	1,712	11%	-24%	26.0	19	-467	1,115	15%	-26%
Metropolis	4,073	26%	-5%	957	33%	-12%	23.5	119	-172	462	47%	-12%
Diagnostic Total	10,658	16%	-8%	2,669	18%	-20%	25.0	46	-361	1,576	23%	-22%
Retail Pharmacy												
Medplus	17,437	12%	4%	1,534	16%	3%	8.8	31	-6	560	22%	1%
Coverage total	7,94,622	11%	0%	1,93,004	10%	-2%	24.3	-30	-44	1,20,818	12%	1%

Source: Companies, HSIE Research. Note: EBITDA and PAT adjusted for one-offs, ^ Max Healthcare financial includes partnered healthcare facilities, Metropolis organic growth excluding M&A at 12% YoY

INR mn	Q3FY25	Q2FY26	Q3FY26E	YoY ch	QoQ ch	Comments
Alkem Labs						
Revenue	33,743	40,010	38,748	15%	-3%	Sales growth led by ~12% growth in India
EBITDA	7,594	9,208	8,718	15%	-5%	formulation business, 4% QoQ growth in the US
EBITDA margin %	22.5%	23.0%	22.5%	-1 bps	-52 bps	(+25% YoY), and ~25% growth in international business (ex-US). Gross margin to marginally
PAT	6,258	7,651	7,464	19%	-2%	expand YoY, but higher costs towards growth
EPS (INR/sh)	52.3	64.0	62.4	19%	-2%	initiatives to keep EBITDA flat YoY.
Aurobindo Pharma						
Revenue	79,785	82,857	84,347	6%	2%	US business to remain flat QoQ with moderation in
EBITDA	16,278	16,781	17,038	5%	2%	injectable business, negligible gRevlimid sales,
EBITDA margin %	20.4%	20.3%	20.2%	-21 bps	-6 bps	partly offset by steady growth in the OSD sales QoQ.
PAT	8,626	8,451	9,216	7%	9%	Europe to sustain steady growth momentum.
EPS (INR/sh)	14.9	14.6	15.9	7%	9%	Declining gross margins are offset by optimizations in cost to keep EBITDA margins relatively flat.
Dr. Reddy's Lab						
Revenue	83,812	88,283	84,135	0%	-5%	US business to decline 13% QoQ due to negligible
EBITDA	22,726	21,727	19,940	-12%	-8%	gRevlimid sales, as well as price and market share
EBITDA margin %	27.1%	24.6%	23.7%	-342 bps	-92 bps	erosion in the base business. India to see 13% YoY
PAT	13,186	14,145	12,516	-5%	-12%	growth and EU business to grow 14% YoY on the
EPS (INR/sh)	15.8	16.9	15.0	-5%	-12%	back of NRT business. We expect gross margin to
						decline on price erosion in key products and steady costs leading to lower EBITDA margin.
Eris Life						
Revenue	7,275	7,924	8,133	12%	3%	We expect base business to see 11% YoY growth on
EBITDA	2,503	2,882	2,952	18%	2%	steady traction in key chronic therapies and gradual
EBITDA margin %	34.4%	36.4%	36.3%	190 bps	-8 bps	recovery in Biocon insulin business; Swiss
PAT	836	1,202	1,315	57%	9%	Parenteral's business has also seen traction this
EPS (INR/sh)	6.1	8.8	9.7	57%	9%	quarter and H2 expected to be strong. Gross margin
						expansion sequentially on better mix, offset by higher costs leading flat EBITDA margins.
IPCA Labs						
Revenue	22,454	25,565	25,302	13%	-1%	We assume India formulation business to see 13%
EBITDA	4,461	5,543	5,516	24%	0%	YoY growth, export formulation to grow 15% YoY
EBITDA margin %	19.9%	21.7%	21.8%	194 bps	12 bps	and API business to see 11% YoY growth. We
PAT	2,311	3,502	3,398	47%	-3%	assume ~12% YoY growth in Unichem sales
EPS (INR/sh)	9.1	13.8	13.4	47%	-3%	(including Bayshore). Gross and EBITDA margin to
						improve YoY on better sales mix and cost controls.
Lupin						
Revenue	57,677	70,475	68,153	18%	-3%	US business to see sustain growth momentum with
EBITDA	14,515	21,376	19,424	34%	-9%	27% YoY growth, led by incremental sales and
EBITDA margin %	25.2%	30.3%	28.5%	334 bps	-184 bps	limited competition in Tolvaptan, steady traction
PAT	9,318	13,272	12,027	29%	-9%	from its key products like gSpiriva, gMyrbetriq, and
						new launches. India business to see moderate
						growth of 5% YoY growth due to lagging
EPS (INR/sh)	20.4	29.1	26.3	29%	-9%	institutional business. Gross margin to remain
						strong (+335 bps YoY) leading to EBITDA margin expansion.

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Exhibit 3: ...HSIE estimates for Q3FY26E – Pharma coverage

INR mn	Q3FY25	Q2FY26	Q3FY26E	YoY ch	QoQ ch	Comments
Mankind						
Revenue	32,300	36,972	36,198	12%	-2%	We assume ex-BSV, India business to see steady
EBITDA	8,298	9,213	9,520	15%	3%	growth of 8% YoY and exports to grow at 5% YoY.
EBITDA margin %	25.7%	24.9%	26.3%	61 bps	139 bps	We have factored BSV sales of ~INR 4.9 bn in Q3.
PAT	4,282	5,115	5,551	30%	9%	Gross margins remain flat due to weak business mix offset by cost controls leading to higher
EPS (INR/sh)	10.4	12.4	13.5	30%	9%	EBITDA margin.
Sun Pharma						
Revenue	1,36,755	1,44,783	1,48,054	8%	2%	US generic business is expected to grow 5% QoQ.
EBITDA	41,924	40,966	41,899	0%	2%	Specialty sales to see strong with growth of ~13%
EBITDA margin %	30.7%	28.3%	28.3%	-236 bps	1 bps	YoY. India to see 12% YoY growth. Steady gross margin to offset by higher costs (inch-up in
PAT	30,037	27,939	30,724	2%	10%	specialty asset related spend) leading to flattish
EPS (INR/sh)	12.5	11.6	12.8	2%	10%	EBITDA margin.
Torrent Pharma						
Revenue	28,090	33,020	32,309	15%	-2%	India formulation business to see growth of 12%
EBITDA	9,140	10,830	10,533	15%	-3%	YoY as steady traction in key therapies. Brazil
EBITDA margin %	32.5%	32.8%	32.6%	7 bps	-20 bps	business to see 12% YoY growth. US business to remain flat QoQ and decline in Germany business
PAT	5,030	6,299	5,930	18%	-6%	due to supply chain disruptions this quarter.
EPS (INR/sh)	14.9	18.6	17.5	18%	-6%	EBITDA margin to remain flat YoY.
Zydus Life						
Revenue	52,691	61,232	65,002	23%	6%	The US to remain flat QoQ as steady traction from
EBITDA	13,017	16,382	16,250	25%	-1%	gMyrbetriq and new launches to partly offset by
EBITDA margin %	24.7%	26.8%	25.0%	30 bps	-176 bps	impact of negligible gRevlimid sales and generic competition in gAsacol HD. India business to see
PAT	9,509	10,076	10,040	6%	0%	growth of 12%. Consumer Wellness business to sales jump due to incremental sales from Naturell
EPS (INR/sh)	9.5	10.0	10.0	6%	0%	(India) and Comfort Click integration. We have also factored in Amplitude Surgical in EU and emerging markets.
Divi's Labs						
Revenue	28,090	33,020	32,309	15%	-2%	Seasonal weakness to result in 4% QoQ decline in
EBITDA	9,140	10,830	10,533	15%	-3%	Custom Synthesis business due to reduced commercial supplies. Generic API business to
EBITDA margin %	32.5%	32.8%	32.6%	7 bps	-20 bps	grow moderately at 9% YoY as weakness in pricing environment persists. Nutraceuticals
PAT	5,030	6,299	5,930	18%	-6%	business to decline 3% QoQ. Margins to sustain
EPS (INR/sh)	14.9	18.6	17.5	18%	-6%	on the back of better business mix.
Sai Lifesciences						
Revenue	4,398	5,375	5,433	24%	1%	CMC and CRO business to grow remain flat QoQ,
EBITDA	1,198	1,458	1,499	25%	3%	as added capacities mature, while complementing
EBITDA margin %	27.2%	27.1%	27.6%	37 bps	47 bps	existing discovery capability with development and scale-up capability. Gross margins to remain
PAT	539	838	791	47%	-6%	flat, as cost controls lead to better margins.
EPS (INR/sh)	2.6	4.0	3.8	47%	-6%	
Piramal Pharma						
Revenue	22,042	20,437	22,012	0%	8%	CDMO business to recover as it grows 15% QoQ,
EBITDA	3,377	1,587	2,421	-28%	53%	on the back of key product supplies and maturing capacities. CHG business to see supply chain
EBITDA margin %	15.3%	7.8%	11.0%	-433 bps	324 bps	disruptions moderating, with moderate growth of
PAT	37	(992)	391	962%	-139%	4% YoY. ICH business to maintain growth momentum of 15% YoY. Better business mix and
EPS (INR/sh)	0.0	(0.7)	0.3	962%	-139%	steady costs to support margin improvement.

Source: Companies, HSIE Research. Note: EBITDA and PAT adjusted for one-offs

Exhibit 4: ...HSIE estimates for Q3FY26E – Pharma coverage

INR mn	Q3FY25	Q2FY26	Q3FY26E	YoY ch	QoQ ch	Comments
Anthem Bio						
Revenue	4,978	5,500	5,351	7%	-3%	CRDMO business to see moderate growth of 8% YoY. Specialty ingredients to grow at 5% YoY. As new capacities ramp up, lower fermentation utilizations and associated costs lead to lower EBITDA margins.
EBITDA	1,595	2,179	1,857	16%	-15%	
EBITDA margin %	32.0%	39.6%	34.7%	266 bps	-492 bps	
PAT	1,170	1,606	1,232	5%	-23%	
EPS (INR/sh)	2.1	2.9	2.2	5%	-23%	
Laurus Labs						
Revenue	14,151	16,535	16,401	16%	-1%	Small molecule CDMO to see 20% growth YoY, as commercial supplies and maturing capacities drive growth. Laurus Bio to remain flat QoQ. Generic API business declines to 5% QoQ as pricing pressures persist offset by steady FDF business. Better business mix to marginally improve gross margins, and steady costs to keep EBITDA margins flat..
EBITDA	2,852	4,033	4,002	40%	-1%	
EBITDA margin %	20.2%	24.4%	24.4%	425 bps	2 bps	
PAT	923	1,950	1,792	94%	-8%	
EPS (INR/sh)	1.7	3.6	3.3	94%	-8%	

Exhibit 5: HSIE estimates for Q3FY26E – Hospital companies' coverage

INR mn	Q3FY25	Q2FY26	Q3FY26E	YoY ch	QoQ ch	Comments
Apollo Hospitals						
Revenue	55,269	63,035	63,466	15%	1%	We expect 13% YoY growth in hospital business (lower occupancy due to high base, bed additions and steady ARPOB growth), HealthCo business to see 17% YoY growth and AHLL to see 18% YoY growth. Steady margins YoY in hospital and YoY reduction Apollo 24/7 spend to help overall EBITDA margin expansion.
EBITDA	7,615	9,411	9,418	24%	0%	
EBITDA margin %	13.8%	14.9%	14.8%	107 bps	-10 bps	
PAT	3,723	4,772	4,968	33%	4%	
EPS (INR/sh)	25.9	33.2	34.5	33%	4%	
Aster DM Healthcare						
Revenue	10,498	11,972	11,594	10%	-3%	We expect 11% YoY growth in hospital business (lower occupancy due to greenfield bed additions in Kerala cluster and single digit ARPOB growth). Greenfield addition in Kerala cluster to elevate costs as margins decline sequentially.
EBITDA	1,892	2,498	2,236	18%	-10%	
EBITDA margin %	18.0%	20.9%	19.3%	127 bps	-159 bps	
PAT	721	1,103	1,063	47%	-4%	
EPS (INR/sh)	1.4	2.1	2.1	47%	-4%	
Max Healthcare						
Revenue	22,810	25,800	25,856	13%	0%	Moderate sales growth is largely led by the steady growth in the company's existing network offset by delayed integration of new brownfield beds and lower occupancy. Max Lab to see steady growth. Integration impact and lower occupancies to keep margins muted.
EBITDA	6,220	6,940	6,985	12%	1%	
EBITDA margin %	27.3%	26.9%	27.0%	-26 bps	12 bps	
PAT	3,920	4,152	4,195	7%	1%	
EPS (INR/sh)	4.0	4.3	4.3	7%	1%	

Source: Companies, HSIE Research. Note: EBITDA and PAT adjusted for one-offs, Max Healthcare financial includes partnered healthcare facilities

Exhibit 6: HSIE estimates for Q3FY26E – Diagnostics companies coverage

INR mn	Q2FY25	Q1FY26	Q2FY26E	YoY ch	QoQ ch	Comments
Dr Lal Path labs						
Revenue	5,967	7,306	6,585	10%	-10%	Steady sales growth of 12% YoY largely led by the YoY growth in volume and increasing bundle test business. Gross margin to sustain at 81%, while lab additions and seasonally slower demand to keep margins muted YoY.
EBITDA	1,540	2,241	1,712	11%	-24%	
EBITDA margin %	25.8%	30.7%	26.0%	20 bps	-468 bps	
PAT	967	1,506	1,115	15%	-26%	
EPS (INR/sh)	5.8	9.0	6.7	15%	-26%	
Metropolis						
Revenue	3,228	4,292	4,073	26%	-5%	Metropolis' consolidated business expected to grow at 26% YoY growth. Organics growth is expected at 15% YoY driven by patient and test volume growth, better product mix, and improved realizations. Lower EBITDA sequentially due to seasonal weakness and integration of Core Diagnostics. As per company update, B2C revenues grew at ~18% YoY for Q3FY26E.
EBITDA	720	1,082	957	33%	-12%	
EBITDA margin %	22.3%	25.2%	23.5%	120 bps	-172 bps	
PAT	314	527	462	47%	-12%	
EPS (INR/sh)	6.1	10.2	8.9	47%	-12%	

Source: Companies, HSIE Research. Note: EBITDA and PAT adjusted for one-offs

Exhibit 7: HSIE estimates for Q3FY26E – Retail pharmacy

INR mn	Q3FY25	Q2FY26	Q3FY26E	YoY ch	QoQ ch	Comments
Medplus						
Revenue	15,614	16,793	17,437	12%	4%	We expect strong growth in Pharmacy business (+12% YoY) as steady growth in Rx business is supported by better performance across private label business. Diagnostic business at INR 313 mn (+14% YoY). Gross margin to expand (+117 bps YoY) with increasing share from private label offset by increased store additions leading to muted EBITDA margins. Operating margin (post rentals) to be at ~5.1% in Q3FY26E vs. 5.1% YoY. Private label to increase ~60 bps QoQ and store addition at ~180 in Q3FY26E, looking to reach FY26 target of 600 stores.
EBITDA	1,325	1,488	1,534	16%	3%	
EBITDA margin %	8.5%	8.9%	8.8%	32 bps	-7 bps	
PAT	459	555	560	22%	1%	
EPS (INR/sh)	3.8	4.6	4.7	22%	1%	

Source: Companies, HSIE Research. Note: EBITDA and PAT adjusted for one-offs

Exhibit 8: The US business to see flat growth QoQ as price erosion in base business and negligible gRevlimid will be partly offset by traction in key products

(USD mn)	US revenues												
	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26E	YoY	QoQ
Alkem	85	93	82	75	77	71	75	70	82	88	89	19%	2%
Aurobindo	402	419	456	438	426	421	435	470	408	417	423	-3%	1%
Dr. Reddy's	390	382	403	391	462	445	395	417	398	365	318	-20%	-13%
Lupin	181	213	212	209	231	223	240	250	282	315	305	27%	-3%
Sun	471	430	477	476	466	517	474	464	473	496	520	10%	5%
Torrent	36	30	33	32	31	32	32	35	36	39	39	22%	0%
Zydus	298	225	221	304	371	288	285	363	372	313	305	7%	-3%
Total	1,862	1,791	1,884	1,926	2,064	1,997	1,937	2,069	2,050	2,032	1,999	3%	-2%

Source: Companies, HSIE Research

Exhibit 9: India formulation business to see moderation in growth to ~11%

(INR mn)	India formulations business										
	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26E	YoY	QoQ
Alkem Labs	22,328	19,724	20,223	24,610	23,649	21,355	22,650	27,660	26,487	12%	-4%
Aurobindo	600	480	610	710	700	560	710	810	819	17%	1%
Dr. Reddy's	11,800	11,265	13,252	13,971	13,464	13,047	14,711	15,780	15,251	13%	-3%
Eris Lifesciences	4,835	4,923	6,416	6,550	6,471	6,096	7,026	7,072	6,982	8%	-1%
IPCA Labs	7,796	6,898	8,734	9,405	8,772	7,641	9,610	10,189	9,912	13%	-3%
Lupin	17,251	16,015	19,381	20,096	19,305	17,113	20,894	20,777	20,270	5%	-2%
Mankind	22,510	20,180	24,280	25,640	25,800	23,660	28,640	29,580	28,327	10%	-4%
Sun Pharma	37,785	37,078	41,445	42,652	43,004	42,130	47,211	47,348	48,164	12%	2%
Torrent Pharma	14,150	13,800	16,350	16,320	15,810	15,450	18,110	18,200	17,707	12%	-3%
Zydus Life	14,273	13,912	14,073	14,569	14,982	15,394	15,195	15,931	16,780	12%	5%
Total	1,53,328	1,44,275	1,64,764	1,74,522	1,71,956	1,62,445	1,84,757	1,93,346	1,90,698	11%	-1%

Source: Companies, HSIE Research, Mankind Pharma including BSV

Exhibit 10: CRDMO growth to grow at ~8% as new capacities mature

	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26E	YoY	QoQ
Revenue (INR mn)	58,824	67,240	68,759	81,221	69,499	74,997	75,230	9%	0%
Divi's Labs	21,180	23,380	23,190	25,850	24,100	27,150	26,034	12%	-4%
Sai Life	2,797	3,956	4,398	5,795	4,964	5,375	5,433	0%	8%
Piramal Pharma	19,511	22,418	22,042	27,541	19,337	20,437	22,012	12%	-4%
Anthem Biosciences	3,386	5,250	4,978	4,832	5,402	5,500	5,351	24%	1%
Laurus Labs	11,949	12,237	14,151	17,203	15,696	16,535	16,401	16%	-1%
EBITDA (INR mn)	11,457	15,334	16,452	22,204	15,303	18,137	18,370	12%	1%
Divi's Labs	6,230	7,160	7,430	8,860	7,290	8,880	8,591	16%	-3%
Sai Life	261	1,022	1,198	1,576	1,209	1,458	1,499	25%	3%
Piramal Pharma	2,045	3,416	3,377	5,610	1,067	1,587	2,421	-28%	53%
Anthem Biosciences	1,209	1,952	1,595	1,952	1,915	2,179	1,857	16%	-15%
Laurus Labs	1,712	1,783	2,852	4,206	3,822	4,033	4,002	40%	-1%
EBITDA margins (%)	19.9%	24.7%	25.4%	29.3%	24.0%	26.3%	26.1%	78 bps	-18 bps
Divi's Labs	29.4%	30.6%	32.0%	34.3%	30.2%	32.7%	33.0%	96 bps	29 bps
Sai Life	9.3%	25.8%	27.2%	27.2%	24.4%	27.1%	27.6%	37 bps	47 bps
Piramal Pharma	10.5%	15.2%	15.3%	20.4%	5.5%	7.8%	11.0%	-432 bps	324 bps
Anthem Biosciences	35.7%	37.2%	32.0%	40.4%	35.4%	39.6%	34.7%	266 bps	-492 bps
Laurus Labs	14.3%	14.6%	20.2%	24.4%	24.4%	24.4%	24.4%	425 bps	1 bps

Source: Companies, HSIE Research

Exhibit 11: Export Data reflects steady growth, accompanied by seasonal weakness as supplies pick up with maturing capacities

Export Data (USD mn)	FY23	FY24	FY25	Q1'26	Q2'26	Oct'25	Nov'25	Q3FY26E QTD YoY Growth
Divi's Labs	813	750	770	240	267	47	75	-13%
Sai Lifesciences	70	69	85	25	51	9	10	13%
Piramal Pharma	205	272	430	75	89	30	28	7%
Anthem Biosciences	88	119	167	52	50	10	7	-53%
Laurus Labs	491	311	367	143	115	29	32	78%

Source: Companies, HSIE Research

Exhibit 12: IPM growth trend – leading companies

Value YoY growth %	FY20	FY21	FY22	FY23	FY24	FY25	Q1'26	Q2'26	Oct'25	Nov'25
India Pharma										
Alkem	17	0	28	13	5	6	9	6	10	5
Alembic Pharma	6	1	23	8	4	1	2	0	5	-3
Cipla	8	11	14	7	8	7	7	7	12	8
Dr Reddy's	7	3	22	2	9	8	11	10	13	10
Eris Life	7	11	10	7	8	5	4	7	9	8
Glenmark	15	14	26	-4	9	12	15	11	17	13
IPCA	19	11	22	14	13	13	9	8	15	9
Lupin	10	3	15	6	6	8	7	6	13	12
Sun Pharma	10	5	16	11	9	10	11	8	15	10
Torrent Pharma	8	8	11	14	8	8	10	7	11	8
Zydus	8	5	15	7	5	10	9	7	15	9
Aristo Pharma	20	6	25	7	9	3	8	5	12	5
Ajanta Pharma	13	7	18	17	10	11	11	12	19	12
Emcure	12	4	22	2	3	6	7	3	3	6
FDC	14	-1	19	16	6	13	8	-4	-6	1
Intas Pharma	14	6	18	16	12	11	11	10	19	15
Indoco	14	-6	20	3	0	3	10	2	-4	-6
JB Chemical	15	23	25	21	10	12	14	10	15	9
Macleods	10	-0	25	12	9	5	8	13	14	6
Mankind	13	11	18	9	8	8	9	6	8	5
Micro Labs	13	-2	37	4	2	3	5	1	2	4
USV	10	10	13	9	8	5	7	6	10	6
MNC Pharma										
Abbott	8	3	14	10	8	10	8	7	6	5
GSK Pharma	6	-1	14	7	1	1	4	3	9	11
Pfizer	6	6	12	-1	-5	8	4	7	12	10
Sanofi	11	4	11	5	0	4	3	9	20	9
IPM	11	5	18	8	7	8	9	7	12	9

Source: Companies, HSIE Research

Exhibit 13: IPM growth trend – leading therapies

Value YoY growth %	% FY25 share	FY21	FY22	FY23	FY24	FY25	Q1'26	Q2'26	Oct-25	Nov-25
Cardiac	13%	13	11	9	10	12	13	11	17	15
Anti-Infectives	11%	(12)	35	6	3	5	6	4	5	(1)
Gastrointestinal	11%	6	17	12	7	10	7	2	9	6
Anti Diabetic	9%	9	7	7	6	8	9	9	15	13
Respiratory	8%	(8)	44	7	3	3	12	14	16	5
Pain / Analgesics	8%	(1)	22	12	8	8	7	5	8	5
Vitamins/Minerals/Nutrients	8%	11	16	4	7	8	8	7	11	9
Derma	7%	6	10	7	6	10	6	3	10	7
Neuro / CNS	6%	10	11	12	9	9	10	7	13	10
Gynaec.	5%	3	16	16	6	4	6	6	9	11
Antineoplast/Immunomodulator	3%	11	20	25	23	13	14	24	25	30
Urology	2%	5	18	17	14	14	11	9	16	11
Ophthal / Otologicals	2%	(2)	22	16	9	5	9	6	12	10
Hormones	2%	4	17	10	7	6	8	10	12	10
Vaccines	1%	5	4	(7)	16	9	10	13	17	20
IPM	100%	5	18	8	7	8	9	7	12	9

Source: Companies, HSIE Research

Exhibit 14: Gross margin to remain flat due to price erosion in base business and high base

Gross margin %	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26E	YoY bps	QoQ bps
Alkem	64.5%	64.7%	64.3%	59.3%	65.3%	65.0%	64.8%	49	(18)
Aurobindo	59.4%	58.8%	58.4%	59.7%	58.8%	59.7%	59.1%	65	(60)
Dr. Reddys	71.7%	70.6%	69.2%	66.6%	67.2%	64.9%	64.2%	(500)	(71)
Eris	74.9%	74.9%	75.7%	75.9%	76.1%	74.5%	75.2%	(48)	74
IPCA Labs	69.2%	67.8%	70.2%	68.5%	70.0%	69.4%	70.3%	6	87
Lupin	68.8%	70.2%	70.2%	70.2%	71.7%	74.1%	73.5%	335	(61)
Mankind	71.9%	71.6%	71.0%	71.6%	70.5%	71.3%	71.4%	35	13
Sun Pharma	78.9%	79.7%	80.0%	79.6%	79.7%	79.4%	79.8%	(16)	40
Torrent Pharma	75.7%	76.5%	76.0%	75.9%	75.6%	75.8%	76.2%	16	43
Zydus Life	74.4%	71.9%	69.9%	74.0%	72.8%	72.4%	70.5%	55	(189)
Divi's Labs	59.7%	58.6%	60.2%	62.1%	60.3%	60.5%	60.8%	56	32
Piramal Pharma	65.4%	64.5%	63.4%	65.3%	64.1%	65.6%	65.0%	156	(63)
Sai Lifesciences	73.9%	73.7%	72.5%	71.1%	71.6%	73.9%	73.6%	108	(33)
Anthem Biosciences	56.7%	64.2%	53.3%	63.4%	57.3%	59.4%	57.5%	425	(189)
Laurus Labs	55.1%	55.2%	56.9%	54.5%	59.4%	59.9%	60.2%	332	32
Total Pharma Gross Margin (%)	70.4%	70.1%	69.7%	69.4%	70.0%	70.0%	69.8%	10	(21)

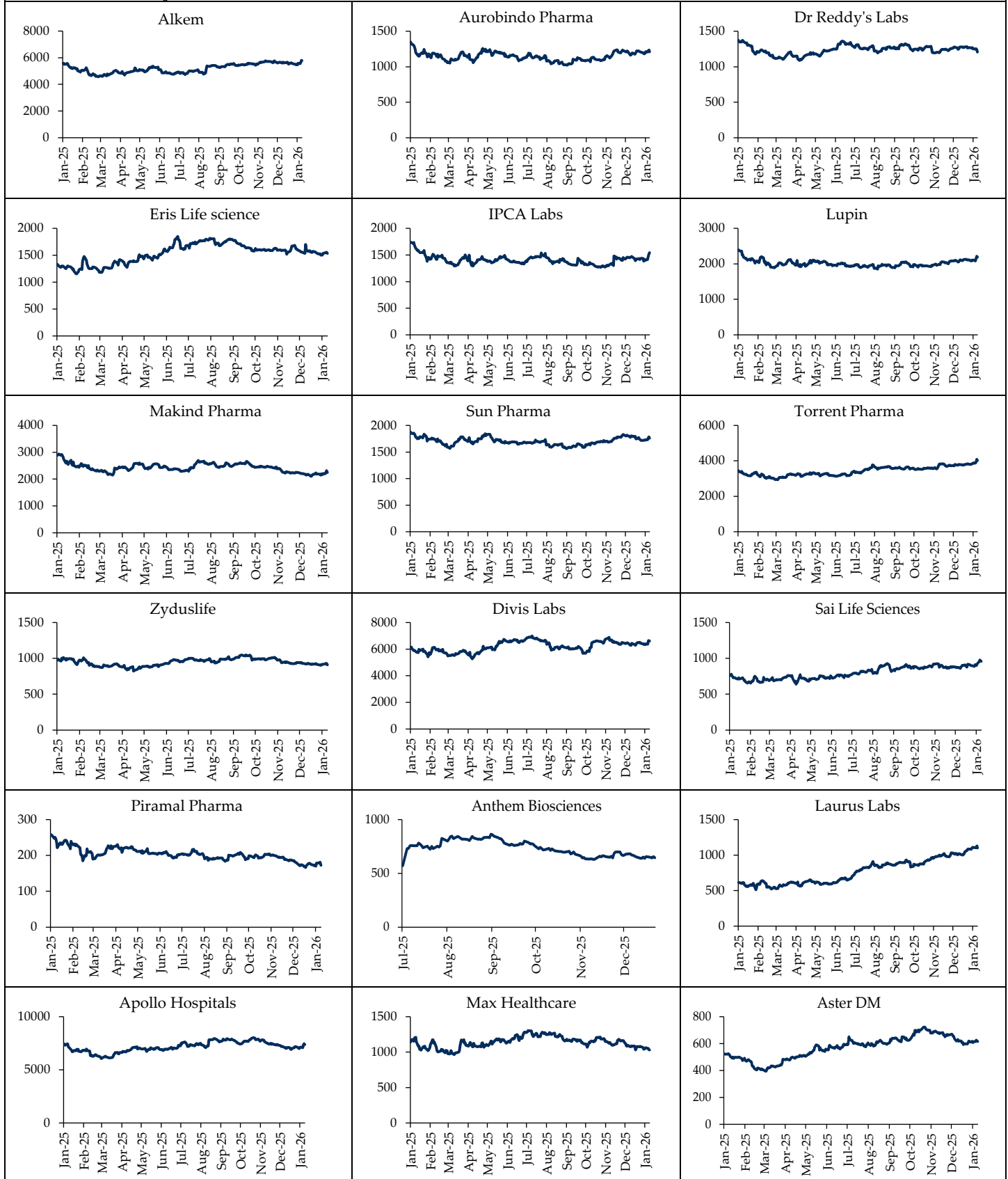
Source: Companies, HSIE Research

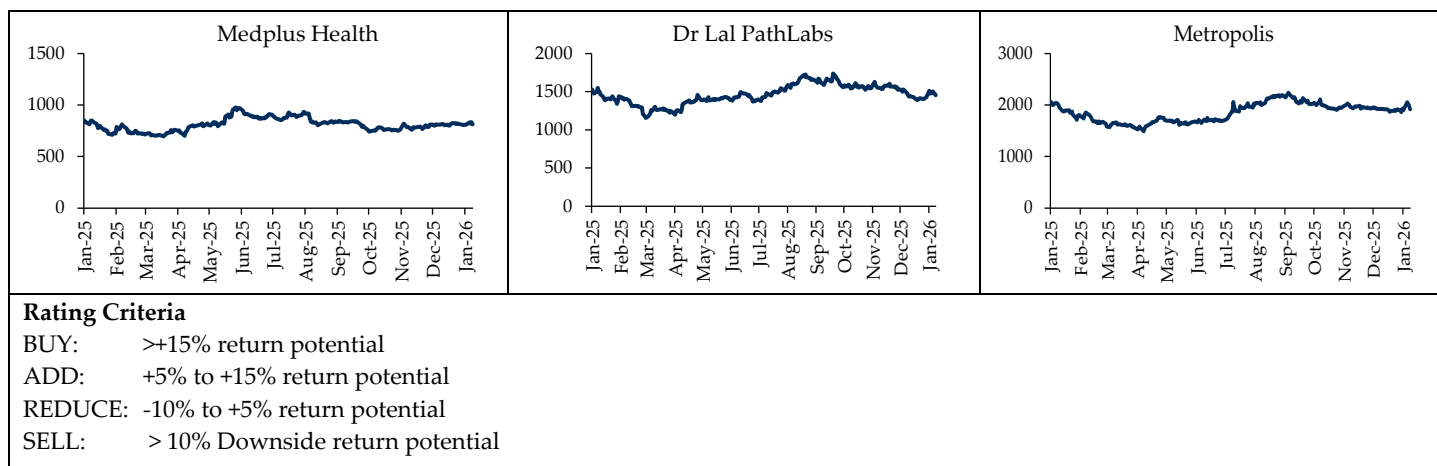
Exhibit 15: Currency movement

Currency vs. INR	(Q3FY26) (Avg)	% chg		(Q3FY26) (Spot)	% chg	
		YoY	QoQ		YoY	QoQ
USD	89.1	6	2	89.9	5	1
RUB	0.7	3	0	0.7	-0	0
BRL	16.2	12	1	15.6	13	-3
ZAR	5.1	8	3	5.2	14	4
EUR	101.7	13	-0	100.4	13	0
YEN	0.6	2	-4	0.5	0	-6
AUD	57.3	4	0	57.0	8	1
CAD	62.6	4	-1	62.3	5	1

Source: Bloomberg

1 Yr Price history





Disclosure:

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