

Pharma and Healthcare

Generics to see margin pressure; CDMO to shine

The India pharma and healthcare sector is expected to see revenue growth, led by M&A and India growth, but EBITDA margins are expected to decline YoY due to competitive pressure in key products in the US and higher costs. We project sales/EBITDA growth of 17%/12% YoY for our coverage universe. Our assumptions are: (1) Pharma coverage to see 14% YoY sales growth, driven by 18% YoY increase in the India business (ex-Torrent + JB growth at 15% YoY). This is expected to be offset by muted US formulations (+1% QoQ and -6% YoY) on the back of pricing pressures in the base business and absence of gRevlimid sales (Dr Reddy's, Zydus, Sun Pharma, and Aurobindo) and gJynarque (Lupin) as well as gMyrbetriq (Zydus and Lupin), which will be partly offset by steady traction in base business, new launches, and volume growth (steady shortages in the US). (2) EBITDA margins for the pharma segment are expected to come down (-126bps YoY), with increase in input cost, price erosion in the US, absence of gRevlimid, steady R&D, and higher SG&A (freight was cost up 93% YoY and +57% QoQ). (3) Indian CRDMOs to see a strong 18% YoY revenue and 34% YoY EBITDA growth. (4) The hospital business is projected to grow by 31% YoY (ex-Quality Care merger; hospital revenues to see growth of 17% YoY), driven by steady occupancy, ARPOB growth, Aster + Quality care merger, and bed capacity addition. We expect EBITDA margins to be steady for Apollo Hospital (due to reduced spending on Apollo 24/7) and Aster DM (watchful given first quarter of integration with Quality care), while Max Healthcare (integration of low-margin acquired hospitals and new beds) may see a flattish margin. (5) The diagnostics segment is expected to post 16% YoY sales growth, driven by volume increases leading to margin expansion. (6) Strong growth visibility in retail pharmacy business with 20% YoY growth expected for Medplus and Apollo HealthCo. However, decline in private label sales for Medplus to impact margins. Strong performances: Aurobindo, Eris, Mankind, Divi's Lab, Anthem Bio, Laurus, Apollo Hospitals, Metropolis, Dr Lal Pathlabs. Muted performance: Dr Reddy's, Lupin, Zydus Life, Max Healthcare, Medplus.

- **US business to be muted QoQ:** The US generics market is likely to be muted QoQ due to absence of gRevlimid and competitive pressure in other key products like gJynarque (Lupin) and gMyrbetriq (for Lupin and Zydus). Specialty scale-up (Sun Pharma) is expected in Q2.
- **India coverage growth expected at 18% YoY vs IPM's at ~13%:** Indian pharma market (IPM) saw growth of 13% in Jul/Aug-26 (as per IQVIA), led by strong 16% growth in the chronic and ~12% growth in the acute segment for the same period. We expect our coverage universe to see 18% YoY growth in India business (ex-Torrent + JB, growth to be at 15% YoY), led by traction in specialty portfolio (Sun Pharma and Zydus) and chronic (Sun and Torrent).
- **Healthcare coverage to see remain steady:** Hospital companies with a focus on case/payor-mix have seen ARPOB growth, steady occupancy, and bed capacity addition to drive growth. Retail pharmacy to see strong sales growth but margin impact due to lower private label sales. Diagnostics will see 16% growth on steady volume growth and improved realization: operating leverage to help margin expansion.
- **Margins under pressure:** We expect pharma segment margins to remain under pressure, as pricing pressures in the US business, absence of gRevlimid, generic competition in key products, steady R&D, and higher SG&A (freight was cost up 93% YoY and +57% QoQ) are likely to impact margins this quarter. The CRDMO business is expected to sustain their margins.

YE March	Rec.	TP (INR/share)
Pharma		
Alkem	ADD	6,000
Aurobindo	ADD	1,730
Dr. Reddy's	REDUCE	1,200
Eris Life	BUY	1,730
Ipca	BUY	2,010
Lupin	ADD	2,630
Mankind	ADD	2,850
Sun Pharma	BUY	2,320
Torrent Pharma	ADD	5,270
Zydus Life	ADD	1,240
Divi'S Lab	BUY	9,230
Sai Lifesciences	BUY	1,580
Piramal Pharma	BUY	240
Anthem Biosciences	ADD	950
Laurus Labs	REDUCE	1,580
Healthcare		
Apollo Hospitals^	BUY	10,000
Max Healthcare	ADD	1,110
Aster DM Healthcare	ADD	900
Medplus	BUY	960
Dr Lal Path labs	BUY	2,080
Metropolis	ADD	650

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Exhibit 1: HSIE estimates snapshot

Companies (INR mn)	Revenues			EBITDA			EBITDA Margin %			Adjusted Net Profit		
	Q2FY27E	YoY gr.	QoQ gr.	Q2FY27E	YoY gr.	QoQ gr.	Q2FY27E	YoY bps	QoQ bps	Q2FY27E	YoY gr.	QoQ gr.
Alkem Labs	45,375	13%	21%	10,164	10%	33%	22.4	(61)	192	6,649	-13%	28%
Aurobindo	98,055	18%	7%	20,395	22%	6%	20.8	55	(23)	10,679	26%	1%
Dr. Reddy's	84,762	-4%	5%	13,138	-40%	19%	15.5	(911)	191	7,803	-45%	23%
Eris Lifesciences	8,936	13%	2%	3,056	6%	3%	34.2	(217)	28	1,483	23%	4%
IPCA	28,397	11%	2%	6,588	19%	3%	23.2	152	32	3,986	14%	8%
Lupin	76,823	9%	-7%	18,438	-14%	-25%	24.0	(633)	(576)	10,160	-23%	-29%
Mankind	41,931	13%	4%	11,028	20%	4%	26.3	138	10	6,157	20%	8%
Sun Pharma	160,718	11%	5%	46,287	13%	8%	28.8	51	72	31,914	14%	8%
Torrent Pharma	49,735	51%	1%	16,761	55%	1%	33.7	90	(11)	6,038	-4%	4%
Zydus Life	77,823	27%	-3%	18,133	11%	-3%	23.3	(345)	(5)	9,307	-8%	3%
Divis Labs	31,805	17%	3%	11,259	27%	-11%	35.4	269	(557)	8,050	26%	-11%
Piramal Pharma	23,380	14%	3%	2,338	47%	20%	10.0	224	140	(262)	-74%	-62%
Sai Lifesciences	5,959	11%	8%	1,657	14%	12%	27.8	67	110	879	5%	20%
Anthem Biosciences	6,771	23%	62%	2,722	25%	81%	40.2	58	420	1,944	12%	64%
Laurus Labs	20,861	26%	3%	6,258	55%	-2%	30.0	561	(150)	3,484	79%	-5%
Pharma Total	761,330	14%	4%	188,221	9%	2%	24.7	(126)	(39)	108,272	1%	3%
Hospitals												
Apollo Hospital	75,035	19%	7%	11,883	26%	9%	15.8	91	33	6,291	32%	8%
Aster DM	27,089	126%	107%	5,953	138%	125%	22.0	111	181	2,689	144%	106%
Max Healthcare^	30,059	17%	6%	7,748	12%	10%	25.8	(112)	91	4,371	5%	15%
Hospitals Total	132,183	31%	18%	25,585	36%	24%	19.4	66	93	13,350	33%	22%
Diagnostic												
DLPL	8,535	17%	7%	2,714	21%	10%	31.8	113	77	1,844	22%	9%
Metropolis	4,944	15%	10%	1,290	19%	16%	26.1	88	140	680	29%	20%
Diagnostic Total	13,479	16%	8%	4,004	20%	12%	29.7	106	97	2,524	24%	12%
Retail Pharmacy												
MedPlus	20,145	20%	7%	1,551	4%	16%	7.7	(116)	61	475	-14%	43%
Coverage total	927,137	17%	6%	219,362	12%	4%	23.7	(107)	(27)	124,621	4%	5%

Source: Companies, HSIE Research. Note: EBITDA and PAT adjusted for one-offs, ^ Max Healthcare financial includes partnered healthcare facilities. Torrent Pharma includes JB Chemicals, Alkem includes Occlutech, and Aster DM to report Q2 as merged entity with Quality Care.

Exhibit 2: HSIE estimates for Q2FY27E – Pharma coverage...

INR mn	Q2FY26	Q1FY27	Q2FY27E	YoY ch	QoQ ch	Comments
Alkem Labs						
Revenue	40,010	37,402	45,375	13%	21%	We expect sales growth to be led by ~12% growth in the India formulation business, 6% QoQ growth in the US (-5% YoY), and ~23% growth in international markets (ex-US), along with incremental sales from the Medtech business (Occlutech). Gross and EBITDA margins should remain under pressure from the Occlutech integration and higher costs.
EBITDA	9,208	7,661	10,164	10%	33%	
EBITDA margin %	23.0%	20.5%	22.4%	-62 bps	192 bps	
PAT	7,651	5,200	6,649	-13%	28%	
EPS (INR/sh)	64.0	43.5	55.6	-13%	28%	
Aurobindo Pharma						
Revenue	82,857	91,504	98,055	18%	7%	We expect US sales to grow 15% QoQ, led by the Lannett integration and steady QoQ growth in OSD sales, partly offset by moderation in the injectables business. Europe to sustain its strong growth momentum. The margin drag from the Lannett integration should be offset by cost optimization and strong EU growth.
EBITDA	16,781	19,243	20,395	22%	6%	
EBITDA margin %	20.3%	21.0%	20.8%	55 bps	-24 bps	
PAT	8,451	10,536	10,679	26%	1%	
EPS (INR/sh)	14.7	18.3	18.6	26%	1%	
Dr Reddy's Lab						
Revenue	88,283	80,998	84,762	-4%	5%	We expect US sales to remain flat QoQ, as price erosion offsets higher volumes and traction from new launches (-36% YoY due to the absence of gRevlimid). India should grow ~17% YoY on new launches and steady traction in key therapies, while the EU business should grow 8% YoY. Gross margin should decline on price erosion in key products, higher input costs and the absence of gRevlimid sales. Other cost escalations (such as freight) to further pressure EBITDA margin.
EBITDA	21,727	11,011	13,138	-40%	19%	
EBITDA margin %	24.6%	13.6%	15.5%	-912 bps	191 bps	
PAT	14,145	6,342	7,803	-45%	23%	
EPS (INR/sh)	16.9	7.6	9.3	-45%	23%	
Eris Life						
Revenue	7,924	8,733	8,936	13%	2%	We expect the India formulation business to grow 14% YoY on traction in key chronic therapies, the Semaglutide launch in India and a steady insulin business. The Swiss Parenterals business is expected to recover QoQ. Gross margin to decline on product mix, and with other costs steady, EBITDA margin should also be lower.
EBITDA	2,882	2,962	3,056	6%	3%	
EBITDA margin %	36.4%	33.9%	34.2%	-218 bps	28 bps	
PAT	1,202	1,424	1,483	23%	4%	
EPS (INR/sh)	8.7	10.3	10.7	23%	4%	
IPCA Labs						
Revenue	25,565	27,881	28,397	11%	2%	We assume 13% YoY growth in the India formulation business, 16% YoY growth in export formulations and 4% YoY growth in the API business. We also assume ~13% YoY growth in Unichem sales (including Bayshore). Gross margin expansion and steady costs should support EBITDA margin.
EBITDA	5,543	6,379	6,588	19%	3%	
EBITDA margin %	21.7%	22.9%	23.2%	152 bps	32 bps	
PAT	3,502	3,703	3,986	14%	8%	
EPS (INR/sh)	13.8	14.6	15.7	14%	8%	
Lupin						
Revenue	70,475	82,769	76,823	9%	-7%	We expect US sales to decline by 19% QoQ (-6% YoY) on competition-led price erosion in key products such as Tolvaptan and gMyrbetriq, partly offset by steady traction in gSpiriva and new launches. India to grow 14% YoY. Lower gross margin, loss of exclusivity in Tolvaptan, royalty fees on gMyrbetriq sales and steady costs should lead to an EBITDA margin correction.
EBITDA	21,376	24,635	18,438	-14%	-25%	
EBITDA margin %	30.3%	29.8%	24.0%	-634 bps	-577 bps	
PAT	13,272	14,248	10,160	-23%	-29%	
EPS (INR/sh)	29.0	31.2	22.2	-23%	-29%	

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

Exhibit 3: ...HSIE estimates for Q2FY27E – Pharma coverage

INR mn	Q2FY26	Q1FY27	Q2FY27E	YoY ch	QoQ ch	Comments
Mankind						
Revenue	36,972	40,306	41,931	13%	4%	Excluding BSV, we assume steady 12% YoY growth in India and 23% YoY growth in exports. We have factored in BSV sales of ~INR 5.28 bn in Q2. Gross margin should expand on better sales mix and cost controls, leading to higher EBITDA margin.
EBITDA	9,213	10,562	11,028	20%	4%	
EBITDA margin %	24.9%	26.2%	26.3%	139 bps	10 bps	
PAT	5,115	5,681	6,157	20%	8%	
EPS (INR/sh)	12.4	13.8	14.9	20%	8%	
Sun Pharma						
Revenue	144,783	152,999	160,718	11%	5%	We expect US generic sales to remain flat QoQ on the lack of new launches (a sharp YoY decline due to the absence of gRevlimid). Specialty sales will be strong, growing ~15% YoY, and India growth at 16% YoY. Gross margin improvement on better business mix, and EBITDA margin should improve on cost controls.
EBITDA	40,966	42,957	46,287	13%	8%	
EBITDA margin %	28.3%	28.1%	28.8%	51 bps	73 bps	
PAT	27,939	29,437	31,914	14%	8%	
EPS (INR/sh)	11.6	12.3	13.3	14%	8%	
Torrent Pharma						
Revenue	33,020	49,210	49,735	51%	1%	Numbers are not comparable due to the JB Chemical integration. Excluding JB, Torrent's revenue growth is 14%. Gross and EBITDA margins should improve on cost synergies from the JB Chemical integration. Integration-related depreciation and finance costs should lead to flattish YoY PAT growth.
EBITDA	10,830	16,640	16,761	55%	1%	
EBITDA margin %	32.8%	33.8%	33.7%	91 bps	-12 bps	
PAT	6,299	5,822	6,038	-4%	4%	
EPS (INR/sh)	16.6	15.3	15.9	-4%	4%	
Zydus Life						
Revenue	61,232	80,170	77,823	27%	-3%	We expect US sales to remain flat QoQ, as volume growth in the base business, new launches and the Rolvedon integration are partly offset by generic competition in gMyrbetriq and gAsacol HD. India to grow ~19% YoY. Consumer Wellness sales to jump on incremental sales from the Comfort Click integration. We expect a sharp margin correction due to the absence of gRevlimid, royalty fees on gMyrbetriq sales and cost escalation (higher input and freight costs, and investment in the specialty business).
EBITDA	16,382	18,717	18,133	11%	-3%	
EBITDA margin %	26.8%	23.3%	23.3%	-346 bps	-5 bps	
PAT	10,076	9,003	9,307	-8%	3%	
EPS (INR/sh)	10.1	9.0	9.3	-8%	3%	

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

Exhibit 4: HSIE estimates for Q2FY27E – CRDMO coverage

INR mn	Q2FY26	Q1FY27	Q2FY27E	YoY ch	QoQ ch	Comments
Divis Labs						
Revenue	27,150	30,800	31,805	17%	3%	We expect the Custom Synthesis business to grow a strong 24% YoY, generic API to grow 7% YoY and Nutraceuticals to grow 14% YoY. Higher gross margin and steady costs should drive EBITDA margin.
EBITDA	8,880	12,620	11,259	27%	-11%	
EBITDA margin %	32.7%	41.0%	35.4%	270 bps	-558 bps	
PAT	6,414	9,074	8,050	26%	-11%	
EPS (INR/sh)	24.2	34.2	30.4	26%	-11%	
Sai Lifesciences						
Revenue	5,375	5,543	5,959	11%	8%	We expect the CMC business to remain soft, with a pick-up expected in H2FY27, while the CRO business to see strong growth. Gross margin expansion and steady costs will lead to better margins.
EBITDA	1,458	1,480	1,657	14%	12%	
EBITDA margin %	27.1%	26.7%	27.8%	67 bps	110 bps	
PAT	838	733	879	5%	20%	
EPS (INR/sh)	4.0	3.5	4.2	5%	20%	
Piramal Pharma						
Revenue	20,437	22,699	23,380	14%	3%	We expect the CDMO business to grow 17% YoY on steady supplies and demand. The CHG business to sustain momentum with 18% YoY growth (including Kenalog), and the ICH business to grow 14% YoY. Gross margin should correct YoY on higher input costs, but steady other costs will support EBITDA margin expansion.
EBITDA	1,587	1,952	2,338	47%	20%	
EBITDA margin %	7.8%	8.6%	10.0%	224 bps	141 bps	
PAT	(992)	(694)	(262)	-74%	-62%	
EPS (INR/sh)	(0.7)	(0.5)	(0.2)	-74%	-62%	
Anthem Bio						
Revenue	5,500	4,182	6,771	23%	62%	We expect the CRDMO business to grow a strong 28% YoY on demand and product supplies, while Specialty Ingredients should remain muted. Better mix and steady costs should drive gross and EBITDA margin expansion.
EBITDA	2,179	1,506	2,722	25%	81%	
EBITDA margin %	39.6%	36.0%	40.2%	59 bps	420 bps	
PAT	1,734	1,186	1,944	12%	64%	
EPS (INR/sh)	3.1	2.1	3.5	12%	64%	
Laurus Labs						
Revenue	16,535	20,263	20,861	26%	3%	We expect Small Molecule CDMO to grow 73% YoY as commercial supplies and maturing capacities drive growth. Laurus Bio growth at 25% YoY, and the generic business (API + FDF) to grow 7% YoY. Better business mix to help improve gross margin, and steady costs to drive EBITDA margin.
EBITDA	4,033	6,383	6,258	55%	-2%	
EBITDA margin %	24.4%	31.5%	30.0%	562 bps	-150 bps	
PAT	1,950	3,676	3,484	79%	-5%	
EPS (INR/sh)	3.6	6.8	6.5	79%	-5%	

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

Exhibit 5: HSIE estimates for Q2FY27E – Hospital companies' coverage

INR mn	Q2FY26	Q1FY27	Q2FY27E	YoY ch	QoQ ch	Comments
Apollo Hospitals						
Revenue	63,035	70,435	75,035	19%	7%	We expect the hospital business to grow 19% YoY on better occupancy, ARPP growth and new bed additions. Healthco should grow 20% YoY and AHLL 15% YoY. Margins to improve YoY, as the drag from new hospitals is offset by a YoY reduction in Apollo 24/7 spend and margin improvement in AHLL.
EBITDA	9,411	10,921	11,883	26%	9%	
EBITDA margin %	14.9%	15.5%	15.8%	91 bps	34 bps	
PAT	4,772	5,807	6,291	32%	8%	
EPS (INR/sh)	33.2	40.4	43.7	32%	8%	
Aster DM Healthcare						
Revenue	11,972	13,107	27,089	126%	107%	Numbers are not comparable due to Quality Care Hospital merger and integration. Overall, we assume occupancy rises to 66% with steady YoY ARPOB growth.
EBITDA	2,498	2,643	5,953	138%	125%	
EBITDA margin %	20.9%	20.2%	22.0%	111 bps	181 bps	
PAT	1,103	1,304	2,689	144%	106%	
EPS (INR/sh)	1.3	1.5	3.1	144%	106%	
Max Healthcare						
Revenue	25,800	28,350	30,059	17%	6%	We expect steady growth in hospital sales, as growth in the existing network at steady occupancy and new brownfield beds are partly offset by the impact of the chemotherapy-related drug disruption. Margins to remain under pressure from moderate sales growth and the drag from new hospitals.
EBITDA	6,940	7,050	7,748	12%	10%	
EBITDA margin %	26.9%	24.9%	25.8%	-113 bps	91 bps	
PAT	4,152	3,790	4,371	5%	15%	
EPS (INR/sh)	4.3	3.9	4.5	5%	15%	

Exhibit 6: HSIE estimates for Q2FY27E – Diagnostics companies coverage

INR mn	Q2FY26	Q1FY27	Q2FY27E	YoY ch	QoQ ch	Comments
Dr Lal Path labs						
Revenue	7,306	7,977	8,535	17%	7%	We expect strong volume-led sales growth of 18% YoY. Gross margin should sustain at ~81%, and better realization and cost controls to drive margin expansion.
EBITDA	2,241	2,475	2,714	21%	10%	
EBITDA margin %	30.7%	31.0%	31.8%	113 bps	78 bps	
PAT	1,506	1,695	1,844	22%	9%	
EPS (INR/sh)	9.0	10.1	11.0	22%	9%	
Metropolis						
Revenue	4,292	4,502	4,944	15%	10%	We expect Metropolis' consolidated business to grow 15% YoY, led by double-digit growth in patient and test volumes, improved realizations and a change in product mix. EBITDA margin to improve YoY. TruHealth Wellness and Specialty should be the fastest-growing segments in Q2.
EBITDA	1,082	1,112	1,290	19%	16%	
EBITDA margin %	25.2%	24.7%	26.1%	89 bps	141 bps	
PAT	527	567	680	29%	20%	
EPS (INR/sh)	2.5	2.7	3.3	29%	20%	

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

Exhibit 7: HSIE estimates for Q2FY27E – Retail pharmacy

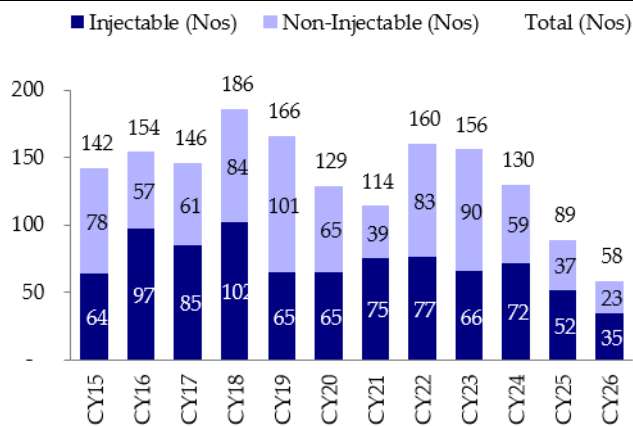
INR mn	Q2FY26	Q1FY27	Q2FY27E	YoY ch	QoQ ch	Comments
Medplus						
Revenue	16,793	18,796	20,145	20%	7%	We expect strong growth in the Pharmacy business (+20% YoY) on steady growth in Rx. Private label sales to remain steady at ~20.5%, and the diagnostics business sales at INR 395 mn (+19% YoY). Private label pharma sales to decline in Q2FY27 to impact gross margin (-105 bps YoY) and store-addition costs, to drag EBITDA margin. Operating margin (post rentals) should be ~4.4% in Q2FY27E vs. 5.3% a year ago.
EBITDA	1,488	1,332	1,551	4%	16%	
EBITDA margin %	8.9%	7.1%	7.7%	-117 bps	62 bps	
PAT	555	332	475	-14%	43%	
EPS (INR/sh)	4.6	2.8	4.0	-14%	43%	

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

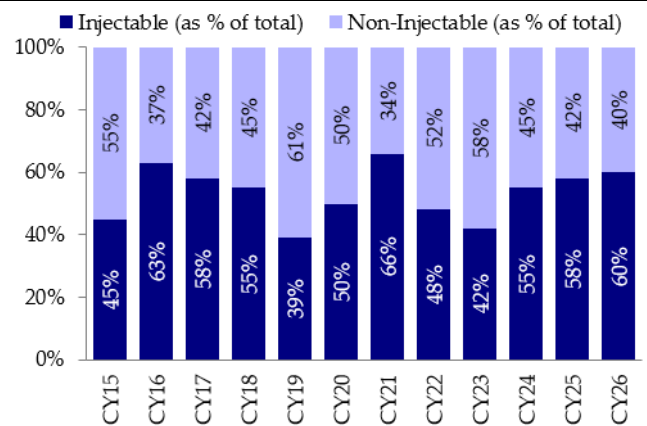
Exhibit 8: The US business is expected to remain muted QoQ as price erosion in base business, absence of gRevlimid, and generic competition in key products

	US revenues											
(USD mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	Q2FY27E	YoY	QoQ
Alkem	77	71	75	70	82	88	85	84	79	83	-5%	6%
Aurobindo	426	421	435	470	408	417	420	387	399	458	10%	15%
Dr. Reddy's	462	445	395	417	398	365	330	237	233	235	-36%	1%
Lupin	231	223	240	250	282	315	350	371	366	295	-6%	-19%
Sun	466	517	474	464	473	496	477	459	427	462	-7%	8%
Torrent	31	32	32	35	36	39	36	43	52	52	33%	0%
Zydus	371	288	285	363	372	313	314	323	327	320	2%	-2%
Total	2,064	1,997	1,937	2,069	2,050	2,032	2,012	1,905	1,882	1,905	-6%	1%

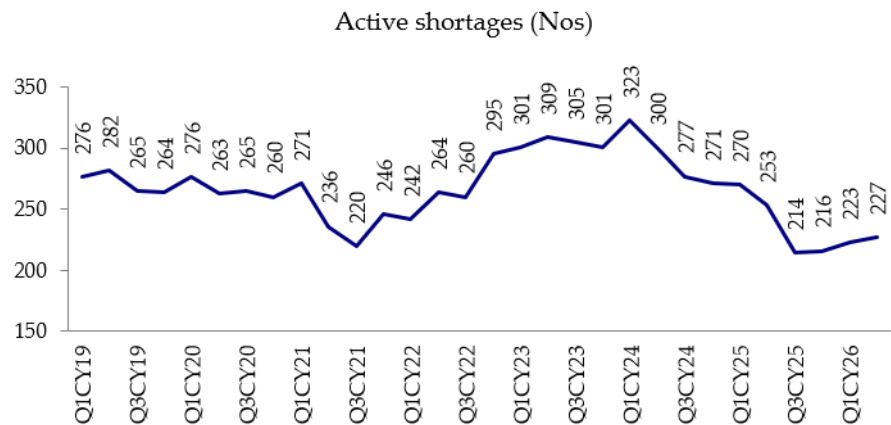
Source: Companies, HSIE Research. Note: *Dr Reddy's Q4FY26 US sales adjusted for SSA impact of USD 50 mn (reported sales was at USD 187mn)

Exhibit 9: US market drug shortage trend


Source: USFDA, ASHP

Exhibit 10: Injectable drug shortage increasing


Source: USFDA, ASHP

Exhibit 11: Quarterly active drug shortage trend in the US market


Source: USFDA, ASHP

Exhibit 12: India formulation business to see strong growth of ~18%

(INR mn)	India formulations business										YoY	QoQ
	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	Q2FY27E		
Alkem Labs	20,223	24,610	23,649	21,355	22,650	27,660	24,959	23,245	24,978	30,979	12%	24%
Aurobindo*	610	710	700	560	710	810	730	750	1,040	1,045	29%	0%
Dr. Reddy's	13,252	13,971	13,464	13,047	14,711	15,780	16,032	15,663	17,177	18,463	17%	7%
Eris Lifesciences	6,416	6,550	6,461	6,096	7,036	7,072	6,899	6,663	7,970	8,036	14%	1%
IPCA Labs	8,734	9,405	8,772	7,641	9,610	10,189	9,840	8,533	10,821	11,514	13%	6%
Lupin	19,381	20,096	19,305	17,113	20,894	20,777	20,387	19,082	23,796	23,686	14%	0%
Mankind	24,280	25,640	25,490	23,660	28,640	29,580	28,430	26,730	31,800	33,266	12%	5%
Sun Pharma	41,445	42,652	43,004	42,130	47,211	47,348	49,986	48,359	54,749	54,924	16%	0%
Torrent Pharma^	16,350	16,320	15,810	15,450	18,110	18,200	17,980	22,150	28,900	27,950	54%	-3%
Zydus Life	14,073	14,569	15,139	15,394	15,192	15,926	17,094	17,528	18,158	18,952	19%	4%
Total	164,764	174,522	171,793	162,445	184,764	193,341	192,337	188,703	219,389	228,813	18%	4%

Source: Companies, HSIE Research, Note: *Aurobindo Pharma India sales include Khandelwal Labs portfolio and ^Torrent Pharma including J B Chemical, Torrent Pharma (ex-JB Chemical) growth at 15% YoY

Exhibit 13: CRDMO coverage is expected to see revenue growth of ~10% YoY and EBITDA growth of 14% YoY

	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26E	Q1FY27	Q2FY27E	YoY	QoQ
Revenue (INR mn)	58,824	67,240	68,759	81,221	69,499	74,997	75,018	86,074	83,487	88,774	18%	6%
Divis Labs	21,180	23,380	23,190	25,850	24,100	27,150	26,040	28,310	30,800	31,805	17%	3%
Sai Life	2,797	3,956	4,398	5,795	4,964	5,375	5,565	6,021	5,543	5,959	11%	8%
Piramal Pharma	19,511	22,418	22,042	27,541	19,337	20,437	21,399	27,518	22,699	23,380	14%	3%
Anthem Biosciences	3,386	5,250	4,978	4,832	5,402	5,500	4,232	6,109	4,182	6,771	23%	62%
Laurus Labs	11,949	12,237	14,151	17,203	15,696	16,535	17,783	18,116	20,263	20,861	26%	3%
EBITDA (INR mn)	11,457	15,334	16,452	22,204	15,303	18,137	19,193	23,630	23,940	24,233	34%	1%
Divis Labs	6,230	7,160	7,430	8,860	7,290	8,880	8,900	9,340	12,620	11,259	27%	-11%
Sai Life	261	1,022	1,198	1,576	1,209	1,458	1,879	1,765	1,480	1,657	14%	12%
Piramal Pharma	2,045	3,416	3,377	5,610	1,067	1,587	1,957	4,605	1,952	2,338	47%	20%
Anthem Biosciences	1,209	1,952	1,595	1,952	1,915	2,179	1,572	2,672	1,506	2,722	25%	81%
Laurus Labs	1,712	1,783	2,852	4,206	3,822	4,033	4,885	5,247	6,383	6,258	55%	-2%
EBITDA margins (%)	19.9%	24.7%	25.4%	29.3%	24.0%	26.3%	28.3%	30.4%	28.8%	28.7%	236 bps	-8 bps
Divis Labs	29.4%	30.6%	32.0%	34.3%	30.2%	32.7%	34.2%	33.0%	41.0%	35.4%	269 bps	-557 bps
Sai Life	9.3%	25.8%	27.2%	27.2%	24.4%	27.1%	33.8%	29.3%	26.7%	27.8%	67 bps	110 bps
Piramal Pharma	10.5%	15.2%	15.3%	20.4%	5.5%	7.8%	9.1%	16.7%	8.6%	10.0%	224 bps	140 bps
Anthem Biosciences	35.7%	37.2%	32.0%	40.4%	35.4%	39.6%	37.1%	43.7%	36.0%	40.2%	58 bps	420 bps
Laurus Labs	14.3%	14.6%	20.2%	24.4%	24.4%	24.4%	27.5%	29.0%	31.5%	30.0%	561 bps	-150 bps

Source: Companies, HSIE Research

Exhibit 14: IPM growth trend – leading companies

Value YoY growth %	FY20	FY21	FY22	FY23	FY24	FY25	FY26	Q1'27	Jul'26	Aug'26
India Pharma										
Alkem	17	0	28	13	5	6	9	14	14	13
Alembic Pharma	6	1	23	8	4	1	1	6	8	5
Cipla	8	11	14	12	8	7	8	15	14	12
Dr Reddy's	7	3	22	4	9	8	12	19	24	22
Eris Life	7	11	10	9	8	5	7	12	8	13
Glenmark	15	14	26	-4	9	12	14	18	16	16
IPCA	19	11	22	14	13	13	11	13	14	13
Lupin	10	3	15	6	6	8	10	17	16	15
Sun Pharma	10	5	16	11	9	10	12	15	14	14
Torrent Pharma (Inc JB)	8	8	11	51	9	9	10	16	16	16
Zydus	8	5	15	7	5	10	10	18	13	16
Aristo Pharma	20	6	25	7	9	3	9	13	16	4
Ajanta Pharma	13	7	18	17	10	11	13	18	15	20
Emcure	12	4	22	10	3	6	5	5	4	13
FDC	14	-1	19	16	6	13	2	9	15	24
Intas Pharma	14	6	18	16	12	11	14	18	16	14
Indoco	14	-6	20	3	0	3	3	4	5	2
Macleods	10	-0	25	12	9	6	10	12	12	8
Mankind	13	11	18	9	8	8	8	13	13	16
Micro Labs	13	-2	37	4	2	3	5	8	10	8
USV	10	10	13	9	8	5	8	8	9	11
MNC Pharma										
Abbott	8	3	14	15	7	9	8	12	11	11
GSK Pharma	6	-1	14	7	1	1	7	11	11	11
Pfizer	6	6	12	-17	-7	9	12	15	2	9
Sanofi	11	4	11	-11	0	4	10	15	13	6
IPM	11	5	18	8	7	8	10	14	14	13

Source: IQVIA, HSIE Research

Exhibit 15: IPM growth trend – leading therapies

Value YoY growth %	% FY26 share	FY20	FY21	FY22	FY23	FY24	FY25	FY26	Q1'27	Jul-26	Aug-26
Cardiac	13%	12	13	11	9	10	12	14	17	16	16
Anti-Infectives	10%	13	(12)	35	6	3	5	5	8	9	3
Gastro Intestinal	10%	9	6	17	12	7	10	6	12	13	13
Anti Diabetic	9%	12	9	7	7	6	8	12	18	20	17
Respiratory	8%	15	(8)	44	7	3	3	12	12	11	3
Pain/Analgesics	8%	12	(1)	22	12	8	8	8	14	14	15
Vitamins/Minerals/Nutrients	8%	10	11	16	4	7	8	10	17	17	16
Derma	7%	9	6	10	7	6	10	7	12	10	13
Neuro / Cns	6%	10	10	11	12	9	9	11	13	14	14
Gynaec.	5%	9	3	16	16	7	4	9	12	13	15
Antineoplastic/Immunomodulator	3%	18	11	20	25	23	14	24	26	19	32
Urology	2%	14	5	18	17	14	14	11	13	14	12
Ophthalmic/Otologicals	2%	11	(2)	22	17	8	5	9	11	12	10
Hormones	2%	9	4	17	10	7	6	10	13	11	6
Vaccines	2%	7	5	4	(7)	16	9	15	17	21	34
IPM	100%	11	5	18	8	7	8	10	14	14	13

Source: IQVIA, HSIE Research

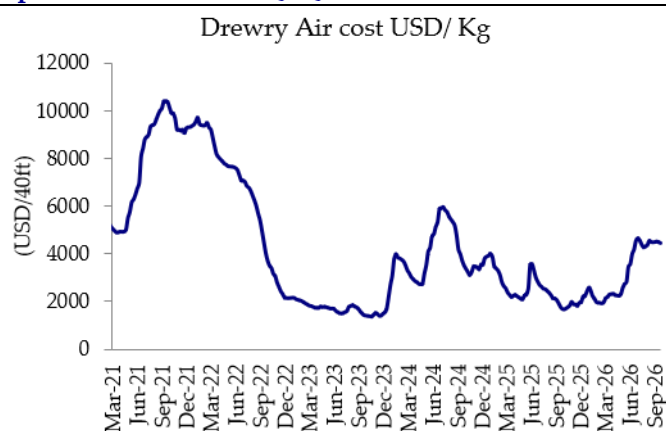
Exhibit 16: Gross margin to remain flat as price erosion in base business, high base of gRevlimid, and rise in raw material prices to offset by expansion across CRDMOs

Gross margin %	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	Q2FY27E	YoY bps	QoQ bps
Alkem	64.5%	64.7%	64.3%	59.3%	65.3%	65.0%	65.9%	65.4%	67.9%	67.4%	242	(48)
Aurobindo	59.4%	58.8%	58.4%	59.7%	58.8%	59.7%	59.7%	61.3%	60.4%	60.2%	50	(16)
Dr. Reddys	71.7%	70.6%	69.2%	66.6%	67.2%	64.9%	64.6%	57.4%	61.2%	61.2%	(371)	3
Eris	74.9%	74.9%	75.7%	75.9%	76.1%	74.5%	72.3%	75.5%	72.6%	72.5%	(196)	(10)
IPCA Labs	69.2%	67.8%	70.2%	68.5%	70.0%	69.4%	72.5%	71.0%	71.4%	71.0%	157	(40)
Lupin	68.8%	70.2%	70.2%	70.2%	71.7%	74.1%	73.8%	75.2%	74.8%	71.5%	(261)	(326)
Mankind	71.9%	71.6%	70.9%	71.6%	70.5%	71.3%	72.6%	72.2%	72.8%	72.4%	113	(35)
Sun Pharma	78.9%	79.7%	80.0%	79.6%	79.7%	79.4%	81.0%	80.8%	80.6%	80.3%	90	(33)
Torrent Pharma	75.7%	76.5%	76.0%	75.9%	75.6%	75.8%	75.8%	75.8%	76.4%	76.3%	53	(7)
Zydus Life	74.4%	71.9%	69.9%	74.0%	72.8%	72.4%	73.2%	74.0%	72.1%	71.5%	(89)	(56)
Divis Labs	59.7%	58.6%	60.2%	62.1%	60.3%	60.5%	63.7%	60.5%	68.0%	62.8%	232	(519)
Piramal Pharma	65.4%	64.5%	63.4%	65.3%	64.1%	65.6%	63.3%	61.6%	62.5%	63.0%	(263)	55
Sai Life	73.9%	73.7%	72.5%	71.1%	71.6%	73.9%	77.0%	73.1%	73.9%	74.0%	7	14
Anthem Bio	56.7%	64.2%	53.3%	63.4%	57.3%	59.4%	66.3%	64.7%	65.0%	64.5%	511	(54)
Laurus Labs	55.1%	55.2%	56.9%	54.5%	59.4%	59.9%	60.9%	61.4%	62.7%	62.4%	252	(29)
Total Pharma gross margin	70.4%	70.1%	69.7%	69.4%	70.0%	70.0%	70.9%	70.1%	70.8%	70.0%	(5)	(88)

Source: Companies, HSIE Research

Exhibit 17: Airfreight price index (USD/kg) was up 25% YoY and flat QoQ


Source: Drewry price index, Bloomberg

Exhibit 18: World container price index (USD/40ft) was up 93% YoY and 57% QoQ


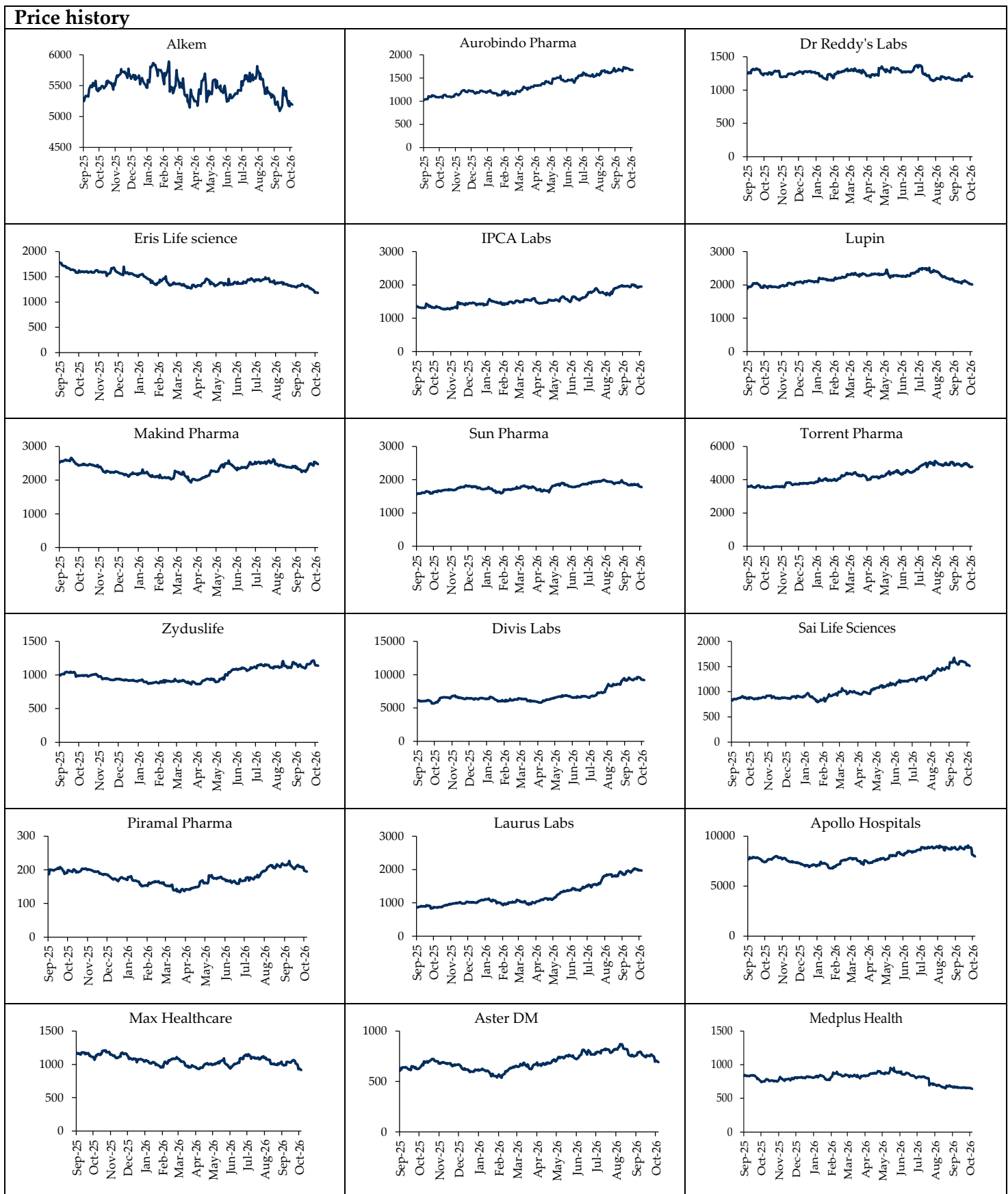
Source: Drewry price index, Bloomberg

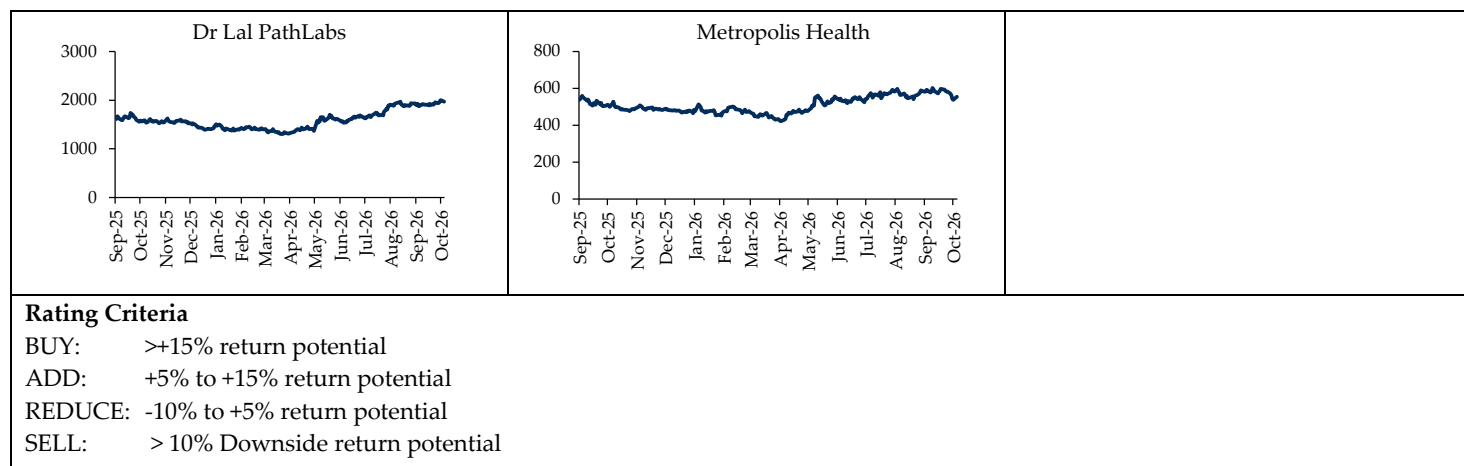
Exhibit 19: Currency movement

Currency vs. INR	(Q2FY27) (Avg)	% chg		(Q2FY27) (Spot)	% chg	
		YoY	QoQ		YoY	QoQ
USD	95.6	9	1	95.8	8	1
RUB	1.2	8	(8)	1.1	7	(5)
BRL	18.6	16	(1)	18.5	11	1
ZAR	5.9	19	2	5.8	13	1
GBP	128.5	9	1	127.3	7	2
EUR	110.0	8	0	108.6	4	0
YEN	0.6	1	1	0.6	1	5
AUD	67.5	18	9	66.6	13	2
CAD	68.3	8	(0)	67.3	6	1

Source: Bloomberg

Price history





Disclosure:

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