PICK OF THE WEEK

14th November, 2026

Gland Pharma Limited

Sector: Pharmaceutical

BUY

CMP	Target Price	Upside
3,334	3,667	10%

CMP as on 13th November, 2026 | Time horizon: 6-9 Months

Why Gland Pharma Ltd.

- Capacity Expansion & Rising Manufacturing Utilisation
- Improving Profitability & Margin Expansion
- Strong CDMO Business & Diversified Injectable Portfolio

About the Company

Gland Pharma Limited is a leading India-based injectable-focused pharmaceutical company with a strong presence across regulated global markets, particularly the US and Europe. The company specialises in sterile injectables, complex generics, oncology and ophthalmic products, with capabilities spanning liquid and lyophilised vials, pre-filled syringes, ampoules and IV bags. Its integrated manufacturing infrastructure comprises seven facilities in India, with an annual capacity of approximately 750 Mn units.

Investment Rationale

A. Capacity Expansion & Rising Manufacturing Utilisation

Gland Pharma is accelerating capacity expansion to address strong demand and emerging capacity constraints across key injectable formats. Existing capacity utilisation has reached approximately 92%, with management expecting it to exceed 100% next year in certain product lines. The company has announced an additional Rs 1,000 Cr brownfield investment at Pashamylaram, involving three new manufacturing lines, while a longer-term greenfield project at Visakhapatnam will support future growth.

B. Improving Profitability & Margin Expansion

The company is witnessing strong operating leverage, supported by higher volumes, favourable product mix and improved business performance. Q2FY27 revenue grew 23% YoY to Rs 1,834 Cr, while EBITDA increased 53% to Rs 480 Cr, expanding margins to 26% from 21% in Q2FY26. Adjusted EBITDA margin improved to 27%, while PAT rose 58% to Rs 291 Cr. Continued scale-up in CDMO operations, better capacity utilisation and operational efficiencies are expected to support sustained profitability improvement.

C. Comprehensive Product Portfolio, CDMO Growth & China Partnerships

Gland Pharma's portfolio spans complex injectables, oncology, ophthalmology and speciality formulations, with CDMO contributing 45% of Q2FY27 revenue, growing 31% YoY. The company is expanding into differentiated segments such as microspheres, peptides and long-acting injectables. Its China strategy, including two in-licensing arrangements for long-acting injectables, offers access to innovative molecules and advanced technologies for manufacturing in India. The recent approval of Eli Lilly's oral GLP-1 drug in China further highlights the country's growing pharmaceutical innovation potential.

Outlook & Valuation

Gland Pharma's growth outlook is supported by expanding CDMO partnerships, rising demand for complex injectables and a strong product pipeline. Management targets ~15% FY27 revenue growth (constant currency), while capacity expansion across existing facilities and the proposed Vizag greenfield project are expected to drive higher volumes, operating leverage and sustained margin improvement.

Analyst Insights

We recommend a **BUY** on the stock with a TP of Rs 3,667/share implying an upside of 10% from the CMP.

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Financial Summary

(Rs Cr)	FY27E	FY28E	FY29E
Net Sales	7,674	8,469	9,422
EBITDA	1,972	2,431	2,770
Net Profit	1,282	1,602	1,830
EPS (Rs)	77.8	97.2	111.1
PER (x)	42.8	34.3	30.0
EV/EBITDA (x)	26.5	21.1	18.2
P/BV (x)	4.8	4.3	3.9
ROE (%)	11.3	12.7	12.9

Market Data

No. of Shares	16.5 Cr
Market Cap (Rs Cr)	55,016
52-week High	3374
52-week Low	1574
PER(x)	43.6
BSE Code	543245
NSE Code	GLAND

Source: Axis Securities Research

About Pick of the Week

| Product Objective

The Pick of the Week (POW) is our flagship high-conviction weekly investment recommendation, designed to identify companies that offer an attractive combination of **earnings visibility, strong business fundamentals, reasonable valuations, and identifiable near-to-medium-term catalysts.** The objective is to provide investors with **timely, actionable, and high-conviction investment ideas** that can generate superior risk-adjusted returns while maintaining a disciplined investment approach.

| Why Pick of the Week?

Markets constantly create opportunities through earnings upgrades, valuation mismatches, sector rotation, policy developments, and company-specific catalysts. While hundreds of listed companies compete for investors' attention, only a select few offer the right balance of quality, growth, valuation, and timing.

Our **Pick of the Week** aims to simplify this selection process by identifying those companies where:

- Earnings visibility has materially improved.
- Business fundamentals continue to strengthen.
- Valuations remain attractive relative to growth prospects.
- Multiple positive catalysts are expected over the next few quarters.
- The risk-reward profile appears favourable versus peers and the broader market.

Each recommendation is therefore intended to represent one of our **highest-conviction investment ideas** available at that point in time.

| Investment Horizon

The recommended investment horizon for **Pick of the Week** ideas is **6–9 months**, allowing sufficient time for business fundamentals and identified catalysts to be reflected in stock prices. However, depending on market conditions, earnings announcements, or company-specific developments, some recommendations may achieve their target returns over a shorter period.

| Risk–Return Profile

Pick of the Week recommendations represent our **highest-conviction research ideas** and are selected based on an attractive balance between expected returns and investment risk.

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BUY	More than 10%
HOLD	Between 10% and -10%
SELL	Less than -10%
NOT RATED	We have forward-looking estimates for the stock, but we refrain from assigning a valuation and recommendation.
UNDER REVIEW	We will revisit our recommendation, valuation and estimates on the stock following recent events.
NO STANCE	We do not have any forward-looking estimates, valuations or recommendations for the stock.

Note: Returns stated in the rating scale are our internal benchmark.

Neil Jha

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