

India

Neutral (no change)

Pharmaceuticals

CDMOs building for a tide, not a transfer

- CDMO pool is growing rather than changing hands. WuXi AppTec grew 38.9%, Lonza grew 16.0%, & a few Indian firms frame the opportunity as displacement.
- Capital is running ahead of demand. Peer set FY26 capex was Rs81.85bn, at 15.5% of sales. No company discloses a take-or-pay clause or an order book.
- Consensus adds ~US\$1.1bn to the peer set revenue by FY28F, ~1.6x the entire estimated China-plus-one prize, six peers trade above 38x FY27F EV/EBITDA.

Growth is there, but not because China is losing it

The China-plus-one case assumes Chinese revenue is at risk. WuXi AppTec shows the opposite, with 1H2026 revenue up 38.9% and backlog up 25.2% through the period in which BIOSECURE became a law in the US. Lonza grew 16.0% in constant currency terms on a 34.8% margin, and outsourcing penetration keeps rising, at 73% of 2025 US novel drug approvals. India participates in an expanding pool on merit, a more durable setup than a market share war, but one that removes the share-gain premise the sector is priced on.

The build is large, and the risk sits with shareholders

FY26 capex across the peer set was Rs81.85bn or 15.5% of sales. Each rupee deployed since FY22 has added Re0.54 to revenue, around half of what the utilised capacity delivers in this peer set, with Divi's Laboratories the lowest at Re0.27. No domestic company discloses an order book, against WuXi AppTec at ~US\$9.2bn and Samsung Biologics at US\$21.7bn. Bachem, PolyPeptide and Catalent each show what happens when capacity arrives before demand, and Piramal Pharma Solutions has already written off Rs1.76bn.

Peptides are the loudest bet and the most exposed

Every name is building peptide capacity, but even the largest disclosed Indian position is ~0.75% of WuXi AppTec's volume. GLP-1 peptide API demand is projected at ~79,000kg by 2030F from its published regional components, against ~US\$1.9bn of peptide capacity programmes announced by the Western specialists and Neuland Laboratories. Indian semaglutide prices fell from Rs16,400 a month to as little as Rs3,400 a month within weeks of patent expiry. Orforglipron, an oral non-peptide GLP-1 approved in Apr 2026, is the substitution risk no company addressed.

Multiples embed years of uninterrupted compounding

Consensus takes peer-set revenue from Rs529bn to Rs717bn by FY28F, adding ~US\$1.1bn to annual contract revenue, ~1.6x the entire estimated China-plus-one prize. Divi's Laboratories and Anthem Biosciences need ~4.5 to 4.6 years of that growth to reach a still-premium 20x EV/EBITDA, against the ~22.9x FY24 EBITDA Novo Holdings paid for control of Catalent. WuXi AppTec's backlog, order book disclosure in India and capex conversion are the markers that would change the view.

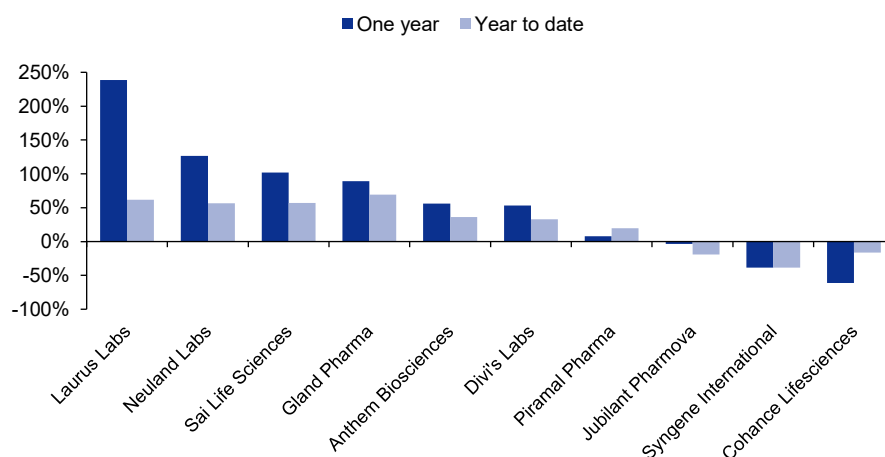
Research Analyst(s)

Ritvik MANGLIK

T (91) 02241611500

E ritvik.manglik@incredresearch.com

Figure 1: Share price performance across the peer set



SOURCE: INCRED RESEARCH, COMPANY REPORTS

The peer set and why the CDMO label misleads

Defining contract revenue ➤

Contract revenue is defined as the revenue from services or manufacturing performed on a molecule owned by a third party, where the customer is an innovator pharmaceutical or biotechnology company selling into regulated markets. Discovery, development, clinical services, Active Pharmaceutical Ingredient (API) manufacturing, formulation and sterile fill-finish all qualify. The test is ownership of the molecule, not the stage of work or the segment label.

Two exclusions follow:

- **Own-product revenue, even when sold business to business:** This removes Anthem Biosciences' specialty ingredients, Neuland Laboratories' generic drug substances, Divi's Laboratories' generic APIs, Laurus Labs' affordable medicines and Cohance Lifesciences' merchant API. Gland Pharma's B2B injectables are excluded because Gland Pharma owns the dossiers and shares profit with a marketing partner
- **Companies serving a different customer:** Domestic formulation manufacturers such as Akums Drugs and Pharmaceuticals serve brand owners rather than innovators, and specialty chemical companies with pre-commercial pharma verticals, including Jubilant Ingrevia, fail the same test.

10 companies, very different contract biz exposure ➤

Contract biz revenue across the peer set is ~Rs297bn on FY26 revenue at 1QFY27 contract share, or ~US\$3.4bn. Share and scale rank in almost opposite order. Syngene International and Sai Life Sciences are wholly contract businesses, yet Divi's Laboratories' custom synthesis biz and Piramal Pharma Solutions are each larger in absolute terms.

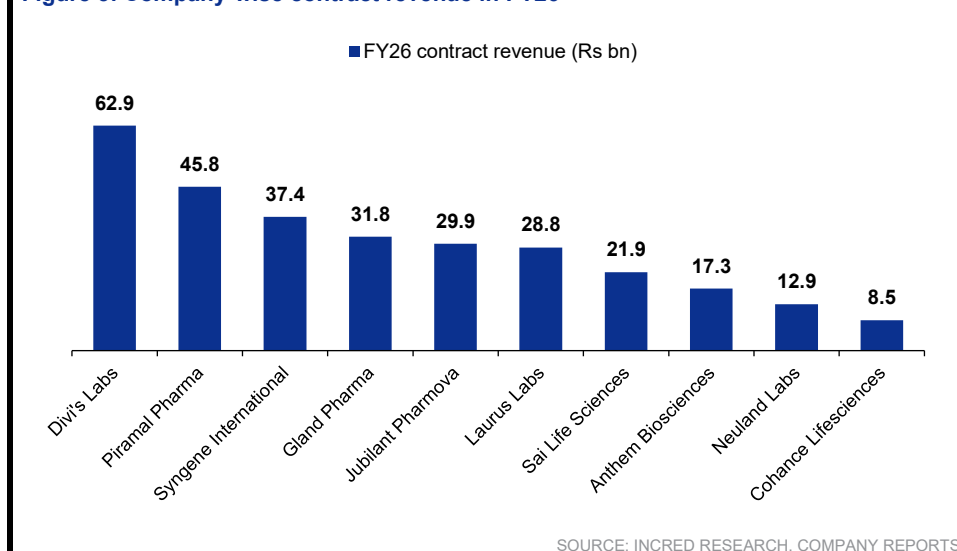
Figure 2: The listed India CDMO peer set

Company	FY26 revenue (Rs bn)	FY26 contract share	1QFY27 contract share	Contract segment as reported
Divi's Laboratories	104.76	55.0%	60.0%	Custom Synthesis
Piramal Pharma Solutions	87.59	55.4%	52.3%	Piramal Pharma Solutions
Jubilant Pharmova	82.80	35.9%	36.1%	CDMO Sterile Injectables, CRDMO
Laurus Labs	67.21	30.5%	42.9%	CDMO
Gland Pharma	64.31	46.0%	49.5%	CDMO
Syngene International	37.39	100%	100%	Research Services, CDMO
Cohance Lifesciences	22.69	52.0%	37.4%	Pharma CDMO, Specialty Chem CDMO
Sai Life Sciences	21.92	100%	100%	Discovery Services, CMC
Anthem Biosciences	21.24	83.4%	81.5%	CRDMO
Neuland Laboratories	19.32	61.0%	67.0%	CMS

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Contract biz share is rising. Laurus Labs moved from 30.5% in FY26 to 42.9% in 1QFY27 and targets 50% by 2030F, with its antiretroviral share falling from 67% of revenue in FY19 to 41% in FY26. Neuland Laboratories moved from 61.0% to 67.0%, and Gland Pharma expects CDMO biz to overtake its B2B book by CY29F. Whether innovator demand can absorb a simultaneous mix shift across 10 suppliers is the central question for the sector.

Figure 3: Company-wise contract revenue in FY26



Tiers describe diversification, format describes economics ➤

By exposure, the peer set falls into three tiers, pure-play contract suppliers, API-led companies with a contract segment, and diversified groups with a contract arm. The tiers do not rank by profitability. Anthem Biosciences at 39.3% EBITDA margin and Cohance Lifesciences at 18.8% sit in the same tier, ~20 percentage points apart.

Figure 4: Classification of the peer set

Company	Exposure tier	Modality and value-chain position	Manufacturing footprint	Customer stage
Syngene International	Pure-play	Integrated discovery to commercial, biologics and small molecule	India, plus Bayview US	Discovery-weighted, 78% research services
Sai Life Sciences	Pure-play	Small-molecule discovery to commercial	India	Discovery to late-phase
Anthem Biosciences	Pure-play	Fermentation-led synthesis, multi-modality	India	Early-stage heavy, 100+ early programmes
Cohance Lifesciences	Pure-play	ADC bioconjugation, oligonucleotides, merchant API	India, plus NJ Bio US	Commercial, 10 Phase-III
Divi's Laboratories	API-led	Large-scale custom synthesis, peptide building blocks	India	Commercial and generic-linked
Laurus Labs	API-led	Large-scale API, fermentation, ADC build	India	Late-phase and commercial
Neuland Laboratories	API-led	Complex small-molecule API, peptide build	India	Commercial, CMS ~92% commercial
Piramal Pharma Solutions	Diversified	Onshore sterile, ADC payload-linker	India, US, UK, Canada	Development and commercial, 25 Phase-III
Gland Pharma	Diversified	Aseptic fill-finish, GLP-1 pens and cartridges	India, plus Cenexi Europe	Commercial
Jubilant Pharmova	Diversified	Onshore sterile fill-finish, discovery CRDMO	India, US, Canada	Commercial, plus FTE discovery

SOURCE: INCRED RESEARCH, COMPANY REPORTS

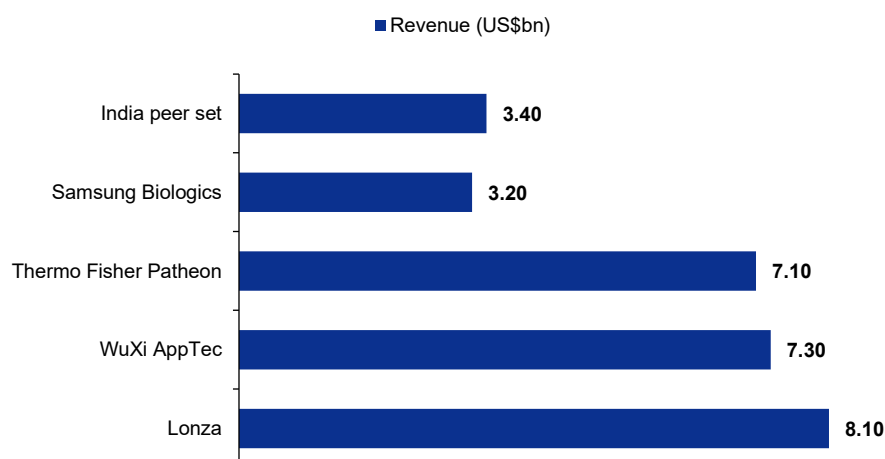
Format and value-chain position explain more. The onshore sterile suppliers, Piramal Pharma Solutions, Gland Pharma and Jubilant Pharmova, occupy three of the bottom four margin positions, reflecting a conversion-based format and an onshore cost base.

A rising tide, not a transfer

India is quite small against the global supply base ➤

India's Contract Research, Development and Manufacturing Organisation (CRDMO) biz generates ~US\$3-3.5bn of revenue, a 2-3% share of global CRDMO supply of ~US\$140-145bn in 2025, and is projected to reach US\$22-25bn by 2035F. The entire listed peer set is smaller than any one of the three largest global suppliers.

Figure 5: Revenue of the largest global CDMO suppliers against the India peer set

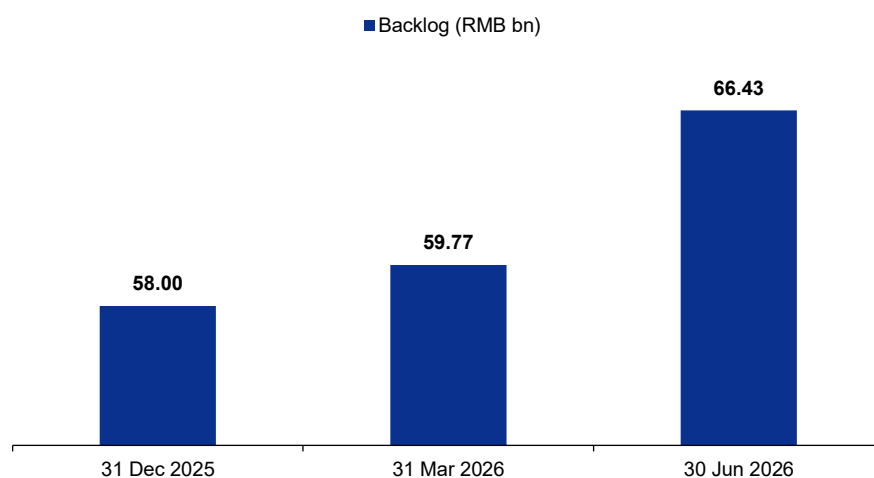


SOURCE: INCRED RESEARCH, COMPANY REPORTS

The incumbent is accelerating ➤

The China-plus-one thesis assumes Chinese revenue is at risk. WuXi AppTec grew 1H2026 revenue by 38.9% to RMB28.90bn, up 48.0% on continuing operations, and raised FY27F guidance to RMB51.3-53.0bn, or ~US\$7.2-7.4bn. Its backlog grew through the period in which BIOSECURE became a law in the US, and it expanded Solid Phase Peptide Synthesis (SPPS) capacity to 100,000+ L from ~10,000L in 2021 over the same window.

Figure 6: WuXi AppTec backlog, continuing operations

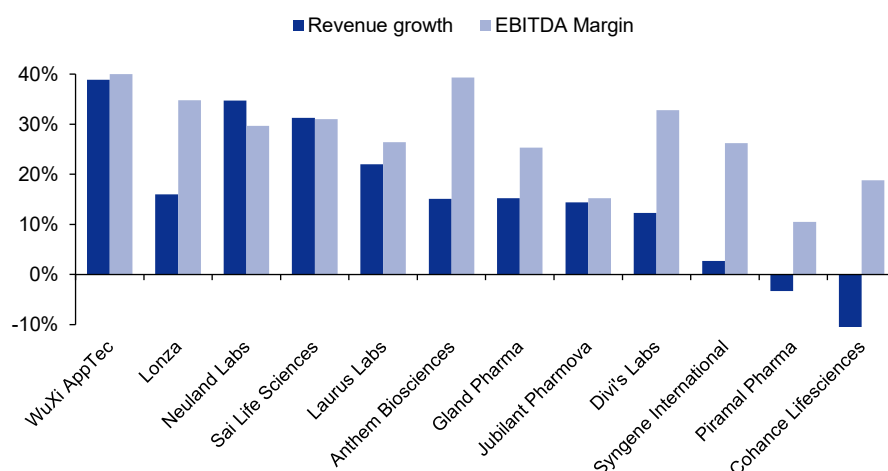


SOURCE: INCRED RESEARCH, COMPANY REPORTS

Western suppliers are growing too ➤

Lonza grew its 1H2026 sales by 16.0% in constant currency terms to CHF3.4bn, with core EBITDA margin up by 4.4 percentage points at 34.8%. That growth is ahead of Syngene International's 2.7% and Divi's Laboratories' 12.3% in FY26, and the margin is above that of every Indian company except Anthem Biosciences, at 39.3%.

Figure 7: Revenue growth against margin



SOURCE: INCRED RESEARCH, COMPANY REPORTS

The pool is expanding, not changing hands ➤

Outsourcing penetration continues to rise, with 73% of 2025 US novel drug approvals using outsourced API manufacturing against an 11-year average of 61%. With the incumbent and Western suppliers both growing, the pool is expanding rather than being redistributed.

Management language across the peer set fits that reading. Only Syngene International frames the opportunity as displacement, and Laurus Labs declined the framing.

Figure 8: How Indian company managements characterise the China opportunity

Framing	Companies	Representative wording
Explicit displacement	Syngene International	Cited BIOSECURE Act and the inclusion of Chinese companies as an advantage in shifting molecules from China to India.
Diversification and deepening	Cohance Lifesciences, Neuland Labs, Anthem Biosciences, Sai Life Sciences, Piramal Pharma Solutions	Cohance Lifesciences referenced customers diversifying supply and coming to India for R&D and manufacturing support. Piramal Pharma Solutions cited a broad-based rise in RFP flow not limited to the US or near-shoring.
Declines the framing	Laurus Labs	Asked directly about China-plus-one, management responded that the CDMO business is well diversified, with no significant product or customer concentration.
Silent	Divi's Laboratories, Gland Pharma, Jubilant Pharmova	Divi's Laboratories referenced geopolitics only in relation to its own procurement.

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Four consequences follow:

- Indian companies' growth does not require an incumbent to lose share, a more durable setup than a market share war.
- Competition is intensifying, since WuXi AppTec, Lonza and 10 Indian suppliers are adding capacity into the same pool.
- The annual China-plus-one opportunity for Indian CRDMOs, estimated at ~US\$700m in a base case, is a marginal reallocation rather than a transfer.
- Valuation cannot rest on a share-gain narrative that the incumbent's own numbers do not support.

What is driving demand?

Funding has split, and FY26 outcomes split with it ➤

Biopharma venture funding reached US\$16.3bn in 1H2026 and 13 Initial Public Offers (IPOs) raised US\$5.0bn, but the recovery is confined to later-stage issuers. First-time biotech financings are on course for their weakest year of the decade, with capital favouring de-risked assets close to catalysts.

FY26 outcomes follow customer stage rather than service line. Suppliers levered to late-stage and commercial work grew the fastest, while Syngene International, with research services at 78% of revenue, guides to a FY27F revenue decline. Sai Life Sciences shows the distinction, growing CRO revenue by 24% in 1QFY27 because its discovery clients are large pharma entities rather than emerging biotech companies.

Figure 9: Customer-stage exposure and outcomes

Company	Principal customer stage	FY26 revenue growth	1QFY27 commentary
Syngene International	Emerging biotech discovery, 78% research services	+2.7%	FY27 revenue decline guidance
Anthem Biosciences	Emerging biotech, 100+ early programmes	+15.1%	~60% of full-year order book secured
Sai Life Sciences	Large pharma discovery, 19 of top 25	+31.3%	Revenue +12%, CRO +24%
Piramal Pharma Solutions	Development and commercial	-3.3%	RFP surge, prolonged decision timelines
Cohance Lifesciences	Innovator commercial, FTE development	-12.2%	Restocking gives visibility into FY28F
Laurus Labs	Late-phase and commercial	+22.0%	CDMO +69%
Neuland Laboratories	Commercial, CMS ~92% commercial	+34.7%	Peptide Module 1 operational from Sept 2026
Divi's Laboratories	Commercial and generic-linked innovator supply	+12.3%	Custom synthesis biz at 60% of revenue
Gland Pharma	Commercial B2B and CDMO	+15.2%	CDMO biz at 49.5% of revenue
Jubilant Pharmova	Commercial sterile, plus FTE discovery	+14.4%	Contract work biz at 36.1% of revenue

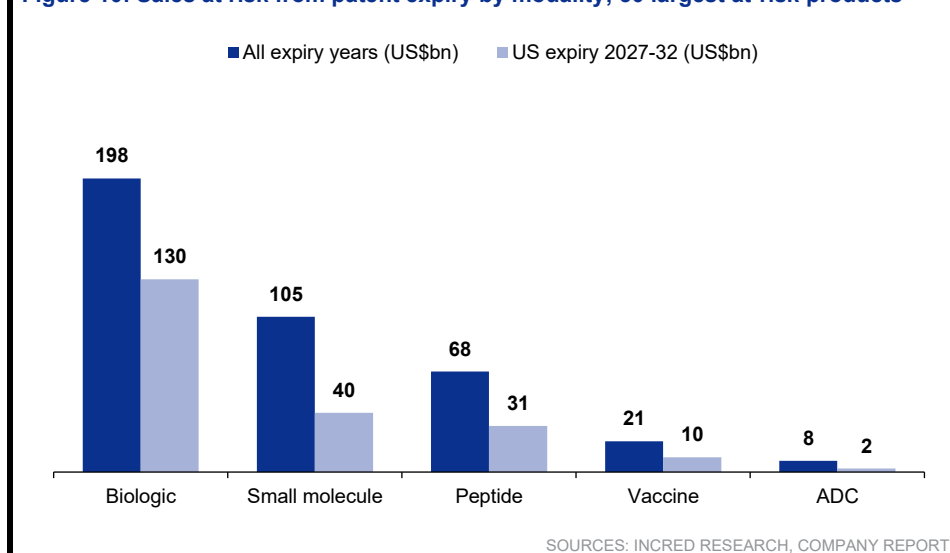
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Funding reaches CDMO revenue with a lag of several quarters, and thus FY26 funding strength has not yet shown up in FY27 guidance for the discovery-exposed names.

The patent cliff mostly bypasses this peer set ➤

~US\$440bn of worldwide sales is at risk from patent expiry over a five-year period. Across the 50 largest at-risk products, biologics account for US\$129.9bn of sales expiring in the US between 2027F and 2032F, against US\$39.8bn for small molecules.

Figure 10: Sales at risk from patent expiry by modality; 50 largest at-risk products



As many as 9 out of the 10 companies are small-molecule-led, and so the largest demand event of the period lands mostly in a modality they cannot serve. The small-molecule expiries that do occur, such as apixaban and dapagliflozin in 2026, are generic API opportunities rather than innovator CDMO work. The innovator read is indirect, since a revenue hole of this size forces pipeline replacement spending that feeds discovery and development outsourcing.

Pipeline replacement increasingly comes from China ➤

Chinese biopharma out-licensing reached a record ~US\$137.7bn across ~157 deals in 2025, against ~US\$51.9bn across 94 deals in 2024, and China now accounts for ~one-third of global out-licensing value. The assets are mostly oncology, bispecifics and ADCs, with China the source of ~90% of new global Anti-body-Drug Conjugate or ADC licensing.

Each licensed molecule arrives with a Chinese CMC package, and so whether its manufacturing becomes contestable depends on deal structure rather than on cost or policy.

Figure 11: Where manufacturing goes after China out-licensing

Deal structure	Manufacturing outcome	Evidence	Contestable
Large licensee with ex-China rights	Licensee moves manufacturing onto its own network	Pfizer plans drug substance at Sanford and drug product at McPherson for its in-licensed 3SBio asset	No, work moves in-house
Licence with a CMC transfer clause	Licensor transfers CMC documentation and process technology to the licensee or its designee	BioNTech and Duality ADC agreements filed with the SEC	Yes, an Indian supplier can be the named designee
Smaller deal or no compliance trigger	Follow-on CMC stays with the Chinese-linked supplier	Integrated Chinese ADC and bispecific CMC offerings	Largely no

SOURCE: INCRED RESEARCH, COMPANY REPORTS

For Indian suppliers the sales motion changes, from winning an innovator Request For Proposal (RFP) to being named the tech-transfer destination in a licence negotiated between a Chinese licensor and a Western licensee. The exposure is sharpest for the ADC capacity at Cohance Lifesciences and Piramal Pharma Solutions, which compete for mandates on molecules where a Chinese supplier already holds the incumbency.

Policy and the China supply chain

BIOSECURE is law, but narrow and slow ➤

The revised BIOSECURE Act became a law in the US on 18 Dec 2025 as Section 851 of the FY26 NDAA (National Defense Authorization Act). It restricts federal procurement and federally funded contracts, not private commercial outsourcing, which accounts for most innovator CDMO spending. It names no companies, relying on a designation process that began with WuXi AppTec's addition to the DoD 1260H list on 8 Jun 2026. That designation is itself contested, with a US federal court granting a preliminary injunction against its enforcement on 7 Aug 2026.

Figure 12: BIOSECURE Act implementation sequence

Stage	Requirement	Timing
Enactment	Section 851, FY26 NDAA signed	18 Dec 2025
Designation	OMB publishes initial list of companies of concern	Within a year of enactment
Guidance	OMB issues implementing guidance	Up to 180 days after listing
Procurement rules	FAR Council revises the Federal Acquisition Regulation	Full sequence allotted up to three years
Binding effect	Contracting restrictions take effect	Late 2027 to 2028

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Capacity across the peer set is being commissioned in FY26 to FY28, ahead of the point at which the legislation binds.

Section 232 works against India-made patented API ➤

From Jul 2026, patented pharmaceuticals and their APIs face a 100% US tariff, while generics are exempt, which is why the measure was read as a relief for Indian pharma companies. Innovator CDMO work is patented, and so an Indian supplier of API for a non-exempt molecule faces 100% rate while European, Swiss, Japanese and Korean suppliers face 15% on the same work.

Figure 13: Section 232 rates by supplier origin

Origin	Rate on patented products and API	Competitive position
EU, Switzerland, Japan, South Korea	15%	Lonza, Siegfried, Bachem, Samsung Biologics
India	100%	Entire India-export peer set
US, UK and Canadian manufacture	Not applicable	Piramal Pharma Solutions, Jubilant Pharmova, Gland Pharma onshore plants

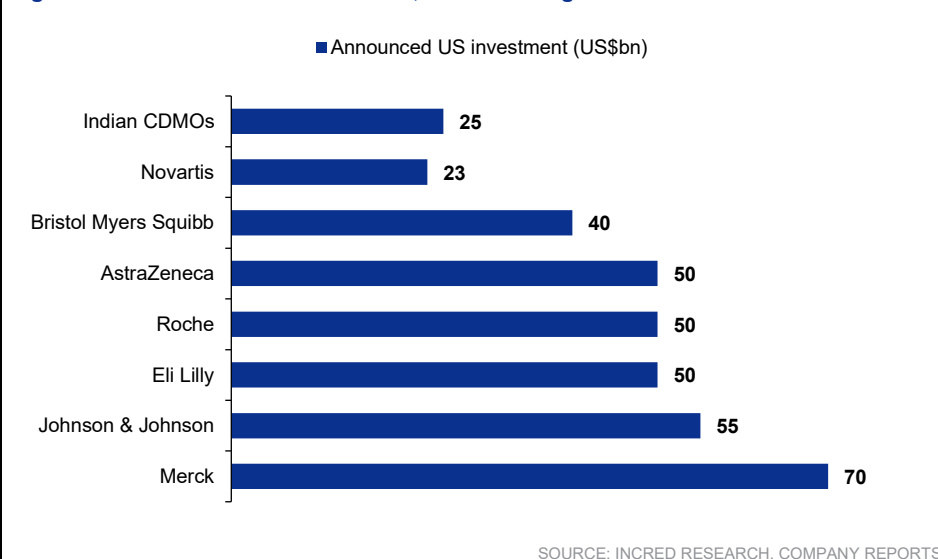
SOURCE: INCRED RESEARCH, COMPANY REPORTS

The burden falls on the importer of record and API is a small share of a patented drug's value, which moderates the impact. Disclosure splits by footprint. Piramal Pharma Solutions, Jubilant Pharmova and Syngene International, each with US manufacturing facilities, raised tariffs as a tailwind on their 1QFY27 calls. Laurus Labs, Divi's Laboratories, Neuland Laboratories, Anthem Biosciences and Sai Life Sciences, the names most exposed to India-made patented API, did not mention them.

Reshoring is mostly captive ➤

Innovator pledges for US manufacturing dwarf what reaches contract suppliers. Seven large innovators have each announced between US\$23bn and US\$70bn of US investment, while tracking puts total disclosed CDMO capacity investment at US\$24.86bn in 2025, of which 74% flowed to the US. Where large innovators reshore, they mostly build their own plants.

Figure 14: Announced US investment, innovators against the contract sector



Disclosed CDMO investment fell to ~US\$3.9bn in 1H2026, though that reflects the absence of US mega-announcements rather than a fall in building, since much of the US capacity pledged in 2025 is now under construction. The largest facility investments of the half were booked in Italy, Germany and India. Movement also runs the other way, with Celltrion buying Eli Lilly's New Jersey API site, but the net effect of reshoring on contract suppliers is second-order.

Figure 15: Policy effects on the Indian CDMO peer set

Measure	Direction	Timing	Principal beneficiaries
BIOSECURE Act	Positive, narrow	Binds late 2027 to 2028	All Indian suppliers, federal-adjacent work only
Section 232	Negative for India-manufactured patented API	In effect from Jul 2026	Onshore names, European and Japanese suppliers at 15%
US reshoring wave	Neutral-to-negative	Decelerating in 1H2026	Innovator-owned capacity, not contract suppliers
PLI scheme and Biopharma SHAKTI	Positive, modest	Ongoing	Domestic API and KSM capacity

SOURCE: INCRED RESEARCH, COMPANY REPORTS

The seller of China-plus-one depends on China ➤

India remains 65% dependent on Chinese imports for critical APIs, key starting materials and intermediates, according to NITI Aayog in Jun 2026, despite Production-Linked Incentive or PLI-backed domestic capacity of ~56,800mt per annum for 28 of 41 critical products. China's hold is strongest at the bottom of the chain, where Indian manufacturers often perform only the final synthetic steps on Chinese intermediates.

Exposure for innovator work is lower, since bespoke routes rarely have an established Chinese supply chain and innovators audit suppliers through the CMC filing, but solvents, reagents and basic building blocks remain substantially Chinese. Backward integration therefore becomes a supply-security argument, and it is unevenly held.

Figure 16: Input sourcing position

Position	Companies	Basis
Backward integrated to basic raw materials	Divi's Laboratories	Own KSMs, intermediates and peptide building blocks, Kakinada Unit 3
Partially integrated on key intermediates	Anthem Biosciences	Stated integration of most key intermediates
Deliberately not present at KSM layer	Neuland Laboratories	Stated positioning at GMP and complex chemistry
Integrated forward rather than backward	Laurus Labs	Stated extension into formulation

SOURCE: INCRED RESEARCH, COMPANY REPORTS

No company in the peer set quantifies its own China input dependency, even as several cite China-plus-one as a demand driver. Customers increasingly assess the full supply chain down to starting materials, and so geography alone is not a proxy for supply security. A restriction on Chinese intermediate exports is the scenario that most directly undermines the derisking case.

Capability and competitive position

Scale spans an order of magnitude ➤

Laurus Labs operates 8,800kL of reactor capacity, 7x+ that of Neuland Laboratories and 12x+ that of Sai Life Sciences, consistent with large-volume commercial supply. Sai Life Sciences and Anthem Biosciences run smaller, high-mix capacity suited to clinical work, rising to 1,150kL and 790kL, respectively, with announced additions.

Figure 17: Manufacturing scale based on each company's disclosure - 1

Company	Metric disclosed	Current scale	Additions announced
Laurus Labs	Reactor capacity	8,800kL	Unit 7 greenfield, Phase-1 from 2027F
Neuland Laboratories	Reactor capacity	~1,218kL	Peptide Module 2 at up to 18,000L
Sai Life Sciences	Reactor capacity	700kL	To 1,150kL by FY27F
Anthem Biosciences	Reactor and fermentation capacity	425 kL custom synthesis, 142 kL fermentation	Unit 4 adds 365kL synthesis and 100kL fermentation
Cohance Lifesciences	Reactor capacity, per site	181 kL across 83 reactors at Parawada Unit V	ADC and oligonucleotide scale-up
Divi's Laboratories	Units and utilisation	Three units at 80-85% utilisation	Three custom synthesis projects, Kakinada
Syngene International	Scientists and campuses	5,700+ scientists of 8,300+ headcount, four campuses	Bayview US biologics site
Gland Pharma	Fill-finish capacity	60mn ampoules a year, plus GLP-1 pen and cartridge lines	Oncology isolator line from Jan 2027F
Jubilant Pharmova	Fill-finish lines	Spokane Lines 3 and 4 at 55m units a year each	Line 4 commercial from end-FY28F, Montreal Line-5
Piramal Pharma Solutions	Sites	17 development and manufacturing facilities	Lexington fill-finish, Riverview ADC payload-linker

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Breadth is mostly announced, and runs against the market ➤

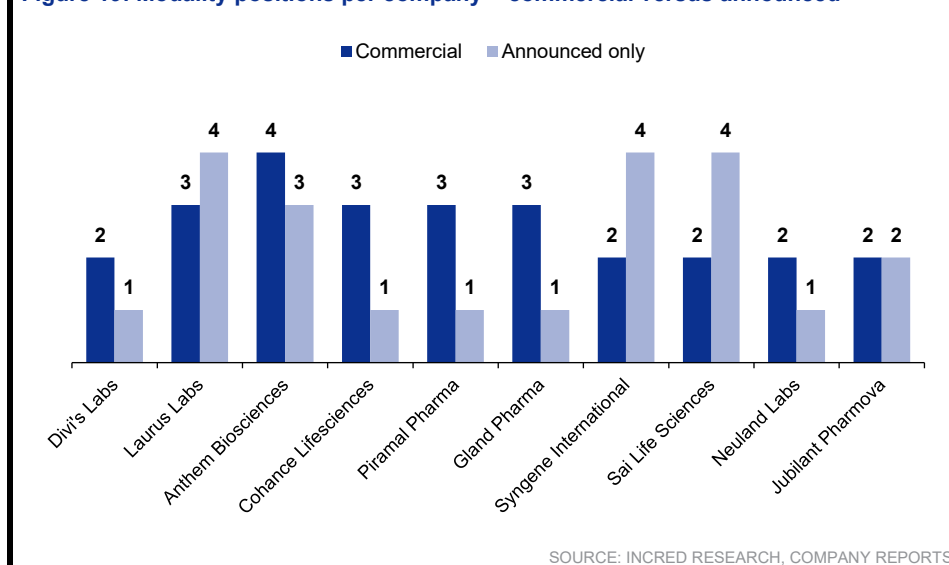
Every company has announced positions in new modalities, but much of the stated breadth lacks disclosed capacity. Four companies name peptide positions without attaching capacity or spending, and Laurus Labs' ADC facility is still under construction with qualification expected by end-2027F.

Figure 18: Manufacturing scale based on each company's disclosure - 2

Company	Commercial capability	Announced without disclosed capacity	Not present
Anthem Biosciences	Small molecule, fermentation, biotransformation, flow chemistry	Peptides, ADC, oligonucleotide	Sterile
Syngene International	Small molecule, biologics	Peptides, ADC, oligonucleotide, biologics capacity	Sterile
Laurus Labs	Small molecule, fermentation at 240kL, FDF	Peptides, ADC with qualification end-2027F, gene therapy, fermentation scale-up	Sterile injectables
Divi's Laboratories	Small molecule, peptide building blocks, multiple 3,000L SPPS lines	GLP-1 commercial volumes	Biologics, sterile
Sai Life Sciences	Small molecule, discovery	Peptides, XDC, oligonucleotide, lipids	Biologics, sterile
Neuland Laboratories	Small molecule, peptide Module 1 at 7,000L	Peptide Module 2 at up to 18,000L	Biologics
Cohance Lifesciences	ADC bioconjugation, oligonucleotide building blocks, API	ADC scale-up capacity	Peptides, biologics
Piramal Pharma Solutions	Sterile, HPAPI, ADC payload-linker	ADC reactor and conjugation capacity	Peptides at scale
Gland Pharma	Aseptic fill-finish, GLP-1 pen and cartridge, oncology isolator	GLP-1 capacity	API synthesis
Jubilant Pharmova	Sterile fill-finish, discovery CRDMO	Biologics and ADC via partnership	Peptides

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 19: Modality positions per company – commercial versus announced



The direction also runs against the global market. The current CDMO deal cycle rewards depth in specific capabilities such as sterile injectables, radiopharmaceuticals, biologics, ADCs and cell and gene therapy, with deal value entering 2026 at ~2x the prior-year pace. Laurus Labs, Anthem Biosciences, Syngene International and Sai Life Sciences are broadening instead, with Laurus Labs citing nine technology platforms and six growth capex categories, while Neuland Labs, Gland Pharma and Cohance Lifesciences are specialising.

Breadth dilutes capital, since each modality needs its own plant, but it hedges against substitution between modalities. Laurus Labs' and Divi's Laboratories' small-molecule capacity would capture demand from an oral non-peptide GLP-1, which a dedicated peptide line would not.

Execution record is the part that cannot be bought ►

Capacity can be purchased, a regulatory record cannot, and the peer set splits sharply on it.

Figure 20: Regulatory record

Company	Event	Outcome	Financial impact
Divi's Laboratories	USFDA inspections at Unit 1, Nov 2025 and Jul 2026	Zero 483 observations in both	None
Neuland Laboratories	USFDA audit at Unit 3	Zero 483 observations, 18 USFDA inspections cleared cumulatively	None
Laurus Labs	1,425+ quality audits and inspections	Zero critical findings	None
Cohance Lifesciences	USFDA inspection at Pashamylaram, Jul to Aug 2026	Form 483 with five observations, none are data-integrity related	None disclosed
Jubilant Pharmova	FDA inspection at Montreal	Warning letter, remediation under external oversight	EBITDA margin down 385bp to 11.9%, PAT down 45%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Jubilant Pharmova is the only case in which a regulatory event visibly moved earnings, with recovery guided from 2HFY27F.

The peer set competes in distinct lanes ►

Innovator programmes are single-sourced and suppliers are retained across phases, and so competition happens once, at selection, and is decided by phase and chemistry fit rather than continuing price rivalry. The peptide build is the main force eroding these lanes, since it puts several suppliers into the same opportunity on the same timeline.

Figure 21: Competitive lanes

Lane	Companies	Basis of competition
Integrated discovery and biologics	Syngene International	Research services, biologics manufacturing
Clinical-stage complex chemistry	Sai Life Sciences, Neuland Laboratories	Mid-scale, high-mix chemistry, phase fit
Commercial-scale synthesis	Laurus Labs, Divi's Laboratories	Volume, cost, backward integration
Fermentation-led complex chemistry	Anthem Biosciences	Fermentation and biotransformation
New modality	Cohance Lifesciences	ADC bioconjugation, oligonucleotides
Onshore sterile	Piramal Pharma, Gland Pharma, Jubilant Pharmova	Format, regulatory footprint in the customer's market

SOURCE: INCRED RESEARCH, COMPANY REPORTS

The capex cycle and who carries the risk

The capacity buildup ➤

FY26 capex across the peer set was Rs81.85bn, or 15.5% of sales. Intensity is the highest at Sai Life Sciences, Divi's Laboratories and Neuland Laboratories, while total asset turnover sits in a narrow 0.52x to 0.76x band.

Figure 22: Capex and capital intensity

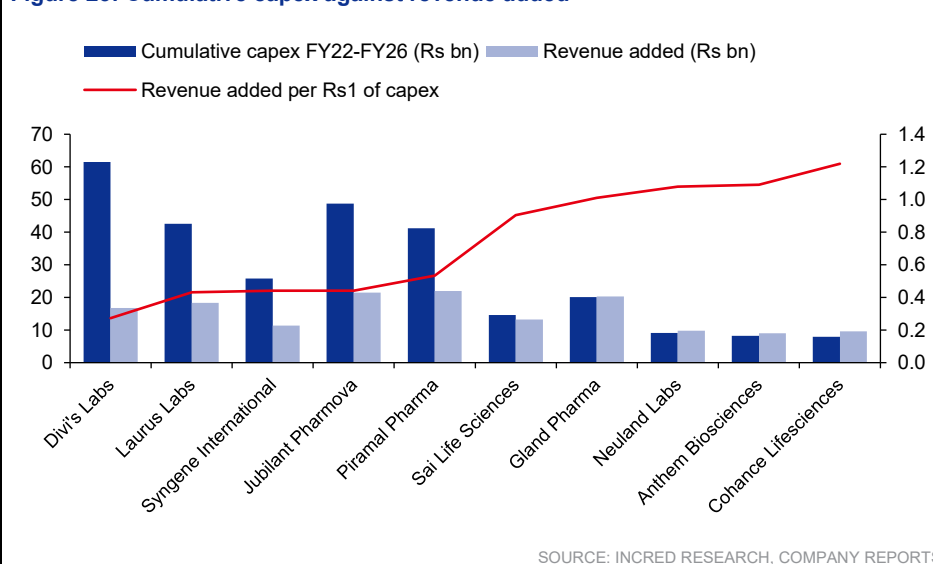
Company	FY26 capex (Rs bn)	Capex as % of sales	Total asset turnover (x)
Divi's Laboratories	25.20	24.1%	0.57
Jubilant Pharmova	14.49	17.5%	0.59
Laurus Labs	10.70	15.9%	0.68
Piramal Pharma Solutions	8.90	10.2%	0.52
Sai Life Sciences	5.93	27.1%	0.65
Gland Pharma	4.91	7.6%	0.54
Neuland Laboratories	3.97	20.5%	0.76
Syngene International	3.44	9.2%	0.54
Cohance Lifesciences	2.20	9.7%	0.52
Anthem Biosciences	2.11	9.9%	0.68
Peer set	81.85	15.5%	0.61

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Half the capital deployed has yet to convert ➤

Each rupee of capex over FY22 to FY26 added Re0.54 of revenue across the peer set, or Re0.46 excluding the acquisition-fed and partial-data names.

Figure 23: Cumulative capex against revenue added



SOURCE: INCRED RESEARCH, COMPANY REPORTS

The organic high converters, Neuland Laboratories at Rs1.08 and Sai Life Sciences at Re0.90, show what utilised capacity delivers in this peer set, consistent with their FY26 growth of 34.7% and 31.3%, respectively. Divi's Laboratories sits furthest below at Re0.27, with FY26 capex of Rs25.20bn directed at the Kakinada unit and GLP-1 build still in validation, though its COVID-19 pandemic-elevated FY22 base overstates the gap. Laurus Labs, Syngene International and Jubilant Pharmova convert at ~Re0.44, with Jubilant Pharmova also earning 6.0% RoE on the base already built.

The risk sits on speculation ➤

No company discloses a take-or-pay or minimum volume clause. What is disclosed is revenue potential, run-rate guidance and order book percentages, none of which is a contractual commitment.

Figure 24: Forward visibility disclosure			
Company	Disclosure	Form	Covers
Neuland Laboratories	~US\$30m	Firm commitments as per latest disclosure	Peptide Module 1 only
Anthem Biosciences	~60% of full-year order book secured	Percentage, no value	FY27F
Gland Pharma	~US\$90-100m annualised	Revenue potential, not backlog	From CY29F
Jubilant Pharmova	US\$160-180m combined	Revenue potential, not backlog	Spokane Lines 3 and 4
Laurus Labs	~Rs8.35bn per quarter, +/- Rs1bn	Run rate guide	Two quarters
Sai Life Sciences	90%+ pipeline visibility	Percentage against internal targets	FY27F
Cohance Lifesciences	Restocking order	Qualitative	Into 4QFY27F and FY28F

SOURCE: INCRED RESEARCH, COMPANY REPORTS

WuXi AppTec discloses a backlog of ~US\$9.2bn and Samsung Biologics US\$21.7bn. No Indian company publishes an order book, and so utilisation risk from the cycle sits with shareholders rather than customers.

The Western precedent ➤

Three Western suppliers built capacity ahead of demand in the current cycle, and in each case public shareholders bore the costs first.

Figure 25: Forward visibility disclosure			
Company	Build	Outcome	Resolution
Bachem	Building K, Sisslerfeld at CHF500m+	1H2026 EBITDA margin fell to 25.4% from 29.1% on ramp-up costs, FY26F guidance cut	Continuing, listed
PolyPeptide	Capacity expansion through COVID-19 pandemic-related wind-down	EBITDA margin reached -1.9% in 2023, recovering to 12% in 2025	Samsung Biologics tender at CHF44.31 per share, ~40% premium, Jul 2026
Catalent	Capacity built through COVID-19 pandemic-related demand	Underutilisation, plant productivity issues, guidance misses	Taken private by Novo Holdings at US\$16.5bn EV, Dec 2024

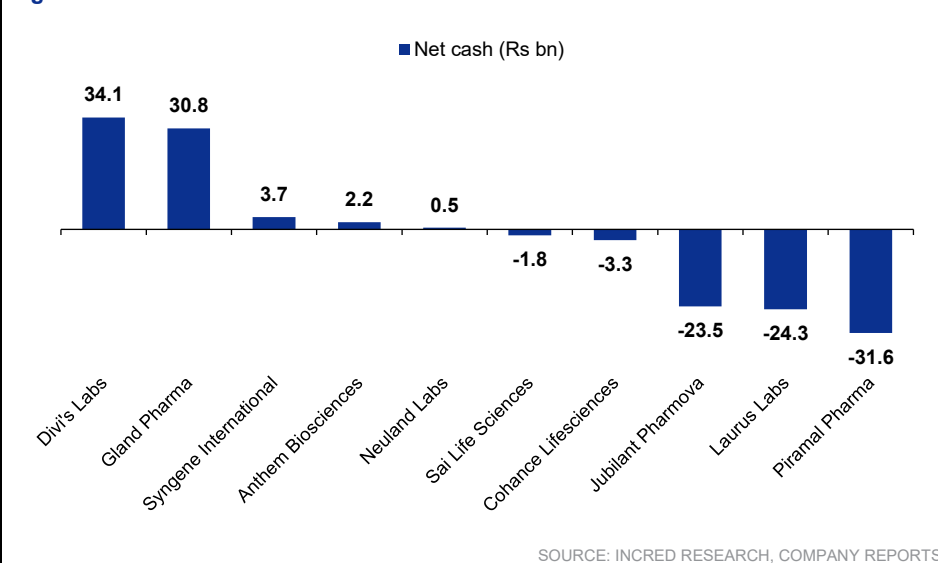
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Bachem, the closest comparable as a pure-play peptide supplier, spent ~48% of its sales on capex in FY25 and saw margin compress as capacity got ramped up. Piramal Pharma Solutions has already supplied an Indian case, writing off Rs1.76bn of intangible assets under development in 4QFY26, within a FY26 exceptional charge of Rs1.96bn.

Balance sheets decide who can absorb a shortfall ➤

The build is funded from operations, with peer-set free cash flow ~Rs30bn positive in FY26. Divi's Laboratories, Gland Pharma, Anthem Biosciences and Syngene International spend from net cash. Laurus Labs plans Rs30bn+ of capex across FY27F and FY28F against Rs24.33bn of net debt, and Piramal Pharma Solutions invests onshore against Rs31.55bn, and so the same build carries very different downside.

Figure 26: Net cash and net debt levels



Peptides and GLP-1

What is a peptide? ➤

A peptide is a short chain of amino acids, the same chemical class as a protein but far smaller. It sits between small molecules and biologics, combining the targeting precision of a biologic with a size closer to a small molecule. Insulin was the first therapeutic peptide, and semaglutide and tirzepatide are peptides.

Figure 27: Base modalities

Modality	Size	How it is made	Manufacturing asset	Administration
Small molecule	Under ~900Da	Organic synthesis	Steel or glass-lined reactor trains	Usually oral
Peptide	~500 to 5,000Da, typically 10 to 40 amino acids	Chain assembly or fermentation	SPPS or LPPS reactors, or fermenters	Usually injected
Oligonucleotide	~5,000 to 15,000Da	Phosphoramidite coupling	Dedicated synthesisers	Injected
Biologic	Tens of thousands of Da	Grown in living cells	Bioreactors, cell culture	Injected

SOURCES: INCRED RESEARCH, COMPANY REPORTS

The position dictates the factory. Peptides cannot be made on existing small-molecule reactors or on biologics capacity unless the route is fermentation, and so every peptide announcement in the peer set is new capital rather than repurposed capacity.

Peptides also carry the conjugate pipeline ➤

Conjugates join a targeting carrier to a payload through a linker, and each format is defined by which modality supplies the carrier. Peptides serve as the carrier in PDCs and RDCs, and so peptide capacity feeds the conjugate pipeline as well as GLP-1.

Figure 28: Conjugate formats

Format	Targeting carrier	Payload	Approved to date	Commercial examples
ADC	Antibody	Cytotoxic small molecule	15 worldwide	Enhertu, Kadcyla
RDC	Peptide or small-molecule ligand	Radionuclide	11 FDA approved, 9 diagnostic	Pluvicto, Lutathera
PDC	Peptide	Cytotoxic small molecule	Small number	Limited commercial base
SMDC	Small molecule	Cytotoxic small molecule	Early stage	n/a
AOC, DAC	Antibody	Oligonucleotide or degrader	Early stage	n/a

SOURCE: INCRED RESEARCH, COMPANY REPORTS

PDCs are positioned as the successor to ADCs, which alone had 300+ candidates in clinical development in 2025, offering better tumour penetration and lower manufacturing cost at the expense of faster clearance. RDCs are already commercial through Pluvicto and Lutathera, and share their architecture with Jubilant Pharmova's radiopharma business. Cohance Lifesciences and Piramal

Pharma Solutions hold the conjugation capability, and Neuland Laboratories, Divi's Laboratories, Sai Life Sciences and Laurus Labs the peptide carrier side. The commercial base outside ADCs remains thin, and so this is optionality rather than a revenue pool.

Why peptides dominate, and why are they outsourced? ➤

Efficacy has scaled with receptor targeting, from single-agonist semaglutide to dual-agonist tirzepatide to triple-agonist retatrutide, which delivered 23.7% weight reduction in Phase-3. 100+ peptide drugs are approved and 1,000+ are in clinical development, with indications broadening into oncology.

Manufacturing difficulty pushes the work to specialists.

- Semaglutide API costs ~US\$39,867 per kg, which translates to a production cost of US\$28-140 per person-year for a generic injectable and US\$186-380 for an oral formulation.
- Process mass intensity averages ~13,000kg of material input per kg of peptide across 34 solid-phase processes, against 168-308 for small molecules, under tightening EU and US solvent rules.
- Purification is the dominant step in cycle time, and injection devices contribute disproportionately to finished cost.
- Capacity cannot be converted from existing reactors.

Innovators with supply-constrained blockbusters have integrated vertically, with Novo Nordisk acquiring three Catalent fill-finish sites and Eli Lilly building its own US peptide plants. Sponsors below that tier largely outsource.

India's peptide build is sub-scale ➤

The peer set is building at different points in the chain and on different routes, from Divi's Laboratories' building blocks to Neuland Laboratories' full API and Gland Pharma's fill-finish. Neuland Laboratories holds the largest disclosed capacity at 7,000L, but its 750L of SPPS is ~0.75% of WuXi AppTec's SPPS volume, rising to ~2-3% if Module 2 is built. The risk is sub-scale operation against a much larger incumbent rather than collective Indian overbuild, since scale drives unit cost.

Figure 29: The peptide build, by company

Company	Value-chain step	Route	Disclosed capacity	Status
WuXi AppTec TIDES, benchmark	Full API	SPPS	100,000+L SPPS	Operational
Neuland Laboratories	Full API, including crude peptide	LPPS-weighted	Module 1 at 7,000L, 750L SPPS and 6,250L LPPS; Module 2 planned at up to 18,000L	Module 1 operational in Sep 2026
Laurus Labs	Full API	Fermentation and synthesis	240kL fermentation, 400kL commissioning in Dec 2026F	Peptide facility under construction
Divi's Laboratories	Building blocks and fragments	SPPS	Multiple 3,000L lines	Commercial volumes from late 2027F
Anthem Biosciences	API via fermentation	Fermentation	142kL, Unit 4 adds 100kL	Semaglutide API awaiting CDSCO approval
Sai Life Sciences	Development and fragments	SPPS	Peptide spending capped below Rs3bn to 2028F	Commercial site from 2028
Gland Pharma	Fill-finish	n/a	GLP-1 pen and cartridge lines	Commercial

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Demand faces price erosion and substitution ➤

Global peptide API demand is estimated at ~99,000kg by 2030F, against US\$2.4bn+ of peptide CDMO capacity investment announced in 2026 alone. The semaglutide compound patent expired in India on 20 Mar 2026 and 40+ brands launched within weeks.

Figure 30: Semaglutide pricing in India before and after expiry

Period	Product	Indicative price
Pre-expiry	Ozempic, branded	Rs8,800 to 11,175 per month
Pre-expiry	Wegovy, branded	Up to Rs16,400 per month
Post-expiry	Natco Pharma multi-dose vials	From Rs1,290
Post-expiry	Sun Pharmaceutical Industries	~Rs750 per shot, ~Rs3,400 per month
Post-expiry	Eris Lifesciences	Rs220 per shot

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Price erosion is projected at 30-50% initially and 70-75% over the medium term, and peptide API volume is projected to grow 21.7% a year to 2031F against 15.2% for value. US and EU protection runs to 2031 and 2032, and so the regulated-market opportunity is years away.

Substitution is the larger risk. Orforglipron, a non-peptide oral GLP-1, was approved by the USFDA on 1 Apr 2026, needs no injection or fasting, and Eli Lilly is building a US\$6bn synthetic API plant for it. Diabetes patients prefer daily oral dosing over weekly injection by ~3 to 1. To the extent oral small molecules take share, demand shifts to conventional API capacity at Divi's Laboratories and Laurus Labs and away from dedicated injectable peptide lines such as Neuland Laboratories' modules and Gland Pharma's pens and cartridges. No company addressed this risk in its 1QFY27 disclosure.

What the build represents ➤

Near-term demand is running ahead of Indian capacity rather than behind it. Neuland Laboratories reports biotech customers struggling to access peptide capacity and is bringing Module 2 forward with an anchor customer, and India's CDMO sector is expected to face capacity constraints across peptide APIs, sterile fill-finish and injector devices for at least two more years. Tirzepatide, protected to ~2036, and retatrutide are both SPPS molecules, and so the opportunity outlasts semaglutide. The build is more defensible as a bet on flexible peptide capability, including conjugate carriers, than on semaglutide volume, and no company holds take-or-pay protection on a peptide line.

Concentration and the limits of incumbency

Switching is costly, and so incumbency holds ➤

A supplier is written into the customer's CMC filing, and so replacing it needs a Prior Approval Supplement in the US or a Type II variation in the EU. A commercial site change takes 18 to 24 months, qualifying a second site costs US\$2-15m, and ~50% of technology transfers hit a quality problem.

Dual sourcing is now standard, but it adds a secondary supplier rather than replacing the incumbent, as WuXi AppTec's 28.8% backlog growth in 2025 shows. The near-term Indian opportunity is therefore incremental second-source volume more than full programme transfer.

Concentration is high, and durability is molecule-level ➤

Neuland Laboratories holds the most concentrated contract book, with its CMS top five at 96%. Incumbency protects the relationship, not the revenue, because the lock-in is to a molecule. FY26 showed this three times, with Syngene International losing revenue on a single product, Librela, Cohance Lifesciences falling 12.2% on destocking of two molecules, and Piramal Pharma Solutions hit by one large order destocking.

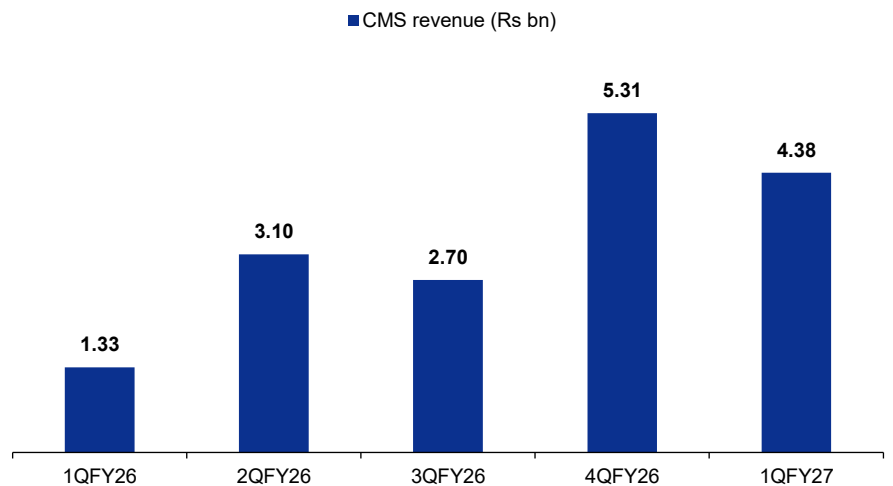
Figure 31: Customer and molecule concentration

Company	Concentration measure	Level	Commercial molecules
Neuland Laboratories, CMS segment	Top 5 customers	96%	19, with ~3 driving commercial CMS
Neuland Labs, company	Top 5 customers	70%	n/a
Anthem Biosciences	Top 5 customers, FY25	~70%+	14
Cohance Lifesciences	Top 20 innovator relationships	85%+	18
Sai Life Sciences	Customer base	19 of top 25 pharma, 90%+ repeat revenue	33-34
Syngene International	Single biologics customer	~11-13% of FY26 revenue	Not disclosed

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Neuland Labs' quarterly CMS revenue swung 4x within FY26 on molecule timing, which is what molecule-level concentration looks like in reported numbers.

Figure 32: Neuland Laboratories' CMS revenue by quarter



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Pipeline depth decides whether concentration is durable ➤

A replenishing pipeline dilutes dependence on any single product. Sai Life Sciences carries the deepest disclosed commercial book at 33-34 molecules, and Piramal Pharma Solutions the largest late-stage book at 25 Phase-III programmes, ~50% of which it expects to reach commercial stage. Neuland Laboratories and Cohance Lifesciences run narrower books where a few molecules dominate. Durability depends less on the level of concentration than on whether the work is filing-protected innovator chemistry with a pipeline behind it.

Figure 33: Pipeline depth

Company	Metric disclosed	Latest disclosed position
Sai Life Sciences	Commercial molecules, late-stage, total programmes	33-34 commercial, 11 Phase-III or pre-registration, 155 programmes
Neuland Laboratories	Commercial molecules, late-stage, CMS projects	19 commercial, 13 Phase-III and 7 pre-registration, 99 CMS projects
Cohance Lifesciences	Commercial molecules, late-stage, active projects	18 commercial, 10 Phase-III, 140+ active small-molecule projects
Anthem Biosciences	Commercial molecules, late-stage, early programmes	14 commercial, 10 late-phase, 100+ early-stage programmes
Piramal Pharma Solutions	Late-stage and pipeline	25 Phase-III within a 155-molecule pipeline, ~50% expected to reach commercial
Laurus Labs	Active projects and phase mix	125+ active CDMO projects, 45% of small-molecule CDMO is Phase-II supply
Divi's Laboratories	Projects at or near commercialisation	~18-20 projects commercialised or commercialising
Gland Pharma	Regulatory filings	389 cumulative ANDA filings, 342 approved
Jubilant Pharmova	Products in tech transfer	10+ products in tech transfer on Spokane Line 3
Syngene International	Not disclosed	No molecule or programme count published

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Financial analysis

Margin follows format, not value-chain stage ➤

The sector assumes margin rises as work moves from discovery to commercial manufacturing. FY26 does not support it. The three highest-margin names sit at different stages, while the lowest are all commercial manufacturers. Anthem Biosciences earns 39.3% on fermentation and biotransformation, and Neuland Laboratories, ~92% commercial, out-earns research-led Syngene International. Every sterile fill-finish supplier sits below 26%. Process differentiation and format set margin, which matters because most of the peer set is shifting towards commercial manufacturing on the opposite assumption.

Figure 34: EBITDA margin by company and format

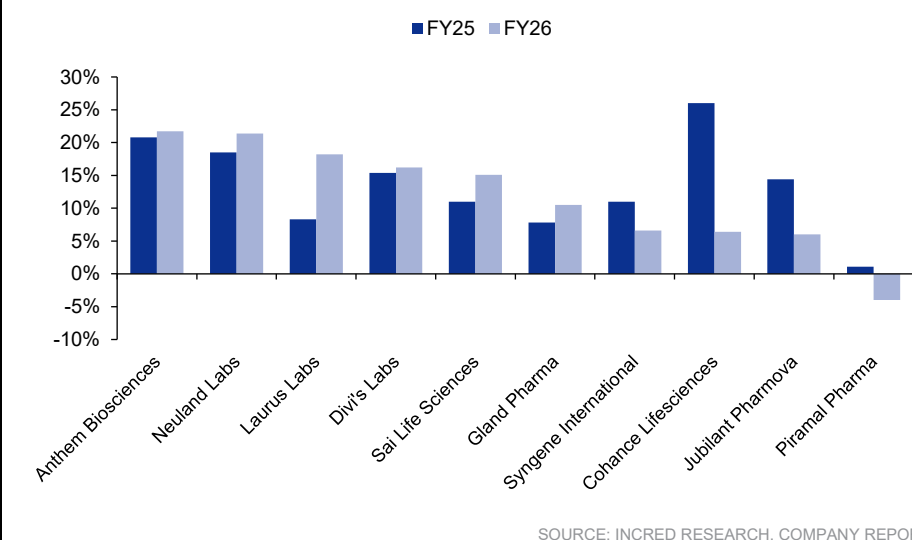
Company	FY26 EBITDA margin	Format
Anthem Biosciences	39.3%	Fermentation-led synthesis
Divi's Laboratories	32.8%	Synthesis
Sai Life Sciences	31.0%	Discovery and synthesis
Neuland Laboratories	29.7%	Synthesis
Laurus Labs	26.4%	Synthesis
Syngene International	26.2%	Research-led
Gland Pharma	25.3%	Sterile fill-finish
Cohance Lifesciences	18.8%	API and ADC
Jubilant Pharmova	15.2%	Sterile fill-finish
Piramal Pharma Solutions	10.5%	Sterile fill-finish, onshore

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Returns, not margin, separate quality ➤

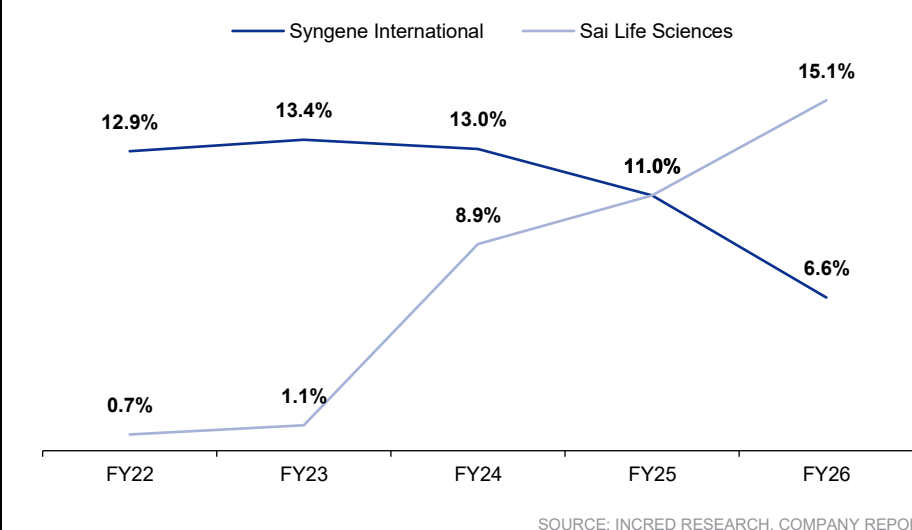
Total asset turnover sits between 0.52x and 0.76x across the peer set, and so capital intensity is structural and margin alone misstates quality. Neuland Laboratories earns 21.4% RoE on a 29.7% margin at 0.76x turnover, while Divi's Laboratories earns 16.2% on a higher 32.8% margin at 0.57x.

Figure 35: RoE across the peer set



The two pure-play CRDMOs are moving in opposite directions. Syngene International's RoE fell from 12.9% in FY22 to 6.6% in FY26, with turnover flat at ~0.54x, investment without improving productivity. Sai Life Sciences' RoE rose every year from 0.7% to 15.1% as turnover improved, which is operating leverage.

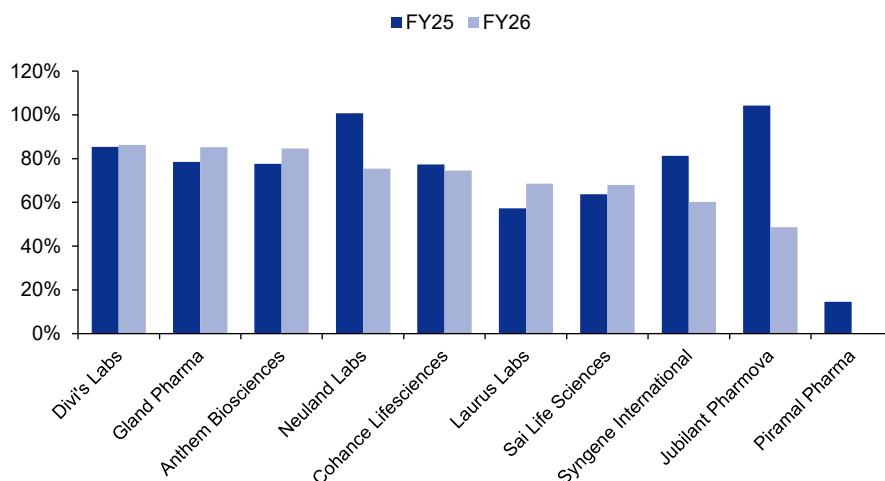
Figure 36: RoE – Syngene International against Sai Life Sciences



Operating profit converts to net income unevenly ➤

At India's ~25% concessional tax rate, an unlevered company should convert ~75% of EBIT to net income. Net-cash names such as Divi's Laboratories and Gland Pharma exceed that on treasury income, while Jubilant Pharmova and Piramal Pharma Solutions fall short on interest and exceptional items. Syngene International shows the steepest decline, from 81.2% to 60.2%, despite holding net cash.

Figure 37: EBIT-to-net-income conversion

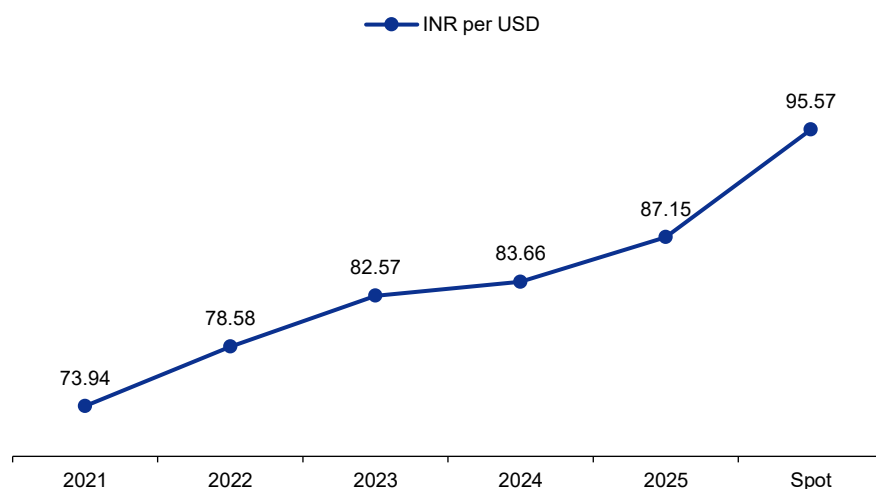


SOURCE: INCRED RESEARCH, COMPANY REPORTS

Currency is doing much of the margin work ➤

The Indian rupee averaged Rs88.31 per US dollar in FY26 and stood at Rs95.57 on 11 Sep 2026, ~8.2% weaker. For dollar-revenue, rupee-cost businesses, that lifts reported margin before any operating cost improvement.

Figure 38: Indian rupee against the US dollar



SOURCE: INCRED RESEARCH, COMPANY REPORTS

At 80% USD revenue and 70% India rupee or INR costs, translation alone adds ~270bp, against the ~360bp of peer-set margin expansion consensus models from FY26 to FY28F. Laurus Labs' guidance of 30%+ EBITDA margin from FY27F, against 26.8% in FY26, falls in the same window. Imported, dollar-linked inputs make the hedge partial and the effect reverses if the INR recovers, and so FY27F and FY28F margin expansion would not by itself validate the capex cycle.

Figure 39: Margin uplift from currency translation alone

USD revenue share, rows; INR cost share, columns	50%	60%	70%	80%
60%	+55bp	+110bp	+165bp	+219bp
80%	+162bp	+216bp	+270bp	+324bp
100%	+266bp	+319bp	+372bp	+425bp

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Valuation

Consensus needs more than China-plus-one can deliver ➤

Consensus takes peer-set revenue from Rs529bn in FY26 to Rs717bn in FY28F. At 1QFY27 contract market share, that lifts annual contract revenue from ~Rs297bn to ~Rs402bn, an increase of ~US\$1.1bn at spot. The China-plus-one opportunity is estimated at ~US\$700m of additional annual revenue for the whole Indian industry once the shift completes, and so capturing all of it would cover under two-thirds of what consensus models for these 10 companies alone. Consensus therefore depends on the global pool expansion.

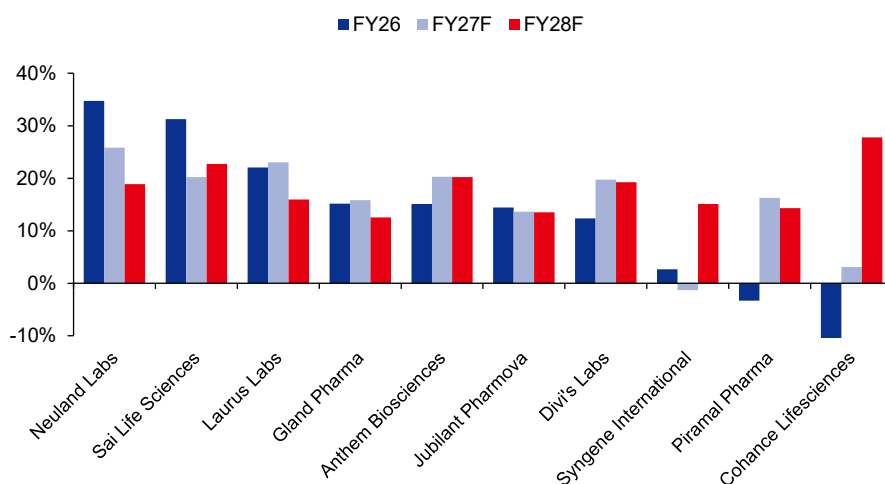
Figure 40: Consensus revenue and implied contract revenue

Metric	FY26	FY27F	FY28F
Peer set revenue (Rs bn)	529.2	615.0	716.7
Revenue growth	10.5%	16.2%	16.5%
Implied contract revenue (Rs bn)	297.3	343.9	402.2
Contract biz revenue growth		15.7%	16.9%

SOURCES: INCRED RESEARCH, BLOOMBERG

It also assumes convergence. FY26 growth ranged from +34.7% at Neuland Laboratories to -12.2% at Cohance Lifesciences, yet by FY28F all 10 companies are modelled between 12.6% and 27.8%, alongside ~360bp of margin expansion through the peak capex window.

Figure 41: Revenue growth, actual and consensus



SOURCE: INCRED RESEARCH, BLOOMBERG

Multiples track returns but embed years of compounding ➤

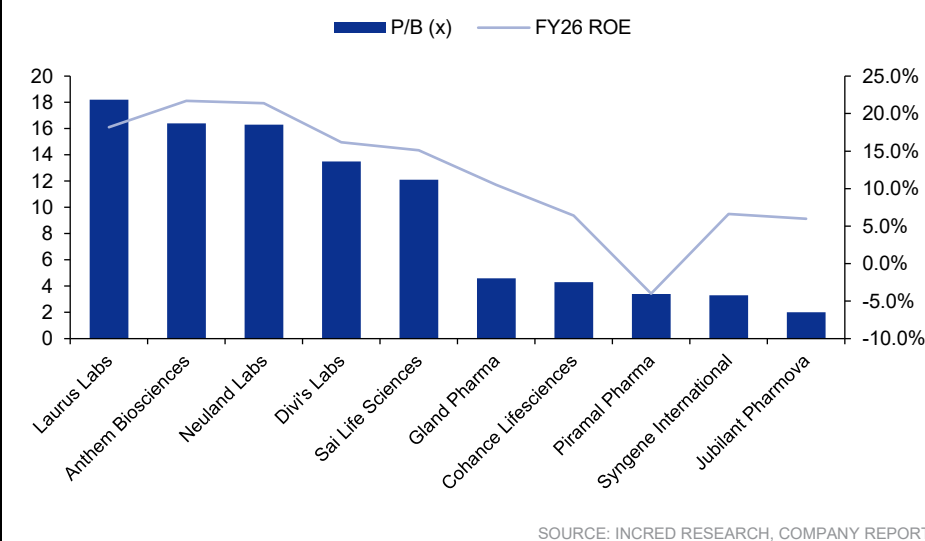
The ranking is rational, with the five companies above 12x book earning 15%+ RoE and the five below 5x earning 10.5% or less. The absolute level is the issue.

Figure 42: Valuation multiples

Company	Trailing P/E	FY27F P/E	Trailing EV/EBITDA	FY27F EV/EBITDA	P/BV
Laurus Labs	108.7x	73.3x	55.9x	40.6x	18.2x
Cohance Lifesciences	94.2x	59.5x	40.0x	40.2x	4.3x
Divi's Laboratories	87.8x	69.4x	64.5x	49.5x	13.5x
Sai Life Sciences	86.5x	72.1x	44.7x	38.8x	12.1x
Anthem Biosciences	84.2x	69.1x	59.0x	48.4x	16.4x
Neuland Laboratories	83.7x	63.7x	52.9x	41.5x	16.3x
Syngene International	51.0x	47.2x	15.7x	16.9x	3.3x
Gland Pharma	46.7x	36.9x	27.6x	22.6x	4.6x
Jubilant Pharmova	34.5x	30.9x	12.8x	11.4x	2.0x
Piramal Pharma Solutions	n/m	140.4x	34.4x	22.8x	3.4x

SOURCE: INCRED RESEARCH, BLOOMBERG

Figure 43: Price/BV against RoE



Divi's Laboratories and Anthem Biosciences need ~4.5 to 4.6 years of uninterrupted consensus growth to reach a still-premium 20x EV/EBITDA, in a sector with no take-or-pay contracts, no order book disclosure and three destocking events in FY26. As many as six of the 10 trade above 38x forward EV/EBITDA, against the ~22.9x FY24 EBITDA Novo Holdings paid for control of Catalent.

Figure 44: Embedded compounding requirement

Company	FY27F EV/EBITDA (x)	Implied EBITDA growth	Years of compounding to reach 20x
Divi's Laboratories	49.5x	22%	4.5
Anthem Biosciences	48.4x	21%	4.6
Neuland Laboratories	41.5x	26%	3.2
Laurus Labs	40.6x	20%	3.9
Sai Life Sciences	38.8x	27%	2.8
Cohance Lifesciences	40.2x	89%	1.1
Piramal Pharma Solutions	22.8x	35%	0.4
Gland Pharma	22.6x	16%	0.8
Syngene International	16.9x	24%	Already below
Jubilant Pharmova	11.4x	31%	Already below

SOURCE: INCRED RESEARCH, BLOOMBERG

Two pure-plays, priced 2.4x apart ➤

Near-identical FY26 returns are priced 2.4x apart, and the market is right to distinguish a cyclical trough from structural erosion. Cohance Lifesciences' decline came from destocking on two molecules, with restocking giving visibility into FY28F. Syngene International traces to one product and a self-described drift toward commoditised research services. Cohance Lifesciences still carries the more demanding assumption, since its forward multiple sits above its trailing multiple and the case rests on FY28F revenue being up 27.8%, with margin rising from 18.2% to 27.0%.

Figure 45: Cohance Lifesciences versus Syngene International

Measure	Cohance Lifesciences	Syngene International
FY26 RoE	6.4%	6.6%
FY26 EBITDA margin	18.8%	26.2%
FY27F EV/EBITDA	40.2x	16.9x
P/BV	4.3x	3.3x
One-year price performance	-61.3%	-38.4%
FY27F revenue growth	+3.1%	-1.3%
FY28F revenue growth	+27.8%	+15.1%

SOURCE: INCRED RESEARCH, BLOOMBERG

Scenarios and what to watch out for

Three cases ➤

Pool growth and capacity utilisation decide the outcome, not displacement.

The base case carries the weight of evidence. The pool keeps expanding at the mid-teens pace WuXi AppTec and Lonza are delivering, capacity fills with a ~one-year lag, and peer-set growth runs in the low-to-mid teens rather than the 16%+ consensus models, with operating margin expansion smaller than modelled and partly currency. The bull-case scenario needs biotech funding to convert, BIOSECURE Act to bind on schedule and GLP-1 volume to fill Indian lines at once. The bear-case scenario combines sub-scale peptide capacity against WuXi AppTec, Section 232 costs, oral GLP-1 substitution and further destocking, with multiples compressing toward the ~23x paid for Catalent.

Figure 46: Scenario summary

Variable	Bear-case	Base-case	Bull-case
Global pool growth	Low single digit	Mid-teens	High-teens
Indian share	Flat	Gradual gain	Accelerating gain
Capacity utilisation	Below 60% into FY28F	Gradual ramp, one-year lag	70-75%+ by FY28
Peer set revenue growth	Below 10%	Low to mid-teens	16%+ consensus met
Margin trajectory	Compression on depreciation drag	Modest expansion, largely currency	~360bps expansion delivered
Multiple direction	Compression toward ~23x	Held	Sustained

SOURCE: INCRED RESEARCH, BLOOMBERG

What to watch out for? ➤

- WuXi AppTec's backlog. Continued growth supports the pool-growth reading, and a sustained fall would signal either market share loss to India or a shrinking pool.
- Order book disclosure by Indian suppliers, which would give investors visibility of capacity utilisation risk for the first time.
- Conversion of capex into revenue at Divi's Laboratories and Jubilant Pharmova through FY27F and FY28F.
- Generic semaglutide pricing and volume outside India.
- The first Western commercial ADC supply award to an Indian supplier, and any innovator insourcing of a non-GLP-1 small-molecule programme.

Capital is being deployed ahead of demonstrated demand and without contractual protection, while consensus models an increase in annual contract revenue of ~1.6x the entire China-plus-one prize. The Western precedents in this cycle show what happens when capital arrives before demand.

DISCLAIMER

This report (including the views and opinions expressed therein, and the information comprised therein) has been prepared by **InCred Capital Wealth Portfolio Managers Private Limited** (hereinafter referred to as "ICWPMPL"). ICWPMPL is registered with SEBI as a Research Analyst vide Registration No. INH000023922. Pursuant to a trademark agreement, ICWPMPL has adopted "InCred Equities" as its trademark for use in this report. The term "ICWPMPL" shall, unless the context otherwise requires, mean ICWPMPL and its affiliates, subsidiaries and related companies. This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICWPMPL and its affiliates/group companies to registration or licensing requirements within such jurisdictions.

This report is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means; or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of ICWPMPL.

The information contained in this report is prepared from data believed to be correct and reliable at the time of issue of this report.

ICWPMPL is not required to issue regular reports on the subject matter of this report at any frequency and it may cease to do so or change the periodicity of reports at any time. ICWPMPL is not under any obligation to update this report in the event of a material change to the information contained in this report. ICWPMPL has not any and will not accept any, obligation to (i) check or ensure that the contents of this report remain current, reliable or relevant; (ii) ensure that the content of this report constitutes all the information a prospective investor may require; (iii) ensure the adequacy, accuracy, completeness, reliability or fairness of any views, opinions and information, and accordingly, ICWPMPL and its affiliates/group companies (and their respective directors, associates, connected persons and/or employees) shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

Unless otherwise specified, this report is based upon reasonable sources. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research. While every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of ICWPMPL and its affiliates/group companies to any person to buy or sell any investments.

The opinions expressed are based on information which is believed to be accurate and complete and obtained through reliable public or other non-confidential sources at the time made (information barriers and other arrangements may be established, where necessary, to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations. In reviewing this report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request. The report is not a "prospectus" as defined under Indian Law, including the Companies Act, 2013, and is not, and shall not be, approved by, or filed or registered with, any Indian regulator, including any Registrar of Companies in India, SEBI, any Indian stock exchange, or the Reserve Bank of India. No offer, or invitation to offer, or solicitation of subscription with respect to any such securities listed or proposed to be listed in India is being made, or intended to be made, to the public, or to any member or section of the public in India, through or pursuant to this report.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of ICWPMPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of ICWPMPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

ICWPMPL may have issued other reports (based on technical analysis, event specific, short-term views, etc.) that are inconsistent with and reach a different conclusion from the information presented in this report.

Holding of Analysts/Relatives of Analysts, ICWPMPL and Associates of ICWPMPL in the covered securities, as on the date of publishing of this report

Research Analyst or his/her relative(s) or InCred Capital Wealth Portfolio Managers Private Limited or our associate may have any financial interest in the subject company.

Research Analyst or his/her relatives or InCred Capital Wealth Portfolio Managers Private Limited or our associates may have actual or beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the Research Report.

Research Analyst or his/her relative or InCred Capital Wealth Portfolio Managers Private Limited or our associate entities may have any other material conflict of interest at the time of publication of the Research Report.

Research Analyst are using Artificial Intelligence tools for analysis and preparation of the Research report.

Use of Artificial Intelligence Tools

- The Research Analyst may use Artificial Intelligence (“AI”) tools and technology-assisted applications as supporting tools in the process of research, analysis, data processing, information gathering, drafting and preparation of this Research Report. Such tools may assist in processing and analysing information; however, they do not independently determine the research views, recommendations, target prices or investment opinions contained in this report.
- The Research Analyst exercises independent professional judgment and is responsible for reviewing, validating and assessing the information and analysis generated or assisted by such AI tools before incorporating the same into this Research Report. Reasonable care is taken to verify the accuracy and relevance of information.
- The use of AI tools does not diminish or transfer the responsibility of the Research Analyst for the contents, analysis, opinions, recommendations or disclosures contained in this Research Report. Investors are advised to independently evaluate the information and exercise their own judgment before making any investment decision.

In the past 12 months, ICWPMPL or any of its associates may have:

- a) Received any compensation/other benefits from the subject company,
- b) Managed or co-managed public offering of securities for the subject company,
- c) Received compensation for investment banking or merchant banking or brokerage services from the subject company,
- d) Received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company

We or our associates may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.

Research Analyst may have served as director, officer, or employee in the subject company.

We or our research analyst may engage in market-making activity of the subject company.

Analyst declaration

- The analyst responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously in an unbiased manner.
- No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this report or based on any specific investment banking transaction.
- The analyst(s) has(have) not had any serious disciplinary action taken against him/her(them).
- The analyst, strategist, or economist does not have any material conflict of interest at the time of publication of this report.
- The analyst(s) has(have) received compensation based upon various factors, including quality, accuracy and value of research, overall firm performance, client feedback and competitive factors.

ICWPMPL and/or its affiliates and/or its Directors/employees may own or have positions in securities of the company(ies) covered in this report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities.

ICWPMPL and/or its affiliates and/or its Directors/employees may do and seek to do business with the company(ies) covered in this research report and may from time to time (a) buy/sell the securities covered in this report, from time to time and/or (b) act as market maker or have assumed an underwriting commitment in securities of such company(ies), and/or (c) may sell them to or buy them from customers on a principal basis and/or (d) may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) and/or (e) solicit such investment, advisory or other services from any entity mentioned in this report and/or (f) act as a lender/borrower to such company and may earn brokerage or other compensation. However, Analysts are forbidden to acquire, on their own account or hold securities (physical or uncertificated, including derivatives) of companies in respect of which they are compiling and producing financial recommendations or in the result of which they play a key part.

Registration granted by SEBI, membership of a SEBI recognized supervisory body (if any) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

InCred Capital Wealth Portfolio Managers Private Limited.

Research Analyst SEBI Registration Number: INH000023922

Registered Office: Unit No 1203, 12th Floor, B Wing, The Capital, C-70, G Block, BKC, Bandra (E), Mumbai – 400051

Phone: +91-22-6844-6100

Corporate Office: 05th floor, Laxmi Towers, Plot No. C-25, G Block, Bandra – Kurla Complex, Bandra (East), Mumbai – 400051

Phone: +91-22-4161-1500

Name of the Compliance Officer: Ms. Preeti Lalwani

Email ID: compliance@incredresearch.com, Phone No: +91-22-41611539

For any queries or grievances, you may contact the Grievance Officer.

Name of the Grievance Officer: Mr. Rajarshi Maitra

Phone no. +91-022-41611546

Email ID: rajarshi.maitra@incredresearch.com

CIN: U74999MH2018PTC305048.

Recommendation Framework

Stock Ratings

Definition:

Add The stock's total return is expected to exceed 10% over the next 12 months.

Hold The stock's total return is expected to be between 0% and positive 10% over the next 12 months.

Reduce The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

Overweight An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.

Neutral A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.

Underweight An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

Overweight An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.

Neutral A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.

Underweight An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

RATINGS DISCLOSURE:

Ratings are not recommendation or suggestion, directly or indirectly, to any person to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor, or tax-exempt nature or taxability of payment made in respect of any investment, loan or security.

IMPORTANT DISCLOSURES AND ADDITIONAL DISCLOSURES FOR U.S. PERSONS:

Investment in securities are subject to market risks. Read all related documents carefully before investing.

InCred Capital Wealth Portfolio Managers Private Ltd has entered into an agreement with InCred Securities Inc., a U.S. registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") in order to conduct certain business in the United States in reliance on the exemption from U.S. broker-dealer registration provided by Rule 15a-6, promulgated under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), as amended, and as interpreted by the staff of the U.S. Securities and Exchange Commission ("SEC") (together "Rule 15a-6"). Byway of the agreement between InCred Capital Wealth Portfolio Managers Private Ltd, and InCred Securities Inc., InCred Securities Inc. will distribute research reports prepared by InCred Capital Wealth Portfolio Managers Private Limited on behalf of InCred Capital Wealth Portfolio Managers Private Ltd to U.S. Clients.

This research report is distributed in the United States by InCred Securities, Inc. in compliance with Rule 15a-6, and as a "third party research report" for purposes of FINRA Rule 2241. In compliance with Rule 15a-6(a)(3) this research report is distributed only to "major U.S. institutional investors" as defined in Rule 15a-6 and is not intended for use by any person or entity that is not a major U.S. institutional investor. If you have received a copy of this research report and are not a major U.S. institutional investor, you are instructed not to read, rely on, or reproduce the contents hereof, and to destroy this research or return it to InCred Securities, Inc.

This research report is a product of InCred Capital Wealth Portfolio Managers Private Limited, which is the employer of the research analyst(s) solely responsible for its content. The research analyst(s) preparing this research report is/are resident outside the United States and are not associated persons or employees of any U.S. registered broker-dealer. Therefore, the analyst(s) are not subject to supervision by a U.S. broker-dealer, or otherwise required to satisfy the regulatory licensing requirements of FINRA and may not be subject to the Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

RESEARCH ANALYST(S) CERTIFICATION:

The research Analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that:

- All the views expressed in this research report accurately reflect his or her or their personal views about all the issuers and their securities; and
- No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

While all care has been taken by InCred Capital Wealth Portfolio Managers Private Limited in the preparation of the opinions and forecasts and provision of the information contained in this report, InCred Capital Wealth Portfolio Managers Private Limited does not make any representations or give any warranties as to their correctness, accuracy or completeness; nor does InCred Capital Wealth Portfolio Managers Private Limited assume liability for any losses arising from errors or omissions in the opinions, forecasts or information, irrespective of whether there has been any negligence by InCred Capital Wealth Portfolio Managers Private Limited, its affiliates or any officers or employees of InCred Capital Wealth Portfolio Managers Private Limited and whether such losses be direct or consequential.

This document is compiled specifically for use by InCred Capital Wealth Portfolio Managers Private Limited's clients that are eligible institutional investors, and not for the public. This document is the intellectual property of InCred Capital Wealth Portfolio Managers Private Limited. Irrespective of whether or not you are the intended recipient, you may not copy, distribute, re-distribute, publish, rely on or otherwise use anything contained herein without our prior written consent. Some of our communications may contain information that could be a contravention of the law for you to disclose or use without permission. If you have received this communication in error, please notify us immediately and destroy all electronic and paper copies. Mis-transmission is not intended to waive confidentiality or privilege.

InCred Capital Wealth Portfolio Managers Private Limited and/or its affiliates, their directors and employees may from time to time:

- a) have long or short positions in, and buy or sell the securities of the issuer (s) mentioned herein,
- b) be engaged in one or more transactions involving such securities and earn brokerage or other compensation or act as a market maker or liquidity provider in the financial instruments of the issuer(s) covered under this report,
- c) act as an advisor or lender/borrower to, or have financial interest in, such issuer(s),
- d) lead manage or co-lead manage a public offering of securities of the issuer(s) covered under this report, receive compensation for investment banking services of the issuer(s) covered under this report,
- e) provide non-investment banking services, which include sales and trading services to the issuer(s) covered under this report or
- f) considering the nature of business/activities in which InCred Capital Wealth Portfolio Managers Private Limited is engaged, have potential conflicts of interest at the time of publication of this report on the subject issuer(s).

The Research Analyst(s) principally responsible for the preparation of this research report or their immediate relatives:

- a) may from time to time hold long or short personal positions in a class of common equity securities of the company(ies) covered under this report,
- b) has not received any compensation from the company(ies) covered under this report, or from any third party, in connection with this report in the past 12 months and
- c) do not have any other material conflict of interest at the time of publication of this report. Research Analyst(s) are prohibited from serving as an officer, director or employee of the issuer(s) covered under this report.

This report is intended for distribution in the US solely to "major US institutional investors" as defined in Rule 15a-6 promulgated under the US Securities Exchange Act of 1934 ("Exchange Act"), as supplemented by applicable SEC staff guidance, that are also Qualified Institutional Investors ("QIB"), as defined in Rule 144A promulgated under the US Securities Act of 1934 ("Securities Act"). This report is not intended for use by any person or entity that is not a major US institutional investor and a QIB. Each US person that is furnished this report represents and agrees, by virtue of its acceptance thereof, that it:

- 1) is a major US institutional investor and QIB;
- 2) is capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies involving a debt security or debt securities; and
- 3) understands that this report is intended for institutional investors and are not subject to all of the independence and disclosure standards applicable to debt research reports prepared for retail investors;

- 4) understands that this report may not be independent from InCred Capital Wealth Portfolio Managers Private Limited's (or its affiliates' and subsidiaries') proprietary interests; they may trade securities covered in this report for their own account and on a discretionary basis on behalf of certain clients, and such trading interests may be contrary to the recommendations offered in this report; and
- 5) understands the risks involved in executing transactions in the securities and/or instruments referenced in the report.

Any major U.S. Institutional investor that wishes to obtain further information regarding this report or effect a transaction in any security discussed herein must contact and deal directly through InCred Securities, Inc., 12 E 49th Street, Floor 11, Office No. 1111, New York, NY 10017, telephone number 1 (917) 277 -4331. InCred Securities Inc. is a member of FINRA and SIPC. Except as specifically disclosed in this report, InCred Securities Inc. has not represented that it or its affiliates have a material conflict of interest with respect to the subject company, including any material beneficial ownership interest, material investment banking relationship, or market making relationship. If any such material conflict exists and is required to be disclosed by applicable law or regulation, it should be specifically disclosed in the US section rather than inferred from more general disclosures applicable to InCred Capital Wealth Portfolio Managers Private Limited.

To the extent that the report relates to non-US securities, investing in non-US securities may entail particular risks. Such securities may not be registered under the Securities Act and the issuer of such securities may not be subject to US reporting and/or other requirements. Financial statements included in the report with respect to such securities, if any, may have been prepared in accordance with non-US accounting standards that may not be comparable to the financial statements of US companies. Available information regarding the issuers of such securities may be limited, and such issuers may not be subject to the same auditing and reporting standards as US issuers. Fluctuations in the values of national currencies, as well as potential governmental restrictions on currency movements, can significantly erode principal and investment returns. Market rules, conventions and practices may differ from US markets, adding to transaction costs or causing delays in the purchase or sale of such securities. Securities of some non-US issuers may not be as liquid as securities of comparable US issuers.

The report may include forward-looking statements within the meaning of US federal securities laws that are subject to risks and uncertainties. Factors that could cause a company's actual results and financial condition to differ from expectations include, without limitation: political uncertainty, changes in general economic conditions that adversely affect the level of demand for the company's products or services, changes in foreign exchange markets, changes in international and domestic financial markets and in the competitive environment, and other factors relating to the foregoing. All forward-looking statements contained in the report are qualified in their entirety by this cautionary statement.