

Uptick in Margins; Strong Launch Momentum
Est. Vs. Actual for Q1FY26: Revenue – **INLINE** ; EBITDA Margin – **INLINE**; PAT – **BEAT**
Changes in Estimates Post Q1FY26:
FY26E/FY27E: Revenue: 0.6%/1.1%; EBITDA Abs: 2.2%/1.9%; PAT: 2.6%/2.3%

Recommendation Rationale

- **Stable Core and Cenexi Turnaround Drive Revenue Growth:** Gland Pharma reported consolidated revenue of Rs 1,506 Cr in Q1FY26, marking a 7.4% YoY growth, in line with our estimates. The base business (ex-Cenexi) grew by 2.7% YoY, while Cenexi delivered a strong turnaround, reporting 19.6% YoY growth, highlighting early signs of recovery and successful integration.
- **Cenexi Achieves EBITDA Breakeven:** Cenexi reported Q1FY26 revenue of Rs 465 Cr, with a positive EBITDA of Rs 9 Cr and a margin of 2%. We expect Cenexi to deliver 5-6% Margins in FY26.
- **GLP-1 Opportunity:** Gland Pharma is targeting the sale of 20 Mn GLP-1 cartridges in the near term, with contract manufacturing pricing expected in the range of \$1–2 per unit. This could translate into revenue of over Rs 300 Cr. To support future demand and scale-up, the company is expanding its GLP-1 cartridge and pen device capacity significantly from the current 40 Mn units to 140 Mn units.

Sector Outlook: Positive

Company Outlook & Guidance: The company remains optimistic about volume recovery and future growth, driven by new product launches and a strategic focus on biologics and complex products. Continued investment in biosimilars and RTU technologies is expected to support long-term growth.

Current Valuation: PE 26x for FY27E earnings. (Earlier 22x/FY27E)

Current TP: Rs 1,950/share (Earlier TP: Rs 1,580/share)

Recommendation: HOLD

Financial Performance

GLAND's base business (Ex-Cenexi) registered 2.7% YoY revenue growth driven by volume growth and new launches. EBITDA margins expanded to ~34.5%, improving by 550 bps YoY and meeting expectations. Cenexi reported revenue of Rs 465 Cr (19% YoY), achieving first-time EBITDA breakeven with Rs 9 Cr and EBITDA margins of 2%. The company is targeting an annual revenue growth rate of approximately 14-15%, supported by recent expansions. New launches (12 molecules in Q1FY26) are expected to drive incremental sales in the U.S.

The consolidated revenue stood at Rs 1,506 Cr, reflecting a 7.4% YoY and a 5.7% QoQ increase. Consolidated EBITDA margins stood at 24.4%, up 555 bps YoY and flat QoQ. GLAND reported a PAT of Rs 215 Cr, above expectations of Rs 205 Cr.

Key Financials (Consolidated)

(Rs Cr)	Q1FY26	QoQ (%)	YoY (%)	Axis Est.	Variance %
Net Sales	1,506	5.7	7.4	1,481	1.7
EBITDA	368	5.8	39.0	368	-0.1
EBITDA Margin	24.4%	4	555	24.8%	-
Net Profit	215	15.5	49.5	205	5.2
EPS (Rs)	13.1	15.5	49.5	12.4	5.2

Source: Company, Axis Securities Research

(CMP as of 5th August 2025)

CMP (Rs)	1,958
Upside /Downside (%)	0%
High/Low (Rs)	2,221/1278
Market cap (Cr)	32,260
Avg. daily vol. (6m) Shrs.	2,72,564
No. of shares (Cr)	16.5

Shareholding (%)

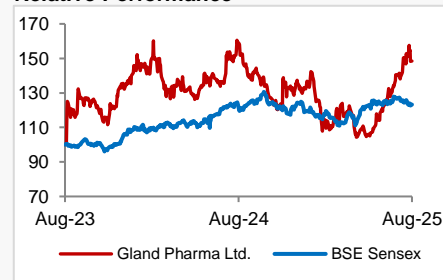
	Dec-24	Mar-25	Jun-25
Promoter	51.8	51.8	51.8
FIIs	5.0	6.9	7.4
MFs / UTI	32.4	31.2	30.7
Banks / FIIs	0.0	0.0	0.0
Others	10.8	10.1	10.1

Financial & Valuations

Y/E Mar (Rs)	FY25	FY26E	FY27E
Net Sales	5,617	6,546	7,320
EBITDA	1,269	1,689	1,932
Net Profit	702	1,064	1,221
EPS (Rs)	42.4	64.6	74.1
PER (x)	46.2	30.3	26.4
P/BV (x)	23.7	17.7	15.2
EV/EBITDA (x)	3.5	3.3	3.0
ROE (%)	7.6	10.7	11.3

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	0.6%	1.1%
EBITDA	2.2%	1.9%
PAT	2.6%	2.3%

Relative Performance


Source: Ace Equity

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Outlook

The company remains optimistic about volume recovery and future growth, driven by new product launches and a strategic focus on biologics and complex products. Continued investment in biosimilars and RTU technologies is expected to drive long-term growth.

Valuation & Recommendation

In light of the positive growth trajectory and effective cost management, tempered by the dilution impact from the Cenexi acquisition on consolidated margins and profitability, **we maintain our HOLD rating on the stock with a target price of Rs 1,950/share.**

Key Risks to Our Estimates and TP

- Potential USFDA inspections, resulting in the issuance of Warning Letters (WL), Official Action Indicated (OAI) status, or 483 observations, could potentially impact the company's revenue growth.
- The entry of new competitors into the market might lead to heightened pricing pressures within the injectable portfolio.
- Any delays in launching Biosimilars in the market could also challenge the company's operations and growth strategy.

Change in Estimates

	New		Old		% Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Sales	6,546	7,320	6,509	7,237	0.6%	1.1%
EBITDA	1,689	1,932	1,653	1,896	2.2%	1.9%
PAT	1,064	1,221	1,037	1,194	2.6%	2.3%

Source: Company, Axis Securities Research

Results Review

Particulars (Rs Cr)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY (%)	QoQ (%)
Net Sales	1,402	1,406	1,384	1,425	1,506	7.4	5.7
Growth (%)	16.0%	2.4%	-10.4%	-7.3%	7.4%		
Total Expenditure	1,137	1,109	1,025	1,077	1,138	0.1	5.6
Raw Material Consumed	462	486	438	588	557		
Purchase of stock in trade	7	3	2	3	1		
Stock Adjustment	96	87	23	-103	-37		
% of sales	40.2%	40.9%	33.5%	34.2%	34.6%		
Gross margins %	59.8%	59.1%	66.5%	65.8%	65.4%	563	-37
Employee Expenses	356	330	343	373	408	14.8	9.3
% of sales	25.4%	23.5%	24.8%	26.2%	27.1%		
Other Expenses	171	158	164	163	163	-4.7	-0.3
% of sales	12.2%	11.2%	11.8%	11.5%	10.8%		
Power & Fuel	47	45	55	53	46		
% of sales	3.3%	3.2%	3.9%	3.7%	3.0%		
EBITDA	265	297	360	348	368	39.0	5.8
EBITDAM (%)	18.9%	21.1%	26.0%	24.4%	24.4%	555	4
Interest	6	6	23	7	11		
Depreciation	92	94	96	96	101		
Other Income	51	60	58	44	58		
PBT	219	257	299	288	313	43.1	8.5
Tax	74	93	95	102	97		
Tax (%)	34.1%	36.3%	31.7%	35.3%	31.1%		
Reported PAT	144	164	204	187	215	49.5	15.5

Source: Company, Axis Securities Research

Geographical Breakup

Particulars (Rs Cr)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY (%)	QoQ (%)
USA	752	739	714	771	717	-4.7	-7.1
India	53	87	56	53	59	12.7	13.1
RoW	148	166	167	125	153	3.5	22.2

Source: Company, Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY25	FY26E	FY27E	FY28E
Net Sales	5,617	6,546	7,320	8,160
Growth (%)	-0.9%	16.6%	11.8%	11.5%
Total Expenditure	4,348	4,857	5,387	5,981
Raw Material Consumed	2,090	2,409	2,650	2,937
Gross margins %	62.8%	63.2%	63.8%	64.0%
Employee Expenses	1,402	1,466	1,647	1,836
% of sales	23.0%	22.4%	22.5%	22.5%
Other Expenses	856	982	1,091	1,208
% of sales	15.2%	15.0%	14.9%	14.8%
EBITDA	1,269	1,689	1,932	2,179
EBITDAM (%)	22.6%	25.8%	26.4%	26.7%
Interest	42	29	28	24
EBIT	1,227	1,660	1,905	2,155
EBITM (%)	21.8%	25.4%	26.0%	26.4%
Depreciation	378	427	465	502
Other Income	214	182	184	184
Share of profit/ (loss) of joint venture and associate, net	0	0	0	0
Exceptional items, net	0	0	0	0
PBT	1,063	1,415	1,624	1,837
Tax Rate (%)	34.3%	25.0%	25.0%	25.0%
Tax	364	354	406	459
Reported PAT	702	1,064	1,221	1,381

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY25	FY26E	FY27E	FY28E
Share Capital	16.5	16.5	16.5	16.5
Reserves & Surplus	9,134	9,902	10,826	11,910
Shareholders Fund	9,151	9,918	10,843	11,927
Total Debt	314	360	348	336
Deferred Tax Liab. (Net)	0	0	0	0
Provisions	402	402	402	402
Trade Payables	820	1,004	1,123	1,252
Other Liabilities	538	400	400	400
Total Liabilities	11,225	12,085	13,116	14,317
Gross Block	5,195	5,695	6,195	6,695
Depreciation	1,445	1,872	2,336	2,839
Fixed Assets (incl. CWIP)	4,298	4,371	4,406	4,404
Inventories	1,685	1,973	2,206	2,459
Trade Receivables	1,517	1,793	2,005	2,235
Cash & Cash Equivalents	2,556	2,770	3,181	3,750
Other Current Assets	1,169	1,178	1,318	1,469
Total Current Assets	6,783	7,322	8,271	9,424
TOTAL ASSETS	11,225	12,085	13,116	14,317

Source: Company, Axis Securities Research

Cash Flow

(Rs Cr)

Y/E March	FY25	FY26E	FY27E	FY28E
PBT	1,063	1,415	1,624	1,837
Add: Depreciation	378	427	465	502
Add: Interest	42	29	28	24
Cash flow from operations	1,483	1,871	2,116	2,363
Change in working capital	-461	528	466	506
Taxes	364	354	406	459
Miscellaneous expenses	0	-3	-3	-3
Net cash from operations	1,579	993	1,248	1,401
Capital expenditure	-491	-500	-500	-500
Change in Investments	0	0	0	0
Net cash from investing	-491	-500	-500	-500
Increase/Decrease in debt	-58	46	-12	-12
Dividends	0	-297	-297	-297
Proceedings from equity	0	0	0	0
Interest	-42	-29	-28	-24
Others	-272	-0	-0	0
Net cash from financing	-371	-279	-336	-332
Net Inc./(Dec.) in Cash	717	213	411	569
Opening cash balance	1,839	2,556	2,770	3,181
Closing cash balance	2,556	2,770	3,181	3,750

Source: Company, Axis Securities Research

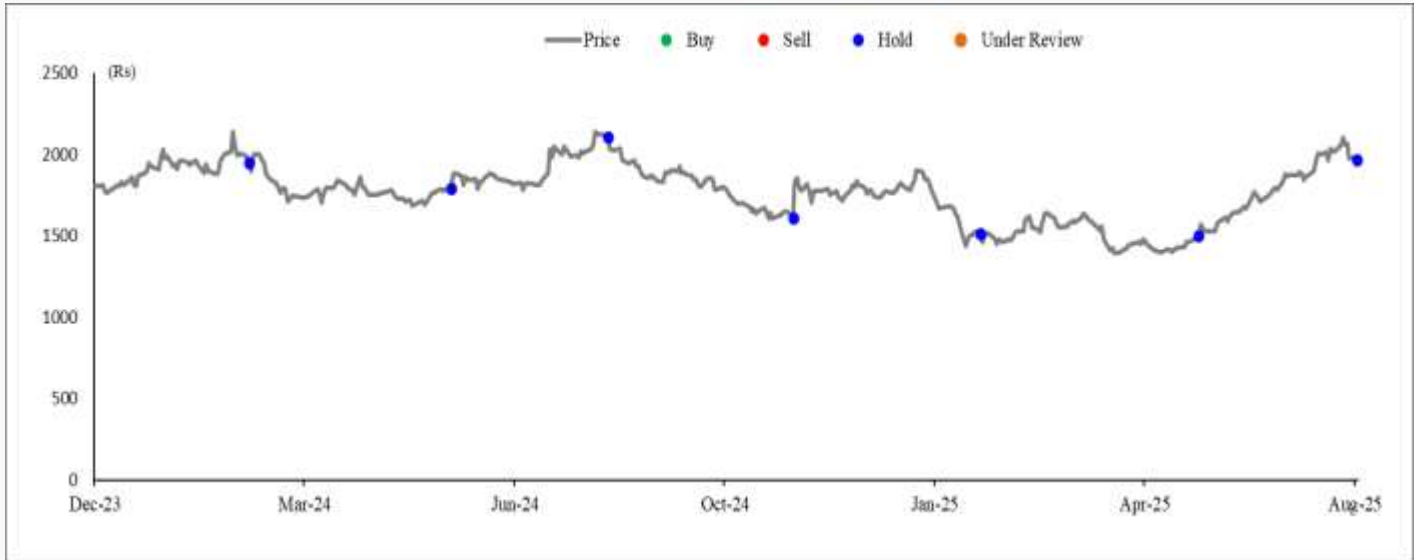
Ratio Analysis

(%)

Y/E March	FY25	FY26E	FY27E	FY28E
Sales growth	(0.9)	16.6	11.8	11.5
OPM	22.6	25.8	26.4	26.7
Oper. profit growth	(4.8)	33.1	14.4	12.7
COGS / Net sales	37.2	36.8	36.2	36.0
Overheads/Net sales				
Depreciation / G. block	7.3	7.5	7.5	7.5
Effective interest rate	34.3	25.0	25.0	25.0
Net kg.cap / Net sales				
Net sales / Gr block (x)	1.1	1.1	1.2	1.2
RoCE	14.2	17.8	19.2	20.4
Debt/equity (x)	0.0	0.0	0.0	0.0
Effective tax rate	34.3	25.0	25.0	25.0
RoE	7.6	10.7	11.3	11.6
Payout ratio (Div/NP)	0.0	27.9	24.3	21.5
EPS (Rs.)	42.4	64.6	74.1	83.8
EPS Growth	(9.5)	52.4	14.7	13.1
CEPS (Rs.)	23.0	16.6	15.4	13.2
DPS (Rs.)	0.0	18.0	18.0	18.0

Source: Company, Axis Securities Research

Gland Pharma Price Chart and Recommendation History



Date	Reco	TP	Research
07-Nov-23	BUY	1,700	Result Update
14-Feb-24	HOLD	1,825	Result Update
22-May-24	HOLD	1,950	Result Update
07-Aug-24	HOLD	2,000	Result Update
05-Nov-24	HOLD	1,760	Result Update
04-Feb-25	HOLD	1,580	Result Update
21-May-25	HOLD	1,580	Result Update
06-Aug-25	HOLD	1,950	Result Update

Source: Axis Securities Research

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SELL	Less than -10%
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Note: Returns stated in the rating scale are our internal benchmark.