

# OneSource Specialty Pharma | BUY

## MSAs led growth, guidance remain intact

OneSource reported a moderate set of numbers in 2Q, with revenue/EBITDA growing 13%/38% and reported PAT was positive at INR 105mn, vs a loss of INR 421mn in 2QFY25. The top-line was a beat of 4% with expectations, driven primarily by execution of MSAs. EBITDA margins expanded to 28% (+520bps YoY), primarily due to expansion in gross margins by 689bps YoY. The management has guided that the growth for FY26 will be loaded in 2HFY26, as the DDCs capacity utilization ramp-up with opening of Semaglutide markets. OneSource's clientele targeting GLP-1 first wave have increased their forecasts, leading to OneSource bringing forward its capacity expansion by a year ahead – targeting operationalization by CY26 end. In our understanding, OneSource is well positioned to capitalize on the upcoming GLP-1 patent expiry wave and as such we have built in an organic growth of 40%/52% CAGR in revenue/EBITDA over FY25-28 for the company. We maintain our BUY rating, continuing to value the company at 22x the Sep'27 EBITDA to arrive at a TP of INR 2,621.

- **Base business expanding with 4x increase in pipeline vs FY25:** The biologics business has seen a 4x increase in its funnel compared to FY25, which now includes novel modalities, early-phase biologics, and biosimilars. The company signed nine new MSAs and licensing agreements during the period, with the number of customers common across multiple modalities rising to twelve. There are over fifty active RFPs across modalities, while nine NCE-1 and NBE programs continue to progress on track. The soft gel segment is entering its strong seasonal period with sustained demand. In injectables, organic expansion is underway, supported by acquisitions that are helping to strengthen the global footprint.
- **DCC business fully sold out, new capacity from phase 2 expansions:** The company has expanded its device portfolio by adding autoinjectors, dial, and push variable dose pen injectors during the 2Q, taking the total number of device platforms to 11. The DDC business remains fully sold out, leading to an acceleration of Phase 2 capacity expansion to meet demand from upcoming launches. The expansion is progressing ahead of schedule and is expected to be completed by end-CY26, almost a year earlier than planned. This capacity will support commercial supplies expected in FY27, when around 8–10 DDC customers are likely to launch across multiple geographies. In preparation for these launches, there has been an inventory build-up in working capital, largely supported by customer advances or purchase orders. Meanwhile, business momentum continues across key markets such as Canada, Brazil, MENA, and India.
- **GLP-1- expanding fill finish capacity by 5x:** The company has over 20 customers, with 8–9 preparing to launch products across multiple markets. Onesource has received take-or-pay and capacity reservation fees from 8–9 GLP-1 customers, providing revenue visibility in the near term. The GLP-1 category represents a large global opportunity with an estimated 1.5–2 billion potential patients. Management expects a deliverable capacity of 15–20 million units to translate into meaningful revenue once shipments begin next year. To address growing demand, the company is expanding its fill-finish capacity fivefold through phased additions up to CY26. Device assembly and packaging operations are fully integrated, enabling 100% of GLP-1 customers to receive finished, serialized products directly from Onesource sites. The strong performance of innovators such as Novo and Lilly has further increased awareness and demand in this segment, indirectly supporting Onesource's generic partners.



**Amey Chalke**

amey.chalke@jmfl.com | Tel: (91 22) 66303056

**Abin Benny**

abin.benny@jmfl.com | Tel: (91 22) 69703621

### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	2,621
Upside/(Downside)	49.1%
Previous Price Target	2,417
Change	8.4%

### Key Data – ONESOURC IN

Current Market Price	INR1,758
Market cap (bn)	INR201.3/US\$2.3
Free Float	54%
Shares in issue (mn)	114.4
Diluted share (mn)	114.4
3-mon avg daily val (mn)	INR242.0/US\$2.7
52-week range	2,250/1,163
Sensex/Nifty	84,467/25,876
INR/US\$	88.6

### Price Performance

%	1M	6M	12M
Absolute	-6.0	10.5	0.0
Relative*	-8.2	7.8	0.0

\* To the BSE Sensex

### Financial Summary

(INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	1,719	14,449	17,043	28,348	39,131
Sales Growth (%)	344.1	740.4	18.0	66.3	38.0
EBITDA	-882	4,665	5,403	11,481	16,239
EBITDA Margin (%)	-51.3	32.3	31.7	40.5	41.5
Adjusted Net Profit	-2,357	3,434	2,761	7,795	11,540
Diluted EPS (INR)	-21.7	30.0	24.1	68.1	100.8
Diluted EPS Growth (%)	0.0	0.0	-19.6	182.3	48.0
ROIC (%)	-18.5	8.8	20.7	40.6	50.0
ROE (%)	-39.9	10.9	4.6	12.3	16.1
P/E (x)	-80.9	58.6	72.8	25.8	17.4
P/B (x)	48.2	3.4	3.3	3.0	2.6
EV/EBITDA (x)	-232.6	43.9	37.7	17.5	11.7
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 12/Nov/2025

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

- **Canada market dynamics:** The company highlighted that there are two waves of filers for the Canadian market, with three to four expected in the first wave. Dr. Reddy's has been confirmed as one of Onesource's customers for Canada and other markets. However, regulatory delays in Canada may cause a slight postponement of launch timelines for Dr. Reddy's and possibly other filers. While these delays are expected to affect near-term revenue recognition, they do not impact ongoing operational activity. Management described the next two quarters as a period of ambiguity but reiterated that the business is not dependent on any single customer or market event. Onesource remains fully sold out on DDC capacity, though the Canadian delays have temporarily affected shipments and invoicing. Launches in other countries such as India, Brazil, and Turkey are progressing as planned, with no significant impact from the Canadian situation. Nine customers are preparing to launch in non-Canadian markets, with market openings expected from March onward. Approvals in these geographies are anticipated to follow shortly after Canada, improving visibility on shipments and revenue recognition from April onward.

**Exhibit 1. 2QFY26 review**

OneSource Specialty Pharma - P&L (INR mn)	Q2FY25A	Q2FY26A	% YoY	Q2FY26E	% Delta vs JMFe	2QFY26E (cons)	% Delta vs cons	Q1FY26E	% QoQ
<b>Net Sales</b>	<b>3340</b>	<b>3758</b>	<b>12.5%</b>	<b>3,775</b>	<b>-0.5%</b>			<b>3273</b>	<b>14.8%</b>
Other op income									
<b>Revenue</b>	<b>3340</b>	<b>3758</b>	<b>12.5%</b>	<b>3,775</b>	<b>-0.5%</b>	<b>3,619</b>	<b>3.8%</b>	<b>3273</b>	<b>14.8%</b>
Raw Material/FG	1239	1135	-8.4%	1,208				929	22.1%
Gross Profit	2101	2623	24.8%	2,567	2%			2344	11.9%
- % of revenue	63%	70%	689 bps	68%	180 bps			72%	-181 bps
Opex & Other expenses	1329	1558	17.3%	1,450	7%			1459	6.8%
<b>EBITDA</b>	<b>773</b>	<b>1065</b>	<b>37.8%</b>	<b>1,117</b>	<b>-4.6%</b>	<b>1,009</b>	<b>5.5%</b>	<b>885</b>	<b>20.4%</b>
EBITDA (%)	23%	28%	520 bps	30%	-125 bps	28%	46 bps	27%	130 bps
Other Income	44	30		50	-39%			53	
Interest	450	340	-24.6%	200	70%			275	23.6%
Depreciation & Amortization	683	293		278	5%			273	
<b>PBT</b>	<b>-316</b>	<b>57</b>	<b>NM</b>	<b>283</b>	<b>NM</b>			<b>-15</b>	
Tax	46	-47	NM	71	-167%			-42	
Tax Rate (%)	-15%	-83%		25%				276%	
Exceptional items	58	0		0				29	
Minority Interest									
<b>PAT (Reported)</b>	<b>-421</b>	<b>105</b>	<b>NM</b>	<b>213</b>	<b>-50.7%</b>	<b>98</b>	<b>7.0%</b>	<b>-2</b>	<b>NM</b>
PAT Margin (%)	-13%	3%		6%	-284 bps		279 bps	0%	285 bps
<b>PAT (Adjusted)</b>	<b>-378</b>	<b>405</b>	<b>NM</b>	<b>512</b>	<b>-21.0%</b>	<b>98</b>	<b>312.8%</b>	<b>319</b>	<b>26.8%</b>
PAT Margin (%)	-11%	11%		14%	-280 bps		1077 bps	10%	102 bps
OneSource Specialty Pharma - Cost Margins	Q2FY25A	Q2FY26A	% YoY	Q2FY26E	% Delta vs JMFe			Q1FY26E	% QoQ
Raw material cost/sales	37.1%	30.2%	-689 bps	32.0%	-180 bps			28.4%	181 bps
Opex & Other expenditure/sales	39.8%	41.5%	169 bps	38.4%	304 bps			44.6%	-311 bps

Source: Company, JM Financial

## Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	1,719	14,449	17,043	28,348	39,131
Sales Growth	344.1%	740.4%	18.0%	66.3%	38.0%
Other Operating Income	0	0	0	0	0
<b>Total Revenue</b>	<b>1,719</b>	<b>14,449</b>	<b>17,043</b>	<b>28,348</b>	<b>39,131</b>
Cost of Goods Sold/Op. Exp	705	4,350	5,113	7,371	10,174
Personnel Cost	794	2,153	0	0	0
Other Expenses	1,103	3,280	6,527	9,497	12,718
<b>EBITDA</b>	<b>-882</b>	<b>4,665</b>	<b>5,403</b>	<b>11,481</b>	<b>16,239</b>
EBITDA Margin	-51.3%	32.3%	31.7%	40.5%	41.5%
EBITDA Growth	0.0%	0.0%	15.8%	112.5%	41.4%
Depn. & Amort.	763	2,739	2,862	3,139	3,239
EBIT	-1,645	1,926	2,540	8,342	13,000
Other Income	42	175	201	198	334
Finance Cost	894	1,663	1,070	650	525
PBT before Excep. & Forex	-2,498	440	1,672	7,890	12,809
Excep. & Forex Inc./Loss(-)	-1,159	-1,111	0	0	0
PBT	-3,657	-671	1,672	7,890	12,809
Taxes	0	-498	267	1,420	2,562
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	-3,657	-173	1,404	6,470	10,247
<b>Adjusted Net Profit</b>	<b>-2,357</b>	<b>3,434</b>	<b>2,761</b>	<b>7,795</b>	<b>11,540</b>
Net Margin	-137.1%	23.8%	16.2%	27.5%	29.5%
Diluted Share Cap. (mn)	108.5	114.4	114.4	114.4	114.4
<b>Diluted EPS (INR)</b>	<b>-21.7</b>	<b>30.0</b>	<b>24.1</b>	<b>68.1</b>	<b>100.8</b>
Diluted EPS Growth	0.0%	0.0%	-19.6%	182.3%	48.0%
Total Dividend + Tax	0	0	0	0	0
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	-3,912	-678	1,672	7,890	12,809
Depn. & Amort.	954	2,739	2,862	3,139	3,239
Net Interest Exp. / Inc. (-)	894	1,663	1,070	650	525
Inc (-) / Dec in WCap.	-41	-4,199	256	-2,478	-2,363
Others	1,032	-134	0	0	0
Taxes Paid	0	-70	-267	-1,420	-2,562
<b>Operating Cash Flow</b>	<b>-1,072</b>	<b>-679</b>	<b>5,593</b>	<b>7,781</b>	<b>11,648</b>
Capex	4,898	-1,281	-4,000	-3,800	-1,000
Free Cash Flow	3,826	-1,959	1,593	3,981	10,648
Inc (-) / Dec in Investments	0	0	0	0	0
Others	207	-730	0	0	0
<b>Investing Cash Flow</b>	<b>5,105</b>	<b>-2,011</b>	<b>-4,000</b>	<b>-3,800</b>	<b>-1,000</b>
Inc / Dec (-) in Capital	0	8,755	0	0	0
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	-2,807	-2,229	-1,250	-1,250	-1,000
Others	-1,098	-2,406	1,056	-650	-525
<b>Financing Cash Flow</b>	<b>-3,905</b>	<b>4,120</b>	<b>-194</b>	<b>-1,900</b>	<b>-1,525</b>
<b>Inc / Dec (-) in Cash</b>	<b>128</b>	<b>1,431</b>	<b>1,399</b>	<b>2,081</b>	<b>9,123</b>
Opening Cash Balance	95	223	3,098	3,052	5,133
Closing Cash Balance	223	1,653	4,497	5,133	14,256

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	3,957	58,806	60,210	66,680	76,927
Share Capital	0	0	0	0	0
Reserves & Surplus	0	0	0	0	0
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	5,622	7,716	6,466	5,216	4,216
Def. Tax Liab. / Assets (-)	0	0	0	0	0
<b>Total - Equity &amp; Liab.</b>	<b>9,579</b>	<b>66,522</b>	<b>66,676</b>	<b>71,896</b>	<b>81,143</b>
Net Fixed Assets	10,506	63,359	63,815	64,476	62,237
Gross Fixed Assets	6,824	8,974	12,138	14,534	14,031
Intangible Assets	3,254	52,202	49,493	47,757	46,022
Less: Depn. & Amort.	0	0	0	0	0
Capital WIP	427	2,184	2,184	2,184	2,184
Investments	0	0	0	0	0
Current Assets	2,580	12,143	13,355	20,082	33,636
Inventories	112	1,581	1,868	3,107	4,288
Sundry Debtors	552	4,166	5,136	8,543	11,793
Cash & Bank Balances	761	3,098	3,052	5,133	14,256
Loans & Advances	0	0	0	0	0
Other Current Assets	1,154	3,299	3,299	3,299	3,299
Current Liab. & Prov.	3,507	8,981	10,494	12,662	14,730
Current Liabilities	917	5,123	6,636	8,804	10,872
Provisions & Others	2,590	3,858	3,858	3,858	3,858
Net Current Assets	-927	3,162	2,861	7,420	18,906
<b>Total - Assets</b>	<b>9,579</b>	<b>66,522</b>	<b>66,676</b>	<b>71,896</b>	<b>81,143</b>

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	-137.1%	23.8%	16.2%	27.5%	29.5%
Asset Turnover (x)	0.1	0.4	0.2	0.4	0.5
Leverage Factor (x)	2.2	1.3	1.2	1.1	1.1
RoE	-39.9%	10.9%	4.6%	12.3%	16.1%

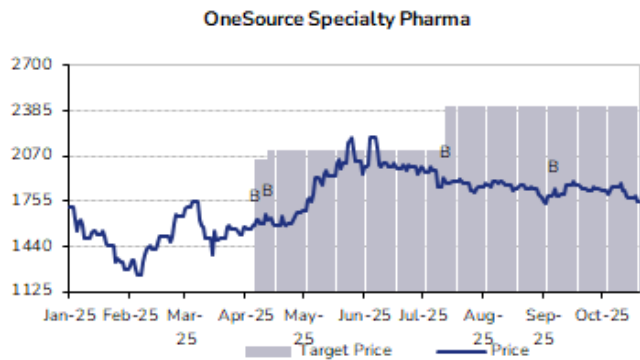
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	36.5	513.9	526.2	582.7	672.3
ROIC	-18.5%	8.8%	20.7%	40.6%	50.0%
ROE	-39.9%	10.9%	4.6%	12.3%	16.1%
Net Debt/Equity (x)	1.2	0.1	0.1	0.0	-0.1
P/E (x)	-80.9	58.6	72.8	25.8	17.4
P/B (x)	48.2	3.4	3.3	3.0	2.6
EV/EBITDA (x)	-232.6	43.9	37.7	17.5	11.7
EV/Sales (x)	119.4	14.2	12.0	7.1	4.9
Debtor days	117	105	110	110	110
Inventory days	24	40	40	40	40
Creditor days	114	65	102	118	120

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
29-Apr-25	Buy	2,049	
6-May-25	Buy	2,113	3.1
5-Aug-25	Buy	2,417	14.4
29-Sep-25	Buy	2,417	0.0

Recommendation History



## APPENDIX I

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Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: [jmfinancial.research@jmfl.com](mailto:jmfinancial.research@jmfl.com) | [www.jmfl.com](http://www.jmfl.com)Compliance Officer: Ms. Ashley Johnson | Tel: +91 22 6224 1862 | Email: [ashley.johnson@jmfl.com](mailto:ashley.johnson@jmfl.com)Grievance Officer: Ms. Ashley Johnson | Tel: +91 22 6224 1862 | Email: [instcompliance@jmfl.com](mailto:instcompliance@jmfl.com)

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New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return $\geq$ 15% over the next twelve months.
ADD	Expected return $\geq$ 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return $\geq$ -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

\* REITs refers to Real Estate Investment Trusts.

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