

Pharmaceuticals: Q2FY27E Quarterly Result Preview

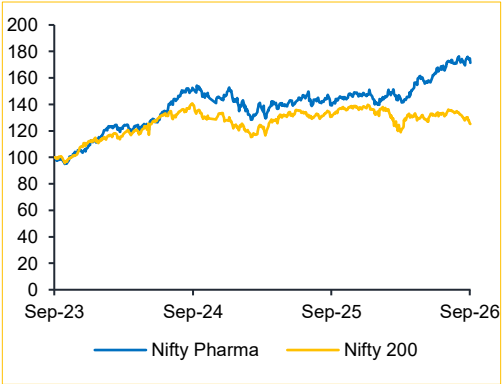
Underlying Growth Remains Strong despite Margin Headwinds

Sector View: POSITIVE

Recommendation			
Company (Ticker)	CMP (INR)	TP (INR)	Rated
Ajanta Pharma (AJP)	3,582	3,735	ADD
Alkem Labs (ALKEM)	5,240	5,755	ADD
Cipla (CIPLA)	1,347	1,330	REDUCE
Concord Biotech (CONCORDB)	1,375	1,645	ADD
Divi's Labs (DIVI)	9,294	8,355	REDUCE
Dr. Reddy's Lab (DRRD)	1,200	1,305	ADD
Granules India (GRAN)	821	1,010	BUY
Glenmark Pharmaceuticals (GNP)	2,336	2,590	BUY
IPCA Labs (IPCA)	1,932	1,935	ADD
Laurus Labs (LAURUS)	1,989	1,705	ADD
Lupin Ltd (LPC)	2,029	2,630	ADD
Marksans Pharma (MRKS)	325	385	BUY
Piramal Pharma (PIRPHARM)	198	200	REDUCE
Senores Pharma (SENORES)	1,349	1,795	BUY
Supriya Lifescience (SUPRIYA)	931	1,030	BUY
Sun Pharma (SUNP)	1,810	2,300	BUY
Zydus Lifesciences (ZYDUSLIF)	1,145	1,400	BUY

Relative Performance (%)			
YTD	3Y	2Y	1Y
Nifty 200	24.1	(10.7)	(5.8)
Nifty Pharma	70.6	12.9	21.1

Rebased Price Chart



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Q2FY27E: Launch Momentum and Domestic Growth Should Cushion US Pricing Pressure, Margin Headwinds Remain Temporary

We expect most companies in our coverage universe to **deliver a healthy YoY revenue growth**, supported by continued launch scale-up, strong domestic growth and sustained EM momentum. These should offset ongoing pricing pressure in the US.

EBITDA margin is projected to remain under pressure for select companies due to LOEs and higher R&D investment to build launch momentum. We view this as a transitory headwind, with pipeline build-up across higher-value segments, such as biosimilars, peptides and complex generics supporting margin recovery over time.

Complex Generics Driving a Structural Mix Upgrade

Complex generics continue to gain traction, with more companies shifting their portfolios towards higher-value products. Notable Q2FY27 launches include Ranibizumab (Ophthalmology), Tofacitinib (Immunology), Rituximab (Oncology) and Abatacept (Immunology). We believe this shift towards higher-margin, value-added products is structurally positive for the sector. **The transition should improve the quality of growth and support sustained margin expansion over the medium term.**

Semaglutide Opportunity Shifts from Hype to Execution

We believe the India Semaglutide opportunity will be shaped more by **execution than price competition** or market hype. **Industry data is increasingly validating our day-one view which established anti-diabetic franchises will be key to sustaining share.** SUNP has consistently ranked among the top five players over the past six months. We remain positive on its positioning as the Semaglutide market matures.

Domestic API Manufacturing Gains Strategic Importance

Recent volatility in global API supply has reinforced the strategic importance of backward integration and PLI-driven capacity expansion. **While India continues to rely on imports for several key intermediates**, sustained investments in **domestic manufacturing are anticipated to gradually strengthen supply security**, improve cost-competitiveness and reduce structural import dependence in the medium term.

US Tariffs to have Negligible Impact on Indian Pharma

The US has imposed a 100% tariff on specified patented pharma imports, while qualifying **specialty drugs**, including orphan drugs, fertility treatments, cell and gene therapies and ADCs, are **exempt for eligible countries including India**. We continue to expect a **limited tariff impact on Indian pharma**, with generics currently exempt and the latest specialty-drug exemptions reinforcing this view. **We estimate the overall earnings impact at no more than ~100 bps, if any.** The key monitorable remains any future expansion of tariffs to generics.

Sector View

Despite near-term headwinds, we **maintain a positive outlook on the sector**, supported by a robust pipeline of launches, an ongoing shift towards complex generics and sustained growth in Biosimilars and CDMO segments, which together underpin long-term earnings visibility.

High-conviction Investment Ideas

Our high-conviction ideas are – SUNP and GRAN.

AJP						
	Q2FY27E	Q1FY27	QoQ	Q2FY26	YoY	Comments
Revenue (INR Mn)	15,054	16,260	(7.4)	13,537	11.2	We expect EM and India to continue its growth trajectory which will offset any slowdown in the US.
EBITDA (%)	25.5	26.1	(60) bps	24.2	130 bps	We anticipate margin to contract in line with its FY27 guidance on the back of high freight and RM cost.
PAT (INR Mn)	3,018	3,342	(9.7)	2,602	16.0	To watch out for: Chronic performance in India, improvement in supply chain in Asia and market expansion in Africa.
EPS (INR)	24.1	26.7	(9.7)	20.8	16.0	
ALKEM						
	Q2FY27E	Q1FY27	QoQ	Q2FY26	YoY	Comments
Revenue (INR Mn)	43,993	37,402	17.6	40,010	10.0	We estimate revenue to grow in high single digit YoY on the back of improved contribution from Medtech and recovery in the US.
EBITDA (%)	21.0	20.5	50 bps	23.0	(200) bps	We forecast margin to contract ~200 bps YoY on the back of higher R&D expenses for filing as well as API inflation.
PAT (INR Mn)	6,370	5,200	22.5	7,651	(16.7)	To watch out for: Medtech performance.
EPS (INR)	53.3	43.5	22.5	64.0	(16.7)	
CIPLA						
	Q2FY27E	Q1FY27	QoQ	Q2FY26	YoY	Comments
Revenue (INR Mn)	80,250	71,193	12.7	75,894	5.7	We believe India will continue to outperform IPM; however, it will be offset by continued pressure in the US and API segment.
EBITDA (%)	18.0	16.7	130 bps	25.0	(700) bps	Margin may see a sharp contraction with increased investment in biosimilars as well as pressure in the US market.
PAT (INR Mn)	10,249	7,891	29.9	13,512	(24.1)	To watch out for: Update on launch pipeline.
EPS (INR)	12.7	9.8	29.9	16.7	(24.1)	
CONCORDB						
	Q2FY27E	Q1FY27	QoQ	Q2FY26	YoY	Comments
Revenue (INR Mn)	2,965	2,575	15.2	2,471	20.0	We project that the revenue trajectory is set to improve following a slowdown for past few quarters and a very low base in Q2FY26.
EBITDA (%)	34.0	32.0	200 bps	35.8	(180) bps	Margin is set to improve as injectables start ramping up.
PAT (INR Mn)	752	585	28.6	631	19.3	To watch out for: New contract wins, scale-up in injectables and formulations.
EPS (INR)	7.2	5.6	28.6	6.0	19.3	
DIVI						
	Q2FY27E	Q1FY27	QoQ	Q2FY26	YoY	Comments
Revenue (INR Mn)	33,525	30,800	8.8	24,100	39.1	We expect revenue to see a strong growth YoY due to lower base last year and improved performance in Nutraceuticals.
EBITDA (%)	38.0	40.7	(270) bps	32.7	530 bps	Margin will see a healthy expansion with improved product mix and scale-up in Kakinada.
PAT (INR Mn)	9,769	9,030	8.2	6,890	41.8	To watch out for: Progress on ongoing capex and GLP-1 contracts contribution.
EPS (INR)	36.9	34.1	8.2	26.0	41.8	
DRRD						
	Q2FY27E	Q1FY27	QoQ	Q2FY26	YoY	Comments
Revenue (INR Mn)	91,928	80,998	13.5	88,283	4.1	We project revenue to see a continued low single digit decline driven by continued pressure in the US.
EBITDA (%)	17.0	10.6	640 bps	23.5	(650) bps	Margin in line with revenue will see some challenges and contract YoY.
PAT (INR Mn)	9,945	4,443	123.8	13,471	(26.2)	To watch out for: Canada Semaglutide performance, Abatacept and Denosumab launch in the US.
EPS (INR)	11.9	5.3	123.8	16.1	(26.2)	

GNP						
	Q2FY27E	Q1FY27	QoQ	Q2FY26	YoY	Comments
Revenue (INR Mn)	40,423	40,185	0.6	60,468	(33.1)	We forecast revenue to be muted QoQ driven by some slowdown in India and EU.
EBITDA (%)	21.0	20.0	100 bps	39.0	(1800) bps	Margin is expected to see a healthy expansion with better operating leverage sequentially.
PAT (INR Mn)	5,119	4,829	6.0	14,843	(65.5)	To watch out for: timeline for oncology launches.
Adj. EPS (INR)	18.1	17.1	6.0	52.6	(65.5)	
GRAN						
	Q2FY27E	Q1FY27	QoQ	Q2FY26	YoY	Comments
Revenue (INR Mn)	15,662	14,768	6.1	12,970	20.8	We expect revenue to grow on the back of value launches in controlled substantiated and complex generics
EBITDA (%)	24.5	22.9	160 bps	21.5	300 bps	Margin is also anticipated to follow revenue trend.
PAT (INR Mn)	2,181	1,800	21.2	1,306	67.0	To watch out for: Peptide/CDMO scale-up, Oncology launch pipeline, approval of new ANDAs from Genome valley
EPS (INR)	8.8	7.3	21.2	5.4	63.5	
IPCA						
	Q2FY27E	Q1FY27	QoQ	Q2FY26	YoY	Comments
Revenue (INR Mn)	29,136	27,881	4.5	23,925	21.8	We anticipate a high teens revenue growth on the back of improvement in domestic and export generics
EBITDA (%)	24.5	24.0	50 bps	21.3	320 bps	Unichem's synergies and scale-up is expected to boost margin performance
PAT (INR Mn)	4,443	4,019	10.6	3,247	36.8	To watch out for: commentary on launch outlook and acquisition scale-up
EPS (INR)	17.5	15.8	10.6	12.8	36.8	
LAURUS						
	Q2FY27E	Q1FY27	QoQ	Q2FY26	YoY	Comments
Revenue (INR Mn)	20,583	20,263	1.6	16,535	24.5	We expect the Synthesis and Bio segment to continue to see robust growth followed by a continued traction in formulations.
EBITDA (%)	32.0	31.5	50 bps	24.4	760 bps	With improved mix and scalability from new capacities, we believe margin will see a strong expansion.
PAT (INR Mn)	3,769	3,621	4.1	1,945	93.8	To watch out for: more details on CDMO commercial orders.
EPS (INR)	7.0	6.7	4.1	3.6	93.6	
LPC						
	Q2FY27E	Q1FY27	QoQ	Q2FY26	YoY	Comments
Revenue (INR Mn)	80,973	82,769	(2.2)	70,475	14.9	With improved contribution VISUfarma acquisition and continued traction in emerging markets we expect a mid teens YoY growth
EBITDA (%)	28.5	29.6	(110) bps	33.2	(470) bps	Margin will be under pressure due to LOEs
PAT (INR Mn)	14,628	14,150	3.4	14,779	(1.0)	To watch out for: Progress on Semaglutide filing in Canada.
EPS (INR)	32.0	30.9	3.4	32.4	(1.1)	

MRKS						
	Q2FY27E	Q1FY27	QoQ	Q2FY26	YoY	Comments
Revenue (INR Mn)	8,890	8,408	5.7	7,204	23.4	We project a robust YoY growth driven by integration effects of ABC in Europe and continued growth in the US.
EBITDA (%)	24.3	25.3	(100) bps	20.1	420 bps	Margin is anticipated to see a robust expansion YoY with leverage from Teva plant.
PAT (INR Mn)	1,581	1,594	(0.8)	983	60.9	To watch out for: Scale-up in Teva facility, launch momentum in Europe
EPS (INR)	3.5	3.5	(0.8)	2.2	60.9	
PIRPHARM						
	Q2FY27E	Q1FY27	QoQ	Q2FY26	YoY	Comments
Revenue (INR Mn)	22,037	22,699	(2.9)	20,437	7.8	We forecast a low single digit growth on the back of slow order inflows in the CDMO segment
EBITDA (%)	8.5	8.6	(10) bps	7.8	70 bps	EBITDA Margin will remain largely muted as overseas facility issues continue
PAT (INR Mn)	(1,226)	(694)	NA	(992)	NA	To watch out for: CDMO order inflows and execution ramp-up
EPS (INR)	(0.9)	(0.5)	NA	(0.8)	NA	
SENORES						
	Q2FY27E	Q1FY27	QoQ	Q2FY26	YoY	Comments
Revenue (INR Mn)	2,071	1,802	14.9	1,618	28.0	We expect a continued growth trajectory driven by new launches in the regulated and EM market as well as integration of Apnar Pharma
EBITDA (%)	31.5	29.8	170 bps	30.6	90 bps	Margin expansion will be on the back of Apnar's integration and product launches
PAT (INR Mn)	395	307	28.5	323	22.1	To watch out for: EM expansion and product launches
EPS (INR)	8.6	6.7	28.5	7.0	22.1	
SUNP						
	Q2FY27E	Q1FY27	QoQ	Q2FY26	YoY	Comments
Revenue (INR Mn)	1,61,236	1,52,999	5.4	1,44,783	11.4	Revenue growth is projected to come from continued traction in Semaglutide in India and growth in EMs which will offset US pricing headwinds.
EBITDA (%)	29.3	28.9	40 bps	31.3	(200) bps	Margin YoY will see some pressure due to pricing headwinds.
PAT (INR Mn)	33,768	30,397	11.1	31,180	8.3	To watch out for: Organon deal completion
EPS (INR)	14.1	12.7	11.1	13.0	8.3	
SUPRIYA						
	Q2FY27E	Q1FY27	QoQ	Q2FY26	YoY	Comments
Revenue (INR Mn)	2,198	1,897	15.8	1,998	10.0	Revenue growth is projected in mid-teens due to planned ramp-up in older blocks at Lote facility.
EBITDA (%)	27.0	25.0	200 bps	36.4	(940) bps	Margin may continue to contract as planned with the new facility scale-up cost
PAT (INR Mn)	400	240	66.4	504	(20.7)	To watch out for: GLP and CDMO contract updates, new API molecule launches.
EPS (INR)	5.0	3.0	66.4	6.3	(20.7)	
ZYDUSLIF						
	Q2FY27E	Q1FY27	QoQ	Q2FY26	YoY	Comments
Revenue (INR Mn)	70,764	80,170	(11.7)	61,232	15.6	We project a healthy YoY growth driven by India Consumer Healthcare which will offset competition related pressure in the US.
EBITDA (%)	23.5	24.1	(60) bps	32.9	(940) bps	Margin is anticipated to see a planned contraction as competition increases in Mirabegron and increased R&D expenses
PAT (INR Mn)	7,539	9,265	(18.6)	12,336	(38.9)	To watch out for: Performance of acquired CDMO facilities.
EPS (INR)	7.5	9.2	(18.6)	12.3	(38.9)	

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Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

*Large Cap: More Than INR 20,000 Cr Market Cap
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