

Pharmaceuticals: Q1FY27 Quarterly Results Preview

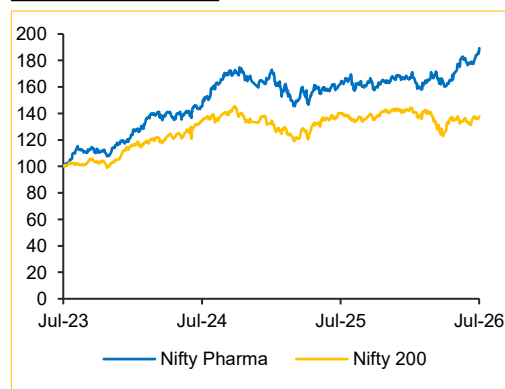
Underlying Growth Remains Strong despite Margin Headwinds

Sector View: POSITIVE

Recommendation			
Company (Ticker)	CMP (INR)	TP (INR)	Rated
Ajanta Pharma	3,339	2,760	REDUCE
Alkem Labs	5,572	5,755	ADD
Cipla	1,458	1,350	REDUCE
Concord Biotech	1,280	1,045	REDUCE
Divi's Labs	6,760	7,375	ADD
Dr. Reddy's Lab	1,375	1,335	ADD
Granules India	828	835	ADD
Glenmark Pharmaceuticals	2,210	2,590	ADD
IPCA Labs	1,775	1,585	ADD
Laurus Labs	1,544	1,255	ADD
Lupin Ltd	2,476	2,630	ADD
Marksans Pharma	264	290	ADD
Piramal Pharma	176	170	REDUCE
Senores Pharma	1,380	1,165	BUY
Supriya Lifescience	981	1,030	BUY
Sun Pharma	1,905	2,300	BUY
Zydus Lifesciences	1,141	1,120	ADD

Relative Performance (%)			
YTD	3Y	2Y	1Y
Nifty 200	37.6	1.8	(1.4)
Nifty Pharma	89.2	29.4	16.0

Rebased Price Chart



Recent Report Link:

[Glenmark Pharmaceuticals Analyst Day Note](#)[Pharma Monthly Musings – July 2026](#)

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Q1FY27E: Healthy Growth with Improved Demand and Product Scale-up; Margin Headwinds Remain Temporary

We expect our coverage universe to **deliver another quarter of healthy growth in Q1FY27E**. Growth is anticipated to be supported by continued scale-up of recent product launches, resilient demand in domestic chronic therapies and sustained momentum across emerging markets, which should largely offset competitive pressure in the US generics business.

Margin, however, is likely to remain mixed in the near term due to pricing pressure and higher investment spending to support new launches and strategic acquisitions. **We view these headwinds as largely transitory**, as companies continue to invest in higher-margin speciality, biosimilar, peptide and complex product portfolios, which should support stronger profitability in the medium term.

Product Mix Improves as Complex Launches Gain Traction

We anticipate Q1FY27E to mark **visible benefits from an improving product mix**. These will include initial contributions from complex and speciality launches, including peptides, injectables, respiratory products and complex generics, complementing the base business. While the **majority of this pipeline is inclined towards FY28E, we believe the ongoing shift towards higher-margin, value-added products represents a structural positive for the sector**. This transition should enhance the quality of growth and support sustained margin expansion in the medium term.

Europe Emerging as the Next Export Growth Engine

While the US continues to be the largest export market for Indian pharmaceutical companies, **Europe is emerging as an increasingly attractive growth opportunity**, driven by greater emphasis on supply-chain diversification and sourcing from reliable, GMP-compliant manufacturers. **We believe this trend will support export growth**, broaden the geographic revenue mix and reduce dependence on the US market in the medium term.

Semaglutide Opportunity Shifts from Hype to Execution

Following the initial surge in industry optimism for Semaglutide, **demand growth has begun to normalise** towards a more sustainable trajectory. At the same time, including **SUNP** competition landscape has narrowed down, with only a handful, **and DRRD** from our coverage, **appearing well-positioned** to capture a meaningful market share. While the **long-term GLP-1 opportunity remains compelling**, we believe near-term performance will increasingly be determined by execution capability, launch scale-up and market penetration rather than the size of the addressable market alone.

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 expected to gradually strengthen supply security**, improve cost-competitiveness and reduce structural import dependence in the medium term.

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 **SENORES**.

AJP						
	Q1FY27E	Q4FY26	QoQ	Q1FY26	YoY	Comments
Revenue (INR Mn)	15,659	14,216	10.1	13,027	20.2	We expect EM and India to continue its growth trajectory which will offset any slowdown in the US.
EBITDA (%)	24.5	23.5	100 bps	27.0	(250) bps	We expect only 100bps QoQ improvement given the current West Asia crisis and higher freight cost.
EPS (INR)	24.2	21.3	13.6	20.4	18.6	To watch out for: Chronic performance in India, improvement in supply chain in Asia and market expansion in Africa.
ALKEM						
	Q1FY27E	Q4FY26	QoQ	Q1FY26	YoY	Comments
Revenue (INR Mn)	38,483	36,033	6.8	33,711	14.2	We expect revenue to grow in low to mid teens YoY on the back of improved contribution from Medtech and recovery in the US.
EBITDA (%)	19.5	14.4	510 bps	21.9	(240) bps	We expect margin to contract ~200bps YoY on the back of higher r&d expenses for filing as well as API inflation.
EPS (INR)	45.5	26.5	71.7	54.7	(16.8)	To watch out for: Medtech performance.
CIPLA						
	Q1FY27E	Q4FY26	QoQ	Q1FY26	YoY	Comments
Revenue (INR Mn)	72,009	65,412	10.1	69,575	3.5	We believe revenue will see muted growth YoY given the continued production pause at partner facility for Lanreotide.
EBITDA (%)	18.8	15.2	360 bps	25.6	(680) bps	Margin may see a sharp contraction with increased investment in biosimilars as well as pressures in the US market.
EPS (INR)	11.5	6.9	67.5	16.1	(28.3)	To watch out for: Update on launch pipeline.
CONCORD						
	Q1FY27E	Q4FY26	QoQ	Q1FY26	YoY	Comments
Revenue (INR Mn)	3,815	3,261	17.0	2,040	87.0	We believe that the revenue trajectory is set to improve following a slowdown for past few quarters and a very low base in Q1FY26.
EBITDA (%)	36.8	36.4	40 bps	30.1	670 bps	Margin is set to improve as injectables start ramping up.
EPS (INR)	10.8	8.5	27.1	4.2	157.1	To watch out for: New contract wins, scale-up in injectables and formulations.
DIVI						
	Q1FY27E	Q4FY26	QoQ	Q1FY26	YoY	Comments
Revenue (INR Mn)	30,894	28,310	9.1	24,100	28.2	We expect revenue to see a strong growth YoY due to lower base last year and improved performance in Nutraceuticals.
EBITDA (%)	33.5	33.0	50 bps	30.2	330 bps	Margin will see a healthy expansion with improved product mix and scale-up in Kakinada.
EPS (INR)	29.5	28.3	4.2	20.6	43.2	To watch out for: Progress on ongoing capex, GLP-1 contracts contribution.
DRRD						
	Q1FY27E	Q4FY26	QoQ	Q1FY26	YoY	Comments
Revenue (INR Mn)	80,131	75,464	6.2	85,721	(6.5)	We expect revenue to see a continued low single digit decline driven by continued pressures in the US.
EBITDA (%)	15.5	8.5	700 bps	25.4	(990) bps	Margin in line with revenue will see some challenges and contract YoY.
EPS (INR)	7.4	2.6	184.6	17.0	(56.5)	To watch out for: Canada Semaglutide performance, Abatacept and Denosumab launch in the US.

GNP						
	Q1FY27E	Q4FY26	QoQ	Q1FY26	YoY	Comments
Revenue (INR Mn)	40,973	37,335	9.7	32,578	25.8	We expect revenue to see healthy double digit growth YoY on the back of healthy growth in North America with scale-up in Fluticasone and Gabapentin.
EBITDA (%)	20.5	20.2	30 bps	17.8	270 bps	Margin is expected to see a healthy expansion with better operating leverage.
Adj. EPS (INR)	17.1	21.0	(18.6)	7.3	134.2	To watch out for: Timeline for oncology launches.
GRAN						
	Q1FY27E	Q4FY26	QoQ	Q1FY26	YoY	Comments
Revenue (INR Mn)	16,388	14,706	11.4	12,101	35.4	We expect revenue to grow on the back of robust momentum in peptide/CDMO as well as improvement in API.
EBITDA (%)	24.0	23.9	10 bps	20.4	360 bps	We forecast margin to see robust expansion YoY as remediation costs taper down.
EPS (INR)	8.8	7.5	17.3	5.7	54.4	To watch out for: Peptide/CDMO scale-up, Oncology launch pipeline, approval of new ANDAs from Genome valley.
IPCA						
	Q1FY27E	Q4FY26	QoQ	Q1FY26	YoY	Comments
Revenue (INR Mn)	27,106	23,885	13.5	23,089	17.4	We anticipate a high teens revenue growth on the back of improvement in domestic and export generics.
EBITDA (%)	21.0	20.3	70 bps	18.0	300 bps	Unichem's synergies and scale-up is expected to boost margin performance.
EPS (INR)	13.3	11.8	12.7	9.2	44.7	To watch out for: commentary on launch outlook and acquisition scale-up.
LAURUS						
	Q1FY27E	Q4FY26	QoQ	Q1FY26	YoY	Comments
Revenue (INR Mn)	20,597	18,116	13.7	15,696	31.2	We expect the synthesis and bio segment to continue to see robust growth.
EBITDA (%)	28.5	28.3	20 bps	24.3	420 bps	With improved mix and scalability from new capacities we believe margin will see a strong expansion.
EPS (INR)	6.1	5.2	17.3	3.0	103.3	To watch out for: Timelines for CDMO order commercialisation.
LPC						
	Q1FY27E	Q4FY26	QoQ	Q1FY26	YoY	Comments
Revenue (INR Mn)	79,951	74,747	7.0	62,685	27.5	With improved contribution VISUfarma acquisition and an improved contribution from Mirabegron we expect a strong growth YoY.
EBITDA (%)	29.0	33.3	(430) bps	27.6	140 bps	While YoY margin may improve, sequentially will be in pressure as Tolvaptan and Mirabegron's LoE.
EPS (INR)	32.5	31.9	1.9	26.7	21.7	To watch out for: Progress on Semaglutide filing in Canada.

MRKS						
	Q1FY27E	Q4FY26	QoQ	Q1FY26	YoY	Comments
Revenue (INR Mn)	8,881	8,561	3.7	6,200	43.2	We expect a robust YoY growth driven by integration effects of Nova in Australia as well as scale-up of newly launched products
EBITDA (%)	23.0	22.8	20 bps	16.1	690 bps	Margin is expected to see a robust expansion after setback faced last year due to tariffs
EPS (INR)	3.3	3.3	0.0	1.3	153.8	To watch out for: Scale-up in Teva facility, launch momentum in Europe.
PIRPHARM						
	Q1FY27E	Q4FY26	QoQ	Q1FY26	YoY	Comments
Revenue (INR Mn)	23,276	27,518	(15.4)	19,337	20.4	We expect revenue to grow double digits on the back of healthy growth in CDMO and the complex generics segment.
EBITDA (%)	13.0	16.7	(370) bps	5.5	750 bps	With improved leverage we expect margin to see a strong come back YoY.
EPS (INR)	0.2	-0.3	(155.9)	-0.8	(124.4)	To watch out for: CDMO order inflows and execution ramp-up.
SENORES						
	Q1FY27E	Q4FY26	QoQ	Q1FY26	YoY	Comments
Revenue (INR Mn)	1,960	1,752	11.9	1,380	42.1	We expect a continued growth trajectory driven by new launches in the regulated and EM market as well as integration of Apnar Pharma.
EBITDA (%)	27.2	27.1	10 bps	24.8	240 bps	We believe margin may remain muted sequentially however YoY may see a healthy expansion as backward integration initiatives start improving.
EPS (INR)	6.0	6.9	(13.0)	4.3	39.5	To watch out for: New launch momentum and Apnar integration.
SUNP						
	Q1FY27E	Q4FY26	QoQ	Q1FY26	YoY	Comments
Revenue (INR Mn)	1,48,087	1,46,118	1.3	1,38,514	6.9	We expect revenue to remain muted QoQ on the back of continued pressure in generics pricing in Japan and RoW markets.
EBITDA (%)	29.9	27.1	280 bps	31.1	(120) bps	Margin may see some growth with improved operating leverage and better mix.
EPS (INR)	12.8	11.3	13.3	12.0	6.7	To watch out for: Organon deal completion.
SUPRIYA						
	Q1FY27E	Q4FY26	QoQ	Q1FY26	YoY	Comments
Revenue (INR Mn)	2,987	2,765	8.0	1,451	105.9	Revenue we see exponential YoY growth due to low base last year, sequential the growth is expected to be in high single digits.
EBITDA (%)	34.0	35.3	(130) bps	35.6	(160) bps	Margin may continue to contract as planned with the new facility scale-up cost.
EPS (INR)	9.3	9.2	1.1	4.3	116.3	To watch out for: GLP and CDMO contract updates, new API molecule launches.
ZYDUSLIF						
	Q1FY27E	Q4FY26	QoQ	Q1FY26	YoY	Comments
Revenue (INR Mn)	81,548	75,870	7.5	65,737	24.1	We expect a healthy growth driven by India Consumer Healthcare which will offset competition related pressure in the US.
EBITDA (%)	29.2	33.7	(450) bps	31.8	(260) bps	Margin is expected to see a planned contraction as competition increases in Mirabegron and increased R&D expenses.
EPS (INR)	15.6	15.8	(1.3)	14.6	6.8	To watch out for: Performance of acquired CDMO facilities.

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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

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