13 November 2025

2QFY26 Results Update | Sector: Healthcare

Rubicon Research

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	RUBICON IN
Equity Shares (m)	165
M.Cap.(INRb)/(USDb)	107.8 / 1.2
52-Week Range (INR)	672 / 571
1, 6, 12 Rel. Per (%)	-/-/-
12M Avg Val (INR M)	1457

Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	17.3	22.7	28.6
EBITDA	3.8	4.8	6.1
Adjusted PAT	2.2	3.0	4.0
EBITDA Margin (%)	21.8	20.9	21.3
Cons. Adj EPS (INR)	13.6	18.3	24.6
EPS Growth (%)	66.8	34.5	33.9
BV/Share (INR)	73.5	89.7	111.3
Ratios			
Net D-E	0.0	0.0	0.0
RoE (%)	25.6	22.5	24.4
RoCE (%)	23.8	23.2	25.1
Payout (%)	11.8	11.8	11.8
Valuations			
P/E (x)	48.1	35.8	26.7
EV/EBITDA (x)	28.6	22.7	17.6
Div. Yield (%)	0.2	0.3	0.4
FCF Yield (%)	-0.9	0.2	1.0
EV/Sales (x)	6.2	4.7	3.7

Shareholding Pattern (%)

As On	Sep-25
Promoter	60.0
DII	10.5
FII	9.4
Others	20.1

FII includes depository receipts

CMP: INR654 TP: INR780 (+19%) Buy

Outperformance across metrics; stellar start to the post-IPO phase

Conservative upgrade; continued delivery to drive valuation re-rating

- Rubicon Research (Rubicon) delivered better-than-expected performance, with a 7%/18%/21% beat on revenue/EBITDA/PAT for the quarter. Improved revenue from new launches and steady traction in existing products led to strong operating leverage for the quarter.
- Rubicon started its post-IPO journey on a strong note, reporting robust YoY revenue growth and enhanced profitability, with annualized pre-tax ROCE reaching 36% for the 12M ending Sep'25.
- Rubicon has further strengthened its R&D team to 190 scientists at the end of 1HFY26 from 143 at the end of FY24. With a widened focus on product development in the CNS segment, R&D spend continued to rise, reaching INR818m in 1HFY26 vs INR700m/INR1.3b in 2QFY25/FY25.
- Rubicon commercialized six products in 2QFY26 and sustained momentum in its existing products, achieving a commercialization rate of 93% in 2QFY26.
- Despite 2QFY26 results materially surpassing our estimates, we raise our earnings estimate by 4%/3%/2% for FY26/FY27/FY28, as we await consistency in performance going forward. Even with this earnings upgrade, we expect a phenomenal 44% earnings CAGR over FY25-28.
- We value Rubicon at 35x 12M forward earnings to arrive at a TP of INR780. We remain positive on Rubicon on the back of: a) a leading R&D turnover, b) consistent compliance, and c) focused product selection driving development, manufacturing, and conversion to a commercialization rate exceeding 90%. Reiterate BUY.

Strong commercialization drives revenue; outsourcing impact outweighed by operating leverage

- 2QFY26 revenue grew 39.2% YoY to INR4.1b (our est: INR3.85b).
- Gross margin contracted 400bp YoY to 69%, driven by higher outsourcing.
- However, EBITDA margin expanded 210bp YoY to 22.9% (our est: 20.8%), driven by better operational efficiency (other expense/employee expense down 410bp/190bp YoY as % of sales).
- EBITDA grew 53% YoY to INR943m (our est: INR801m).
- Interestingly, R&D expense increased 120bp YoY as a % of sales to 11.2% for the quarter (INR463m on an absolute basis).
- PAT grew 56% YoY to INR539m (our estimate: INR443m).
- Revenue/EBITDA/PAT grew 25%/42%/62% YoY in 1HFY26 to INR7.6b/1.7b/1.0b.

Highlights from the management commentary

- Rubicon guided for annual R&D spend to be 10-11% of sales for the next 4-5 years.
- EBITDA margin is expected to sustain going forward. This is after considering additional opex related to the Alkem plant.

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- The Pithampur plant is expected to be operational from mid-CY26 onwards.
- Over FY20-1HFY26, equity raise of INR1.1b, debt raise of INR4.7b, and internal accruals of INR12.3b have been utilized for R&D (INR6.5b), capex (INR5b), and working capital requirements (INR6.7b).
- The top 5/10 products formed 30%/51% of revenue in 2QFY26. Contribution from the top 10 products is expected to remain sub-50% over the medium term.

Consolidated - Quarterly Earning Model

Y/E March	FY25		FY26				FY25	FY26	FY26	
(INRm)	1Q	2Q	1Q	2Q	3QE	4QE			2QE	vs Est.
Gross Sales	**3,167**	**2,960**	**3,525**	**4,120**	**4,580**	**5,045**	**12,843**	**17,270**	**3,850**	**7%**
YoY Change (%)	NA	NA	11.3	39.2	NA	NA	50.4	34.5	NA	
Total Expenditure	2,565	2,343	2,734	3,177	3,572	4,022	10,961	14,264	3,049	
EBITDA	**602**	**617**	**791**	**943**	**1,008**	**1,023**	**1,882**	**3,006**	**801**	**18%**
YoY Change (%)			31.4	52.9	NA	NA				
Margins (%)	19.0	20.8	22.4	22.9	22.0	20.3	14.7	17.4	20.8	
Depreciation	94	81	96	119	135	146	366	495	110	
EBIT	**509**	**535**	**695**	**824**	**873**	**877**	1,516	2,511	691	
YoY Change (%)			36.7	54.0	NA	NA	NA	NA	NA	
Margins (%)	16.1	18.1	19.7	20.0	19.1	17.4	12	15	18	
Interest	101	70	106	114	10	3	368	234	105	
Other Income	4	27	6	7	8	13	36	35	30	
PBT before EO expense	**412**	**492**	**596**	**717**	**871**	**887**	**1,184**	**2,311**	**616**	
PBT	**412**	**492**	**596**	**717**	**871**	**887**	**1,184**	**2,311**	**616**	
Tax	156	147	163	179	244	244	602	829	172	
Rate (%)	37.9	29.9	27.3	24.9	28.0	27.5	50.8	35.9	28.0	
Reported PAT	**256**	**345**	**433**	**539**	**627**	**643**	**583**	**1,482**	**443**	
Adj PAT	**256**	**345**	**433**	**539**	**627**	**643**	**583**	**1,482**	**443**	**21%**
YoY Change (%)	NA	NA	69.4	56.2	NA	NA	47.6	66.8	NA	
Margins (%)	8.1	11.6	12.3	13.1	13.7	12.7	4.5	8.6	11.5	
EPS (INR)	**1.6**	**2.1**	**2.6**	**3.3**	**3.8**	**3.9**	**3.5**	**9.0**	**2.7**	**21%**

Key Performance Indicators

Cost Break-up	FY25		FY26				FY25	FY26
	1Q	2Q	1Q	2Q	3QE	4QE		
RM Cost (% of Sales)	27.1	26.7	29.2	30.7	31.3	31.5	29.2	30.8
Staff Cost (% of Sales)	15.6	17.3	16.5	15.4	15.5	15.9	16.4	15.8
Other Cost (% of Sales)	38.3	35.1	31.8	31.0	31.2	32.3	33.8	31.6
Gross Margins(%)	72.9	73.3	70.8	69.3	68.7	68.5	70.8	69.2
EBITDA Margins(%)	19.0	20.8	22.4	22.9	22.0	20.3	20.6	21.8
PBT Margins(%)	13.0	16.6	16.9	17.4	19.0	17.6	15.1	17.8
PAT Margins(%)	8.1	11.6	12.3	13.1	13.7	12.7	10.5	13.0

Conference call highlights

- Although manufacturing of the drug-device combination nasal spray is currently outsourced, Rubicon possesses the capability to produce the product in-house at its Ambernath plant.
- Rubicon voluntarily participated in the USFDA's Quality Management Maturity (QMM) program, with its Ambernath facility being the only Indian manufacturing site selected under this initiative. Beyond standard GMP compliance, the evaluation covered broader aspects such as supply chain resilience, human resource practices, and vendor management systems, reflecting Rubicon's emphasis on operational robustness and governance.
- During CY23, Rubicon faced simultaneous USFDA inspections at both its Ambernath and Satara facilities. The Satara site (acquired from Cipla) underwent a planned audit, while the Ambernath site experienced a surprise inspection. Despite the leadership team's presence at Satara during that period, both inspections were successfully completed, with EIRs issued within 60 days. This underscores a strong culture of compliance and process discipline embedded across Rubicon's manufacturing network.
- Pricing in the portfolio for Rubicon remains stable, driven by a focus on specialty differentiated products.
- The product commercialization rate stood strong at 93% by the end of 2QFY26.
- The higher manufacturing outsourcing has led to lower gross margin on a YoY basis.

Specialty focus and healthy launch record drive superior growth

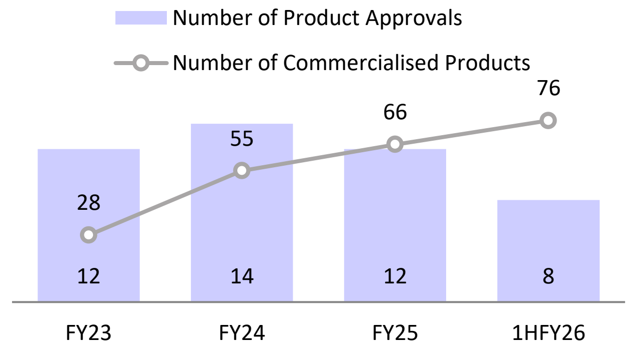
- Rubicon maintained its strong growth momentum, with revenue rising 25% YoY in 1HFY26, driven by the continued scale-up of existing products and successful new launches across key geographies.
- The company continues to demonstrate strong execution with a healthy commercialization rate of around 93%, reflecting its research-driven product selection process and disciplined R&D prioritization, providing visibility for upcoming product launches.
- Rubicon maintains efficient R&D deployment with minimal non-productive R&D. It plans to sustain R&D investments at roughly 11% of revenue, translating into INR4.5b over FY26/FY27 and INR5.6b over FY27–28, compared to INR2.4b in FY24–25, based on our revenue estimate. This investment is expected to support expansion in specialty and complex product categories.
- The company’s strategic shift toward specialty pharma continues to deliver results, with specialty products contributing ~33% of gross profit in 1HFY26 vs 13% in FY23. The increasing mix of differentiated formulations has helped insulate the business from price erosion in the generic segment.
- As part of its strategy to strengthen its presence in neuro-rare therapies, Rubicon has entered into a definitive agreement with Neuronasal to acquire up to 10.5% equity for a total consideration of USD2.5m, to be provided in kind through development activities till Mar’27. Neuronasal is developing a patent-protected intranasal delivery route for N-acetylcysteine (NAC), which has demonstrated targeted drug delivery to brain regions in human pilot trials, representing a novel approach for treating CNS disorders such as Parkinson’s and MTBI.
- Furthering its focus on differentiated products, Rubicon’s wholly-owned subsidiary, Advagen, has entered a milestone-based agreement with GEn1E Lifesciences to invest up to USD3m, converting to approximately 2.2% ownership upon full milestone achievement. GEn1E has built an AI-driven ‘GRID’ platform integrating proprietary databases with machine-learning models to design next-generation kinase modulators for rare and inflammatory diseases. Its lead candidate, GEn-1124, is a first-in-class IV p38α/MK2 dual-signal modulator currently in Phase 2 trials for ARDS, with additional programs targeting chronic inflammation and immuno-oncology.
- The Pithampur facility acquired from Alkem is expected to be operational by mid-CY26, which will not only enable entry into new dosage forms but also further reduce compliance risk.
- Backed by its consistent execution, growing specialty mix, and selective investments in innovative biotech platforms, Rubicon is expected to deliver a revenue CAGR of 31% over FY25-28 to reach INR 28.6b.

Reiterate BUY

- Despite 2QFY26 results materially exceeding our estimates, we raise our earnings estimate by 4%/3%/2% for FY26/FY27/FY28 as we await consistency in performance going forward. Even on this earnings upgrade, we expect a phenomenal 44% earnings CAGR over FY25-28.
- We value Rubicon at 35x 12M forward earnings to arrive at a TP of INR780. We remain positive on Rubicon on the back of: a) a leading R&D turnover, b) consistent compliance, c) focused product selection driving development, manufacturing, and conversion of the commercialization rate to over 90%. Reiterate BUY.

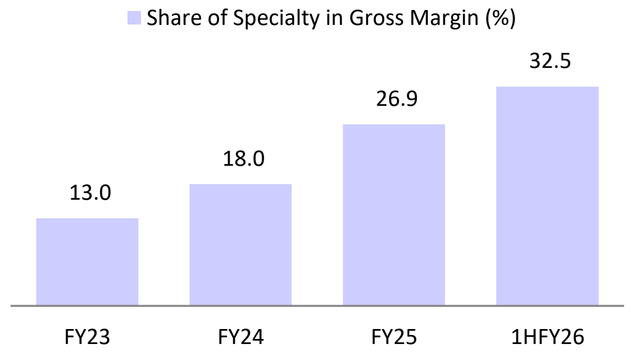
Story in charts

Exhibit 1: Commercialized products increased 71% over FY23-1HFY26



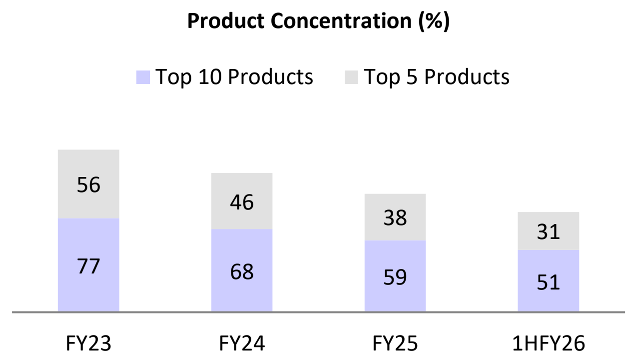
Source: MOFSL, Company

Exhibit 2: The share of specialty products in gross margin expanded 1,950bp



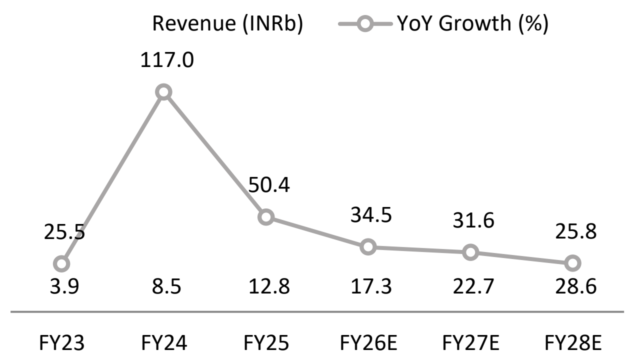
Source: MOFSL, Company

Exhibit 3: Product concentration has significantly improved



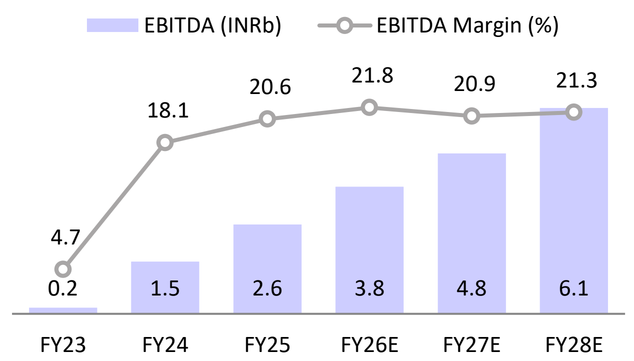
Source: MOFSL, Company

Exhibit 4: Revenue to post ~31% CAGR over FY25-28



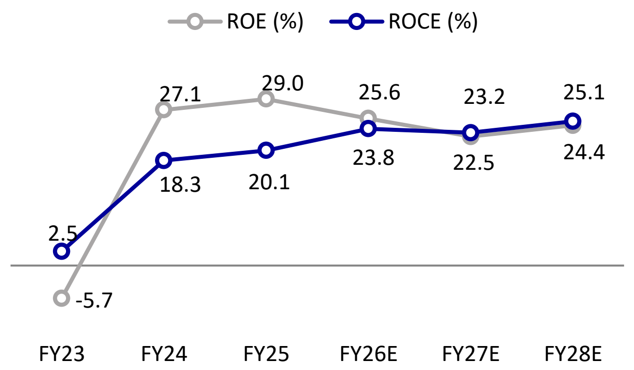
Source: MOFSL, Company

Exhibit 5: EBITDA margin to be in the range of 20-22%



Source: MOFSL, Company

Exhibit 6: ROE/ROCE to be in the range of 24-26% as IPO proceeds are yet to be utilized



Source: MOFSL, Company

Financials and valuations

Consolidated - Income Statement

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total Income from Operations	**3,136**	**3,935**	**8,539**	**12,843**	**17,270**	**22,734**	**28,595**
Change (%)	-0.4	25.5	117.0	50.4	34.5	31.6	25.8
Raw Materials	783	1,132	2,791	3,754	5,319	7,161	9,236
Employees Cost	789	971	1,253	2,111	2,729	3,615	4,489
Other Expenses	1,956	1,647	2,949	4,336	5,457	7,207	8,779
Total Expenditure	**3,528**	**3,750**	**6,993**	**10,200**	**13,505**	**17,983**	**22,504**
% of Sales	112.5	95.3	81.9	79.4	78.2	79.1	78.7
EBITDA	**-392**	**185**	**1,546**	**2,643**	**3,765**	**4,751**	**6,091**
Margin (%)	-12.5	4.7	18.1	20.6	21.8	20.9	21.3
Depreciation	340	361	390	366	495	599	635
EBIT	**-732**	**-176**	**1,156**	**2,277**	**3,270**	**4,153**	**5,456**
Int. and Finance Charges	97	190	313	368	234	68	28
Other Income	169	255	185	36	35	45	57
PBT bef. EO Exp.	**-661**	**-110**	**1,029**	**1,945**	**3,070**	**4,131**	**5,485**
EO Items	0	0	0	0	0	0	0
PBT after EO Exp.	**-661**	**-110**	**1,029**	**1,945**	**3,070**	**4,131**	**5,485**
Total Tax	10	58	118	602	829	1,115	1,448
Tax Rate (%)	-1.5	-52.8	11.5	30.9	27.0	27.0	26.4
Minority Interest	0	0	0	0	0	0	0
Reported PAT	**-671**	**-169**	**911**	**1,344**	**2,241**	**3,015**	**4,037**
Adjusted PAT	**-671**	**-169**	**911**	**1,344**	**2,241**	**3,015**	**4,037**
Change (%)	NA	NA	NA	47.6	66.8	34.5	33.9
Margin (%)	-21.4	-4.3	10.7	10.5	13.0	13.3	14.1

Consolidated - Balance Sheet

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	51	51	152	154	164	164	164
Total Reserves	3,003	2,813	3,698	5,256	11,919	14,580	18,143
Net Worth	**3,054**	**2,864**	**3,850**	**5,410**	**12,083**	**14,744**	**18,307**
Total Loans	1,800	3,197	4,245	4,176	1,176	376	276
Deferred Tax Liabilities	39	15	-9	-18	-18	-18	-18
Capital Employed	**4,893**	**6,075**	**8,086**	**9,568**	**13,242**	**15,103**	**18,565**
Gross Block	3,143	3,568	4,404	4,924	6,729	7,869	9,051
Less: Accum. Deprn.	1,235	1,596	1,845	2,131	2,626	3,225	3,859
Net Fixed Assets	**1,908**	**1,972**	**2,559**	**2,793**	**4,103**	**4,645**	**5,192**
Goodwill on Consolidation	22	22	513	476	476	476	476
Capital WIP	26	245	97	69	363	477	600
Total Investments	**71**	**77**	**80**	**74**	**74**	**74**	**74**
Curr. Assets, Loans&Adv.	**3,617**	**5,181**	**7,837**	**11,084**	**14,879**	**18,158**	**23,199**
Inventory	896	1,672	3,005	5,216	7,097	9,405	11,830
Account Receivables	1,396	2,250	3,015	3,238	4,354	5,699	7,129
Cash and Bank Balance	526	589	584	1,162	1,454	455	972
Loans and Advances	800	670	1,233	1,468	1,974	2,598	3,268
Curr. Liability & Prov.	**752**	**1,422**	**3,000**	**4,928**	**6,653**	**8,727**	**10,977**
Account Payables	570	969	1,767	2,391	3,241	4,235	5,327
Other Current Liabilities	147	282	660	1,122	1,509	1,986	2,498
Provisions	35	171	573	1,415	1,903	2,505	3,151
Net Current Assets	**2,865**	**3,759**	**4,837**	**6,156**	**8,226**	**9,431**	**12,223**
Appl. of Funds	**4,892**	**6,075**	**8,086**	**9,568**	**13,242**	**15,103**	**18,566**

Financials and valuations

Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)							
EPS	**-4.1**	**-1.0**	**5.5**	**8.2**	**13.6**	**18.3**	**24.6**
Cash EPS	-2.2	1.3	8.5	11.1	16.6	22.0	28.4
BV/Share	20.1	18.8	25.3	35.1	73.5	89.7	111.3
DPS	0.0	0.0	0.0	0.0	1.4	1.8	2.5
Payout (%)	0.0	0.0	0.0	0.0	11.8	11.8	11.8
Valuation (x)							
P/E	-160.7	-638.7	118.5	80.3	48.1	35.8	26.7
Cash P/E	-301.3	520.4	76.7	59.1	39.4	29.8	23.1
P/BV	32.7	34.8	25.9	18.7	8.9	7.3	5.9
EV/Sales	11.0	9.1	12.1	8.1	6.2	4.7	3.7
EV/EBITDA	-88.0	194.0	66.9	39.4	28.6	22.7	17.6
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.2	0.3	0.4
FCF per share	-23.1	-23.5	-2.3	5.9	-5.7	1.1	6.5
Return Ratios (%)							
RoE	-19.8	-5.7	27.1	29.0	25.6	22.5	24.4
RoCE	-14.2	2.5	18.3	20.1	23.8	23.2	25.1
RoIC	-18.8	-5.7	16.4	20.2	24.3	23.8	25.9
Working Capital Ratios							
Fixed Asset Turnover (x)	1.0	1.1	1.9	2.6	2.6	2.9	3.2
Asset Turnover (x)	0.6	0.6	1.1	1.3	1.3	1.5	1.5
Inventory (Days)	104	155	128	148	150	151	151
Debtor (Days)	162	209	129	92	92	92	91
Creditor (Days)	66	90	76	68	69	68	68
Leverage Ratio (x)							
Current Ratio	4.8	3.6	2.6	2.2	2.2	2.1	2.1
Interest Cover Ratio	-7.5	-0.9	3.7	6.2	14.0	61.3	191.5
Net Debt/Equity	0.4	0.9	0.9	0.5	0.0	0.0	0.0

Consolidated - Cash Flow Statement

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	-662	-110	1,029	1,945	3,070	4,131	5,485
Depreciation	340	361	390	366	495	599	635
Interest & Finance Charges	97	190	313	368	234	68	28
Direct Taxes Paid	-85	-18	-181	-387	-829	-1,115	-1,448
(Inc)/Dec in WC	-156	-1,081	-1,351	-900	-1,779	-2,204	-2,275
CF from Operations	**-465**	**-660**	**199**	**1,391**	**1,192**	**1,478**	**2,425**
Others	-162	-88	11	200	-35	-45	-57
CF from Operating incl EO	**-627**	**-747**	**210**	**1,592**	**1,157**	**1,433**	**2,368**
(Inc)/Dec in FA	-545	-444	-560	-678	-2,099	-1,255	-1,305
Free Cash Flow	**-1,172**	**-1,192**	**-350**	**914**	**-942**	**178**	**1,063**
(Pur)/Sale of Investments	143	0	0	0	0	0	0
Others	-147	106	-125	30	35	45	57
CF from Investments	**-549**	**-338**	**-685**	**-648**	**-2,064**	**-1,209**	**-1,248**
Issue of Shares	0	0	0	81	4,696	0	0
Inc/(Dec) in Debt	729	1,405	736	-148	-3,000	-800	-100
Interest Paid	-93	-174	-298	-328	-234	-68	-28
Dividend Paid	-5	-3	-3	-3	-263	-354	-474
Others	0	0	0	0	0	0	0
CF from Fin. Activity	**631**	**1,228**	**436**	**-398**	**1,198**	**-1,222**	**-603**
Inc/Dec of Cash	**-546**	**142**	**-40**	**545**	**291**	**-999**	**517**
Opening Balance	842	526	589	584	1,163	1,454	455
Others	320	-64	36	31			
Forex Impact/Others	90	15	1	-2	0	0	0
Closing Balance	**526**	**589**	**584**	**1,163**	**1,454**	**455**	**972**

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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