4 November 2025

2QFY26 Results Update | Sector: Healthcare

Gland Pharma

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	GLAND IN
Equity Shares (m)	165
M.Cap.(INRb)/(USDb)	324.9 / 3.7
52-Week Range (INR)	2131 / 1200
1, 6, 12 Rel. Per (%)	-2/35/14
12M Avg Val (INR M)	506

Financials & Valuations (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	63.0	72.1	81.1
EBITDA	14.8	18.1	20.6
Adj. PAT	8.9	11.2	13.3
EBITDA Margin (%)	16.8	19.5	20.0
Cons. Adj. EPS (INR)	54.2	68.0	80.4
EPS Gr. (%)	27.8	25.5	18.3
BV/Sh. (INR)	609.6	677.6	758.0
Ratios			
Net D:E	-0.2	-0.3	-0.3
RoE (%)	9.3	10.6	11.2
RoCE (%)	9.2	10.4	11.0
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	36.4	29.0	24.5
EV/EBITDA (x)	20.6	16.4	13.9
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	-1.2	1.8	2.4
EV/Sales (x)	4.8	4.1	3.5

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	51.8	51.8	51.8
DII	32.6	32.9	35.4
FII	7.9	7.4	4.5
Others	7.6	7.9	8.3

FII Includes depository receipts

CMP: INR1,972 TP: INR2,310 (+17%) Buy

In-line revenue; margin miss transient

Niche approval – Near-term key to reviving growth/profitability

- Gland Pharma (GLAND) delivered in-line revenue in 2QFY26. However, EBITDA/PAT came in below our expectations by 9%/11%. A lower-than-expected share of milestone income and lower tech transfer/CMO business in ROW markets impacted 2QFY26 performance.
- Having said this, GLAND has limited competition products in the pipeline to drive growth in 2HFY26/FY27. The base business is also witnessing an uptick with steady traction in already commercialized products.
- GLAND's work on facility upgrade/modification and the addition of lyophilizers line at Cenexi facility is on track. It is expected to enhance the revenue run rate from 3QFY26 onward.
- GLAND is implementing a two-pronged strategy in GLP-1 opportunity. It is not only adding a customer base but also working on expanding the capacity to cater to future needs of the manufacturing of peptide products.
- We lower our FY26 estimate by 3% and largely maintain our FY27/FY28 estimates. We value GLAND at 33x 12M forward earnings to arrive at a TP of INR2,310.
- We expect a CAGR of 13%/18%/24% in sales/EBITDA/PAT over FY25-28 to INR81b/INR20.6b/INR13.5b, factoring a) a revival in US business on the back of product introduction, b) increased revenue growth prospects in Cenexi after infrastructure upgrade, and c) increasing capacity utilization of GLP-1 pens/cartridge for non-regulated markets in the initial phase of patent expiries in these markets. Maintain BUY.

Cenexi drives revenue; margins remain steady

- 2Q revenue grew 5.8% YoY to INR14.8b (our est: INR15.1b).
- The base business (ex-Cenexi) was stable YoY at INR10.8b. Sales in core markets grew 4% YoY to IN8.5b (57% of sales). RoW sales remained stable at INR1.6b (11% of sales). India sales decreased 24%YoY to INR665m (4% of sales).
- Cenexi sales grew 21% YoY to INR4.1b (28% of sales).
- Gross margin (GM) expanded 370bp YoY to 62.8% due to lower costs of raw materials. EBITDA margin remained stable at 21% (our estimate: 22.7%). Higher employee costs (+240bp YoY as % of sales) and higher other expenses (+130bp YoY as % of sales) were offset by lower raw material costs (down 370bp YoY as %of sales).
- Exl. Cenexi, EBITDA margin was 35% (up 70bp YoY).
- EBITDA grew 5.7% YoY to INR3.1b (our estimate: INR3.4b).
- Adj. PAT rose 12%YoY to INR1.8b (our estimate: INR2.1b).
- In 1HFY26, revenue/EBITDA/PAT grew 7%/21%/30%.

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Highlights from the management commentary

- GLAND remains confident of achieving mid-teen (+-2%) YoY growth in revenue in FY26. 1H revenue growth was 6.6% YoY.
- 2H YoY growth would be driven by few key launches, volume growth of existing products and better Cenexi performance.
- The milestone income/profit share for the quarter was 4%/13% as % of sales.
- The YoY growth in US base business was driven by 10% volume growth and 6-7% new launches. Lower milestone income dragged down YoY growth in 2Q.
- The goal date for Dalbavancin is in Nov'25. Another product opportunity (Congrelor) is subject to patent expiry/settlement of GLAND's partner with innovator.
- While GM of Cenexi was lower at 67%, GLAND remains confident of achieving GM of 74-75% in FY26.

Consol. - Quarterly perf. (INR m)

Y/E March	FY25				FY26				FY25	FY26E	FY26E	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			2QE	Var (%)
Net Sales	**14,017**	**14,058**	**13,841**	**14,249**	**15,056**	**14,869**	**16,065**	**17,055**	**56,165**	**63,045**	**15,159**	-1.9
YoY Change (%)	16.0	2.4	-10.4	-7.3	7.4	5.8	16.1	19.7	-0.9	12.3	7.8	
Total Expenditure	11,373	11,088	10,241	10,774	11,378	11,730	12,258	12,910	43,476	48,276	11,718	
EBITDA	**2,644**	**2,970**	**3,600**	**3,475**	**3,678**	**3,139**	**3,807**	**4,144**	**12,689**	**14,769**	**3,441**	-8.8
YoY Change (%)	-10.1	-8.3	-3.8	-3.1	39.1	5.7	5.8	19.3	-6.1	16.4	15.9	
Margins (%)	18.9	21.1	26.0	24.4	24.4	21.1	23.7	24.3	22.6	23.4	22.7	
Depreciation	920	938	963	958	1,011	1,063	1,009	1,072	3,779	4,155	948	
Interest	56	61	228	75	115	78	68	59	420	320	76	
Other Income	514	597	585	440	575	842	623	647	2,136	2,687	599	
PBT before EO expense	**2,182**	**2,567**	**2,993**	**2,883**	**3,128**	**2,839**	**3,353**	**3,661**	**10,626**	**12,981**	**3,016**	-5.9
PBT	**2,182**	**2,567**	**2,993**	**2,883**	**3,128**	**2,839**	**3,353**	**3,661**	**10,626**	**12,981**	**3,016**	-5.9
Tax	745	932	946	1,018	973	1,002	1,006	1,073	3,641	4,054	947	
Rate (%)	34.1	36.3	31.6	35.3	31.1	35.3	30.0	29.3	34.3	31.2	31.4	
Reported PAT	**1,438**	**1,635**	**2,047**	**1,865**	**2,155**	**1,837**	**2,347**	**2,588**	**6,985**	**8,928**	**2,069**	-11.2
Adj PAT	**1,438**	**1,635**	**2,047**	**1,865**	**2,155**	**1,837**	**2,347**	**2,588**	**6,985**	**8,928**	**2,069**	-11.2
YoY Change (%)	-25.9	-15.8	0.4	-2.7	49.9	12.3	14.7	38.8	-10.9	27.8	26.5	
Margins (%)	10.3	11.6	14.8	13.1	14.3	12.4	14.6	15.2	12.4	14.2	13.6	
EPS	**8.7**	**9.9**	**12.4**	**11.3**	**13.1**	**11.2**	**14.3**	**15.7**	**42.4**	**54.2**	**13**	

E: MOFSL Estimates

Key performance Indicators (Consolidated) (INR m)

Y/E March	FY25				FY26				FY25	FY26E	FY26E	
INRm	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			2QE	Var (%)
Core Markets	10,641	10,521	10,398	11,320	11,484	11,614	11,077	12,674	42,880	46,848	10,857	7.0
YoY Growth (%)	24.3	3.2	-13.4	-6.0	7.9	10.4	6.5	12.0	0	9	3.2	
India	527	874	562	525	594	665	635	656	2,488	2,550	612	8.7
YoY Growth (%)	-18.5	-0.2	-26.1	-0.2	12.7	-23.9	13.0	25.0	-11	3	-30.0	
Rest of the world	2,734	2,663	2,881	2,404	2,978	2,590	4,353	3,725	10,682	13,646	3,690	-29.8
YoY Growth (%)	-4.9	0.1	1.4	-14.2	8.9	-2.7	51.1	54.9	-5	28	38.6	
Cost Break-up												
RM Cost (% of Sales)	40.3	40.9	33.4	34.2	34.6	37.2	35.1	34.8	37.2	35.4	36.0	3.5
Staff Cost (% of Sales)	25.4	23.5	24.8	26.2	27.1	25.9	26.1	25.2	25.0	26.0	26.5	-2.3
Other Cost (% of Sales)	15.5	14.5	15.8	15.2	13.9	15.7	15.1	15.7	15.2	15.1	14.8	6.4
Gross Margins (%)	59.7	59.1	66.6	65.8	65.4	62.8	64.9	65.2	62.8	64.6	64.0	-1.9
EBITDA Margins (%)	18.9	21.1	26.0	24.4	24.4	21.1	23.7	24.3	22.6	23.4	22.7	-7.0
EBIT Margins (%)	12.3	14.5	19.0	17.7	17.7	14.0	17.4	18.0	21.8	22.9	16.4	-15.1

Management call highlights

- Approval for a partner in semi-regulated markets for Semaglutide would enable this CMO opportunity for GLAND.
- The 8KL biologics capacity has just started commercialization and the expansion plan to scale the capacity to 23KL is underway.
- Capex for base business is expected to be INR2.5b/INR3b for FY26/FY27.
- In 2Q, Cenexi reported revenue of INR4.1b, gross margin of 67% (vs. 80% QoQ and 69% YoY), and EBITDA loss of INR616m (vs. profit last quarter) due to a planned shutdown.
- Excl. Cenexi, revenue remained stable at INR10.8b, EBITDA grew 3% YoY to INR3.7b, and gross profit margin was 61%, up 515bp YoY.
- Fontenay Site: Infrastructure/equipment upgrades carried out during shutdown. Excluding the shutdown period, production at the facility is on track, with improved order shipments after the commissioning of a new high-speed ampoule line.
- The Braine-l'Alleud site: Two new lypholizer expected to be completed by CY25.
- Hérouville Facility: The site saw ramp-up in inactivated vaccine and a sterile ophthalmic gel.
- R&D expenses for 2Q were INR614m (5.8% of sales).
- In 2Q, six ANDAs were filed and five were approved, contributing to a cumulative total of 378 ANDA filings in the US (329 approved, 49 pending).

Working to rebuild momentum in core markets; turning the corner at Cenexi

Core markets – Work-in-progress to improvise growth

- After stable sales in core markets in 1Q, GLAND delivered 4% YoY growth in sales to INR8.5b in 2Q. Gradual build-up of base business and new launches enabled a slight improvement in YoY growth in core markets.
- Gross/EBITDA margins for base business stood at 61%/35% in 2Q and 60%/35% in 1HFY26.
- While GLAND exhibited healthy volume growth, milestone income was lower in 1HFY26, impacting growth to some extent.
- GLAND launched seven new molecules in markets related to base business Daptomycin-RTU/Sumatriptan/new strength of Colistimethate in 2QFY26.
- Subsequently, key product launches such as Dalbavancin and the ramp-up of Colistimethate, alongside improved capacity utilization, should improve growth prospects for GLAND.
- It has about 49 ANDAs pending for approval at the end of 1HFY26.
- Looking ahead, Semaglutide is expected to open incremental opportunities in FY27, positioning GLAND as a potential supplier to semi-regulated markets.
- It has additional 10 products under development under the category of ready-to-use (RTU) bags.
- Considering the growth to be driven by volume/niche product approvals, we expect 12% sales CAGR in this segment over FY25-28 to reach INR46b.

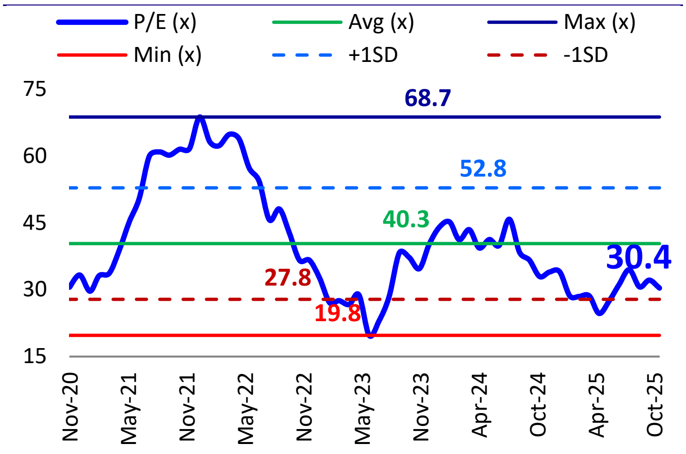
Cenexi - Turnaround phase: lower losses, breakeven in sight

- After acquisition, Cenexi business faced multiple challenges, including frequent equipment breakdowns, delays in technology transfers, and regulatory audits, which weighed on its performance and growth.
- Recently, GLAND has been enhancing Cenexi's capabilities in pre-filled syringes/ lyophilized vials/ophthalmic gels to improve capacity utilization, revenue momentum and profitability.
- Cenexi delivered 20% YoY growth in sales to INR8.7b in 1HFY26.
- Interestingly, Cenexi's gross margin, which has historically ranged at 75-80%, declined in the current quarter. In 2Q, the company reported a gross margin of 67.3%, down 180bp YoY, reflecting lower operating leverage.
- Furthermore, EBITDA margin turned negative at 15%, reversing the positive trend seen in the previous quarter due to reduced capacity utilization and higher fixed cost absorption. Although GLAND reported losses in 1HFY26, EBITDA losses decreased from EUR11m to EUR5m QoQ.
- With EBITDA breakeven expected in 4QFY26 and incremental revenue contribution from planned launches in FY27, we expect 13% sales CAGR in Cenexi business over FY25-28 to INR21.7b.

Maintain BUY

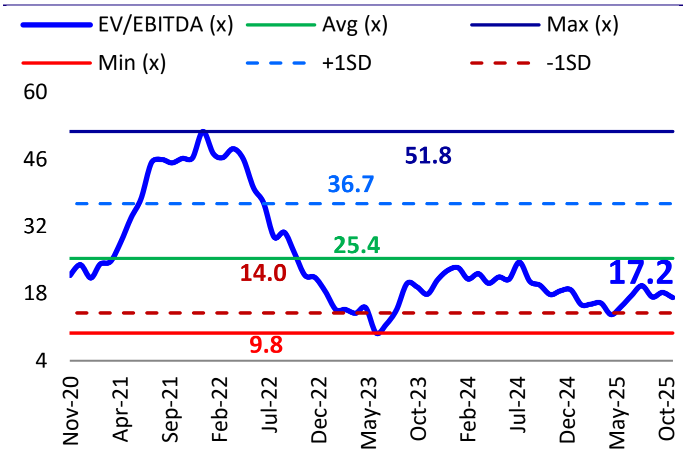
- We lower our FY26 estimate by 3% and largely maintain our FY27/FY28 estimates. We value GLAND at 33x 12M forward earnings to arrive at a TP of INR2,310.
- We expect a CAGR of 13%/18%/24% in sales/EBITDA/PAT over FY25-28 to INR81b/INR20.6b/INR13.5b, factoring a) revival in US business on the back of product introduction, b) increased revenue growth prospects in Cenexi post infrastructure upgrade, and c) increasing capacity utilization of GLP-1 pens/cartridge for non-regulated market in the initial phase of patent expiries in these markets. Maintain BUY.

Exhibit 1: P/E chart



Source: MOFSL, Company, Bloomberg

Exhibit 2: EV/EBITDA chart



Source: MOFSL, Company, Bloomberg

Story in charts

Exhibit 3: Expect 13% revenue CAGR over FY25-28

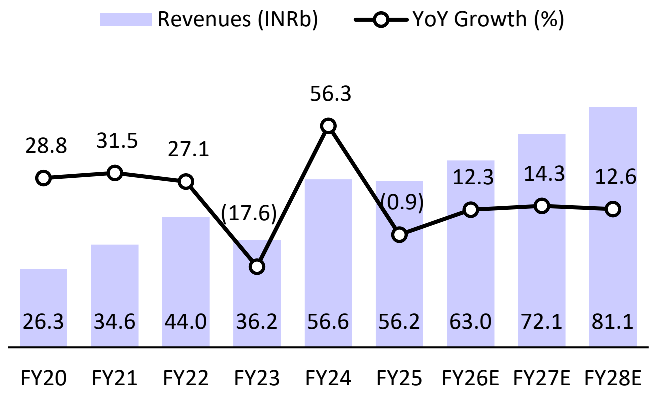


Exhibit 4: Expect 12% core market sales CAGR over FY25-28

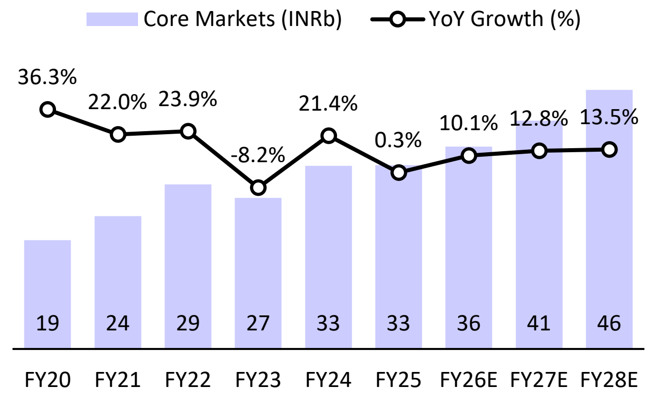


Exhibit 5: Expect ROW sales to post 15% CAGR over FY25-28

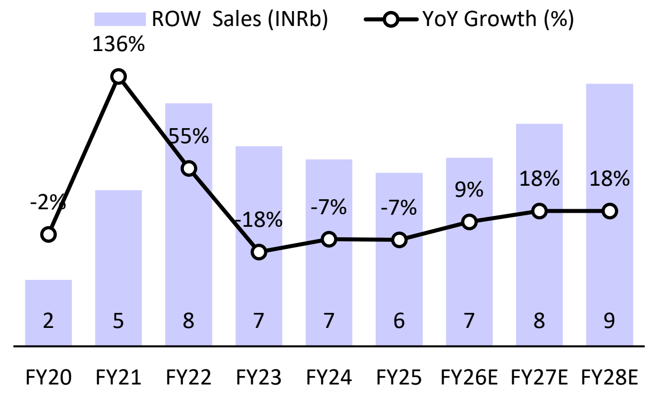


Exhibit 6: Expect India sales to post 7% CAGR over FY25-28

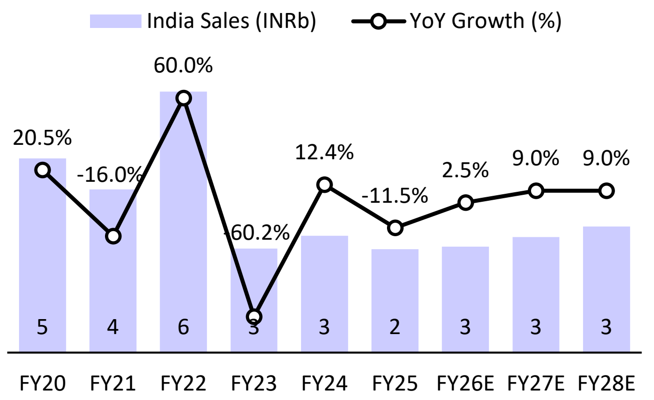
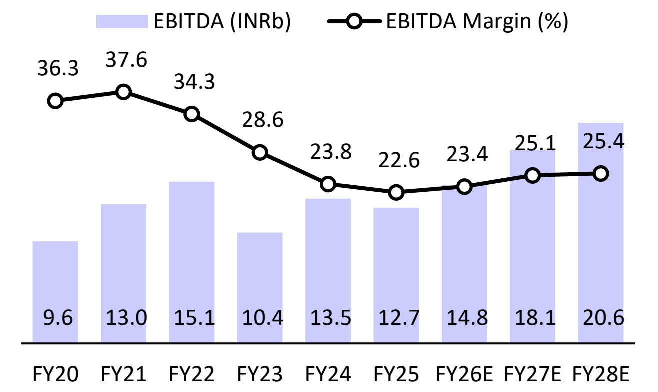
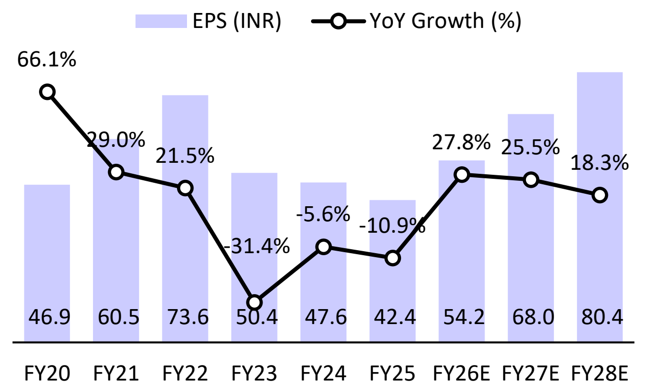


Exhibit 7: EBITDA margin to expand 280bp over FY25-28



Source: Company, MOFSL

Exhibit 8: Expect EPS CAGR of 24% over FY25-28



Source: Company, MOFSL

Financials and valuations

Consolidated - Income Statement

(INRm)

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total Income from Operations	**44,007**	**36,246**	**56,647**	**56,165**	**63,045**	**72,055**	**81,141**
Change (%)	27.1	-17.6	56.3	-0.9	12.3	14.3	12.6
Total Expenditure	**28,906**	**25,888**	**43,138**	**43,476**	**48,276**	**53,969**	**60,531**
% of Sales	65.7	71.4	76.2	77.4	76.6	74.9	74.6
EBITDA	**15,102**	**10,358**	**13,509**	**12,689**	**14,769**	**18,086**	**20,610**
Margin (%)	34.3	28.6	23.8	22.6	23.4	25.1	25.4
Depreciation	1,103	1,467	3,446	3,779	4,155	4,065	4,368
EBIT	**13,999**	**8,890**	**10,063**	**8,910**	**10,614**	**14,021**	**16,242**
Int. and Finance Charges	52	74	262	420	320	188	188
Other Income	2,239	2,405	1,702	2,136	2,687	2,169	2,881
PBT bef. EO Exp.	**16,186**	**11,220**	**11,503**	**10,626**	**12,981**	**16,002**	**18,935**
EO Items	0	-685	178	0	0	0	0
PBT after EO Exp.	**16,186**	**10,536**	**11,325**	**10,626**	**12,981**	**16,002**	**18,935**
Total Tax	4,069	2,735	3,601	3,641	4,054	4,800	5,680
Tax Rate (%)	25.1	26.0	31.8	34.3	31.2	30.0	30.0
Minority Interest	0	0	0	0	0	0	0
Reported PAT	**12,117**	**7,800**	**7,724**	**6,985**	**8,928**	**11,201**	**13,254**
Adjusted PAT	**12,117**	**8,307**	**7,839**	**6,985**	**8,928**	**11,201**	**13,254**
Change (%)	21.5	-31.4	-5.6	-10.9	27.8	25.5	18.3
Margin (%)	26.2	21.5	13.4	12.0	13.6	15.1	15.8

Consolidated - Balance Sheet

(INRm)

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	164	165	165	165	165	165	165
Total Reserves	71,412	79,423	87,074	91,343	1,00,270	1,11,471	1,24,726
Net Worth	**71,576**	**79,587**	**87,238**	**91,507**	**1,00,435**	**1,11,636**	**1,24,891**
Minority Interest	0	0	0	0	0	0	0
Total Loans	46	45	3,722	3,137	3,137	3,137	3,137
Deferred Tax Liabilities	878	842	1,697	1,627	1,627	1,627	1,627
Capital Employed	**72,499**	**80,473**	**92,656**	**96,272**	**1,05,200**	**1,16,401**	**1,29,655**
Gross Block	20,910	23,061	47,846	53,570	59,607	65,464	68,935
Less: Accum. Deprn.	5,888	7,355	10,801	14,580	18,734	22,799	27,167
Net Fixed Assets	**15,022**	**15,705**	**37,045**	**38,990**	**40,873**	**42,665**	**41,768**
Goodwill on Consolidation	0	0	2,423	2,482	2,482	2,482	2,482
Capital WIP	1,907	1,772	2,379	1,506	5,134	2,777	1,805
Total Investments	**1,549**	**0**	**6,559**	**0**	**0**	**0**	**0**
Curr. Assets, Loans&Adv.	**59,858**	**70,298**	**57,703**	**68,751**	**73,922**	**84,990**	**1,02,141**
Inventory	11,857	19,453	16,552	16,852	19,840	21,440	24,047
Account Receivables	11,988	8,714	15,587	15,165	17,445	20,728	23,342
Cash and Bank Balance	30,934	37,707	18,394	25,562	24,098	32,013	42,581
Loans and Advances	5,079	4,424	7,169	11,171	12,539	10,808	12,171
Curr. Liability & Prov.	**5,836**	**7,302**	**13,451**	**15,456**	**17,211**	**16,512**	**18,541**
Account Payables	4,629	5,874	8,627	9,314	10,317	11,829	13,267
Other Current Liabilities	960	1,115	2,863	4,173	4,685	2,882	3,246
Provisions	248	313	1,961	1,969	2,210	1,801	2,029
Net Current Assets	**54,022**	**62,997**	**44,252**	**53,294**	**56,711**	**68,477**	**83,600**
Appl. of Funds	**72,499**	**80,473**	**92,656**	**96,271**	**1,05,200**	**1,16,401**	**1,29,655**

Financials and valuations

Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)							
Adj. EPS	**73.6**	**50.4**	**47.6**	**42.4**	**54.2**	**68.0**	**80.4**
Cash EPS	80.5	59.3	68.5	65.3	79.4	92.7	107.0
BV/Share	435.6	483.2	529.7	555.4	609.6	677.6	758.0
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payout (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation (x)							
P/E	26.8	39.1	41.4	46.5	36.4	29.0	24.5
Cash P/E	24.5	33.2	28.8	30.2	24.8	21.3	18.4
P/BV	4.5	4.1	3.7	3.6	3.2	2.9	2.6
EV/Sales	6.7	7.9	5.5	5.4	4.8	4.1	3.5
EV/EBITDA	19.4	27.7	23.0	23.8	20.6	16.4	13.9
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FCF per share	16.4	8.6	36.4	31.6	-23.3	36.0	47.8
Return Ratios (%)							
RoE	18.6	11.0	9.4	7.8	9.3	10.6	11.2
RoCE	18.6	11.1	9.4	7.8	9.2	10.4	11.0
RoIC	32.5	16.6	12.9	8.7	10.1	12.5	13.6
Working Capital Ratios							
Asset Turnover (x)	2.1	1.6	1.2	1.0	1.1	1.1	1.2
Inventory (Days)	98	196	107	110	115	109	108
Debtor (Days)	99	88	100	99	101	105	105
Creditor (Days)	38	59	56	61	60	60	60
Leverage Ratio (x)							
Net Debt/Equity	-0.45	-0.47	-0.2	-0.2	-0.2	-0.3	-0.3

Consolidated - Cash Flow Statement (INRm)

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	16,186	10,546	11,325	10,627	12,981	16,002	18,935
Depreciation	1,103	1,467	3,446	3,779	4,155	4,065	4,368
Interest & Finance Charges/ (Income)	-1,352	-1,731	-1,288	-2,043	-2,367	-1,981	-2,693
Direct Taxes Paid	-4,065	-3,109	-3,062	3,538	-4,054	-4,800	-5,680
(Inc)/Dec in WC	-3,930	-4,179	-532	-61	-4,881	-3,850	-4,554
CF from Operations	**7,941**	**2,994**	**9,889**	**15,840**	**5,834**	**9,435**	**10,375**
Others	-33	646	79	-6,693	0	0	0
CF from Operating incl EO	**7,908**	**3,640**	**9,968**	**9,147**	**5,834**	**9,435**	**10,375**
(Inc)/Dec in FA	-5,217	-2,230	-3,975	-3,938	-9,665	-3,500	-2,500
Free Cash Flow	**2,691**	**1,410**	**5,993**	**5,209**	**-3,831**	**5,935**	**7,875**
(Pur)/Sale of Investments	-1,504	1,577	4	12	0	0	0
Others	-3,272	12,764	-13,521	20,973	2,687	2,169	2,881
CF from Investments	**-9,993**	**12,112**	**-17,492**	**17,047**	**-6,978**	**-1,331**	**381**
Issue of Shares	386	215	5	25	0	0	0
Inc/(Dec) in Debt	-3	-3	-7,743	-759	0	0	0
Interest Paid	-34	-63	-256	-306	-320	-188	-188
Dividend Paid	0	0	0	-3,295	0	0	0
CF from Fin. Activity	**349**	**149**	**-7,994**	**-4,335**	**-320**	**-188**	**-188**
Inc/Dec of Cash	**-1,736**	**15,901**	**-15,518**	**21,860**	**-1,464**	**7,915**	**10,568**
Opening Balance	4,925	3,188	19,089	3,571	25,430	23,966	31,882
Closing Balance	**3,188**	**19,089**	**3,571**	**25,430**	**23,966**	**31,882**	**42,450**
Term Deposit with Banks/Forex	27,746	18,618	14,823	132	132	132	132
Total Cash & Cash Eq	**30,934**	**37,707**	**18,394**	**25,562**	**24,098**	**32,013**	**42,581**

N O T E S

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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

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