

August 19, 2025

Promising future pipeline holds key...

About the stock: Gland Pharma is one of the largest generic injectable-focused B2B company, with a global footprint across 60 countries, including the US, Europe, Canada, Australia, India and other markets.

- Along with its partners, Gland owns 1,748 products registrations globally of which ~490 in US, Europe, Canada, Australia, and New Zealand, ~73 in India, and ~1,121 in the rest of the world.
- In 2025, Gland acquired a French CDMO company Cenexi which now represents ~26% of the overall revenues.

Investment Rationale:

- Q1FY26 – flattish base business but Cenexi drives numbers**—Revenues grew ~7% YoY to ₹ 1505 crore, mainly driven by 20% growth in the Cenexi Business. On the other hand, base business grew only ~3% YoY ~₹1041 crore, pulled down by de-growth in the US. Consol. EBITDA grew 39% YoY to ~₹ 368 crore and margins stood at 24.4% (556 bps growth) driven by a strong 564 bps improvement in GPM. EBITDA growth was attributable to breakeven EBITDA achieved in Cenexi. PAT -grew ~50% to ~₹ 215 crore. In, the base business US de-grew 5% YoY to ~₹ 717 crore due to lower Enoxaparin (blood thinner) sales (pushed to the next quarter). However, the company was able to maintain margins. The breakeven in the Cenexi business was attributable to the capacity additions done in the Fontenay plant and the performance of all 4 plants altogether. Cenexi GPM improved to 80% while EBITDA margins stood at 2% with an EBITDA of ₹8.6 crore.
- Niche launches, in-licensing deals to steer growth** – Cenexi performance was slightly better than expected on the back of better operating leverage and normalised production. The US is expected to back on the growth track to be driven by dalbavancin (anti-infective) launch in September and CDMO traction (CMS dry powder) besides execution of the pending enoxaparin offtake. Based on this the management has maintained mid-teen revenue growth guidance besides EBITDA margins guidance of 24-25%. Gland's in-house complex injectable pipeline includes 19 products with a US market opportunity of \$6.5 billion. For GLP 1 fill-finish capability, the company currently has 40 million cartridges capacity which the company plans to expand to 140 million. Management's upbeat guidance of mid-teen revenues growth (including US growth of 18%) for FY26 stems from niche launches, better pricing scenario especially in the US and expected traction from RoW markets. In-licensing deals for GLP 1 contracts could be expected to provide significant traction in FY26/FY27. Overall, with many positive moving parts, the outlook remains promising.

Rating and Target price

- We value Gland at **₹2335** per share on SoTP basis with base business at **17x** FY27E EV/EBITDA of **₹1806 crore** and Cenexi at **2x** FY27 sales of **₹2130 crore**.

Key Financial Summary

₹ Crore	FY22	FY23	FY24	CAGR FY22-24 (%)	FY25	FY26E	FY27E	CAGR FY25-27E (%)
Revenues	4400.7	3624.6	5664.7	13.5	5616.5	6470.9	7290.8	13.9
EBITDA	1510.2	1024.8	1333.1	-6.0	1268.9	1606.8	1943.7	23.8
EBITDA Margins (%)	34.3	28.3	23.5		22.6	24.8	26.7	
Net Profit	1211.7	781.0	772.5	-20.2	698.5	977.2	1169.2	29.4
EPS (Adjusted)	73.7	50.9	46.9		42.4	59.3	71.0	
PE (x)	26.2	40.7	41.2		45.5	32.5	27.2	
EV to EBITDA (x)	20.8	29.2	23.7		23.1	18.0	14.6	
RoCE (%)	22.4	13.9	12.6		11.5	14.1	15.4	
RoE (%)	16.9	10.5	8.9		7.6	9.9	10.8	

Source: Company, ICICI Direct Research



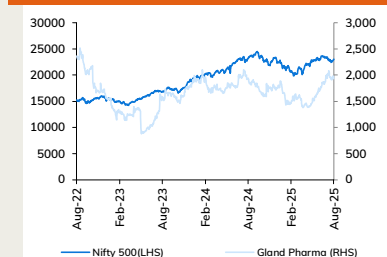
Particulars

Particular	Amount
Market Capitalisation	₹ 31573 crore
Debt (FY25)	₹ 107 crore
Cash (FY25)	₹ 357 crore
EV	₹ 31323 crore
52 week H/L	2221/1200
Equity capital	₹ 16 crore
Face value	₹ 1

Shareholding pattern

Particulars	Sep-24	Dec-24	Mar-25	Jun-25
Promoters	51.8	51.8	51.8	51.8
FIIIs	4.5	5.0	6.9	7.4
DIIIs	35.4	34.8	33.3	32.9
Others	8.3	8.3	8.0	7.9

Price Chart



Key risks

Unforeseen quality related issues given higher exposure to the US. Chinese ownership although not strategic may impose some hurdles especially in the US.

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Exhibit 1: Quarterly Summary

(₹ crore)	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY (%)	QoQ (%)
Net Sales	1103.0	856.9	1044.4	938.3	785.0	1208.7	1373.4	1545.2	1537.5	1401.7	1405.8	1384.1	1424.9	1505.6	7.4	5.7
Total Operating Income	1103.0	856.9	1044.4	938.3	785.0	1208.7	1373.4	1545.2	1537.5	1401.7	1405.8	1384.1	1424.9	1505.6	7.4	5.7
Variable Cost of Sales	545.3	374.1	519.5	427.1	364.8	452.9	521.6	599.2	599.4	564.3	575.5	462.7	488.0	521.1	-7.6	6.8
% of Revenue	49.4	43.7	49.7	45.5	46.5	37.5	38.0	38.8	39.0	40.3	40.9	33.4	34.2	34.6	-564 bps	37 bps
Gross Profit	557.7	482.8	524.9	511.2	420.2	755.8	851.9	945.9	938.1	837.5	830.3	921.3	937.0	984.5	17.6	5.1
Gross Profit Margin (%)	50.6	56.3	50.3	54.5	53.5	62.5	62.0	61.2	61.0	59.7	59.1	66.6	65.8	65.4	564 bps	-37 bps
Employee Expenses	94.2	98.0	101.3	101.1	102.8	255.0	305.0	345.3	351.6	355.5	329.8	342.9	373.4	408.0	14.8	9.3
% of Revenue	8.5	11.4	9.7	10.8	13.1	21.1	22.2	22.3	22.9	25.4	23.5	24.8	26.2	27.1	174 bps	90 bps
Power and Fuel Expenses	25.1	34.1	32.1	29.2	29.5	49.8	58.3	64.0	57.9	46.5	45.4	54.7	52.6	45.7	-1.9	-13.2
% of Revenue	2.3	4.0	3.1	3.1	3.8	4.1	4.2	4.1	3.8	3.3	3.2	3.9	3.7	3.0	-29 bps	-66 bps
Other Expenditure	90.0	80.9	94.7	91.3	119.4	157.0	164.5	180.2	169.9	171.0	158.1	163.9	163.5	163.0	-4.7	-0.3
% of Revenue	8.2	9.4	9.1	9.7	15.2	13.0	12.0	11.7	11.1	12.2	11.2	11.8	11.5	10.8	-137 bps	-64 bps
Total Expenditure	754.7	587.0	747.6	648.7	616.6	914.7	1049.3	1188.8	1178.8	1137.3	1108.8	1024.1	1077.4	1137.9	0.0	5.6
% of Revenue	68.4	68.5	71.6	69.1	78.5	75.7	76.4	76.9	76.7	81.1	78.9	74.0	75.6	75.6	-556 bps	-4 bps
EBITDA	348.4	269.9	296.9	289.6	168.4	294.0	324.1	356.4	358.7	264.4	297.0	360.0	347.5	367.8	39.1	5.8
EBITDA Margin (%)	31.6	31.5	28.4	30.9	21.5	24.3	23.6	23.1	23.3	18.9	21.1	26.0	24.4	24.4	556 bps	4 bps
Depreciation	31.1	34.9	36.7	37.6	37.5	65.3	81.3	105.3	92.6	92.0	93.8	96.3	95.8	101.1	9.9	5.5
Interest	2.0	0.9	1.7	2.6	2.2	4.9	6.0	5.3	10.0	5.6	6.1	22.8	7.5	11.5	104.7	54.3
Other Income	65.2	74.4	65.6	61.5	38.9	37.5	53.2	37.4	42.1	51.4	59.7	58.5	44.0	57.5	11.9	30.7
PBT	312.2	229.5	266.2	263.1	164.8	316.8	346.2	419.1	399.2	218.2	256.7	299.3	288.3	312.7	43.3	8.5
Total Tax	94.6	79.3	82.8	78.9	32.5	67.2	95.8	91.3	105.8	74.5	93.2	94.6	101.8	97.3	30.6	-4.5
Tax rate (%)	30.3	34.6	31.1	30.0	19.7	21.2	27.7	21.8	26.5	34.1	36.3	31.6	35.3	31.1	-303 bps	-420 bps
PAT	285.9	229.2	241.2	231.9	78.7	194.1	194.1	191.9	192.4	143.8	163.5	204.7	186.5	215.5	49.9	15.5
PAT Margin (%)	25.9	26.7	23.1	24.7	10.0	16.1	14.1	12.4	12.5	10.3	11.6	14.8	13.1	14.3	406 bps	122 bps

Source: Company, ICICI Direct Research

Q1FY26 Results / Conference call highlights

Base Business

- Liraglutide has been launched in UK and Australia in Q1FY26.
- 1 RTU bag was filed in Q1; additional 10 bags with US\$ 760 million addressable market product to be filed in the US
- Gland launched 9 products in the US during the quarter
- 15 products are in co-development (seven 505(b)(2) and eight ANDAs), with commercialization anticipated to begin in FY28
- US growth is expected to be driven by dalbavancin (anti-infective); CMS dry powder (a CDMO product) contract for both US and Europe. Launch of these expected in September 2026.
- Semaglutide API sourcing and development to be done by the partners.
- Enoxaparin (blood thinner) sales for Q1FY26 were around ₹70 crore which is normally around ₹130 crore.
- In FY27, GLP-1 products are expected to utilise 50% of its existing capacity of 40mn units.

Cenexi

- The management mentioned high value products are driving the positive progress in Cenexi.
- Product transfer to new ampoule line set-up in Fontenay is doing well.
- The Cenexi margin improvement was on account ramp-up in Fontenay plant and Herouville plants. (they were the lower performing plants earlier)
- Cenexi EBITDA Margin for Q2FY26 could be negative because of the annual shut down in September.
- As of now, Cenexi order book is € 85-90 million.
- Osny plant peak capacity has reached so they will be going with high value products from this plant.
- Management believes the Herouville plant has scope to increase its capacity utilisation
- In the Belgium plant, 2 lyophilisers are being installed.

Other Aspects

- For Q1FY26, milestone income stood at 9% and profit share at 12%
- In US market, Gland is looking to grow the number of customers to drive growth.
- The commercialization of 100 million cartridge capacity is expected in March-April 2026. Partners can start filing post March-April 2026. (Wegovy to come in FY30)
- For FY26, 24-25% EBITDA margin are expected at consolidated level.
- Management is guiding mid-teen revenue growth for FY26 at consolidated level
- Revenues from DRL project to start from Q2FY26 (minimal as of now).

Financial Tables

Exhibit 3: Profit and loss statement

₹ crore

(Year-end March)/ (₹ crore)	FY24	FY25	FY26E	FY27E
Total Operating Income	5,664.7	5,616.5	6,470.9	7,290.8
Growth (%)	56.3	-0.9	15.2	12.7
Raw Material Expenses	2,173.1	2,090.4	2,439.7	2,757.7
Gross Profit	3,491.6	3,526.1	4,031.2	4,533.2
Gross Profit Margins (%)	61.6	62.8	62.3	62.2
Employee Expenses	1,256.9	1,401.6	1,599.7	1,527.1
Other Expenditure	671.7	656.5	630.2	841.7
Total Operating Expenditure	4,101.7	4,148.4	4,669.5	5,126.5
EBITDA	1,333.1	1,268.9	1,606.8	1,943.7
Growth (%)	30.1	-4.8	26.6	21.0
Interest	26.2	42.0	27.6	21.4
Depreciation	344.6	377.9	392.6	466.7
Other Income	170.2	213.6	246.4	264.0
PBT before Exceptional Items	1,132.5	1,062.6	1,432.9	1,719.5
Less: Exceptional Items	0.0	0.0	0.0	0.0
PBT after Exceptional Items	1,132.5	1,062.6	1,432.9	1,719.5
Total Tax	360.1	364.1	455.7	550.2
PAT before MI	772.5	698.5	977.2	1,169.2
PAT	772.5	698.5	977.2	1,169.2
Growth (%)	-1.1	-9.6	39.9	19.7
EPS (Adjusted)	46.9	42.4	59.3	71.0
Other income as % of (Cash+investment)	48%	8%	8%	7%

Source: Company, ICICI Direct Research

Exhibit 4: Cash flow statement

₹ crore

(Year-end March)/ (₹ crore)	FY24	FY25	FY26E	FY27E
Profit/(Loss) after taxation	826.4	708.9	977.2	1,169.2
Add: Depreciation & Amortization	344.6	377.9	392.6	466.7
Net Increase in Current Assets	360.5	-143.1	-355.9	-469.1
Net Increase in Current Liabilities	-394.3	135.9	165.0	159.0
Others	-140.3	-164.7	27.6	21.4
CF from Operating activities	996.8	914.7	1,206.5	1,347.3
Investments	0.3	1.2	0.0	0.0
(Purchase)/Sale of Fixed Assets	-1,410.9	-384.2	-520.0	-500.0
Others	-346.3	2,087.7	5.4	5.5
CF from Investing activities	-1,756.9	1,704.7	-514.6	-494.5
(inc)/Dec in Loan	-799.9	-106.5	0.0	0.0
Dividend & Dividend tax	0.0	-329.5	-247.1	-247.1
Other	0.5	2.5	-27.6	-21.4
CF from Financing activities	-799.4	-433.5	-274.6	-268.5
Net Cash Flow	-1,551.8	1,786.7	417.3	584.3
Cash and Cash Equivalent	1,908.9	357.1	2,556.2	2,973.5
Cash	357.1	2,143.8	2,973.5	3,557.8
Free Cash Flow	-414.1	530.5	686.5	847.3

Source: Company, ICICI Direct Research

Exhibit 5: Balance Sheet

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Equity Capital	16.5	16.5	16.5	16.5
Reserve and Surplus	8,707.4	9,134.3	9,863.6	10,784.9
Total Shareholders funds	8,723.8	9,150.7	9,880.1	10,801.4
Total Debt	141.2	107.2	107.2	107.2
Deferred Tax Liability	220.1	214.8	219.1	223.5
Long-Term Provisions	137.2	146.0	148.9	151.9
Other Non Current Liabilities	40.5	41.4	42.2	43.1
Source of Funds	9,263	9,660	10,397	11,327
Gross Block - Fixed Assets	4,499.5	5,071.9	5,491.9	5,891.9
Accumulated Depreciation	795.0	1,172.8	1,565.5	2,032.2
Net Block	3,704.5	3,899.0	3,926.4	3,859.7
Capital WIP	237.9	150.6	250.6	350.6
Fixed Assets	3,942.4	4,049.6	4,177.0	4,210.2
Investments	0.0	0.0	0.0	0.0
Goodwill on Consolidation	242.3	248.2	248.2	248.2
Other non-Current Assets	831.5	144.2	146.0	147.9
Inventory	1,655.2	1,685.2	1,941.6	2,187.6
Debtors	1,558.7	1,516.5	1,595.6	1,797.7
Other Current Assets	2,074.1	1,025.0	1,045.5	1,066.4
Cash	357.1	2,556.2	2,973.5	3,557.8
Total Current Assets	5,645.2	6,782.9	7,556.1	8,609.5
Creditors	1,075.9	1,012.0	1,165.9	1,313.6
Provisions	58.9	50.9	51.9	52.9
Other Current Liabilities	263.5	502.0	512.1	522.3
Total Current Liabilities	1,398.4	1,564.8	1,729.8	1,888.9
Net Current Assets	4,246.8	5,218.1	5,826.3	6,720.7
Application of Funds	9,263	9,660	10,397	11,327

Source: Company, ICICI Direct Research

Exhibit 6: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E
Per share data (₹)				
Reported EPS	46.9	42.4	59.3	71.0
Cash EPS	46.9	24.4	44.3	56.0
BV per share	529.7	555.6	599.9	655.8
Cash per Share	21.7	155.2	180.5	216.0
Dividend per share	0.0	18.0	15.0	15.0
Operating Ratios (%)				
Gross Profit Margins	61.6	62.8	62.3	62.2
EBITDA margins	23.5	22.6	24.8	26.7
PAT Margins	13.6	12.4	15.1	16.0
Cash Conversion Cycle	197.7	216.1	206.1	205.7
Asset Turnover	1.3	1.1	1.2	1.2
EBITDA conversion Rate	74.8	72.1	75.1	69.3
Return Ratios (%)				
RoE	8.9	7.6	9.9	10.8
RoCE	12.6	11.5	14.1	15.4
RoC	11.8	13.4	17.7	20.7
Valuation Ratios (x)				
P/E	41.2	45.5	32.5	27.2
EV / EBITDA	23.7	23.1	18.0	14.6
EV / Net Sales	5.6	5.2	4.5	3.9
Market Cap / Sales	5.6	5.7	4.9	4.4
Price to Book Value	3.6	3.5	3.2	2.9
Solvency Ratios				
Debt / EBITDA	0.1	0.1	0.1	0.1
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	3.8	2.7	2.6	2.7
Quick Ratio	2.6	1.6	1.5	1.5
Inventory days	278.0	294.3	290.5	289.5
Debtor days	100.4	98.6	90.0	90.0
Creditor days	180.7	176.7	174.4	173.9

Source: Company, ICICI Direct Research

ANALYST CERTIFICATION

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