

Pharma and Healthcare

Q1FY26: steady revenues; margins under pressure

The India Pharma and Healthcare sector is expected to see steady revenue growth. However, EBITDA margins are expected to show a decline for Q1FY26E. We project sales/EBITDA growth of 11%/9% YoY for our coverage universe. Our assumptions are: (1) pharma coverage will see 11% YoY sales growth, driven by an 11% YoY increase in the India business along with 2% QoQ growth in US sales (+2% YoY). In the US market, price erosion in the base business and key products like gRevlimid (Dr Reddy's, Zydus, and Aurobindo) will be offset by steady traction in key products (gSpiriva - Lupin, gMyrbetriq - Zydus and Lupin), new launches (gJynarque - Lupin), and specialty scale-up (Sun Pharma); (2) EBITDA margins for the pharma segment are expected to decrease by 42bps YoY (high base of gRevlimid led sales/margin), driven by price erosion in the US and expected increase in R&D; (3) the hospital business is projected to grow by 15% YoY, as muted occupancy will be partly supported by steady ARPOBs, as well as M&As (Max Healthcare). We expect EBITDA margins to expand for Apollo Hospital (due to reduced spending on Apollo 24/7) and Aster DM (led by cost controls), while Max Healthcare may see a margin decline due to impact from integration with acquired hospitals. (4) The diagnostics segment is expected to post 15% YoY sales growth (ex-M&A growth at 12% YoY), driven by patient/test volume increases, while network expansion and M&A-led costs could impact margins; (5) while the retail pharmacy Medplus is expected to see muted growth, Apollo Pharmacy could see steady growth. Overall, we expect strong performances from Lupin, IPCA, and Torrent, while Aurobindo, Zydus, and Max Healthcare may post muted results.

- **US business to be subdued QoQ on a high gRevlimid base:** The US generics market is likely to see 2% QoQ growth due to (1) volume growth in gRevlimid (Dr Reddy's, Aurobindo, Zydus) being offset by price erosion, (2) new generic launches (gJynarque - Lupin), (3) stable sales from key products like gSpiriva (Lupin) and gMyrbetriq (for Lupin and Zydus), and (4) specialty scale-up (Sun Pharma). This growth may be offset by price erosion in the base business.
- **India coverage growth expected at 11% YoY vs IPM's at ~7.2%:** Indian pharma market (IPM) saw steady growth of 7.2% in Apr/May'25 (as per IQVIA), led by steady 10% growth in the chronic segment, which was partly offset by ~6% growth in the acute segment for the same period (as per IQVIA). We expect our coverage universe to see 11% YoY growth in India business, led by M&As (Eris, Mankind, and Dr Reddy's), and traction in the specialty (Sun Pharma, Zydus), chronic (Sun, Torrent, and Lupin), and CNS segments (Sun, Torrent). On the other hand, muted growth in anti-infectives (Alkem, Mankind) could impact the overall growth momentum.
- **Healthcare coverage to see muted occupancy and steady ARPOB:** Hospital companies with a focus on case/payer-mix have seen steady ARPOB growth. However, occupancy in Q1FY26E is expected to remain muted largely due to lower international footfall and impact of leadership changes (for Aster DM in Kerala cluster). Retail pharmacy to see moderate sales growth and steady margins. Diagnostics will see 15% growth on steady volume growth and M&As (organic growth at 12% YoY); network expansion, no major price hikes, and M&A-related costs could restrict margins.
- **Price erosion and higher R&D to keep margin under pressure:** We expect modest gross margin expansion (+5 bps YoY) as GM expansion from few exclusivity-based launches may be offset by rise in input costs, price erosion in the US (base business and gRevlimid), and increase in R&D costs to keep the EBITDA margin under pressure in our coverage companies.

YE March	Rec.	TP (INR/share)
Pharma		
Alkem	ADD	5,600
Aurobindo	ADD	1,320
Dr. Reddy's	REDUCE	1,220
Eris Life	BUY	1,640
IPCA	BUY	1,750
Lupin	ADD	2,270
Mankind	ADD	2,730
Sun Pharma	BUY	2,020
Torrent Pharma	ADD	3,680
Zydus Life	ADD	950
Healthcare		
Apollo Hospitals	BUY	8,650
Aster DM Healthcare	ADD	620
Max Healthcare	REDUCE	1,120
Medplus	BUY	1,110
Dr Lal Path labs	ADD	3,080
Metropolis	ADD	1,840

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Exhibit 1: HSIE estimates snapshot

Companies (INR mn)	Revenues			EBITDA			EBITDA Margin %			Adjusted Net Profit		
	Q1FY26E	YoY gr.	QoQ gr.	Q1FY26E	YoY gr.	QoQ gr.	Q1FY26E	YoY bps	QoQ bps	Q1FY26E	YoY gr.	QoQ gr.
Alkem Labs	32,558	7%	4%	6,544	8%	67%	20.1	3	766	5,653	4%	85%
Aurobindo	80,376	6%	-4%	16,718	3%	-12%	20.8	-61	-184	9,413	2%	-3%
Dr. Reddy's	87,754	14%	3%	24,045	13%	16%	27.4	-29	308	15,272	10%	-1%
Eris Lifesciences	7,978	11%	13%	2,856	14%	13%	35.8	107	2	1,150	38%	23%
IPCA	22,986	10%	2%	4,367	13%	7%	19.0	49	77	2,305	23%	4%
Lupin	64,854	16%	14%	16,343	20%	26%	25.2	90	240	10,438	16%	23%
Mankind	35,925	24%	17%	8,981	32%	31%	25.0	144	282	4,882	-9%	52%
Sun Pharma	1,36,379	8%	5%	38,186	4%	11%	28.0	-92	158	30,526	6%	18%
Torrent Pharma	32,042	12%	8%	10,574	14%	8%	33.0	69	-16	6,011	28%	14%
Zydus Life	66,277	7%	2%	20,745	-2%	-5%	31.3	-265	-203	14,109	-2%	2%
Pharma Total	5,67,130	11%	5%	1,49,360	9%	10%	26.3	-41	128	99,758	7%	13%
Hospitals												
Apollo Hospital	57,383	13%	3%	7,766	15%	1%	13.5	26	-23	3,549	16%	-9%
Aster DM	10,773	8%	8%	1,887	15%	-2%	17.5	120	-169	918	24%	-12%
Max Healthcare^	23,882	23%	3%	6,069	22%	-4%	25.4	-38	-176	3,576	14%	-9%
Hospitals Total	92,038	15%	3%	15,723	18%	-1%	17.1	41	-79	8,042	16%	-10%
Diagnostic												
DLPL	6,706	11%	11%	1,878	10%	11%	28.0	-25	-5	1,213	14%	6%
Metropolis	3,854	23%	12%	910	15%	8%	23.6	-156	-73	427	13%	-6%
Diagnostic Total	10,560	15%	11%	2,787	12%	10%	26.4	-80	-30	1,640	14%	3%
Retail Pharmacy												
MedPlus	15,656	5%	4%	1,299	39%	-5%	8.3	200	-73	371	158%	-28%
Coverage total	6,85,384	11%	5%	1,69,169	10%	9%	24.7	-27	95	1,09,811	8%	11%

Source: Companies, HSIE Research. Note: EBITDA and PAT adjusted for one-offs, ^ Max Healthcare financial includes partnered healthcare facilities, Metropolis organic growth excluding M&A at 13% YoY

Pharma & Healthcare: Q1FY26E Results Preview

Exhibit 2: HSIE estimates for Q1FY26E – Pharma coverage...

INR mn	Q1FY25	Q4FY25	Q1FY26E	YoY ch	QoQ ch	Comments
Alkem Labs						
Revenue	30,318	31,438	32,558	7%	4%	Sales growth led by ~9% growth in India
EBITDA	6,087	3,913	6,544	8%	67%	formulation business, 4% QoQ growth in
EBITDA margin %	20.1%	12.4%	20.1%	3 bps	766 bps	the US, and ~15% growth in international
PAT	5,452	3,059	5,653	4%	85%	business (ex-US). Gross margin remain
EPS (INR/sh)	45.6	25.6	47.3	4%	85%	steady YoY and higher costs towards
						growth initiatives to keep EBITDA under
						pressure.
Aurobindo Pharma						
Revenue	75,670	83,821	80,376	6%	-4%	US business to decline 7% QoQ with
EBITDA	16,196	18,969	16,718	3%	-12%	moderation in injectable business,
EBITDA margin %	21.4%	22.6%	20.8%	-61 bps	-184 bps	negligible gRevlimid sales, partly offset by
PAT	9,185	9,666	9,413	2%	-3%	steady growth in the OSD sales. Europe to
						sustain steady growth momentum. Gross
						margin to decline on pricing pressure in
EPS (INR/sh)	15.8	16.6	16.2	2%	-3%	the US and opex related to recently
						commissioned plants (Pen-G, 6-APA,
						Injectable) leading to EBITDA margin
						decline.
Dr Reddy's Lab						
Revenue	76,961	85,284	87,754	14%	3%	US business to see 8% QoQ growth due to
EBITDA	21,304	20,747	24,045	13%	16%	gRevlimid sales which will partly offset by
EBITDA margin %	27.7%	24.3%	27.4%	-29 bps	308 bps	price and market share erosion in the base
PAT	13,928	15,400	15,272	10%	-1%	business. India to see 11% YoY growth on
						steady performance in key therapies. We
						have factored NRT business contribution
EPS (INR/sh)	83.5	92.3	91.6	10%	-1%	at INR 6.5 bn. We expect gross margin to
						decline on price erosion in key products
						leading to lower EBITDA margin.
Eris Life						
Revenue	7,197	7,053	7,978	11%	13%	We expect base business to see 11% YoY
EBITDA	2,500	2,524	2,856	14%	13%	growth on steady traction in key therapies
EBITDA margin %	34.7%	35.8%	35.8%	107 bps	2 bps	and gradual recovery in Biocon insulin
PAT	832	938	1,150	38%	23%	business. Export business to remain
						steady. Gross margin expansion on better
EPS (INR/sh)	6.1	6.9	8.4	38%	23%	mix and steady cost leading to EBITDA
						margin improvement.
IPCA Labs						
Revenue	20,926	22,467	22,986	10%	2%	We assume India formulation business to
EBITDA	3,875	4,097	4,367	13%	7%	see 11% YoY growth, export formulation
EBITDA margin %	18.5%	18.2%	19.0%	49 bps	77 bps	to grow 9% YoY and API business to
PAT	1,870	2,218	2,305	23%	4%	remain muted. We assume ~23% YoY
						growth in Unichem sales (including
EPS (INR/sh)	7.4	8.7	9.1	23%	4%	Bayshore). Gross and EBITDA margin to
						improve YoY on better sales mix and cost
						controls.
Lupin						
Revenue	56,003	56,671	64,854	16%	14%	US business to see strong 10% QoQ
EBITDA	13,614	12,921	16,343	20%	26%	growth led by incremental sales from
EBITDA margin %	24.3%	22.8%	25.2%	90 bps	240 bps	Tolvaptan, steady traction from its key
PAT	8,990	8,463	10,438	16%	23%	products like gSpiriva, gMyrbetriq, and
						new launches. This will partly offset
						competition in Albuterol and gSuprep.
EPS (INR/sh)	19.7	18.5	22.9	16%	23%	India business to see 9% YoY growth.
						Gross margin to remain strong (+230 bps
						YoY) leading to EBITDA margin
						expansion.

Source: Companies, HSIE Research. Note: EBITDA and PAT adjusted for one-offs

Pharma & Healthcare: Q1FY26E Results Preview

Exhibit 3: ...HSIE estimates for Q1FY26E – Pharma coverage

INR mn	Q1FY25	Q4FY25	Q1FY26E	YoY ch	QoQ ch	Comments
Mankind						
Revenue	28,934	30,794	35,925	24%	17%	We assume ex-BSV, India business to see steady growth of 8% YoY led by scale-up in chronic segment and exports to see 5% QoQ. We have factored BSV sales of ~INR 4.7 bn in Q1. Steady gross margin and costs to support the EBITDA margin expansion. Higher depreciation and interest cost to impact PAT growth.
EBITDA	6,818	6,832	8,981	32%	31%	
EBITDA margin %	23.6%	22.2%	25.0%	144 bps	282 bps	
PAT	5,365	3,211	4,882	-9%	52%	
EPS (INR/sh)	13.0	7.8	11.8	-9%	52%	
Sun Pharma						
Revenue	1,26,528	1,29,588	1,36,379	8%	5%	US generic business is expected to remain flat QoQ. Specialty sales to see strong with growth of ~13% YoY. India to see 11% YoY growth. Steady gross margin to offset by higher costs (inch-up in R&D) leading to EBITDA margin correction.
EBITDA	36,581	34,249	38,186	4%	11%	
EBITDA margin %	28.9%	26.4%	28.0%	-92 bps	158 bps	
PAT	28,779	25,978	30,526	6%	18%	
EPS (INR/sh)	12.0	10.8	12.7	6%	18%	
Torrent Pharma						
Revenue	28,590	29,590	32,042	12%	8%	India formulation business to see growth of 13% YoY as steady traction in key therapies. Brazil business to see 8% YoY (low base). US to remain flat QoQ and steady growth in Germany business.
EBITDA	9,240	9,810	10,574	14%	8%	
EBITDA margin %	32.3%	33.2%	33.0%	69 bps	-16 bps	
PAT	4,709	5,287	6,011	28%	14%	
EPS (INR/sh)	13.9	15.6	17.8	28%	14%	EBITDA margin to see YoY expansion led by higher gross margin and steady costs.
Zydus Life						
Revenue	62,075	65,279	66,277	7%	2%	The US to grow 1% QoQ led by continued traction from gMyrbetriq and gRevlimid, new launches to partly offset by impact of generic competition in gAsacol HD. India
EBITDA	21,073	21,759	20,745	-2%	-5%	
EBITDA margin %	33.9%	33.3%	31.3%	-265 bps	-204 bps	
PAT	14,379	13,868	14,109	-2%	2%	business to see 10% growth. Consumer Wellness business to see 13% YoY growth on back incremental sales from Naturell (India) integration to offset by volume impact in its key brands due to unseasonal rains. Lower gross margin due to price erosion in the US and steady costs would lead to lower EBITDA margin.
EPS (INR/sh)	14.3	13.8	14.0	-2%	2%	

Source: Companies, HSIE Research. Note: EBITDA and PAT adjusted for one-offs

Pharma & Healthcare: Q1FY26E Results Preview

Exhibit 4: HSIE estimates for Q1FY26E – Hospital companies' coverage

INR mn	Q1FY25	Q4FY25	Q1FY26E	YoY ch	QoQ ch	Comments
Apollo Hospitals						
Revenue	50,856	55,922	57,383	13%	3%	We expect 10% YoY growth in hospital business (lower occupancy due to lower footfall from international patients, and single digit ARPOB growth). Healthco business to see 16% YoY growth and AHLL to see 15% YoY growth.
EBITDA	6,751	7,697	7,766	15%	1%	
EBITDA margin %	13.3%	13.8%	13.5%	26 bps	-23 bps	
PAT	3,052	3,896	3,549	16%	-9%	
EPS (INR/sh)	21.2	27.1	24.7	16%	-9%	Steady margin in hospital and YoY reduction Apollo 24/7 spend to help overall EBITDA margin expansion.
Aster DM Healthcare						
Revenue	10,019	10,003	10,773	8%	8%	We expect 8% YoY growth in hospital business (lower occupancy due to continued pressure in Kerala cluster, lower footfall from international patients, and single digit ARPOB growth). Gradual improvement in key cluster to drive margins.
EBITDA	1,635	1,921	1,887	15%	-2%	
EBITDA margin %	16.3%	19.2%	17.5%	120 bps	-169 bps	
PAT	740	1,041	918	24%	-12%	
EPS (INR/sh)	1.5	2.1	1.8	24%	-12%	
Max Healthcare						
Revenue	19,350	23,260	23,882	23%	3%	Strong sales growth is largely led by the steady growth in the company's existing network and integration of acquired hospitals (Lucknow, Noida, and Nagpur). Max Lab to see steady growth. Integration impact of lower margin acquired hospitals and
EBITDA	4,990	6,320	6,069	22%	-4%	
EBITDA margin %	25.8%	27.2%	25.4%	-38 bps	-176 bps	
PAT	3,140	3,950	3,576	14%	-9%	
EPS (INR/sh)	3.2	4.1	3.7	14%	-9%	break-even at Dwarka (Delhi) to drag down the overall margin for the company.

Source: Companies, HSIE Research. Note: EBITDA and PAT adjusted for one-offs, Max Healthcare financial includes partnered healthcare facilities

Exhibit 5: HSIE estimates for Q1FY26E – Diagnostics companies coverage

INR mn	Q1FY25	Q4FY25	Q1FY26E	YoY ch	QoQ ch	Comments
Dr Lal Path labs						
Revenue	6,019	6,026	6,706	11%	11%	
EBITDA	1,700	1,690	1,878	10%	11%	Steady sales growth of 11% YoY largely led by the YoY growth in the volume and
EBITDA margin %	28.2%	28.0%	28.0%	-25 bps	-5 bps	increasing bundle test business. Gross margin to sustain at 80.3% and steady
PAT	1,064	1,140	1,213	14%	6%	margin at 28%.
EPS (INR/sh)	12.7	13.6	14.5	14%	6%	
Metropolis						
Revenue	3,134	3,453	3,854	23%	12%	Metropolis' Q1FY26 includes sales from recently acquired businesses of Core
EBITDA	788	840	910	15%	8%	8% Diagnostics (full quarter), Scientific
EBITDA margin %	25.2%	24.3%	23.6%	-156 bps	-73 bps	Pathology, and Dr. Ahuja's Pathology, leading to 23% YoY growth. Organics
PAT	379	452	427	13%	-6%	business is expected to see growth of 13% YoY driven by patient and test volume growth, better product mix, and improved
EPS (INR/sh)	7.3	8.7	8.2	13%	-6%	realizations. Lower EBITDA due to acquisition related costs. As per company update, B2C revenues grew at ~15% YoY for Q1FY26E.

Source: Companies, HSIE Research. Note: EBITDA and PAT adjusted for one-offs

Pharma & Healthcare: Q1FY26E Results Preview

Exhibit 6: HSIE estimates for Q1FY26E – Retail pharmacy

INR mn	Q1FY25	Q4FY25	Q1FY26E	YoY ch	QoQ ch	Comments
Medplus						
Revenue	14,888	15,096	15,656	5%	4%	We expect moderate growth in Pharmacy business (+5% YoY) as increasing private label sales to drive volume growth but
EBITDA	938	1,364	1,299	39%	-5%	lower value growth. Diagnostic business at
EBITDA margin %	6.3%	9.0%	8.3%	201 bps	-74 bps	INR 279 mn (+15% YoY). Gross margin to expand (+340 bps YoY) with increasing share from private label leading to EBITDA margin expansion. Operating margin (post
PAT	144	513	371	158%	-28%	rentals) to be at ~4.6% in Q1FY26E vs. 2.9% YoY. However, lower share from private label QoQ to drag gross and EBITDA margin in Q1FY26E.
EPS (INR/sh)	1.2	4.3	3.1	158%	-28%	

Source: Companies, HSIE Research. Note: EBITDA and PAT adjusted for one-offs

Exhibit 7: The US business to see 2% QoQ as price erosion in base business and gRevlimid will be offset by traction in key products and new launches

(USD mn)	US revenues										
	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26E	YoY	QoQ
Alkem	85	93	82	75	77	71	75	70	74	-4%	5%
Aurobindo	402	419	456	438	426	421	435	470	435	2%	-7%
Dr. Reddy's	390	382	403	391	462	445	395	417	450	-3%	8%
Lupin	181	213	212	209	227	220	235	245	270	19%	10%
Sun	471	430	477	476	466	517	474	464	478	3%	3%
Torrent	36	30	33	32	31	32	32	35	34	10%	-3%
Zydus	298	225	221	304	371	288	285	363	365	-2%	1%
Total	1,862	1,791	1,884	1,926	2,060	1,994	1,932	2,064	2,106	2%	2%

Source: Companies, HSIE Research

Exhibit 8: India formulation business to maintain growth momentum

(INR mn)	India formulations business										
	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26E	YoY	QoQ
Alkem Labs	19,007	23,278	22,328	19,724	20,223	24,610	23,649	21,355	22,043	9%	3%
Aurobindo	524	660	600	480	610	710	700	560	695	14%	24%
Dr. Reddy's	11,482	11,860	11,800	11,265	13,252	13,971	13,464	13,047	14,673	11%	12%
Eris Lifesciences	4,600	5,005	4,835	4,923	6,426	6,570	6,461	6,096	7,103	11%	17%
IPCA Labs	7,827	8,450	7,796	6,898	8,734	9,405	8,772	7,641	9,694	11%	27%
Lupin	16,384	16,915	17,251	16,015	19,259	20,096	19,305	17,113	20,992	9%	23%
Mankind	22,110	23,360	22,510	20,180	24,280	25,640	25,800	23,660	28,360	17%	20%
Sun Pharma	35,604	38,425	37,785	37,078	41,445	42,652	43,004	42,130	46,004	11%	9%
Torrent Pharma	14,260	14,440	14,150	13,800	16,350	16,320	15,810	15,450	18,476	13%	20%
Zydus Life	12,270	13,341	14,273	13,912	13,758	14,569	14,982	15,394	15,134	10%	-2%
Total	1,44,068	1,55,734	1,53,328	1,44,275	1,64,337	1,74,542	1,71,946	1,62,445	1,83,174	11%	13%

Source: Companies, HSIE Research, Mankind Pharma including BSV

Pharma & Healthcare: Q1FY26E Results Preview

Exhibit 9: IPM growth trend – leading companies

Value YoY growth %	FY20	FY21	FY22	FY23	FY24	FY25	Apr'25	May'25
India Pharma								
Alkem	17	0	28	13	5	6	8	6
Alembic Pharma	6	1	23	8	4	1	2	(0)
Cipla	8	11	14	7	8	7	8	5
Dr Reddy's	7	3	22	2	9	8	12	10
Eris Life	7	11	10	7	8	5	4	3
Glenmark	15	14	26	(4)	9	12	13	12
IPCA	19	11	22	14	13	13	5	8
Lupin	10	3	15	6	6	8	8	5
Sun Pharma	10	5	16	11	9	10	11	10
Torrent Pharma	8	8	11	14	8	8	11	6
Zydus	8	5	15	7	5	10	6	8
Aristo Pharma	20	6	25	7	9	3	5	6
Ajanta Pharma	13	7	18	17	10	11	8	11
Emcure	12	4	22	2	3	6	7	6
FDC	14	(1)	19	16	6	13	6	6
Intas Pharma	14	6	18	16	12	11	9	10
Indoco	14	(6)	20	3	0	3	7	7
JB Chemical	15	23	25	21	10	12	13	12
Macleods	10	(0)	25	12	9	5	8	5
Mankind	13	11	18	9	8	8	5	9
Micro Labs	13	(2)	37	4	2	3	3	3
USV	10	10	13	9	8	5	3	6
MNC Pharma								
Abbott	8	3	14	10	8	10	9	8
GSK Pharma	6	(1)	14	7	1	1	2	1
Pfizer	6	6	12	(1)	(5)	8	(4)	(2)
Sanofi	11	4	11	5	0	4	(3)	(1)
IPM	11	5	18	8	7	8	7	7

Source: Companies, HSIE Research

Exhibit 10: IPM growth trend – leading therapies

Value YoY growth %	% FY25 share	FY20	FY21	FY22	FY23	FY24	FY25	Apr-25	May-25
Cardiac	13%	12	13	11	9	10	12	11	12
Anti-Infectives	11%	13	(12)	35	6	3	5	3	3
Gastro Intestinal	11%	9	6	17	12	7	10	7	4
Anti Diabetic	9%	12	9	7	7	6	8	7	9
Respiratory	8%	15	(8)	44	7	3	3	9	10
Pain / Analgesics	8%	12	(1)	22	12	8	8	5	5
Vitamins/Minerals/Nutrients	8%	10	11	16	4	7	8	8	5
Derma	7%	9	6	10	7	6	10	7	2
Neuro / Cns	6%	10	10	11	12	9	9	10	9
Gynaec.	5%	9	3	16	16	6	4	5	4
Antineoplast/Immunomodulator	3%	18	11	20	25	23	13	10	15
Urology	2%	14	5	18	17	14	14	11	7
Ophthal / Otologicals	2%	11	(2)	22	16	9	5	9	7
Hormones	2%	9	4	17	10	7	6	6	6
Vaccines	1%	7	5	4	(7)	16	9	10	12
IPM	100%	11	5	18	8	7	8	7	7

Source: Companies, HSIE Research

Pharma & Healthcare: Q1FY26E Results Preview

Exhibit 11: Gross margin to expand on favorable business mix; to be partly offset by marginal rise in input costs

Gross margin %	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26E	YoY bps	QoQ bps
Alkem	59.6%	61.4%	60.8%	62.3%	64.5%	64.7%	64.3%	59.3%	64.4%	(11)	509
Aurobindo	53.9%	55.2%	57.1%	59.6%	59.4%	58.8%	58.4%	59.7%	59.1%	(29)	(63)
Dr. Reddys	71.3%	71.0%	69.9%	70.6%	71.7%	70.6%	69.2%	66.6%	71.0%	(65)	442
Eris	83.2%	81.3%	81.7%	78.5%	74.9%	74.9%	75.7%	75.9%	75.8%	89	(6)
IPCA Labs	67.5%	66.7%	66.0%	66.3%	69.2%	67.8%	70.2%	68.5%	69.5%	25	103
Lupin	65.9%	66.2%	66.8%	68.3%	68.8%	70.2%	70.2%	70.2%	71.2%	235	95
Mankind	68.2%	69.5%	68.3%	69.8%	71.9%	71.6%	71.0%	71.6%	72.2%	28	63
Sun Pharma	76.9%	77.1%	77.9%	80.1%	78.9%	79.7%	80.0%	79.6%	79.0%	15	(65)
Torrent Pharma	74.9%	75.2%	74.5%	75.3%	75.7%	76.5%	76.0%	75.9%	75.8%	7	(7)
Zydus Life	67.4%	66.3%	67.4%	70.9%	74.4%	71.9%	69.9%	74.0%	73.0%	(145)	(100)
Total Pharma gross margin	68.4%	68.6%	68.9%	70.7%	71.4%	71.2%	70.8%	70.5%	71.5%	5	98

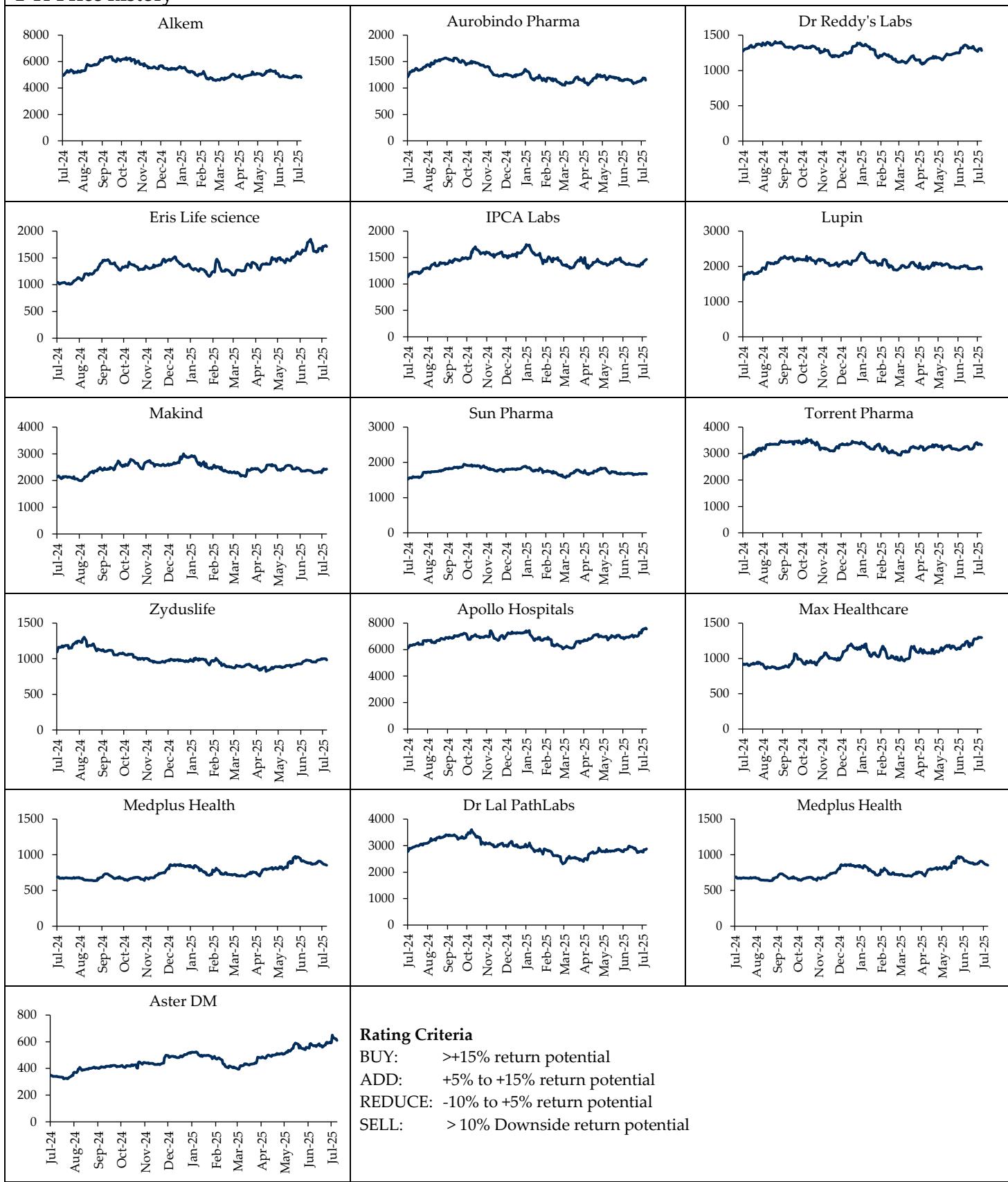
Source: Companies, HSIE Research

Exhibit 12: Currency movement

Currency vs. INR	(Q1FY26)	% chg		(Q1FY26)	% chg	
	(Avg)	YoY	QoQ	(Spot)	YoY	QoQ
USD	85.6	3	-1	85.8	3	0
RUB	0.7	3	-1	0.7	0	0
BRL	15.1	-5	3	15.7	3	5
ZAR	4.7	4	-0	4.8	3	3
EUR	97.1	8	7	100.7	10	9
YEN	0.6	11	4	0.6	12	4
AUD	54.8	-0	1	56.2	-1	5
CAD	61.8	1	3	62.8	1	6

Source: Bloomberg

1 Yr Price history



Disclosure:

We, **Mehul Sheth, MBA & Divyaxa Agnihotri, MSc** authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. SEBI conducted the inspection and based on their observations have issued advise/warning. The said observations have been complied with. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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