

Gland Pharma

Moving from guarded to a more constructive view

We interacted with Gland Pharma to understand the triggers in US and Cenexi business along with longer term GLP-1 opportunity. To recap, US business would see launch of 2 key products – Dalbavancin and Norepinephrine and 5-6% volume increase that would drive growth in the range of 11%. Cenexi is expected to clock ~20% expansion on back of new ampoule line along with tech transfer projects at Herouville site. We understand new PFS line and qualification of two reinstalled lyophilizers would support revenue next fiscal even as existing capacity can lead to Euro50-55mn of quarterly revenue. EM sales would be driven by execution of CMS contract across Europe. Notably, GLP-1 opportunity would become meaningful in ex-US markets in FY28 as Gland ramps up pen/vial supplies; we still believe there are lot of moving parts with respect to US\$1/unit revenue potential from GLP-1s. Narrow our differential vs consensus but still remain ~7% below on FY27E earnings as we factor in better margin over FY26/27. Raise to ADD as our increased optimism on US business is reflected in expanded target multiple to 32x FY27E EPS.

Enoxaparin supply recovery, CGT launch to drive US business

Enoxaparin supplies would rebound after timing issue in previous quarter as some of the SKUs were not supplied. We understand most of the Rs700mn of the shortfall in Enoxaparin sales would be recovered in current quarter and sustain for rest of the fiscal. Q2 would see the launch of anti-biotic Dalbavancin and later on Gland would launch CGT designated Norepinephrine Bitartrate (for severe low blood pressure); coupled with base business volume growth of 6-7% and 5-6% from new launches, management is confident of ~11% US growth in the current fiscal.

Cenexi – Strong growth guidance retained at 20%

Reemphasizing its earlier commentary, Gland expects commencement of high-speed ampoule line at Fontenay and tech transfer at Herouville to drive 20% growth in the current fiscal. A new PFS line in early FY226 along with 2 new lyophilizers should substantially expand capacity and utilization in the following year. Overall Cenexi EBIDTA would be largely neutral as H1 loss would be offset by a positive EBIDTA in H2. Reckon new ampoule and PFS lines, reinstallation of lyophilizers would augur well for FY27 growth.

GLP-1 supply opportunity is beyond FY27

To refresh, Gland would have ~140mn unit vial/pens capacity by Mar'26 of which company intends to utilize ~20mn in FY27 as it targets the initial GLP-1 opportunity in the form of Liraglutide and Semaglutide in emerging markets. In our interaction, company did repeat pricing of US\$1 per vial though we understand the visibility of such a pricing is still reasonably uncertain, being dependent on GLP-1 supply capacity. Hence, we believe it would be only prudent to factor in bulk of capacity utilization and GLP-1 revenue from FY28 onwards.

Raise to ADD on revised earnings on back of better margin estimate

We have revised our estimates on better margin presumption and less of revenue changes across geography resulting in 6/7% upgrade to FY26/27 EPS estimates. While we had outlined likelihood of limited scope for upgrades in our previous update, current changes reflect a narrowing in ours vs street expectations and we still remain ~7% below FY27E consensus. With more confidence on US growth, we expand the premium to other generic plays and assign 32x multiple to derive a revised TP Rs2,250 (earlier Rs1,800) and would view Gland as a better proxy on US generics in the near term.

Reco : **ADD**

CMP : Rs 2,021

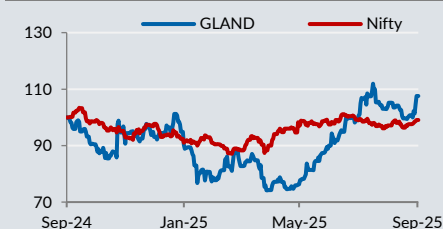
Target Price : Rs 2,250

Potential Return : 11.5%

Stock data (as on Sep 12, 2025)

Nifty	25,114
52 Week h/l (Rs)	2131 / 1278
Market cap (Rs/USD mn)	333006 / 3772
Outstanding Shares (mn)	165
6m Avg t/o (Rs mn):	487
Div yield (%):	1.2
Bloomberg code:	GLAND IN
NSE code:	GLAND

Stock performance



	1M	3M	1Y
Absolute return	2.3%	19.6%	7.6%

Shareholding pattern (As of Mar'25 end)

Promoter	51.8%
FII+DII	40.3%
Others	8.9%

Δ in stance

(1-Yr)	New	Old
Rating	ADD	NEUTRAL
Target Price	1,800	2,250

Δ in earnings estimates

	FY26e	FY27e
EPS (New)	57.2	69.3
EPS (Old)	54.0	64.7
% change	5.9%	7.2%

Financial Summary

(Rs mn)	FY25	FY26E	FY27E
Net Revenue	56,165	63,340	71,245
YoY Growth	-0.9	12.8	12.5
EBIDTA	12,689	16,015	18,936
YoY Growth	-4.8	26.2	18.2
PAT	6,985	9,419	11,418
YoY Growth	(9.6)	34.8	21.2
ROE	7.8	10.0	11.3
EPS	42.4	57.2	69.3
P/E	47.6	35.3	29.1
BV	555.6	591.5	639.6
EV/EBITDA	24.5	19.3	16.1

BHAVESH GANDHI

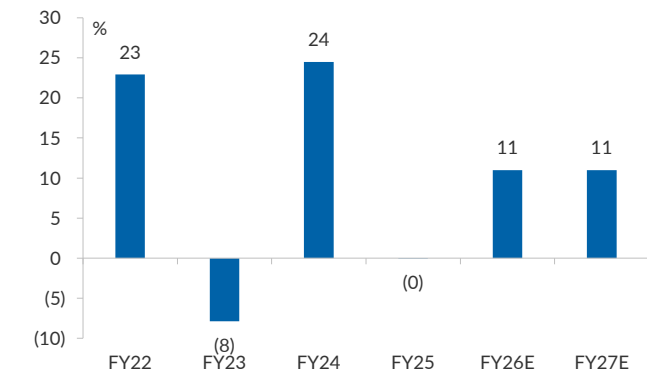
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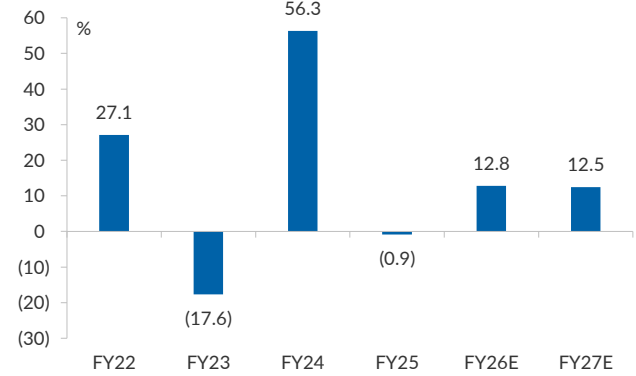
STORY IN CHARTS

Exhibit 1: US revenue growth – FY26/27



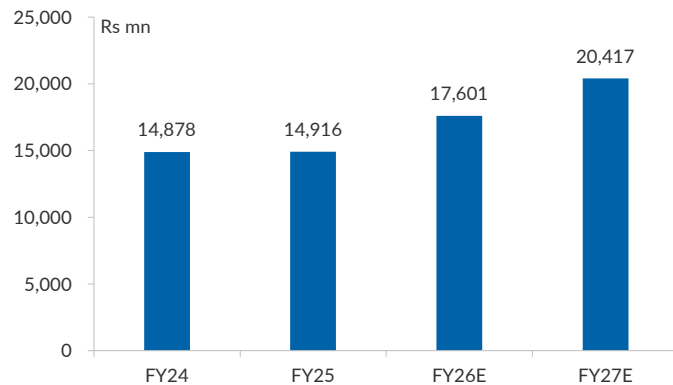
Source: Company, YES Sec

Exhibit 2: FY26E growth driven by Cenexi @20%



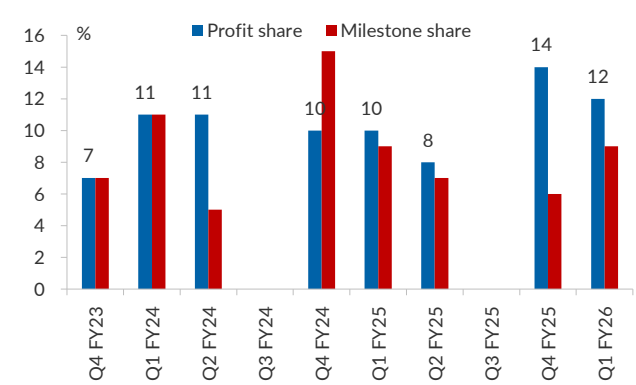
Source: Company, YES Sec

Exhibit 3: Cenexi revenue estimate



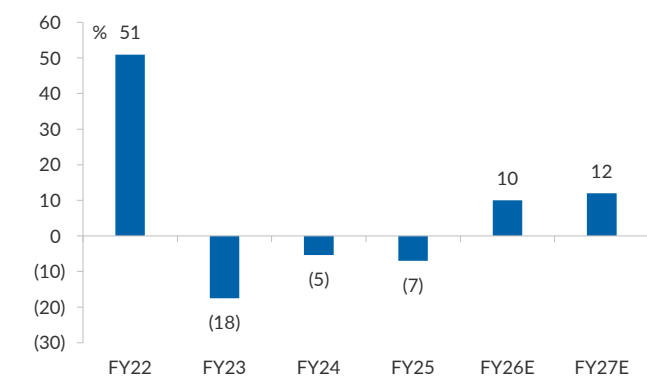
Source: Company, YES Sec

Exhibit 4: Trend in US profit/milestone share



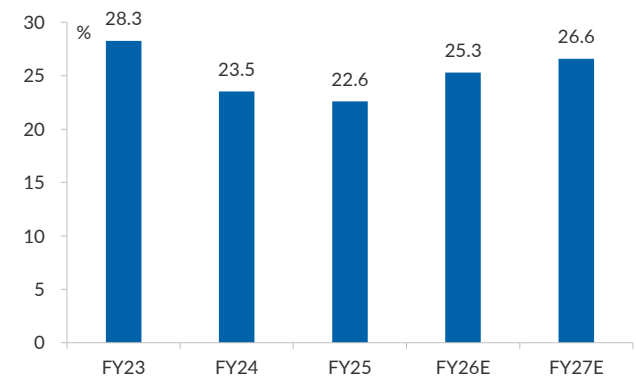
Source: Company, YES Sec

Exhibit 5: EM revenue growth forecast



Source: Company, YES Sec

Exhibit 6: FY27E margin to get push from Cenexi



Source: Company, YES Sec

FINANCIALS

Exhibit 7: Balance sheet

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Equity capital	165	165	165	165	165
Reserves	79,423	87,074	91,343	97,262	105,181
Net worth	79,587	87,238	91,507	97,427	105,345
Debt	55	3,189	2,945	2,945	2,945
Def tax lia	842	2,201	2,148	2,148	2,148
Total liabilities	80,484	92,629	96,601	102,520	110,439
Fixed Asset	17,481	41,846	42,976	42,153	41,166
Investments	1,064	7,800	921	921	921
Net Working Capital	61,713	42,478	52,183	58,925	67,831
Inventories	19,453	16,552	16,852	19,005	21,377
Sundry debtors	8,714	15,587	15,165	17,103	19,237
Cash	37,703	18,404	25,564	26,363	30,948
Other current assets	3,134	5,918	10,250	11,401	12,824
Sundry creditors	(5,874)	(7,677)	(8,204)	(9,252)	(10,407)
Other CL	(1,418)	(6,306)	(7,444)	(5,695)	(6,148)
Def tax assets	225	504	521	521	521
Total Assets	80,484	92,629	96,601	102,520	110,439

Exhibit 8: Income statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Revenue	36,246	56,647	56,165	63,340	71,245
Operating profit	10,248	13,331	12,689	16,015	18,936
Depreciation	(1,467)	(3,446)	(3,779)	(3,963)	(4,187)
Interest expense	(74)	(262)	(420)	(401)	(401)
Other income	2,405	1,702	2,136	2,200	2,200
Profit before tax	11,111	11,325	10,627	13,851	16,548
Taxes	(2,735)	(3,601)	(3,641)	(4,432)	(5,130)
Adj. profit	8,375	7,724	6,985	9,419	11,418
MI	(565)	-	-	-	-
Net profit	7,811	7,724	6,985	9,419	11,418

Exhibit 9: Cash flow statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Profit before tax	11,111	11,325	10,627	13,851	16,548
Depreciation	1,467	3,446	3,779	3,963	4,187
Def tax assets (net)	(211)	1,080	(69)	-	-
Tax paid	(2,735)	(3,601)	(3,641)	(4,432)	(5,130)
Working capital Δ	(3,793)	(64)	(2,545)	(5,943)	(4,321)
Other operating items	(565)	-	-	-	-
Operating cashflow	5,275	12,187	8,149	7,439	11,284
Capital expenditure	(2,019)	(27,811)	(4,908)	(3,141)	(3,200)
Free cash flow	3,255	(15,624)	3,241	4,298	8,084
Equity raised	201	3,814	783	0	0
Investments	1,772	(6,736)	6,879	-	-
Debt financing/disposal	(7)	3,134	(244)	-	-
Dividends paid	-	(3,887)	(3,500)	(3,500)	(3,500)
Net Δ in cash	5,221	(19,299)	7,160	799	4,585

Exhibit 10: Du Pont Analysis

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Tax burden (x)	0.75	0.68	0.66	0.68	0.69
Interest burden (x)	0.99	0.98	0.96	0.97	0.98
EBIT margin (x)	0.31	0.20	0.20	0.23	0.24
Asset turnover (x)	0.44	0.59	0.52	0.55	0.59
Financial leverage (x)	1.10	1.16	1.22	1.21	1.20
RoE (%)	11.1	9.3	7.8	10.0	11.3

Exhibit 11: Ratio analysis

Y/e 31 Mar	FY23	FY24	FY25	FY26E	FY27E
Growth matrix (%)					
Revenue growth	(17.6)	56.3	(0.9)	12.8	12.5
Op profit growth	(32.1)	30.1	(4.8)	26.2	18.2
EBIT growth	(31.1)	3.6	(4.7)	29.0	18.9
Net profit growth	(35.5)	(1.1)	(9.6)	34.8	21.2
Profitability ratios (%)					
OPM	28.3	23.5	22.6	25.3	26.6
EBIT margin	30.9	20.5	19.7	22.5	23.8
Net profit margin	23.1	13.6	12.4	14.9	16.0
RoCE	14.6	13.4	11.7	14.3	15.9
RoNW	11.1	9.3	7.8	10.0	11.3
RoA	10.1	8.0	6.4	8.2	9.4

Y/e 31 Mar	FY23	FY24	FY25	FY26E	FY27E
Per share ratios					
EPS	50.9	46.9	42.4	57.2	69.3
Dividend per share	0.0	20.0	18.0	18.0	18.0
Cash EPS	59.8	67.8	65.3	81.2	94.7
Book value per share	483.2	529.7	555.4	591.3	639.4
Valuation ratios (x)					
P/E	42.6	43.1	47.6	35.3	29.1
P/BV	4.2	3.8	3.6	3.4	3.2
M Cap/Sales	9.2	5.9	5.9	5.3	4.7
EV/EBIDTA	28.8	23.8	24.5	19.3	16.1
Payout (%)					
Tax payout	24.6	31.8	34.3	32.0	31.0
Dividend payout	0.0	50.3	50.1	37.2	30.6
Liquidity ratios					
Debtor days	88	100	99	99	99
Inventory days	196	107	110	110	110
Creditor days	59	49	53	53	53

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