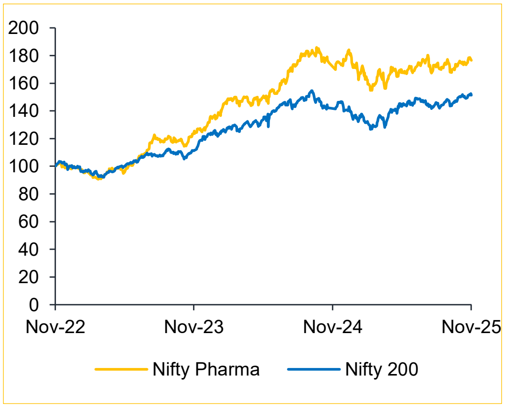
Overview of companies under coverage and segment-wise performance

Recommendation			
Company (Ticker)	CMP (INR)	TP (INR)	Rated
Ajanta Pharma (AJP)	2,481	2,450	Reduce
Alkem Labs (ALKEM)	5,709	5,850	Reduce
Cipla (CIPLA)	1,510	1,580	Reduce
Concord Biotech (CONCORDB)	1,424	1,615	Add
Divi's Labs (DIVI)	6,360	6,375	Reduce
Dr. Reddy's Lab (DRRD)	1,244	1,380	Add
Glenmark Pharmaceuticals (GNP)	1,843	2,235	Buy
Granules India (GRAN)	544	660	Add
IPCA Labs (IPCA)	1,430	1,410	Add
Laurus Labs (LAURUS)	979	1,085	Buy
Lupin Ltd (LPC)	2,031	2,375	Buy
Marksans Pharma (MRKS)	192	210	Add
Piramal Pharma (PIRPHARM)	188	195	Reduce
Senores Pharma (SENORES)	815	1,010	Buy
Supriya Lifescience (SUPRIYA)	744	1,030	Buy
Sun Pharma (SUNP)	1,783	1,825	Add
Zydus Lifesciences (ZYDUSLIF)	925	1,020	Add

Relative Performance (%)			
YTD	3Y	2Y	1Y
Nifty 200	51.4	35.8	6.6
Nifty Pharma	76.5	41.4	1.1



Solid Execution Drives Strength across Coverage Companies

Pharma companies under our coverage delivered strong performance, with average revenue growth of 16.3% YoY, supported by continued outperformance in domestic formulations, new product launches and strength across ex-US markets. While gRevlimid revenues for DRRD, SUNP, CIPLA and ZYDUSLIFE continued to decline, upcoming high-value launches are expected to mitigate the impact. Key outperformers included GNP (+76.1% YoY, including one-offs), SENORES (+60.7% YoY) and LAURUS (+35.1% YoY), driven by robust execution and expansion initiatives.

EBITDA performance was notably stronger, with an average growth of 30.1% YoY, led by LAURUS (+125.8% YoY) and SENORES (+112.3% YoY) on the back of superior operating leverage. Conversely, PIRPHARM (-53.5% YoY) and CONCORD (-35.3% YoY) reported contractions due to seasonality and operating deleverage.

Margin reflected the EBITDA trend, expanding by an average of 303 bps YoY, aided by the scale-up of high-value launches. We expect margin to sustain as companies continue to deepen their complex-product pipelines and strengthen their launch momentum.

Generics: Product Launches to Cushion Ongoing Pricing Pressure

In domestic generics, most companies continued to outperform the IPM, supported by strong volume growth and branded generic momentum. However, ***pricing pressure persisted in the US and UK markets*** due to heightened competition. ***We expect this to be mitigated over time through the scale-up of high-margin, high-value products***. Notable launches in this quarter included Liraglutide (LPC), VaxiFlu (ZYDUSLIF), Sacubitril Valsartan (ALKEM) and Ryaltris (GNP).

Peptides & Biosimilars Emerging as the Next Major Growth Engine

Peptides and biosimilars remain key strategic priorities for Indian pharma companies, supported by a robust pipeline and a favourable patent expiry cycle. ***CIPLA marked a notable milestone with the launch of its first US biosimila***r, Filgrastim and additional filings and launches from other players are expected over the coming quarters.

Across the sector, companies, such as DRRD, LPC, ALKEM, ZYDUSLIF and CIPLA are ***positioning to be part of the first wave of Semaglutide*** launches post-patent expiry, strengthening their foothold in the high-value GLP-1 category. In parallel, firms are also forming commercial partnerships with innovators—CIPLA's tie-up with Eli Lilly for Yurpeak in India being a recent example.

Overall, ***we expect biosimilars and GLP-1 opportunities to drive the next leg of structural growth*** for the Indian pharma industry.

CDMO Growth Reinforced by Strong Order Books

With more companies, such as ALKEM, GRAN and SUPRIYA entering this high-growth segment, we remain positive on the outlook. Players, such as GRAN, SUPRIYA, SENORES and LAURUS continue to ***benefit from healthy order books***, which should sustain their strong revenue growth momentum.