Gland Pharma Ltd.

Gland Pharma, established in Hyderabad in 1978, has evolved from a contract manufacturer of small-volume liquid parenteral products into a generic injectables manufacturing company. The company operates a B2B model with a global footprint across 60 countries, with revenues predominantly derived from the U.S. (52%) and Europe/other regulated markets (26%), followed by RoW (18%) and India (4%). Its portfolio spans sterile injectables across therapeutic areas such as oncology, ophthalmics, pain management, and other complex injectables, delivered through formats including liquid vials, lyophilized vials, pre-filled syringes, ampoules, bags, and drops. Gland's manufacturing base includes four API facilities (including a biotech drug substance facility at Genome Valley, Hyderabad) and four best-in-class formulation facilities, supported by two state-of-the-art R&D centers focused on formulation development, API process development, analytical method development, and stability studies.

Valuation Outlook & Recommendation

At the current market capitalisation of ₹30,064 crore and a **CMP** of **₹1,825**, Gland Pharma is trading at an attractive **~22x FY28E P/E**, based on our **FY28E PAT** estimate of **₹1,367 crore**. Taking into account improved traction across US/EU/ROW markets and better operating leverage, we assign a target P/E multiple of 27.5x, implying a target price of **₹2,278,** which gives an upside potential of **~24.82%** from current levels.

Operationally, we expect earnings visibility to improve as the US business sustains momentum (new launches, steady filings/approvals), while Cenexi continues to ramp up with incremental capacity coming on-stream and consolidated margins benefiting as the European operations stabilise. In parallel, the base business is moving up the value chain with a sustained shift towards higher value complex injectables, supporting a gradual improvement in mix and profitability.

We also see a meaningful medium-term growth lever in the biologics and biosimilars CDMO platform, where capacity is being expanded materially to address a structurally growing opportunity set in injectable biologics. Combined with ongoing investments in delivery systems (prefilled syringes/cartridges) and selective capex to support demand, these initiatives should strengthen the operating profile and warrant a higher valuation multiple as execution translates into more consistent growth and margins.

Current Market Price: Rs. 1,825

Target Price: Rs. 2,278

Upside Potential: 24.82% ⬆

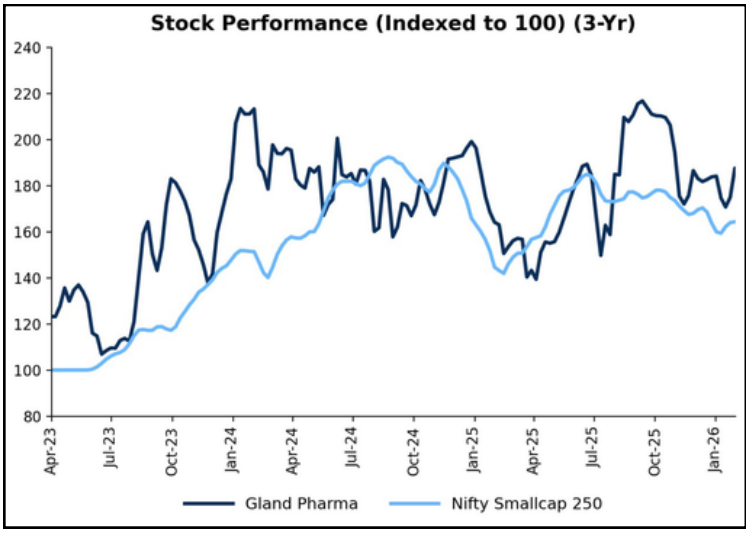
Rating : BUY

Company Snapshot (19-02-2026)	
Market Cap (Rs.Cr)	Rs.30,064
52 week High/Low	Rs. 2,131 / 1,200
Face Value	Rs. 1.00 per share
NSE/BSE	GLAND/543245
Sector	Pharmaceuticals
CFO/EBITDA	72%
P/E	35.5x
EV/EBITDA	16.2x
ROE	7.81%
RoCE	11.9%

in INR Cr.

Particulars	FY25	FY26E	FY27E	FY28E
Revenue	5617	6325	7179	8209
EBITDA	1270	1569	1852	2159
EBITDA %	22.6%	24.8%	25.8%	26.3%
PAT	702	938	1136	1367
EPS	42.55	56.85	68.85	82.85

Particulars	Mar-25	Jun-25	Sept-25	Dec-25
Promoters	51.83%	51.83%	51.83%	51.83%
FII	6.90%	7.39%	7.90%	7.58%
DII	33.27%	32.86%	32.63%	32.99%
Public	8.00%	7.93%	7.63%	7.62%



Investment Rationale

Shift to High-Value Complex Injectables

The company is accelerating its transition from low-value, high-volume products to a higher-margin, value-added portfolio built on differentiated and complex technologies, which we expect to support gross margin improvement over time. Gland is expanding into complex injectables such as long-acting formulations, hormones, suspensions, peptides, ready-to-use hospital products, and ophthalmic offerings, while pursuing efforts to add complex-injectables manufacturing capacity and pruning lower-margin core products. This strategy is backed by a growing in-house complex pipeline, with six products already launched and three more awaiting approval, reinforcing complex injectables as a key long-term growth pillar supported by higher margin niche formulations and increased automation.

Breakeven at Cenexi and ramp up

Cenexi has achieved €50 million in revenue and reached breakeven with positive EBITDA, driven by headcount optimization, pricing renegotiations, cost actions, and operating leverage. A unified BD effort is locking in European customers and enabling cross-selling across sites, supported by stronger quality teams and tech/knowledge transfer synergies. Capacity is ramping up with a full year of output from the high-speed Fontenay Line G, alongside an additional high-capacity ampoule line being added (~30m units by 2027), reinforcing Fontenay's position as Europe's largest ampoule site. At Herouville, production continues to ramp up for two products launched in 2025 (inactivated vaccine and a sterile ophthalmic gel), while at Braine, a combo line for prefilled syringes and cartridges will be installed in 2026 and a new vial line under isolator is being planned.

Scaling Biologics and Specialty CDMO Platform

Gland is expanding into the high-growth biologics and biosimilars CDMO space through collaborations and targeted capacity investments. It is leveraging its Genome Valley biologics manufacturing facility, with revenues from the Dr. Reddy's collaboration expected to begin next financial year, and has also signed a non-binding term sheet with Shanghai Henlius Biotech to create secondary manufacturing capacity for key biosimilars. To support this, the company plans to add 15,000L of stainless-steel reactor capacity for monoclonal antibodies (mAbs) and other biosimilars, tripling total capacity from ~8,000L to ~23,000L. Additionally, new complex CDMO contract wins are expected to start contributing from Q3/Q4 FY28, with revenue potential of ~US$25–30 million per year and ~₹80 crore of associated capex.

Stronger Regulated-Market Momentum and US uptrend

Gland Pharma continued to strengthen its regulated-market performance, with the U.S. business on an uptrend for the third consecutive quarter. In Q3 FY26, the Company launched nine molecules in the U.S. (including Argatroban, Acetazolamide, and Doxycycline) and two in other regulated markets, while maintaining strong pipeline execution with nine ANDA filings and four approvals, taking cumulative U.S. filings to 384 (331 approved, 53 pending). The RTU infusion bag program also advanced, with 20 products filed and 16 approvals received so far, addressing an estimated U.S. market opportunity of ~$685 million. U.S. revenue rose 19% YoY to ₹829 crores, driven by strong volume growth and higher offtake under new GPO contracts, supported by new product launches and currency tailwinds. Margins were protected through internal efficiency measures despite a price drop of ~5–6% . In Europe, Cenexi product scale-ups supported growth, while management indicated that incremental EU demand could partly offset the timing impact of pending U.S. approval for generic dalbavancin. The company also remains open to pursuing inorganic M&A opportunities, with a major focus on the U.S. market.

Improving Core Business gaining meaningful traction

Gland launched its first partnered GLP-1, liraglutide, in the U.S., and is expanding pen/cartridge fill-finish capacity from ~40 million to 140 million units. The Company has visibility to utilize ~15–20 million units in FY27 and is pursuing contracts beyond GLP-1s, including insulin and insulin analogs, to drive sustained capacity absorption. This is supported by a planned capex of ~₹2,000 crore over five years (including ~₹400 crore in FY27), focused on base business expansion through new ophthalmic and specialty capabilities under Blow-Fill-Seal (BFS), additional lyophilization, and incremental cartridge capacity, given ~80–90% utilization across existing facilities and multiple products nearing approval. These investments are expected to deliver an asset turn of ~3x on a steady-state basis from the incremental capex. With a qualified team of 250+ scientists, R&D spend has also stepped up above the historical 4–5% band, with Q3 FY26 R&D at ₹65 crore (4% of revenue) versus ₹44 crore (4.3%) in Q3 FY25, driven by complex development work and higher filings. In parallel, 15 products are under co-development (seven 505(b)(2) and eight ANDAs), with commercialization expected to begin from FY28.

Q3 FY26 Highlights

Segment	Highlights
Base business	• The milestone income/profit share for the quarter was 7%/9%, as a % of sales • Secured a complex Nano Drug-Delivery based oncology injectable contract with Big Pharma, covering an already commercialized product, offering clear mid-to-long-term revenue visibility
US market	• Revenue reached INR 868 crore, representing a 19% YoY growth • Uptake in base business including Enoxaparin, Daptomycin, Diazepam etc
Europe market	• Revenue rose 54% YoY to ₹407.1 crore • Growth supported by stronger base business traction and new product launches like dalbavancin • Two product out-licensing deals signed during the quarter
Other Core Markets	• Revenue declined 1% YoY to ₹44 crore. • Lower uptake in a few products led to a decline in base business • 9M FY26: Growth driven by higher volumes in existing products
ROW market	• ROW revenue increased 4% YoY to ₹300 crore. • Growth seen across some of the key products including Enoxaparin, Huminsulin etc. • Own product sales grew by 7% and tech-transfer & CMO product revenue grew by 44%

About Cenexi

Cenexi is a France-headquartered CDMO specializing in the development and manufacturing of sterile and injectable products, and it also partners with innovative biotech companies. The group has deep capability in handling complex and controlled substances, including narcotics and psychotropics, high-potency products (e.g., hormones, allergens, oncology), and biological products such as monoclonal antibodies, antibody-drug conjugates (ADCs), and peptides. Sterile and injectable products account for ~70% of current revenue, expected to increase to ~80% over the next 3–4 years, reflecting the industry's growing focus on sterile dosage forms.

Cenexi manufactures a broad range of dosage forms, including sterile liquids (liquid and lyophilized products in vials, ampoules, and prefilled syringes), non-sterile liquids and semisolids (creams, ointments, syrups, lotions, drops), and solids (tablets and capsules). It operates four production sites—Fontenay-sous-Bois (HQ), Hérouville-Saint-Clair, and Osny in France, and Braine-l'Alleud in Belgium.

Beyond manufacturing and packaging, Cenexi offers end-to-end support across the product lifecycle. Upstream, it provides development services in the early stages of a project, and downstream, it supports customers with regulatory requirements and logistics for both clinical-stage and commercial products. These services are delivered by dedicated teams of ~110 specialists covering formulation, analytical and dosage-form development, industrial/technology transfer, and regulatory support, enabling project execution from pre-formulation to commercial production.

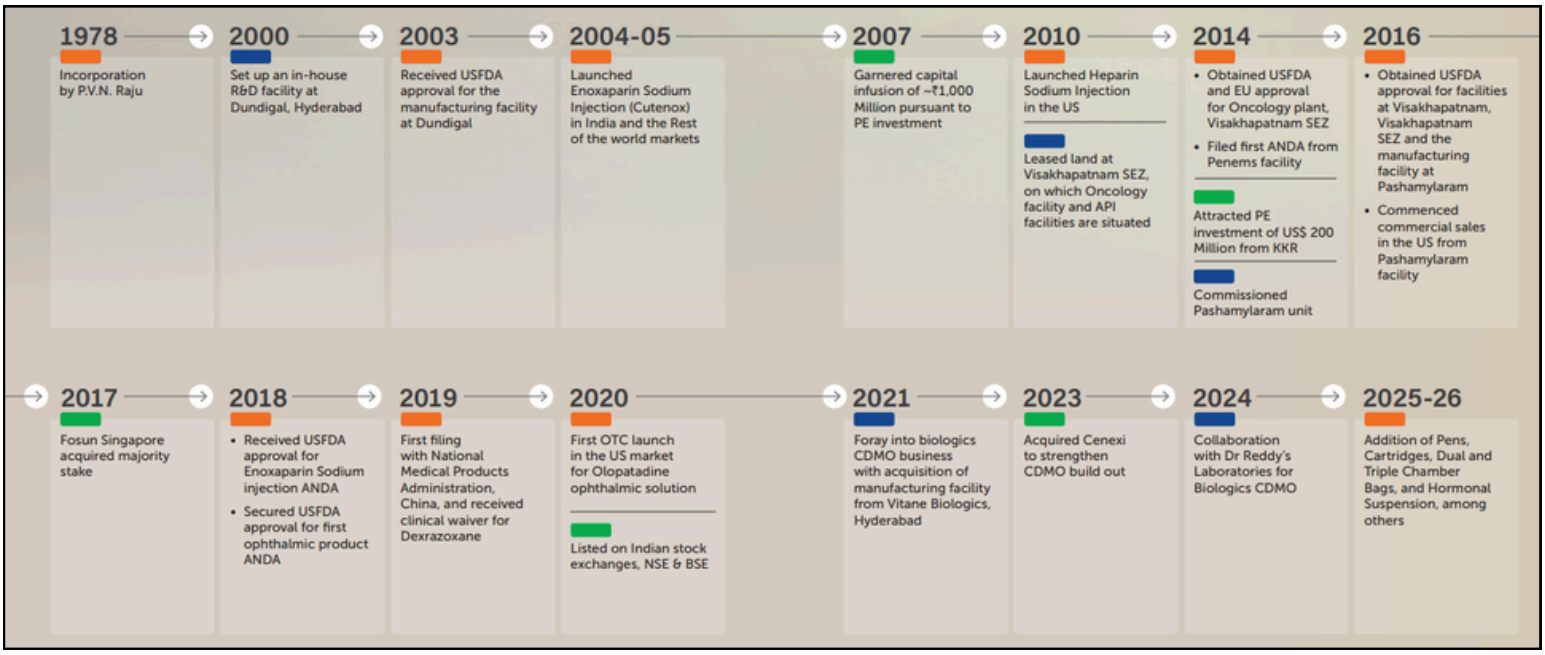
In 2023, Gland Pharma acquired 100% of Cenexi for an equity value not exceeding €120 million (~₹1,015 crore) and an enterprise value of €230 million (~₹1,943 crore). The acquisition strengthens Gland's European manufacturing footprint in sterile injectables and expands its CDMO offerings in regulated markets like Europe. It also provides access to Cenexi's technical know-how and development capabilities, including differentiated technologies such as ophthalmic gel manufacturing and advanced fill-finish capabilities (e.g., needleless injector formats).

Cenexi Updates

Particulars	Q3 FY26		Q3 FY25		YoY	Q2 FY26		QoQ	9M FY26		9M FY25		YoY
	€ Mn.	₹ Mn.	€ Mn.	₹ Mn.		€ Mn.	₹ Mn.		€ Mn.	₹ Mn.	€ Mn.	₹ Mn.	
Revenue from operations	50	5,164	41	3,717	39%	40	4,102	26%	138	13,913	121	10,999	26%
Gross Margin	39	4,040	32	2,856	41%	27	2,760	46%	104	10,501	91	8,229	28%
% margin	*78%*	*78%*	*77%*	*77%*		*67%*	*67%*		*75%*	*75%*	*75%*	*75%*	
EBITDA	1.4	148	(4)	(312)		(6)	(616)		(4)	(383)	(14)	(1,283)	
% margin	*3%*	*3%*	*-8%*	*-8%*		*-15%*	*-15%*		*-3%*	*-3%*	*-12%*	*-12%*	

From 2023 to 2025, despite high gross margins, Cenexi's EBITDA losses were largely a fixed-cost and efficiency problem, as employee expenses in Europe were materially higher than Gland's India facilities. The cost base was heavy as employee expenses could reach ~60–65% of revenue and profitability required consistently high throughput, which was disrupted by the annual August shutdown (lost production while fixed costs continued). Several sites also operated at lower overall efficiency due to older/slower lines, limiting overhead absorption. Management flagged Hérouville-Saint-Clair (HSC) and Fontenay as the main drags: HSC faced weak utilization and high overheads while waiting for tech transfers to commercialize, and Fontenay struggled with backlogs/downtime until a high-speed ampoule line was installed (early 2025). Braine-l'Alleud saw a temporary hit from a lyophilizer breakdown, prompting a backup unit in 2025. The turnaround took longer due to tech-transfer delays, regulatory disruption at Fontenay (ANSM inspection and remediation/audits), a deliberate shift away from low-value work toward niche formats (e.g., prefilled syringes and ophthalmic gels) causing near term revenue volatility, and some order deferrals. More recently, with projects on the right track and ramp up improving, management indicates execution is back on track and Cenexi has reached EBITDA breakeven.

Company Journey



Origins and early evolution (1978–2002)

- Gland Pharma was incorporated in 1978 as Gland Pharma Limited in India by P.V.N. Raju. This marks the formal start of the business under the Gland Pharma name and as a legal entity.
- In 1995, the Company's status was changed to a public limited structure (a typical step for scaling and broader institutional participation).
- In 2000, Srinivas Sadu joined Gland Pharma and the Company set up an R&D facility at Dundigal (Hyderabad) - a key step from pure contract manufacturing toward development-led injectables.

Entry into regulated markets and product scale-up (2003–2012)

- In 2003, the Company received a capital infusion from Evolvence India Life Sciences Fund (EILSF). This is typically interpreted as funding that supports capacity build-out, compliance upgrades, and expansion required for regulated-market participation.
- In 2003, Gland received USFDA approval for the Small Volume Parenteral (SVP) facility at Dundigal, enabling meaningful entry into the U.S. injectable supply chain.
- During 2004–2005, Gland launched Enoxaparin Sodium Injection (Cutenox) in India and ROW markets - one of the early marquee products in injectables.
- In 2007, the Company received a capital infusion of approximately ₹1,000 million from Evolvence India Life Sciences Fund (EILSF) as part of a private equity investment.
- In 2010, they Launched Heparin Sodium in the U.S., indicating deeper penetration in regulated injectable markets.
- In 2012, the Dundigal facility received a German GMP certificate, strengthening regulatory credentials.

Private equity phase and capacity/regulatory expansion (2013–2016)

- In 2013, KKR acquired a minority stake (~US$200 million) in Gland Pharma by purchasing the entire stake of Evolvence India Life Sciences Fund (EILSF), with the investment aimed at supporting capacity expansion and product registrations.
- Multiple scale up events took place in 2014:
  Obtained USFDA approval for small volume parenteral manufacturing facility at Visakhapatnam.
  Commissioned the Pashamylaram Unit-II manufacturing facility.
  Received the 'Certificate of GMP Compliance of a Manufacturer' from MHRA (UK) for manufacturing facility at Dundigal.
- In 2016, Gland received USFDA approvals for its facilities at Jawaharlal Nehru Pharma City, Visakhapatnam, its manufacturing facility at Pashamylaram, and one facility at the Visakhapatnam Special Economic Zone.

Fosun ownership and globalization (2016–2020)

- Fosun Singapore acquired 74% stake in Gland Pharma.
- Received ANDA approval for Enoxaparin Sodium Injection USP for the US market.
- The Company received ANDA approval for Olopatadine Hydrochloride Ophthalmic Solution USP, 0.1%, marking their first Ophthalmic product approval.
- In 2019, Gland filed Dexrazoxane for Injection, which marked their first filing with the National Medical Products Administration, China, and received clinical waiver.
- In 2020, the Company successfully completed its first OTC launch in the US market for Olopatadine ophthalmic solution and got listed Listed on Indian stock exchanges, NSE & BSE.

Core Capabilities

Therapeutic areas

- Anti-diabetic
- Anti-infectives
- Anti-malarial
- Anti-neoplastic (Oncology)
- Blood-related
- Cardiology
- Gastro-intestinal
- Hormonal
- Neurological and central nervous system
- Ophthalmology and otologicals
- Pain, neuromuscular blocking agents & analgesics
- Respiratory and pulmonology
- Vitamins, minerals & nutrients

Delivery Systems

Sterile Injectables

- Liquid vials
- Lyophilized vials
- Ampoules

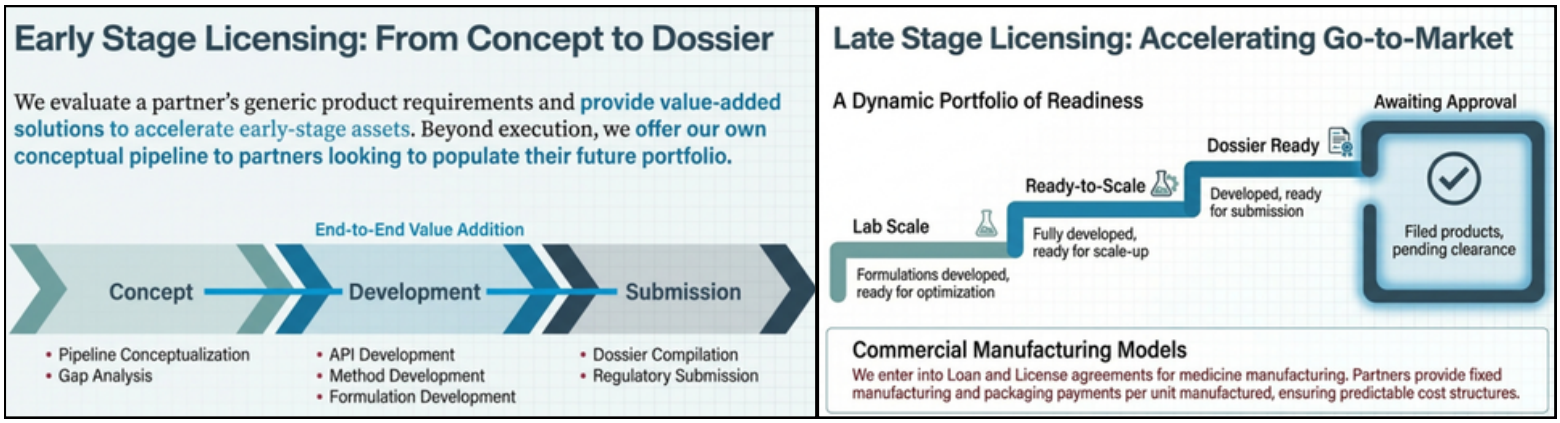
Device-Based Delivery

- Pre-filled syringes (PFS)
- Cartridges
- Pens

Infusion & Topical

- Bags
- Eye drops

Business Model



1) Global out-licensing model for regulated markets

Gland Pharma partners with multiple pharmaceutical companies under an expense-sharing and profit-sharing framework. It typically signs long-term agreements covering product development, licensing/commercial rights, manufacturing, and supply, while the marketing partner manages commercialization in the relevant market.

a) Early-stage licensing

In early-stage partnerships, the company evaluates the partner's generic product requirements and provides end-to-end development support, including API development, analytical/method development, formulation development, dossier compilation, and submission support. It also offers access to products that are still at the concept/conceptualization stage when the partner has a similar product interest.

b) Late-stage licensing

In late-stage partnerships, the company offers products at more advanced stages of readiness, ranging from lab-scale developed formulations to ready-for-scale-up formulations. Partners are provided access to products that are ready for dossier submission as well as already filed products awaiting approval, enabling a faster go-to-market pathway. The company signs an agreement where the partner licenses the product/rights to the company for manufacturing, and the company then makes the medicine on the partner's behalf. For every unit produced, the company earns a pre-agreed fixed fee covering manufacturing and packaging, rather than earning revenue based on the final selling price.

2) Semi-regulated markets (ready-to-register approach)

For semi-regulated markets, the company offers a ready-to-register portfolio to local partners for launch in their respective geographies. The company maintains an established presence through existing product registrations, products in the pipeline, and dossiers under preparation, supported by partnerships with local players. Products are supplied to 60+ countries across Latin America, the Middle East, North Africa, Asia Pacific, Africa, the Commonwealth of Independent States (CIS), and South Africa.

3) Technology transfer model

Under the technology transfer model, the partner transfers the required manufacturing, testing, and packaging know-how for partially developed products to the company's facilities. The company executes enabling activities such as method transfer and validation, scale-up activities, exhibit batches, stability studies, and supports the partner with dossier compilation.

4) Co-marketing in India

In India, the company supports partners looking to expand their portfolios through a co-marketing approach, leveraging its R&D and manufacturing capabilities. Under co-marketing, the company supplies the approved generic product while the partner uses its sales force and distribution network to promote and sell it in the domestic market, enabling faster portfolio expansion for the partner and wider market reach for the company.

Promoter Background

Fosun Pharma Industrial

Founded in 1994, Shanghai Fosun Pharmaceutical is an innovation-driven global healthcare company with operations across pharmaceuticals, medical devices & diagnostics, and healthcare services, and it also extends into pharmaceutical commerce through its strategic alliance and shareholding in Sinopharm Group. The Company has built a strong overseas footprint across the US, Europe, Africa, India, and Southeast Asia while remaining deeply rooted in China. In pharmaceutical manufacturing, it covers three key segments: innovator drugs, mature products & manufacturing, and vaccines, with therapeutic focus spanning oncology and immune-inflammatory disorders, as well as metabolism and digestive system, central nervous system, anti-infection, and cardiovascular therapies, alongside APIs and intermediates. Fosun Pharma has also built a globally integrated R&D ecosystem, strengthening capabilities across antibody/ADC platforms, cell therapies, and small molecules, while exploring next-generation modalities such as radiopharmaceuticals, RNA therapeutics, gene editing, and AI-enabled drug discovery.

From 2010 through 2015, Fosun spent billions acquiring foreign companies across healthcare, tourism, fashion, and banking in the US and Europe, building the foundation for a globally scaled platform. In pharmaceuticals, it took a concrete step into advanced therapies in Dec 2017 by setting up Fosun Kite, a joint venture with Kite Pharma, and inaugurated a GMP-compliant cell therapy manufacturing facility in Zhangjiang, Shanghai. The facility was built to Kite's technology and design standards to support the technology transfer, validation, and regulatory filing of Kite's FDA-approved CAR-T therapy Yescarta in China, enabling Fosun Kite to advance the product through the Chinese approval pathway and expand access to CAR-T treatment for cancer patients.

In May 2013, Fosun Pharma, together with the Pramerica–Fosun China Opportunity Fund, completed the acquisition of ~95.2% of Israel-based Alma Lasers for ~US$221.63m, marking one of its first major international M&A steps after its H-share listing. Alma Lasers is a global manufacturer of medical laser, light-based, radiofrequency, and ultrasound systems for aesthetic and medical applications, with presence across 60+ countries and ~US$100m revenue in 2012; having ~15% share in the global high-end aesthetic energy-based devices segment. Fosun positioned the deal as a way to strengthen its medical devices platform and accelerate globalization and innovation, while keeping Alma's existing sales and after-sales setup intact, including its China operations. This acquisition also aligned with Fosun's broader medical device build-out, including its earlier 2010 partnership with Chindex to establish Chindex Medical Limited (CML) to expand high-end medical device manufacturing and distribution.

In Oct 2016, Fosun Pharma's majority-owned monoclonal antibody platform Shanghai Henlius Biotech entered into a licensing agreement with Korea's AbClon for AC101, an innovative monoclonal antibody targeting gastric cancer and breast cancer. Under the deal, Henlius received exclusive rights to develop and commercialize AC101 in Greater China, leveraging its antibody development platform to broaden Fosun's oncology pipeline and strengthen competitiveness in anti-tumor therapies.

In Dec 2017, Fosun Pharma agreed to acquire France-based Tridem Pharma for up to €63m, completing the initial closing of ~82% equity for up to €46m. The acquisition strengthens Fosun's sales and distribution platform in Africa, complementing its established artesunate business for severe malaria. It also supports Fosun's international expansion by widening its marketing reach in French-speaking Africa and improving its ability to partner with global pharma companies.

During the COVID-19 pandemic, Fosun Pharma partnered with Germany's BioNTech to support the development and commercialization of the mRNA vaccine BNT162b2 in Greater China, and also contributed by donating medical supplies to multiple countries.

Overall, this track record reflects relevant pharma and healthcare platform-building experience, supporting Fosun's position as a credible long-term promoter for Gland Pharma.

Management Overview

Srinivas Sadu - Executive Chairman

Srinivas Sadu holds a holds a Bachelor's degree in Pharmacy from Gulbarga University, a Master's in Industrial Pharmacy from Long Island University (New York), an MBA in Marketing from the University of Baltimore (Maryland), and a postgraduate qualification in Finance and Management from London School of Economics. He has 24+ years of experience spanning business development, manufacturing operations, supply chain and strategic planning, and previously worked at Natco Pharma for 2 years as a Product Manager & Business Lead. He joined Gland Pharma in 2000, rose to senior leadership roles over time, served as Managing Director & CEO from 2019, and currently serves as Executive Chairman.

Shyamakant Giri - CEO

Shyamakant Giri joined Gland Pharma as CEO on January 16, 2025, and leads overall operations across formulation and API sites in India and Europe. He holds an MMS (Marketing) from JBIMS and an M.Sc. (Organic Chemistry) from the University of Mumbai, along with executive programs from INSEAD (Singapore) and IIM Ahmedabad (Hospital Management). He brings 25+ years of strategic and operating experience across Asia, Africa, MENA and LATAM, having held leadership roles at prominent companies such as Abbott, Amneal Pharmaceuticals, Rivaara Labs, and Wockhardt.

Ravi Mitra - CFO

Ravi joined Gland Pharma as CFO in 2019. He is a Chartered Accountant and Company Secretary and has completed the General Management Program (Executive Education) at The Wharton School, University of Pennsylvania. He has 20+ years of experience across financial management, FP&A, strategic planning and investor relations, and has held prior leadership roles at reputed companies like Wockhardt, Ranbaxy, Vedanta Resources, and Indian Oil Corporation.

Alain Kirchmeyer - CEO Cenexi

Alain is an internationally experienced business leader with ~30 years of P&L and transformation experience across B2B process industries, including pharmaceuticals/CDMOs. He holds a Master's degree in Engineering from MINES ParisTech (major in Computer Science) and completed preparatory studies at Lycée Kléber. Prior to Cenexi, he held senior leadership roles at Unither Pharmaceuticals, Delpharm, Morgan Advanced Materials, and Johnson Matthey, and earlier worked with industrial multinationals such as CRH, Hager, Schneider Electric, and ENGIE. He brings deep M&A and integration expertise, having led 10+ acquisitions across multiple geographies.

Industry Overview

Global pharma spending is projected to reach ~US$2.23–2.26 trillion by 2028, implying ~6–9% CAGR (2024–28). Growth is driven by ageing populations, higher chronic disease burden, and innovation-led launches, particularly in biologics, alongside sustained capital investment across the value chain. Growth is uneven by market type as developed markets are expected to reach ~US$1.78–1.81 trillion by 2028 (5–8% CAGR), while "pharmerging" markets are smaller but faster growing (~US$400–430 billion; 10–13% CAGR). Spending remains concentrated, with the U.S. and EU together contributing ~67% of global pharma sales, and patent-expiry cycles steadily shifting mix toward generics and biosimilars.

India's pharma market (excluding COVID vaccines/therapeutics) is expected to grow at ~7–10% CAGR (2024–28) to ~US$38–42 billion by 2028 in constant US$ terms. Key catalysts include rising diagnosis and treatment rates, greater access and affordability, continued expansion of chronic therapies, and a gradual shift towards more complex therapies (including biologics and biosimilars). Policy and industry focus on localisation and supply-chain resilience also supports domestic manufacturing and broader availability of essential medicines.

Injectables are benefiting from both therapy mix and delivery-format shifts. Many fast-growing categories, especially biologics, are administered as vials, prefilled syringes, cartridges and pens, and healthcare systems increasingly prefer formats that improve precision, safety, and ease of use. Demand is further supported by ageing demographics, rising chronic diseases (diabetes, oncology, autoimmune), and a shift toward self-administration enabled by delivery devices (pens/autoinjectors), which can improve adherence and patient convenience.

The injectable drug-delivery devices market is projected to grow from ~US$565 billion (2025) to ~US$1,217 billion (2034) at ~8.9% CAGR. North America currently holds the largest share (noted at ~40.5% in 2024), while Asia-Pacific is expected to be the fastest-growing region. Separately, the global generic injectables market is projected to expand from ~US$134 billion (2025) to ~US$401.8 billion (2035) at ~11.5% CAGR, supported by patent expiries, demand for affordable treatments, and broader adoption of formats like prefilled syringes.

The loss of exclusivity (LOE) cycle is a major multi-year driver for injectables and biosimilars. ~75 high-value molecules with combined U.S. sales >US$300 billion are expected to lose exclusivity during 2025–2035, with ~30 biologics among them (including blockbuster categories). Importantly, injectables account for ~45% of LOE value, creating opportunities for complex generics, biosimilars, and formulation-led innovation (vials, PFS, device-based delivery). Phased LOE timelines across the U.S., major EU markets, Japan and China enable staggered market entry opportunities.

Rising complexity, regulatory burden, and the need for speed and scalability are increasing outsourcing. The global biologics CDMO market is projected to grow from ~US$17.1 billion (2024) to ~US$38.1 billion (2030) at ~11% CAGR. This supports demand for players with end-to-end capabilities spanning development support, analytical/regulatory work, and commercial-scale sterile manufacturing.

The global oncology market was cited at ~US$244 billion in 2024, with biologics contributing ~51% of total oncology value and checkpoint inhibitors accounting for a significant share of innovative growth. Immunology was cited at ~US$200 billion in 2024, and the upcoming wave of major biosimilar launches is expected to intensify competition and increase pricing pressure versus originator biologics. Obesity is emerging as a long-duration growth theme, supported by a large projected patient pool and a rising number of therapies entering the market. Biosimilar adoption continues to trend upward in Europe, while the U.S. typically adopts more gradually but can see faster uptake once successful launches establish confidence and access. Over the medium term, industry direction is shaped by five clear megatrends: localised, resilient supply chains, digitalisation of pharma value chains, transition toward biopharma/precision medicine, value-based and sustainable healthcare models, and a surge in complex therapeutics and advanced delivery platforms (e.g., biologics + device-enabled delivery).

Key Risks

- **Regulatory / quality risk (USFDA and other agencies):** Any adverse inspection outcomes like USFDA 483 observations, Official Action Indicated (OAI) classification, or a warning letter can disrupt plant operations, delay approvals/launches, and directly impact revenue momentum (especially in the U.S.).
- **Pricing pressure & Competitive Risk:** Injectables tend to see sharp price erosion when new entrants launch. Faster-than-expected competition can compress gross margins and dilute the benefit of volume recovery/new launches.
- **Execution risk in GLP-1:** If GLP-1 cartridge/pen ramp-up is slower than expected (customer conversion, qualification timelines, or utilization not scaling), the expected revenue ramp and operating leverage from the new capacity could be delayed.
- **Biosimilars related risk:** Any delay in biosimilar development, filings, or approvals can push out commercialization timelines and weaken the medium-term growth profile.
- **Cenexi turnaround sustainability:** Even if performance has improved, Europe operations carry structurally higher fixed costs and are more sensitive to plant efficiency, labor, and operational disruptions. Any slippage can drag consolidated margins.

Price Trend

Q3/Q4 FY22 → Q1 FY23: Supply chain disruptions in the regulated U.S. business

The first major setback was supply-chain fragility in the U.S. business, driven by high dependence on a limited, pre-approved supplier pool for regulated markets. From Q3/Q4 FY22 (with the impact most visible in Q1 FY23), Gland faced critical shortages of rubber stoppers and pre-filled syringe (PFS) components across ~4–5 products. This led to ~16–18 lost productivity days across sites/lines and an estimated ~₹20–25 crore impact in the U.S., while the company worked on FDA filings for alternative tubings and fillers to de-risk supplies. In the same period, delays in receipt of APIs and primary packaging material also hit production, including ~7–8% capacity loss for lyophilized and liquid vials at the Dundigal facility. FY23 was also impacted by elevated utilities/power costs and higher local power shortages in the state, which increased operating costs during an already disrupted production cycle. Management noted that this quarter was among the toughest quarters operationally. To protect customer service levels despite production delays, Gland resorted to airlifting shipments, increasing freight costs and pressuring margins.

FY22: Sputnik Vaccine execution slippage and cost overhang

Gland signed a "take-or-pay" contract with the Russian Direct Investment Fund (RDIF) to manufacture and supply up to ~252 million doses of Sputnik V/Sputnik Light, covering both drug substance (DS) and fill-finish drug product (DP).

To enable DS manufacturing, Gland acquired the Vitane Biologics facility at Genome Valley (Shamirpet, Hyderabad) and invested ~₹270 crore to build ~8 KL reactor capacity and cold-storage infrastructure for vaccine stability. The program was delayed by India's export restrictions/NOC requirements, regulatory timelines (CDSCO licensing and Sputnik Light's approval dependent on clincial trials), and low-yield scale-up challenges in the Ad5 component. This left the facility underutilized while carrying 500+ hires and ~₹15 crore/quarter fixed opex, creating a margin drag through FY22–FY23. Management has since pivoted the Shamirpet asset towards Bio-CDMO/biosimilars, with early commercial traction starting to emerge then onwards.

Q2 FY23: Heparin risk amplified by stopper dependence

The supply chain disruption issue was particularly acute for their main product, Heparin, where dependence on West Pharmaceutical Services for stoppers disrupted the supply schedule. Management commentary indicated that Heparin production and supplies were at risk, potentially impacting ~₹40–50 crore of Heparin sales in Q2 FY23.

Q2 FY23: Structural margin and cost pressures

Profitability was weighed down by an inventory write-off of ~₹7–8 crore at the biologics CDMO facility and ~₹4 crore of M&A-related expenses during the quarter. Operating costs also increased materially, with power and fuel costs up ~53% YoY due to higher tariffs and elevated oil/gas prices; power shortages further forced reliance on costlier diesel-generated power. In parallel, additional hiring for new lines and annual salary revisions added to the cost base, compounding margin pressure.

Q3 FY23: U.S. market dynamics leading to inventory de-stocking

A second major headwind came from U.S. market dynamics in Q3 FY23. With rising U.S. interest rates and tighter working-capital focus, customers reduced inventory coverage from ~9–12 months to meaningfully lower levels. As a B2B supplier, Gland saw a sharper, more immediate drop in order inflows versus B2C-oriented models.

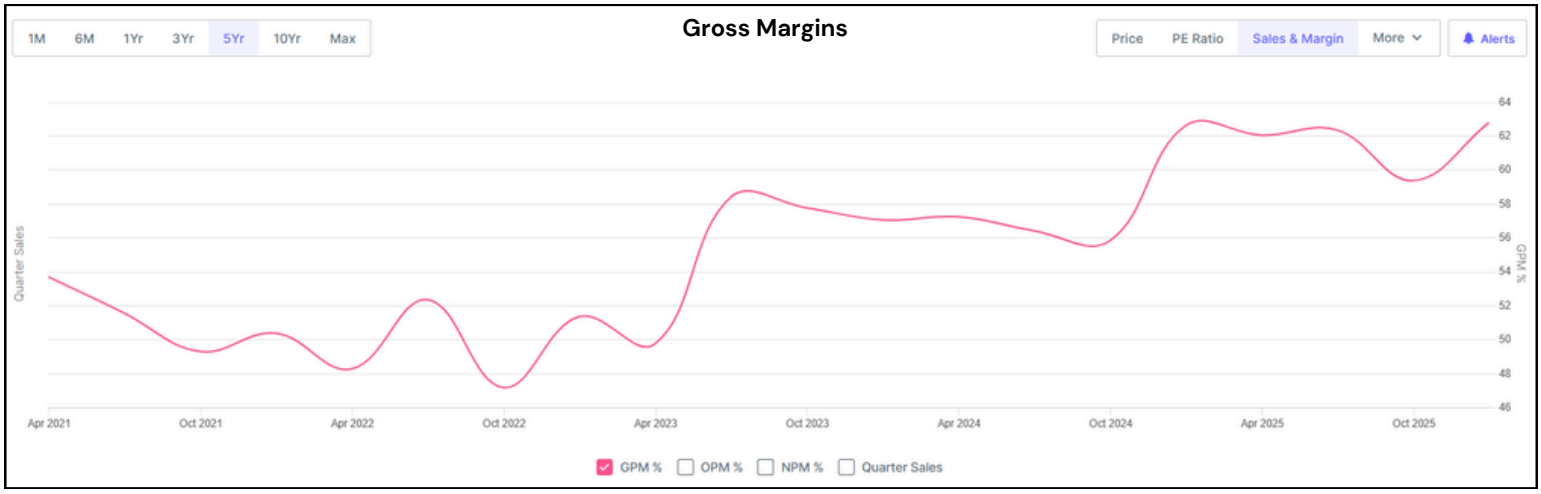
Q4 FY23: Launch underperformance + One-offs dragging reported performance

Despite launching ~32 products during the year, FY23 growth was only ~3% versus a historical run-rate closer to ~10% (as referenced by management), largely because competition after patent expiries drove ~80–90% price declines in some molecules. COVID normalization led to a sharp drop in domestic revenue versus the prior year's unusually high COVID-linked base, with management indicating an estimated decline of nearly ₹380 crore. Micafungin, previously one of Gland's largest products, lost exclusivity, triggering a steep sales decline, reportedly from ~₹440 crore to ~₹65 crore thereafter. In addition, a key U.S. customer's Chapter 11 filing resulted in a ~₹56 crore provision toward credit-impaired assets, further weighing on reported profitability.

FY24–FY25: Cenexi cost drag and execution delays

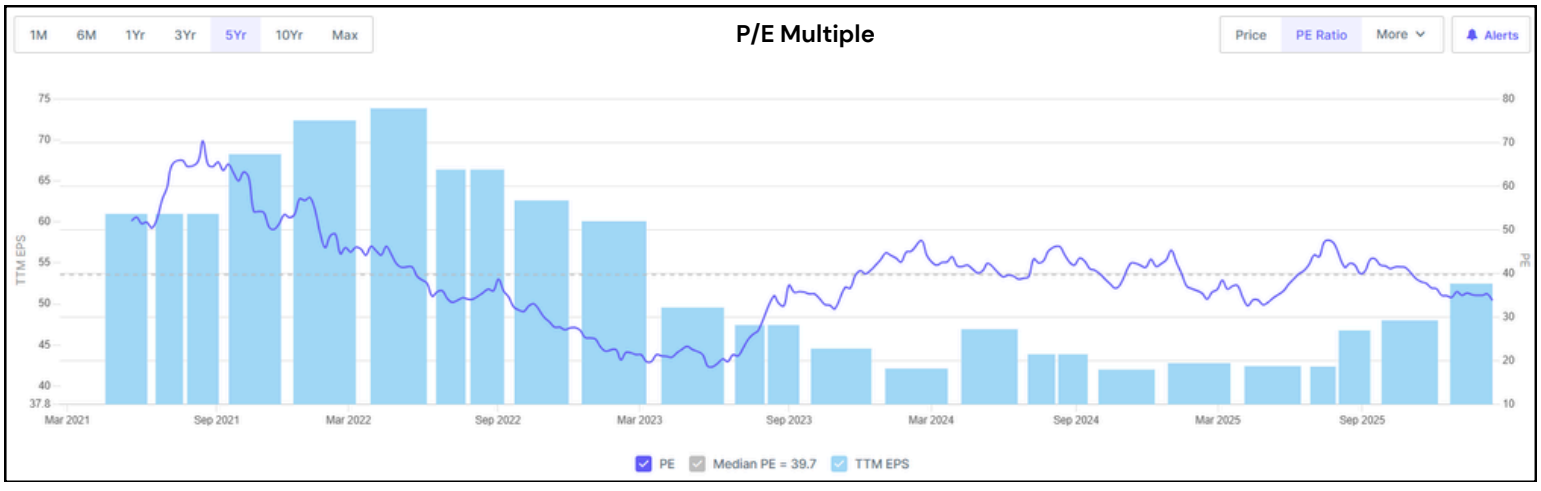
In early FY24, Cenexi's profitability was dragged by its structurally higher European cost base and operational disruption. In Q1 FY24, costs spiked post consolidation, with manpower up ~160% YoY and a sharp rise in power and fuel expenses due to higher energy usage at Cenexi sites. Despite strong gross margins (~76–80%), EBITDA was pressured by a heavy fixed-cost structure (employee costs at ~60–65% of revenue in some periods) and recurring seasonality from the annual four-week August shutdown (Q2), when the business typically books only ~two months of revenue but incurs three months of costs. Management also flagged Fontenay and Hérouville-Saint-Clair (HSC) as key underperformers due to utilization/backlog issues, noted delays from tech-transfer slippage and a regulatory disruption at Fontenay during the turnaround.

Gross Margin Trend



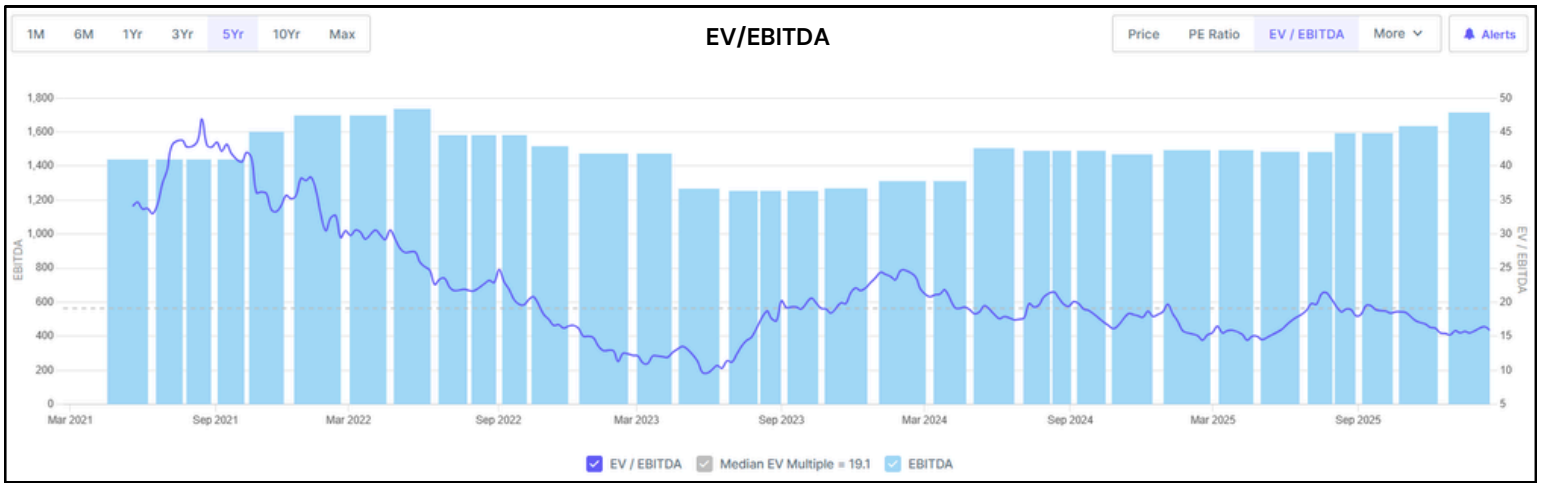
One of the first aspects we analyse while evaluating a company is the gross margin trajectory, because a sustained uptrend typically indicates improving product mix and stronger pricing power .i.e., a shift away from commoditized, high-volume SKUs toward higher-complexity, value-added offerings. If gross margins are flat or declining, any EBITDA margin expansion tends to be reliant on cost actions (procurement, overhead rationalization), which are inherently finite and rarely durable as a long-term earnings driver. In Gland Pharma's case, gross margins are now trending upward (9M FY26 GPM at ~60% versus ~57% in 9M FY25), reflecting an active shift in focus towards value added offerings like complex injectable manufacturing (peptides, hormones, and suspensions) which is expected to emerge as a key growth driver going ahead. Importantly, this is not just a narrative shift as management has already executed six product launches, while three additional products are lined up for approval, and the complex injectable pipeline continues to expand. This product mix upgradation should improve operating leverage, support EBITDA margin expansion, and translate into more resilient bottom-line growth over the medium term.

Valuation

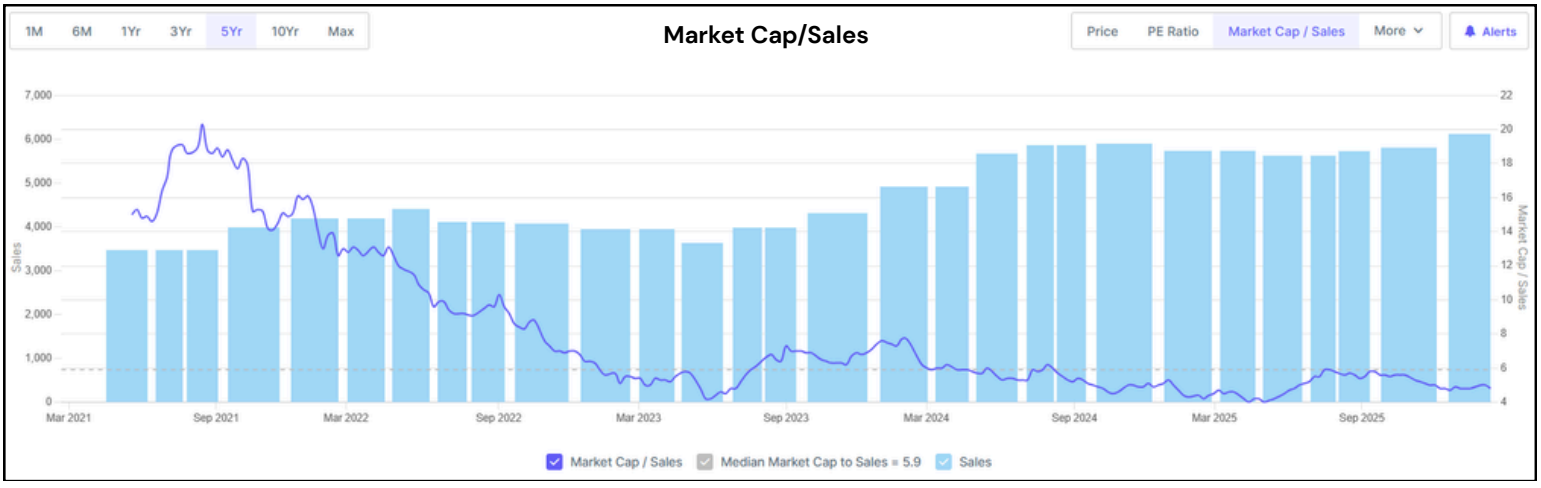


We place significant emphasis on business quality while evaluating companies, and Gland Pharma is a good example of a high-quality business with improving growth visibility. The Company is led by a promoter with a strong international footprint and substantial prior experience in building and scaling pharma and healthcare businesses. Gland also demonstrates strong fundamentals, generating steady cash flows, with a healthy CFO/EBITDA ratio of ~72%. On the growth side, Gland has signed a complex Nano Drug Delivery System (NDDS)-based injectable oncology contract with a large pharma player. Since the product is already commercial globally, it provides clearer mid-to-long-term revenue visibility. In addition, the new CDMO contracts provide clear revenue visibility from the next 2–3 years onward and are expected to contribute ~USD 25–30m of annual revenue.

Operationally, gross margins have improved with a shift towards higher-value complex injectables, and the product pipeline is building: 15 products are in co-development (7 under 505(b)(2) and 8 ANDAs), with commercialization expected to begin from FY28, supported by cartridge capacity expansion from ~40 million to ~140 million units. Against this backdrop, the P/E multiple has moderated meaningfully from historical highs, and at a current P/E of ~35.5, the stock appears to offer a comfortable entry point. If execution remains on track, we expect earnings visibility to improve and believe the market can assign higher valuations over time.



At present, Gland trades at ~16.2x EV/EBITDA, which we believe is undervalued given the company's strong business fundamentals. The company is tripling its biologics CDMO capacity from ~8 KL to ~23 KL, positioning it well for rising demand in biosimilars and injectable biologics, especially as multiple blockbuster biologic patents near expiry. This scale-up should drive operating leverage and support EBITDA margin expansion over time, further aided by Cenexi turning EBITDA-positive, which should lift consolidated profitability. In the near term, margins may see a marginal drag due to ~₹14cr ESOP expense that started mid-Q1. This is largely a non-cash accounting charge and may temporarily lower reported margins by ~1% or lesser. Additionally, the planned ~₹400cr capex next year with a focus to expand ophthalmic capacity (with several products under the approval stage) should help meet increasing demand and sustain growth. Overall, we believe these factors should strengthen profitability and support a re-rating over the medium term.



The current chart indicates Gland is trading at a market cap–to–sales multiple of ~4.8x, well below its historical range, suggesting valuations are reasonable at present. Management is guiding for ~15% CAGR over the next five years in the core organic business, while also pursuing inorganic opportunities (M&A) to expand the platform. In parallel, the company has stepped up R&D spending for complex product development and filings, which should strengthen the pipeline and improve long-term visibility. As scale and execution improve, we expect a gradual expansion in the market cap–to–sales multiple, with valuations aligning more closely to the company's improving operating profile and business quality.

Profit and Loss Statement

Particulars	FY25	FY26E	FY27E	FY28E
Revenue from Operations	**5617**	**6325**	**7179**	**8209**
YoY Growth %	-0.80%	12.60%	13.50%	14.35%
Operating Expenses	4347	4756	5327	6050
EBITDA	**1270**	**1569**	**1852**	**2159**
EBITDA %	22.60%	24.80%	25.80%	26.30%
YoY Growth %	-4.80%	23.54%	18.04%	16.58%
Other Income	214	246	278	301
Depreciation	378	423	484	511
Interest	42	32	23	23
Profit Before Tax (PBT)	1064	1360	1623	1926
Tax Rate %	34%	31%	30%	29%
Tax Provision	362	422	487	559
Profit After Tax (PAT)	**702**	**938**	**1136**	**1367**
Pat Margin %	12.50%	14.83%	15.82%	16.65%
YoY Growth %	-9.07%	33.62%	21.11%	20.33%
Earnings Per Share (₹)	42.55	56.85	68.85	82.85

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