

BUY**TP: Rs 845 | ▲ 34%****COHANCE
LIFESCIENCES**

| Pharmaceuticals

| 14 November 2025

Near-term guidance lowered; long-term guidance intact

- Sales/ EBITDA / PAT were 1%/ 4.7% and 22% above our estimates. EBITDA margin reported 80 bps above our estimates at 21.8%
- Long-term revenue target of USD1bn intact. FY27E to be the year of growth with the execution of deferred shipment at NJ Bio
- We ascribe PE of 44x due to its strong capabilities in the niche technologies to arrive at TP of Rs 845 on the stock

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In-line result – Sales declined 8% YoY but grew 1.1% QoQ o Rs 5.5 bn. The decline was primarily due to the fall of 8% in Pharma CDMO and 22% in API sales (shutdown of Nacharam plant), offset by 122% YoY growth in Specialty Chemical segment. During the quarter, material cost lowered by 19% YoY, however, due to the integration of last year's acquired facilities of NJ Bio and Sapala, employee costs rose by 24% YoY and Other expenses by 35.7% YoY; thereby resulting in EBITDA decline of 41% YoY, but 8% growth on QoQ. Due to integration, depreciation also increased by 16.5% YoY, resulting in PAT declining 52% YoY; but 43% QoQ.

Deferred shipment weigh on CDMO growth; good traction in late-stage molecules- Sales in this segment declined 8% YoY but grew 14% QoQ to Rs 2.3bn. The decline was due to destocking in two molecules, Biotech funding issues and deferred shipments from NJ Bio,. However, going forward, the niche technology segment is expected to grow with commercialising of Phase II molecules in Bioconjugation and working with 3 large innovators by expanding payloads portfolio and Clinical Collaborations. Within the small molecules segment, Cohance has 9 molecules in phase III with 15 intermediates. Out of 9 molecules, 2 have witnessed USFDA approval while another 2 are expected to receive approvals within 8-12 months for commercialisation.

Niche technologies sales to pick up in FY27- During H1FY26, niche technologies contributed 17% of sales vs mid-teens growth in FY25. Going forward, growth to be driven by 1) commercialisation of deferred shipment in FY27 2) launch and scale up of 3 payloads 2) execution of end-to-end bioconjugation suite and 4) shipment of first GMP order from Sapala from H2FY27E.

FY26 to be flat, FY27E to be the growth year; maintain BUY - We believe most of the pessimism is factored in the current valuation where the stock is trading at a PE of 32x on Sep'27 EPS and we ascribe PE of 44x, due to its strong capabilities in the niche technologies to arrive at TP of Rs 845 on the stock.

Key changes

Target	Rating
▼	◀ ▶

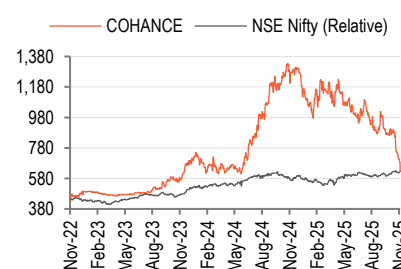
Ticker/Price	COHANCE IN/Rs 629
Market cap	US\$ 2.7bn
Free float	50%
3M ADV	US\$ 14.6mn
52wk high/low	Rs 1,360/Rs 621
Promoter/FPI/DII	50%/11%/17%

Source: NSE | Price as of 13 Nov 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	26,103	26,000	29,900
EBITDA (Rs mn)	7,996	6,760	8,821
Adj. net profit (Rs mn)	5,464	4,343	6,034
Adj. EPS (Rs)	14.3	11.3	15.8
Consensus EPS (Rs)	14.8	14.8	20.4
Adj. ROAE (%)	14.9	16.7	22.5
Adj. P/E (x)	43.9	55.5	39.9
EV/EBITDA (x)	30.1	35.6	27.3
Adj. EPS growth (%)	(4.8)	(20.9)	38.9

Source: Company, Bloomberg, BOBCAPS Research

Stock performance

Source: NSE



Financial Highlights

Fig 1 – Quarterly Snapshot

Rs mn (Consolidated)	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	BoB Estimates	Var (%)
Net Sales	5,556	6,038	(8.0)	5,493	1.1	5,500	1.0
Total Expenditure	4,346	3,984	9.1	4,373	(0.6)	4,345	0.0
Operating profit	1,210	2,054	(41.1)	1,120	8.0	1,155	4.7
OPM (%)	21.8%	34.0%	(36.0)	20.4%	6.8	21.0%	3.7
Other Operating Income							
EBITDA	1,210	2,054	(41.1)	1,120	8.0	1,155	4.7
Margin (%)	21.8%	34.0%		20.4%		21.0%	
One time expense /ESPOS	0	0		171		0	
Forex gain /loss	0	0		23		0	
Adjusted EBITDA	1,210	2,054	(41.1)	1,314	(8.0)	1,155	4.7
Other Income	156.0	162	(3.6)	142	10.1	130	20.0
Interest	87.6	96	(8.8)	102	(13.9)	100	(12.4)
Depreciation	440.2	378	16.5	451	(2.5)	450	(2.2)
PBT before exceptionals	838	1,742	(51.9)	709	18.2	735	14.0
Adjusted PBT	838	-		903	(7.2)	-	
Share associates (incl. Rising Pharma)	-	-		-		-	
Extraordinary exp+Prior years tax	-	-		81		-	
PBT after exceptionals	838	1,742	(51.9)	628	33.5	735	14.0
Current Tax	173.8	359	(51.6)	164	6.2	194	(10.4)
Tax/PBT(%)	20.7%	20.6%		26.1%		26.4%	
Reported PAT	664	1,382	(52.0)	464	43.1	541	22.7
PAT %	11.9%	22.9%	(47.8)	8.4%	41.5	9.8%	21.5
Adjusted PAT	664	1,382	(52.0)	658	0.9	541	22.8

Source: Company, BOBCAPS Research

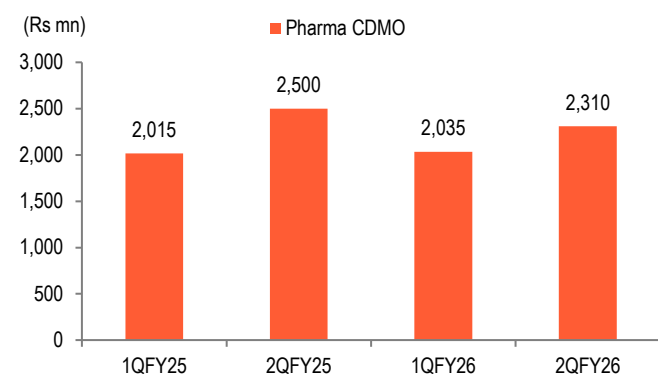
Fig 2 – Segmental Revenue

Rs mn	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	BoB Estimates	Var (%)
Pharma CDMO	2,310.0	2,500	(7.6)	2,035	13.5	2,000	15.5
Specialty CDMO	702.0	264	165.9	505	39.0	500	40.4
API	2,543.0	3,273	(22.3)	2,954	(13.9)	3,000	(15.2)
Total	5,555.0	6,037		5494	60.6	5,500	1.0

Source: Company, BOBCAPS Research

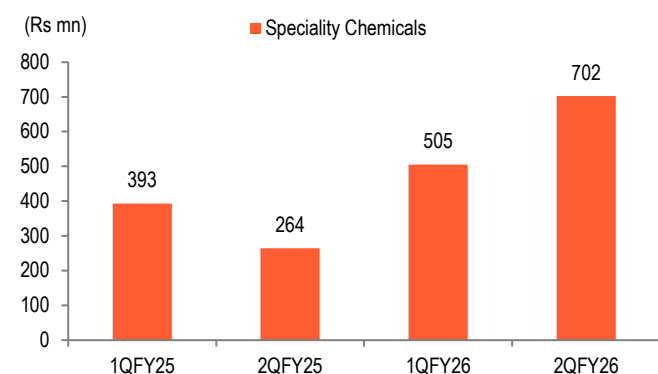
Financial Charts

Fig 3 – Pharma CDMO sales growth lowered YoY due to delayed shipment



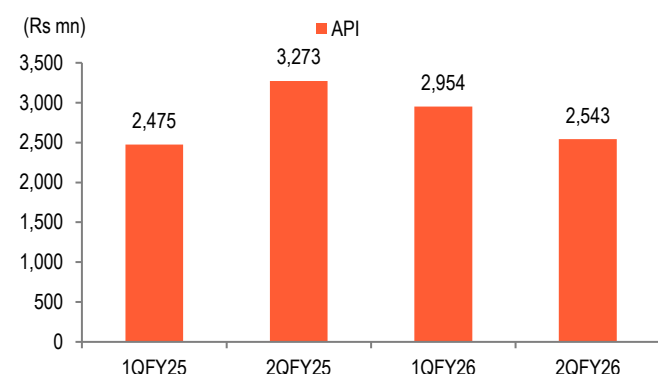
Source: Company, BOBCAPS Research

Fig 4 – Specialty Chemicals sales increasing on lower base



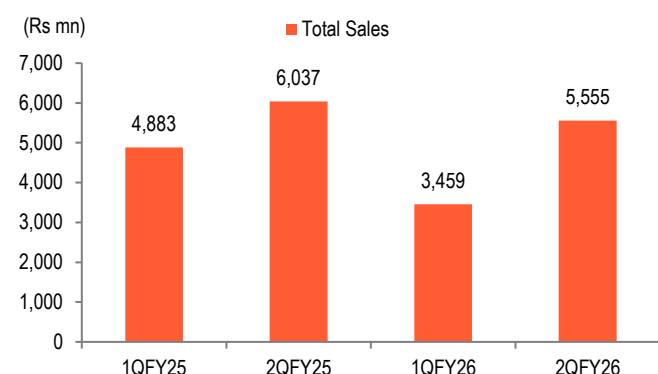
Source: Company, BOBCAPS Research

Fig 5 – API sales lowered due to shutdown of Nacharam facility



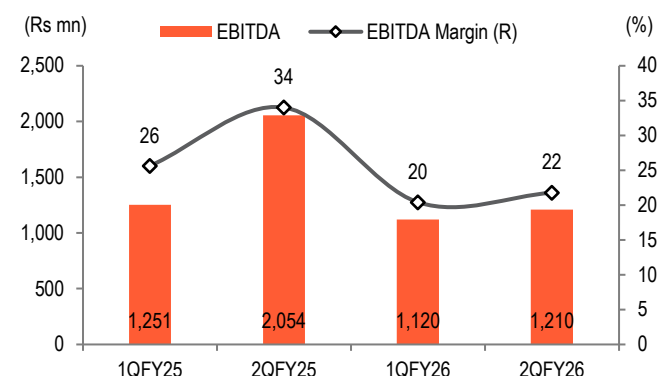
Source: Company, BOBCAPS Research

Fig 6 – Sales lower YoY due to lower Pharma CDMO and API sales



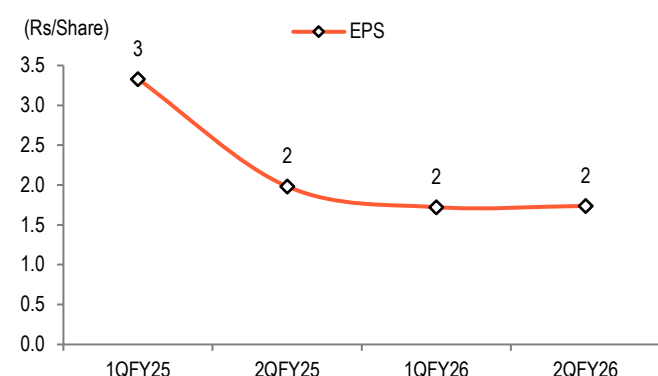
Source: Company, BOBCAPS Research

Fig 7 – EBITDA margin lowered due to operational deleverage



Source: Company, BOBCAPS Research

Fig 8 – Lower operations led to decline in EPS growth



Source: Company, BOBCAPS Research

Earnings Call highlights

Outcome from CPHI (Convention on Pharmaceutical Ingredients) in Frankfurt -

Senior team met with over 340+ customers, a balanced mix of existing partners and new prospects across the US, Europe and Japan.

Innovators continue to actively look for deepening supply chains beyond China.

Strong and growing interest in high potent ADCs and oligonucleotide capabilities.

Pharma CDMO

Small molecule

Phase III - late phase molecules in the respiratory inflammatory segment received US regulatory approval. Delivering 4 KSMs for these molecules using preliminary applications. Opens a multi-year commercial revenue stream as the product runs post-launch.

Executing nine phase three molecules, of which four are expected to transition into commercial supply over the next 12 to 18 months and two have already moved into launch stage delivery.

Phase II – Many Phase II programs are progressing towards validation and scale up, many of them across high performance and complex chemistry

NJ Bio - slowdown in biotech funding.

Seen some project shipments pushed by two to three quarters due to extended CMT timelines for parts

Customers - Have added 17 new biotech customers year to its date. have successfully completed a GMP conjugation project for an EDT program, validating the site readiness for commercial execution.

ADC - Building a conjugation site to accompany customers in phase two in USA at NJ Bio. Executing a complete business continuity plan for Edtrium, a key intermediate used in commercial ADCs.

Developed portfolio of payloads with three new payloads being launched in FY26. Have opened a new high potent capability in India up to OEB6 for customer projects and is witnessing good response with new projects.

Client preference - Continues to see healthy traction from those large innovators and biotechs, many of whom are consolidating suppliers and prefer to work with integrated partners capable of managing data linker synthesis, conjugation support, and analytical characterization under one umbrella.

Manufacturing distribution between NJ and Cohance - NJ Bio handling early development, conjugation support, and analytics to support analytical methods development, while India facilities focus on payload and linker synthesis at scale

Oligonucleotide

Current status - Still in the early build phase. Larger-scale Oligo building blocks, CGMP and non-CGMP facilities, have now been inaugurated. The company is working on 35+ active molecules across building blocks and vehicles.

Orders - have repeat orders from key customers in the US, EU, and Japan, and first GMP orders from customers are scheduled between October and November 2026.

Sapala -

Upgrading infrastructure - Have upgraded the analytical infrastructure with platforms such as supercritical fluid chromatography and high-resolution mass spectroscopy. Transferring methods from US and Hyderabad teams into Sapala to create a seamless, early-phase, and intermediate backbone for the CDMO franchise.

API ++ -

API Filing - targeting 10 lings for FY26. completed two validations already, and another four are in progress.

Order - secured commercial orders from two big pharma customers as part of product life cycle management office.

FDF –

Pipeline - Have five launches planned for FY26 and another 10 formulation projects in are the pipeline, likely to phase over the next few years.

Adding capabilities of liquid and topical corticosteroid formulations, backed by active customer demand. Expect gradual improvement through 2H as remediation work progresses and customer confidence further strengthens.

Financial Outlook

NJ Bio sales - expecting NJ Bio in 2026 to deliver a similar revenue as that of 2025

Overall sales – guidance lowered from double digit growth rate to flattish in FY26

Overall margin – Margin guidance lowered from early 30s EBITDA to high 20s

Valuation Methodology

Cohance earnings were reported in line with our estimates. Due to deferred shipments at NJ bio unit, we envisage flattish FY26 earnings and have reduced our EPS by 25% in FY26E, 30% in FY27 and 23% in FY28. However, we maintain BUY owing to the promising niche technologies and that Cohance has the largest capabilities and capacities in the industry, which will enable the company to achieve its long-term revenue target of USD 1bn by FY30.

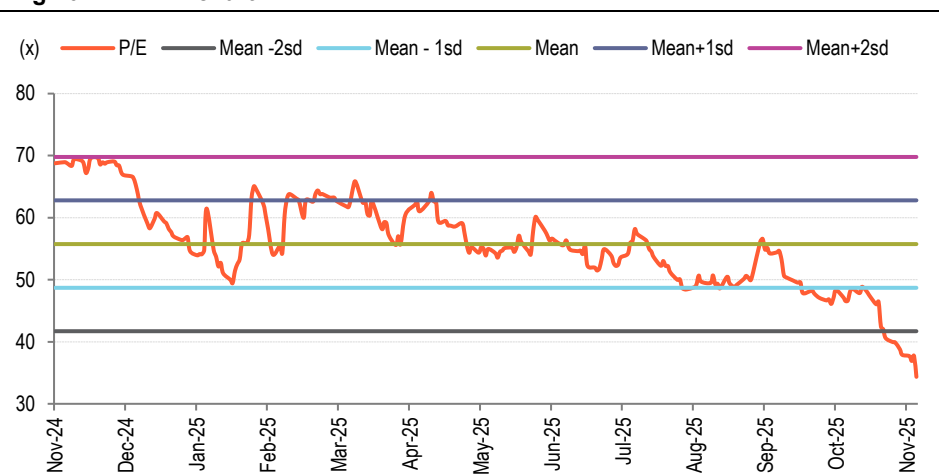
We believe most of the pessimism is factored in the current valuation where the stock is trading at PE of 32x on Sep'27 EPS. We ascribe a PE of 44x due to its strong capabilities in the niche technologies to arrive at TP of Rs 845 on the stock.

Fig 9 – Change in estimates

	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	26,000	29,900	35,880	29496	37165	46457	(12)	(20)	(23)
EBITDA	6,760	8,821	12,199	9144	12822	16260	(26)	(31)	(25)
EBITDA M	26	30	33	31	35	35			
EPS	11.3	15.8	22.7	15.1	22.6	29.4	(25)	(30)	(23)

Source: Company, BOBCAPS Research

Fig 10 – 1YF PE chart



Source: , BOBCAPS Research, Bloomberg

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	23,922	26,103	26,000	29,900	35,880
EBITDA	7,469	7,996	6,760	8,821	12,199
Depreciation	1,139	1,482	1,200	1,210	1,276
EBIT	6,330	6,514	5,560	7,611	10,923
Net interest inc./(exp.)	406	411	456	347	289
Other inc./(exp.)	731	514	700	800	1,000
Exceptional items	(1,065)	(628)	0	0	0
EBT	6,655	6,617	5,804	8,063	11,634
Income taxes	1,981	1,781	1,461	2,030	2,928
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	4,674	4,836	4,343	6,034	8,706
Adjustments	0	0	0	0	0
Adjusted net profit	5,739	5,464	4,343	6,034	8,706

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	2,418	2,685	2,279	2,101	2,428
Other current liabilities	0	0	0	0	0
Provisions	0	0	0	0	0
Debt funds	5,274	2,584	2,455	2,332	2,215
Other liabilities	0	0	0	0	0
Equity capital	381	390	390	390	390
Reserves & surplus	30,671	33,280	34,612	36,510	38,683
Shareholders' fund	31,052	33,670	35,002	36,900	39,073
Total liab. and equities	38,744	36,924	39,964	41,992	44,562
Cash and cash eq.	9,440	2,942	5,027	4,973	3,348
Accounts receivables	6,469	7,721	6,411	6,553	7,864
Inventories	5,986	4,674	4,331	3,539	4,089
Other current assets	0	0	0	0	0
Investments	0	0	0	0	0
Net fixed assets	15,845	21,596	22,676	23,810	25,000
CWIP	0	0	0	0	0
Intangible assets	0	0	0	0	0
Deferred tax assets, net	0	0	0	0	0
Other assets	1,002	(9)	733	876	997
Total assets	38,742	36,924	39,964	41,992	44,562

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	3,545	3,364	2,914	2,235	0
Capital expenditures	(2,500)	(2,800)	(3,100)	(3,400)	0
Change in investments	0	0	0	0	0
Other investing cash flows	0	0	0	0	0
Cash flow from investing	(2,500)	(2,800)	(3,100)	(3,400)	0
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	1,915	(2,690)	(129)	(123)	0
Interest expenses	75	165	156	147	139
Dividends paid	(572)	(572)	(572)	(572)	0
Other financing cash flows	(332)	(1,655)	(3,826)	(5,633)	(8,009)
Cash flow from financing	605	(5,329)	(4,992)	(6,684)	(9,047)
Chg in cash & cash eq.	3,601	(4,272)	(144)	(53)	(1,625)
Closing cash & cash eq.	9,442	5,170	2,055	3,167	0

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	15.1	14.3	11.3	15.8	22.7
Adjusted EPS	15.1	14.3	11.3	15.8	22.7
Dividend per share	1.5	1.5	1.5	1.5	1.5
Book value per share	81.5	88.4	91.9	96.8	102.6

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	10.1	9.2	9.3	8.1	6.7
EV/EBITDA	32.3	30.1	35.6	27.3	19.8
Adjusted P/E	41.8	43.9	55.5	39.9	27.7
P/BV	7.7	7.1	6.8	6.5	6.1

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	70.2	73.1	74.8	74.8	74.8
Interest burden (PBT/EBIT)	105.1	101.6	104.4	105.9	106.5
EBIT margin (EBIT/Revenue)	26.5	25.0	21.4	25.5	30.4
Asset turnover (Rev./Avg TA)	61.7	70.7	72.6	87.0	102.5
Leverage (Avg TA/Avg Equity)	0.3	0.3	0.3	0.3	0.3
Adjusted ROAE	18.5	16.2	16.4	23.4	28.1

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	(10.4)	9.1	(0.4)	15.0	20.0
EBITDA	(23.8)	7.1	(15.5)	30.5	38.3
Adjusted EPS	(14.7)	(4.8)	(20.9)	38.9	44.3
Profitability & Return ratios (%)					
EBITDA margin	31.2	30.6	26.0	29.5	34.0
EBIT margin	26.5	25.0	21.4	25.5	30.4
Adjusted profit margin	19.5	18.5	16.7	20.2	24.3
Adjusted ROAE	16.0	14.9	16.7	22.5	28.3
ROCE	21.1	19.4	22.0	29.6	36.8
Working capital days (days)					
Receivables	99	108	90	80	80
Inventory	91	65	61	43	42
Payables	54	54	43	36	37
Ratios (x)					
Gross asset turnover	0.6	0.7	0.7	0.9	1.0
Current ratio	9.5	6.1	6.9	6.6	6.0
Net interest coverage ratio	15.6	15.8	12.2	21.9	37.8
Adjusted debt/equity	0.2	0.1	0.1	0.1	0.1

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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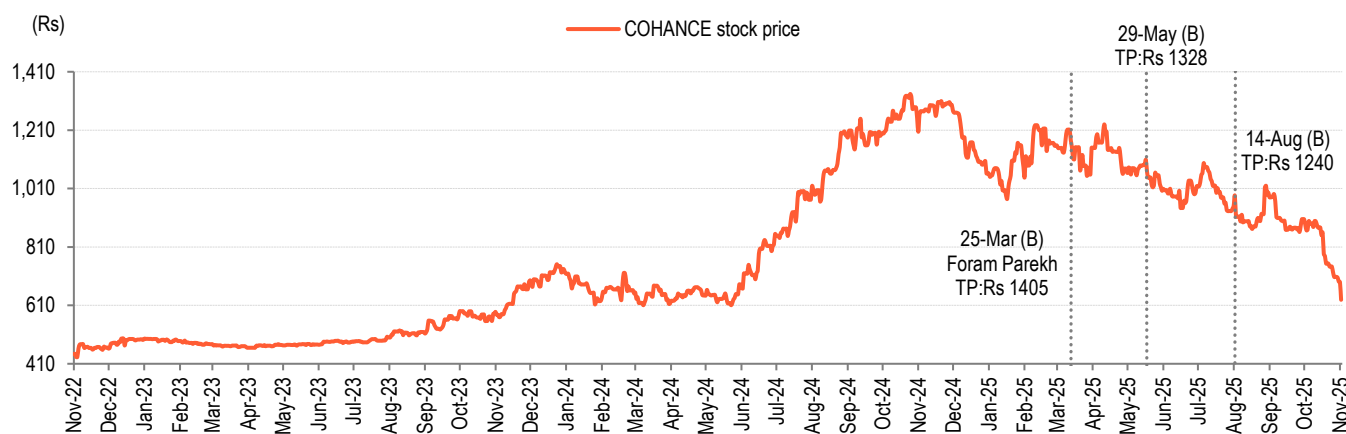
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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Ratings and Target Price (3-year history): COHANCE LIFESCIENCES (COHANCE IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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