

RESEARCH**PHARMACEUTICALS | Q2FY27 PREVIEW**

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SUMMARY**PHARMACEUTICALS: Q2FY27 PREVIEW**

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- Expect companies to report double digit domestic growth for most companies due to sustained double digit IPM growth
- 2QFY27 would be the last quarter with significant gRevlimid in the base. Hence, we remain positive on the sector

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07 October 2026

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Mix quarter expected – We expect good topline growth; however, we do not see it percolating down to the bottom line. Sales for our coverage companies to grow by 9.6% YoY and 5.1% QoQ to Rs 700 bn, on the back of healthy domestic growth of 12.9% YoY and a marginal decline in the US region. EBITDA for our coverage companies is expected to decline by 2% to Rs 160.13 bn, while PAT is expected to decline by 7.3% to Rs 106.15 bn.

Double digit sales growth for most coverage companies - We expect double-digit growth for most of our coverage companies, with Senores expected to report 32% YoY growth, followed by Laurus at 27.2% YoY (high CDMO growth), Alembic at 23.3% YoY (full-quarter impact of Bosutinib), Alkem at 23.3% YoY (inclusion of Occlutech), Aurobindo at 20.6% YoY (inclusion of Lannett), Divi's at 20.4% YoY (higher Custom Synthesis growth), Emcure at 20.1% YoY (better domestic sales along with other geographies), Ajanta at 18.6% YoY (healthy branded generics growth), Eris at 13.2% YoY (driven by both domestic and RoW markets) and Lupin at 12.8% YoY (USD 300 mn sales expected in the US region in 2QFY27). This would be offset by declines at Abbott (-3.5% YoY; Novo portfolio largely declining), Dr. Reddy's (-0.9%; absence of Lenalidomide and Semaglutide), Cipla (-5.4%; absence of Lanreotide and Lenalidomide) and Cohance (-17.3%).

EBITDA growth expected for most companies - We expect double-digit EBITDA growth for most of our coverage companies, with CDMO-driven companies expected to report the strongest gains, e.g., Laurus at 67% YoY (non-ARV component growing) and Divi's at 32.5% YoY. We also expect 21% YoY growth each for Ajanta (~75% of the business is branded generics expected to grow by 18% YoY), Alembic (Bosutinib is a low-volume, high-value product) and Alkem (seasonality). This would be offset by a 62% YoY decline in Cohance (lower CDMO sales), a 53% YoY decline in Dr. Reddy's (absence of high-margin products), a 30% YoY decline for Cipla (absence of Lanreotide and Lenalidomide) and a 12% YoY decline in Lupin (competition in Tolvaptan and Mirabegron).

Top Picks – Our top picks are **SUNP, DRRD, EMCURE, ANTHEM, ERIS, LPC.**



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Note: Recommendation structure changed with effect from 21 June 2021

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