kotak Securities

Dated: 4th November 2025

Gland Pharma (Gland)-REDUCE

Q2FY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.1972	Rs.1840

Rationale:

- Despite healthy US sales, Gland's 2QFY26 print missed our estimates.
- It was led by weakness in RoW and other regulated markets.
- On a positive note, Cenexi stays on the road to recovery.
- We expect earnings to grow by 26.4% in FY27E & grow by 17.1% in FY28E.
- Webake in a recovery in Gland's organic sales from FY2026E and forecast 13% ex-Cenexi sales CAGR over FY25-28E.
- While the worst is clearly behind, we would closely monitor any execution slip-ups. Retain REDUCE with an FV of Rs1,840.
- Stock is currently trading at valuation of 22.7 x P/E FY28E EPS.

Positives:

- Gland's Q2FY26 overall revenues, at Rs1490 cr (+6% yoy), were in line with our estimates.
- Growth driven by 10/12% yoy growth in the US/other regulated markets.
- Core gross margins improved to 61% (+200 bps qoq), leading to base business EBITDA margins of 34.9% (+40 bps qoq).
- On a low base, Gland is guiding for mid-teens overall topline growth (+/- 200 bps) in FY2026.

Negatives:

- Cenexi slipped into losses in Q2FY26 due to its annual shutdown.

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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