DEVEN CHOKSEY RESEARCH

Alembic Pharmaceutical Ltd Q2FY26

Result update

05th Nov, 2025

Alembic Pharmaceutical Ltd

Strong Q2FY26 performance driven by US generics, margin expansion, and broad-based growth momentum

CMP	Target	Potential Upside	Market Cap (INR Mn)	Recommendation	Sector
INR 961	**INR 1,132**	**17.8%**	**189,317**	**BUY**	**Pharmaceuticals**

Result highlights

Revenue:

Consolidated revenue increased by 11.7% QoQ and 15.9% YoY to INR 19,102 Mn, ahead of our estimates (+5.9%). Growth was driven by sustained momentum in the US generics and Ex-US segments, partially offset by moderate growth in the domestic formulations and API businesses. Strong base business recovery and new launches in the US contributed meaningfully to the topline beat.

Margin and Profitability:

EBITDA increased by 12.2% QoQ (+31.9% YoY) to INR 3,157 Mn, marginally above estimates (+5.1%), aided by better operating leverage and improved product mix.

EBITDA margin expanded by 201 bps YoY (+8 bps QoQ) to 16.5%, slightly below our estimate of 16.7%, due to better operating leverage and improved capacity utilization.

Adjusted PAT rose 19.7% QoQ (+44.7% YoY) to INR 1,847 Mn, above our estimate (+7.3%), reflecting healthy operational execution and lower interest cost, partially offset by a dip in other income (-58.7% YoY).

Verticals/Segments:

Revenue from the USA segment grew 21.2% YoY (+8.2% QoQ) to INR 5,660 Mn, driven by strong volume traction from new product launches and steady performance of base molecules. The company also witnessed continued momentum in injectables and niche oral solids, supported by efficient supply chain execution. Revenue from the Ex-USA segment increased 31.5% YoY (+19.5% QoQ) to INR 3,920 Mn, led by strong geographic diversification, healthy demand from institutional customers, and a favorable base.

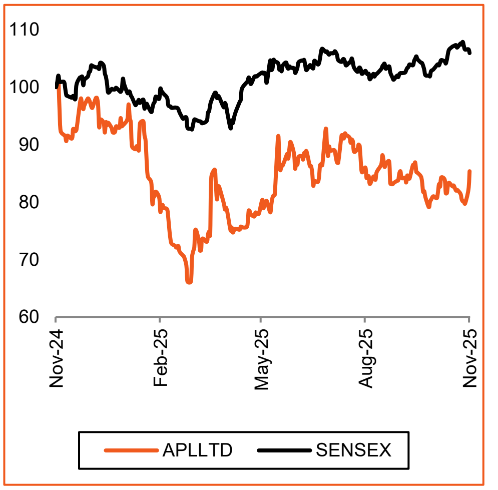
The India segment reported moderate growth of 4.9% YoY (+6.6% QoQ) to INR 6,390 Mn, reflecting a steady recovery in branded formulations and improving productivity of the field force. The Animal Healthcare portfolio continued to outperform, offsetting weakness in select human therapeutic categories. Revenue from the API segment grew marginally by 14.6% YoY (+20.3% QoQ) to INR 3,140 Mn, impacted by pricing erosion, normalization of export demand, and reduced order volumes following strong execution in the prior quarter.

Outlook and Valuation:

Alembic Pharma is expected to maintain steady growth momentum supported by its expanding complex generics portfolio in the US, sustained traction in Ex-US markets, and a gradual recovery in the domestic formulations business. Margin improvement is likely to continue, driven by higher plant utilization, operational efficiency, and a favorable product mix. The company's consistent R&D investments and prudent cost management are expected to strengthen its earnings visibility and enhance return ratios over the medium term.

We have rolled forward our valuation to Sept'27 estimates. We value Alembic Pharma at 22.0x Sept'27 EPS, implying a target price of INR 1,132. We upgrade our rating from ACCUMULATE to "**BUY**", reflecting improved earnings visibility, a structurally stronger margin profile, and sustained growth across key geographies.

SHARE PRICE PERFORMANCE



MARKET DATA	
Shares outs (Mn)	197
Mkt Cap (INR Mn)	189,317
52 Week H/L (INR)	1,153/725

*Based on the previous closing
Note: All the market data is as of the previous closing

SHARE HOLDING PATTERN (%)

Particulars	Sept-25	Jun-25	Mar-25
Promoters	69.7	69.7	69.7
FIIs	4.0	4.0	3.9
DIIs	16.3	16.5	16.4
Others	10.0	9.9	10.0
Total	100.0	100.0	100.0

11.4%
Revenue CAGR between FY25-FY27E

26.2%
Adj. PAT CAGR between FY25-FY27E

KEY FINANCIALS

INR Mn	FY24	FY25	FY26E	FY27E	FY28E
Revenue	62,286	66,721	74,888	82,764	90,497
EBITDA	9,334	10,082	12,657	14,684	17,413
Adj PAT	6,158	5,705	7,371	9,093	11,077
Adj. EPS	31.3	29.0	37.5	46.3	56.4

Source: Company, DevenChoksey Research

Alembic Pharmaceutical Ltd

Concall Highlights:

USA segment

- The US generics business delivered robust growth of 21% YoY, driven by higher volumes and new product launches. The company launched three new products, including generic Entresto (sacubitril/valsartan), which gained meaningful market share despite intensified competition and lower-than-expected pricing.
- The company filed two new ANDAs during the quarter, taking cumulative filings to 269, with six approvals and one tentative approval received in Q2FY26. Alembic now has 226 ANDA approvals (including 21 tentative).
- The company plans to launch four to five new products each in Q3 and Q4, supported by expanding complex generics and injectables portfolio.
- Alembic also completed the acquisition of Utility Therapeutics, marking its foray into the US branded formulation market through the launch of Pivya (for urinary tract infections), targeted for Q4FY26. This move, supported by an integrated API advantage and strong clinical profile, is expected to de-risk the generics-heavy portfolio in the medium term, albeit with some near-term margin impact due to front-end investments and field force setup.

Ex- USA segment

- Revenue from the Rest of World (RoW) markets surged 31% YoY, supported by strong demand across Europe, Canada, Australia, Chile, South Africa, and Brazil.
- The business continues to scale efficiently with a focus on regulated and semi-regulated markets through a partner-led distribution model, driving both volume growth and profitability.
- Management expects 15–20% YoY growth for FY26E in the RoW business, building on a strong base and consistent execution.

India segment

- India business reported 5% YoY growth to INR 6,390 Mn, marginally impacted by temporary billing disruption caused by GST 2.0 migration and festive calendar shifts. Excluding this impact, core therapies such as gynecology, ophthalmology, and animal health delivered double-digit growth, with animal health continuing to outperform (+17% YoY).
- Management expects normalization in Q3FY26, led by better field productivity and improved channel efficiency. Execution issues seen in FY25 are stabilizing, with growth expected to align with or exceed IPM levels over the next few quarters.

API segment

- The API business grew 15% YoY, aided by higher development quantities and a low base effect. While pricing pressure persists due to competitive intensity and transparency in export data, the company maintained its focus on high-value APIs.
- Management expects ~10% growth for FY26E in the API segment, with gradual normalization in profitability as utilization levels improve in new facilities.

R&D and Specialty Initiatives

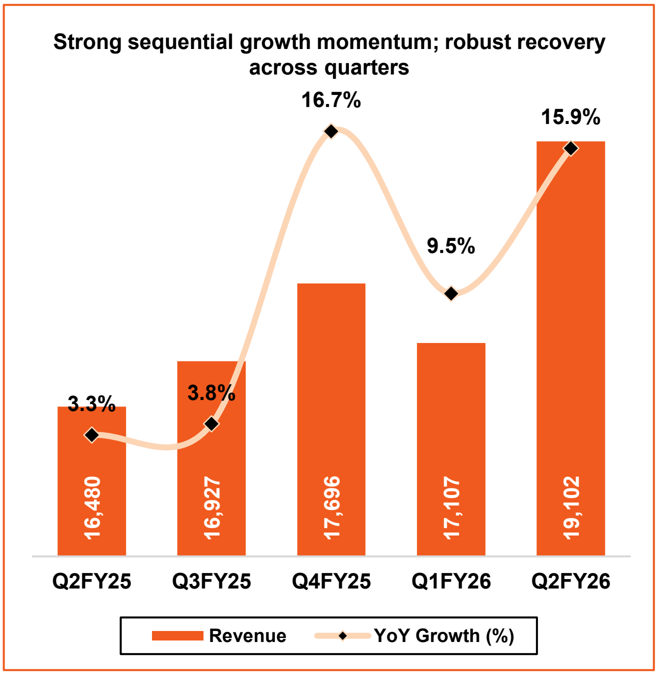
- R&D expenditure rose 41% YoY to INR 1,870 Mn, accounting for ~10% of revenue, in line with annual guidance of INR 6,000–6,500 Mn. The rise reflects stepped-up investment in injectables, complex generics, and peptides (including GLP-1 analogs such as semaglutide and tirzepatide).
- The company remains confident of improving R&D productivity over the medium term as filings and limited-competition approvals scale up. The Pivya launch will mark Alembic's entry into women's health within the US specialty market, with a gradual field force buildup planned over the next 12–18 months.

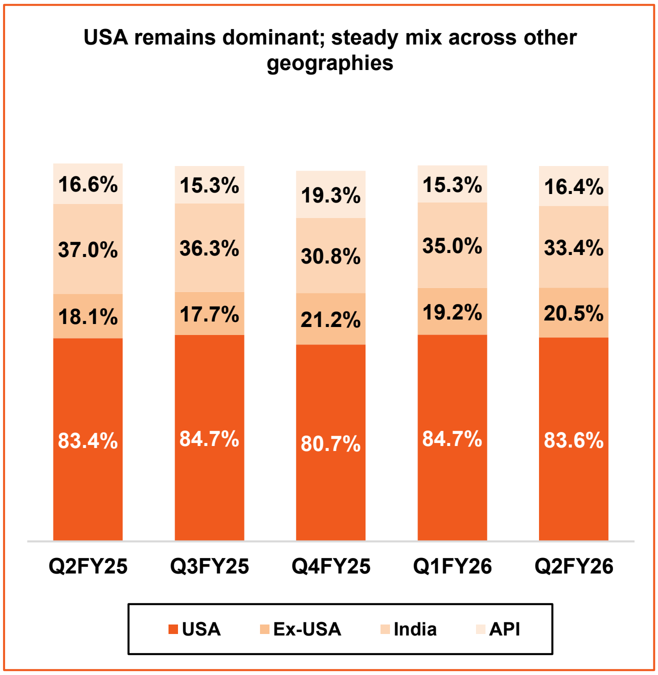
Guidance and outlook

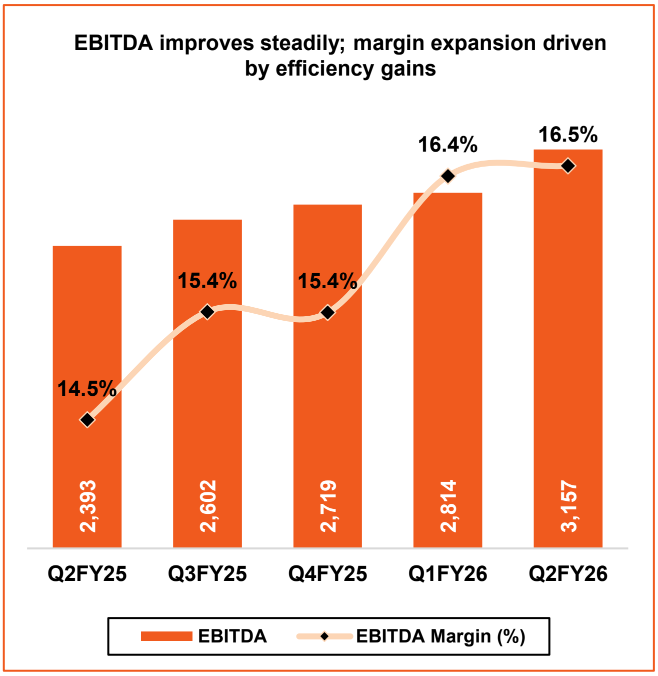
- Alembic expects US generics to grow 10–15% YoY in FY26E, driven by new launches and a stable base portfolio. RoW markets are projected to sustain 15–20% YoY growth through geographic expansion and strong execution. The India business is set to recover in H2FY26 with improved field productivity and secondary sales tracking.
- EBITDA margins are guided to rise toward 18–20% over the next two years, aided by operating leverage and higher utilization of injectable and oncology units.

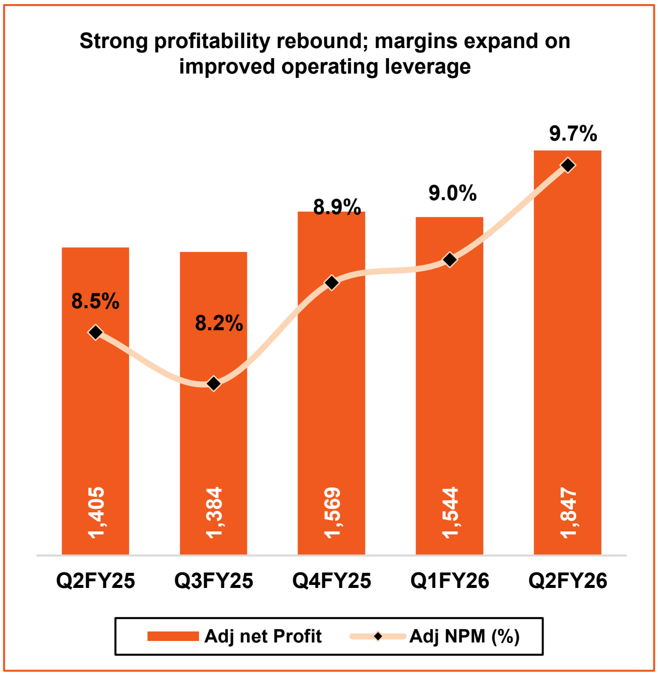
Alembic Pharmaceutical Ltd

Story in charts









Source: Company, DevenChoksey Research

Alembic Pharmaceutical Ltd

Result Snapshot

Particulars (Mn)	Q2FY26	Q1FY26	Q2FY25	QoQ	YoY
Revenue from Operations	**19,102**	**17,107**	**16,480**	**11.7%**	**15.9%**
Total Expenditure	**15,945**	**14,294**	**14,087**	**11.5%**	**13.2%**
COGS	**5,159**	**4,074**	**4,291**	**26.6%**	**20.2%**
Employee Cost	4,375	4,228	3,915	3.5%	11.8%
Other Expenses	6,410	5,992	5,881	7.0%	9.0%
EBITDA	**3,157**	**2,814**	**2,393**	**12.2%**	**31.9%**
EBITDA Margin (%)	**16.5%**	**16.4%**	**14.5%**	**8 bps**	**201 bps**
Depreciation	761	738	705	3.1%	7.9%
EBIT	**2,396**	**2,076**	**1,688**	**15.4%**	**42.0%**
Other Income	69	65	167	6.3%	-58.7%
Interest Expense	242	235	188	3.0%	28.8%
PBT before Exceptional Items	**2,223**	**1,906**	**1,667**	**16.7%**	**33.4%**
Exceptional Items	0	0	129	NA	NA
PBT	**2,223**	**1,906**	**1,538**	**16.7%**	**44.5%**
Tax	400	365	273	9.6%	46.6%
Share of Associates & JV	14	-5	9	NA	NA
Minority interest	10	8	3	33.3%	NA
PAT	**1,847**	**1,544**	**1,277**	**19.7%**	**44.7%**
EPS	**9.4**	**7.9**	**7.8**	**19.7%**	**20.6%**

Source: Company, DevenChoksey Research

Alembic Pharmaceutical Ltd

Exhibit 1: Profit & Loss Statement

INR Mn	FY25	FY26E	FY27E	FY28E
Revenues	**66,721**	**74,888**	**82,764**	**90,497**
COGS	17,934	20,064	21,301	22,238
Gross profit	**48,787**	**54,823**	**61,463**	**68,259**
Employee cost	15,624	17,211	20,413	22,800
Other expenses	23,081	24,956	26,366	28,046
EBITDA	**10,082**	**12,657**	**14,684**	**17,413**
Depreciation	2,786	2,986	3,181	3,415
EBIT	**7,296**	**9,671**	**11,502**	**13,998**
Finance Costs	788	1,025	960	960
Other Income	425	323	400	433
PBT	**7,063**	**8,969**	**10,942**	**13,472**
Tax	1,252	1,636	1,906	2,452
PAT	**5,834**	**7,371**	**9,093**	**11,077**
EPS (INR)	29.7	37.5	46.3	56.4
Adj. PAT	**5,705**	**7,371**	**9,093**	**11,077**
Adj EPS	29.0	37.5	46.3	56.4

Exhibit 3: Cash Flow Statement

INR Mn	FY25	FY26E	FY27E	FY28E
CFFO	880	14,392	13,200	14,887
CFFI	(5,684)	(3,934)	(4,000)	(4,000)
CFFF	4,437	(4,597)	(3,532)	(3,532)
Net Inc/Dec in cash	**(367)**	**5,860**	**5,668**	**7,355**
Opening Cash	1,202	835	6,695	12,363
Adjustment	0	0	0	0
Closing Cash	**835**	**6,695**	**12,363**	**19,718**

Exhibit 4: Key Ratio

INR Mn	FY25	FY26E	FY27E	FY28E
EBITDA Margin (%)	15.1%	16.9%	17.7%	19.2%
Tax rate (%)	17.7%	18.2%	17.3%	18.1%
Net Profit Margin (%)	8.6%	9.8%	11.0%	12.2%
RoE (%)	11.2%	12.8%	13.9%	0.0%
RoCE (%)	11.3%	14.2%	15.4%	0.0%
Current Ratio (x)	3.0	3.4	3.6	0.0
PE	31.0	25.3	20.5	16.9

Exhibit 2: Balance Sheet

INR Mn	FY25	FY26E	FY27E	FY28E
Equity				
Equity Capital	393	393	393	393
Other Equity	51,516	57,315	64,836	74,341
Total Equity	**51,895**	**57,694**	**65,215**	**74,720**
Non-Current Liabilities				
Long-term borrowings	468	468	468	468
Long-term provisions	1,243	1,367	1,504	1,655
Other Non Current Liabilities	11,956	9,956	8,956	7,956
Total Non-Current Liabilities	**13,667**	**11,791**	**10,928**	**10,078**
Current Liabilities				
Borrowings	11,956	9,956	8,956	7,956
Trade Paybles	8,799	8,795	9,046	9,139
Other current liabilities	(8,587)	(6,352)	(4,996)	(3,606)
Total Current Liabilities	**12,168**	**12,399**	**13,005**	**13,488**
Total Liabilities	**25,834**	**24,190**	**23,933**	**23,566**
Non-Current Assets				
Property Plants and Equipments	25,235	26,249	27,068	27,654
Capital WIP	8,372	8,372	8,372	8,372
Other Non current assets	3,244	3,244	3,244	3,244
Total Non-Current Assets	**36,852**	**37,866**	**38,685**	**39,270**
Current Assets				
Inventories	22,881	20,889	20,718	21,324
Trade Receivables	13,998	13,336	14,285	14,876
Cash and Bank	835	6,695	12,363	19,718
Oher current assets	3,098	3,098	3,098	3,098
Total Current Assets	**40,812**	**44,018**	**50,463**	**59,016**
Total Assets	**77,730**	**81,884**	**89,148**	**98,286**

Source: Company, DevenChoksey Research

Alembic Pharmaceutical Ltd

Alembic Pharmaceuticals Ltd.			
Date	CMP (INR)	TP (INR)	Recommendation
05-Nov-25	961	1,132	BUY
12-Aug-25	950	1,082	ACCUMULATE
08-May-25	901	986	ACCUMULATE
05-Feb-25	889	909	HOLD
08-Nov-24	1,080	1,122	HOLD
13-Aug-24	1,111	1,122	HOLD

Rating Legend (Expected over a 12-month period)	
Our Rating	Upside
Buy	More than 15%
Accumulate	5% – 15%
Hold	0 – 5%
Reduce	-5% – 0
Sell	Less than – 5%

ANALYST CERTIFICATION:

I , Yogesh Tiwari (MBA), Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect my views about the subject issuer(s) or securities. I also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Terms & Conditions and other disclosures:

DRChoksey FinServ Private Limited (hereinafter referred to as DCFPL) is a registered member of SEBI as a Research Entity vides Registration No. INH000011246 under SEBI (Research Analyst) Regulations, 2014,Portfolio Managers Entity vides Registration No. INP000007906 under SEBI (PORTFOLIO MANAGERS) Regulations, 2020 & Investment Adviser Entity vides Registration No. INA000017903 under SEBI (INVESTMENT ADVISERS) REGULATIONS, 2013.

The information and opinions in this report have been prepared by DCFPL and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of DCFPL. While I would endeavor to update the information herein on a reasonable basis, DCFPL is not under any obligation to update the information. Also, there may be regulatory, compliance or other reasons that may prevent DCFPL from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or DCFPL policies, in circumstances where DCFPL might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. DCFPL will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. DCFPL accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Our employees in sales and marketing team, dealers and other professionals may provide oral or written market commentary or trading strategies that reflect opinions that are contrary to the opinions expressed herein, in reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

I submit that no material disciplinary action has been taken on DCFPL and its associates (Group Companies) by any Regulatory Authority impacting Equity Research Analysis activities.

DCFPL prohibits its associate, analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analyst covers.

DCFPL or its associates (Group Companies) collectively or its research analyst, or relatives do not hold any financial interest/beneficial ownership of more than 1% (at the end of the month immediately preceding the date of publication of the research report) in the company covered by Analyst and has not been engaged in market making activity of the company covered by research analyst.

It is confirmed that, I, **Yogesh Tiwari** Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months. Compensation of our Research Analysts is not based on any specific brokerage service transactions.

DCFPL or its Associates (Group Companies) have not managed or co-managed public offering of securities for the subject company in the past twelve months.

DCFPL or its associates (Group Companies) collectively or its research analyst, or relatives might have received any commission/compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of brokerage services or specific transaction or for products and services other than brokerage services.

DCFPL or its associates (Group Companies) collectively or its research analyst, or relatives might have received any commission/compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report other than investment banking or merchant banking or brokerage services from the subject company

DCFPL encourages the practice of giving independent opinion in research report preparation by the analyst and thus strives to minimize the conflict in preparation of research report. DCFPL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither DCFPL nor Research Analysts his associate or his relative, have any material conflict of interest at the time of publication of this report.

It is confirmed that **Yogesh Tiwari**, Research Analyst do not serve as an officer, director or employee of the companies mentioned in the report.

DCFPL or its associates (Group Companies) or its research analyst has may been engaged in market making activity for the subject company.

The securities quoted are for illustration only and are not recommendatory.

DCFPL (Research Entity) and its research analysts uses Artificial Intelligence tools.

DCFPL and or its Research analysts shall be solely responsible for the security, confidentiality and integrity of the client data, use of any other information or data for research services, research services based on output of Artificial Intelligence tools and compliance with any law for the time being in force.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other Jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject DCFPL and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform them of and to observe such restrictions.

Investment in securities are subject to market risks, read all the documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

•Please send your feedback to research.retail@devenchoksey.com

DRChoksey FinServ Private Limited

CIN Number -U67100MH2020PTC352816

Registered Office and Corporate Office:

5th Floor Abhishek Building, Behind Monginis Cake Factory, Off New Link Road, Andheri West, Mumbai-400058

YOGESH DASHARATH TIWARI

Digitally signed by YOGESH DASHARATH TIWARI
Date: 2025.11.05 16:07:47 +05'30'