BUY (Maintain)

CMP: **INR 5,452** Target Price: **INR 6,850 (INR 6,500)** ▲ 26%

ICICI Securities

ICICI Securities Limited is the author and distributor of this report

28 May 2026

India | Equity Research | Results Update

Alkem Laboratories

Pharma

Resilient growth in India; robust FY27 outlook

Alkem Laboratories (Alkem)'s Q4FY26 performance was decent. India branded grew 10% while reported growth of India business was lower at 8.9% due to restructuring of trade generics. Exports posted a strong showing (up 25.4% YoY) led by US, RoW and currency benefits. Outlook for FY27 is robust with double-digit revenue growth targeted in India and RoW; US may grow in single digits (USD terms). EBITDA margins may remain between 20–21% while the effective rate for FY27 is now expected to ~27–28%, lower than its 35–37% expectation earlier. The biosimilar business' outlook under Enzene and Medtech remains robust. Occultech acquisition may be completed in the next 45–60 days. We raise our FY27–28E EPS by 20–21% baking in better margins and lower tax rate. Retain **BUY**; raise TP to INR 6,850, basis 20x FY28E EV/EBITDA.

Decent quarter, higher overheads and taxes dent profit growth

Alkem's Q4 sales grew 14.6% YoY (-3.6% QoQ) to INR 36bn (I-Sec: INR 35.4bn) driven by growth across markets. Gross margins expanded 606bps YoY (-57bps QoQ) to 65.4%, likely due to favourable mix and currency. R&D spending rose 44.7% YoY (+65% QoQ) to INR 2.3bn (6.4% of sales vs. 5% in Q4FY25 and 3.7% in Q3FY26). EBITDA grew 32.2% YoY (-37.5% QoQ) to INR 5.2bn (I-Sec: INR 5bn). EBITDA margins expanded 191bps YoY (-780bps QoQ) to 14.4% (I-Sec: 14.2%). Benefit of better gross margins was offset by higher overheads (other expenses up 31.4% YoY). Adjusting for one-offs (INR 1.35bn) pertaining to impairment and provisions, PAT grew 3.6% YoY (-53.4% QoQ) to INR 3.2bn (I-Sec: INR 3.7bn) impacted by higher taxes (40% in Q4).

Broad-based growth across geographies

Alkem's domestic business grew at 8.9% YoY (-6.9% QoQ) to INR 23.2bn aided by outperformance in six therapies. Management anticipates growth momentum to continue ahead and aims for it to outpace IPM growth rate by 100–200bps in FY27. We factor India business CAGR at 9.4% over FY26–28E. US revenue grew a strong 26.2% YoY (+2% QoQ) to INR 7.5bn (including Enzene). It received 4 ANDA approvals and filed 5 ANDAs with the USFDA. We factor a 4.5% CAGR for its US business over FY26–28E led by new launches. Other international market sales grew 24.1% YoY (-1.8% QoQ) to INR 4.5bn driven by robust growth across all markets.

Financial Summary

Y/E March (INR mn)	FY25A	FY26A	FY27E	FY28E
Net Revenue	1,29,645	1,47,123	1,70,243	1,88,362
EBITDA	25,122	30,052	35,105	40,054
EBITDA Margin (%)	19.4	20.4	20.6	21.3
Net Profit	21,654	24,451	25,297	29,652
EPS (INR)	181.1	204.5	211.6	248.0
EPS % Chg YoY	13.7	12.9	3.5	17.2
P/E (x)	30.1	28.3	25.8	22.0
EV/EBITDA (x)	25.0	21.0	17.8	15.4
RoCE (%)	21.0	20.3	18.1	19.0
RoE (%)	19.4	19.0	17.4	18.3

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Market Data

Market Cap (INR)	652bn
Market Cap (USD)	6,801mn
Bloomberg Code	ALKEM IN
Reuters Code	ALKE BO
52-week Range (INR)	5,934 /4,716
Free Float (%)	49.0
ADTV-3M (mn) (USD)	6.6

Price Performance (%)	3m	6m	12m
Absolute	(3.3)	(4.1)	3.5
Relative to Sensex	3.3	7.4	10.5

ESG Score	2024	2025	Change
ESG score	**63.3**	**66.3**	**3.0**
Environment	57.8	65.2	7.4
Social	52.1	58.8	6.7
Governance	77.0	74.1	(2.9)

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY27E	FY28E
Revenue	1.6	1.5
EBITDA	5.8	5.9
EPS	19.5	20.9

Previous Reports

15-02-2026: Q3FY26 results review

14-11-2025: Q2FY26 results review

Valuation and risks

Alkem's branded business in India grew ahead of the broader pharma market growth in India. The company continues to win market share across key segments such as anti-infectives, VMN, pain, respiratory, anti-diabetic and dermatology therapies. Launch of GLP-1 products (launched disposable pen at lowest price point of INR 1,800), better traction in the chronic portfolio (22% of sales) and steady market share gain across acute therapies could help the company meet its goal of growing the India branded business 100–200bps faster than IPM. Restructuring of trade generics had slightly impacted the India business growth in FY26; near-term priority is to boost margins of this segment and in FY27 the portfolio should outpace FY26 growth levels of ~4%. International sales surged 25.4% YoY in Q4FY26 (22.5% in FY26) led by new launches and improved execution.

In US, it plans to launch Tolvaptan between Sep–Oct'26. Being a limited competition scenario (4 generics currently), we believe the product may add USD 20–25mn of revenues for Alkem in H2FY27. Launch of new products, including Tolvalptan in US, semaglutide in RoW markets, and separately, INR's depreciation benefit, could provide a 10% lift in Alkem's exports business over FY26–28E.

Alkem is on the verge of completion of acquisition of 51–55% stake in Switzerland-based medtech company Occlutech Holdings for a total equity valuation of EUR 180.7mn. Occlutech had sales of EUR 49mn, EBITDA of EUR 2.1mn and loss of EUR 6.85mn in CY25. Most of the large-ticket investments in the medtech segment are behind and the focus is on scaling up the acquired assets. Medtech segment is likely to have sales of INR 10bn (INR 6bn in CY26), with ~22% margins in next 5 years.

We expect Alkem to witness a revenue CAGR of 13.2% and margin expansion of ~80bps to 21.3% over FY26–28E. The stock trades at valuations of 25.8x FY27E and 22x FY28E earnings and EV/EBITDA multiple of 17.8x FY27E and 15.4x FY28E. Maintain **BUY** with a higher target price of INR 6,850 (earlier INR 6,500), based on 20x FY28E EV/EBITDA (unchanged).

Key downside risks: More products under price control; regulatory lapses in US-centric plants; and slowdown in trade generics.

Q4FY26 conference call highlights

India

- GLP-1 brands launched in Mar'26 are doing well for the company.
- Branded generics grew 10% in Q4FY26.
- As per IQVIA, acute segment of IQVIA grew by 8.5% vs. 6.8% of IPM while chronic segment grew 12.6% vs. 12.5% for IPM.
- Alkem has outperformed IPM in six therapies, including gastro-intestinal (~1.5x of market growth), VMN (~2.0x), pain (~1.6x), anti-diabetic (~1.2x), respiratory (~1.4x) and derma (~1.8x)
- New launches, including glp-1 products, and restructuring of India portfolio have helped it outperform market growth.
- Market growth in anti-infective is muted due to drag in oral liquids and injectables dosage forms.
- Alkem's anti-infective portfolio has grown in high single digits.
- Brands like A-Z are doing well. Management has also been able to revive growth in pain and analgesics portfolio.
- The company has added MRs in chronic segment in the last few years to strengthen the portfolio.
- Chronic accounts for 22% of India sales. Management targets 100bps improvement every year. With newer product launches the portfolio is expected to strengthen further.
- Branded biz in India is expected to grow 100-200bps faster than market, aided by traction in semaglutide generics.
- Trade generics grew at a slower pace of 4.3% in FY26 due to transition of internal restructuring.
- In trade generic, management's focus is on enhancing margins and is not chasing revenue growth at expense of margins.
- Growth in trade generics in FY27 will be better than FY26.
- Profitability in trade generics is inching towards company level margins.
- It has 14,500 MRs in the India biz.
- Attrition currently at 18-19%, has gone down in last few years and lower than industry average.
- Clinical trial for oral semaglutide tablets is ongoing, will launch post regulatory approval.

US

- It would file semaglutide in US markets in next 1-1.5 years.
- High single-digit growth targeted in US in constant currency in FY27.
- H2FY27 onwards growth in US will likely pick up on the back of new product launches.
- Tolvapton would be launched in Sep-Oct'26, continues to be a limited competition product.

RoW

- It will launch generic semaglutide in few RoW markets in next few quarters.
- Targets high-teen growth in RoW markets in FY27.

Enzene biosciences

- The company may out-license a few biosimilar assets in FY27.
- Denosumab will likely be marketed in Europe through a partner. Launch is targeted in Q1CY28.
- Enzene India is operating at early-teen EBITDA margins. US operations would take some time to break even.
- CDMO biz for Enzene recorded revenue of INR 1bn in FY26 (part of US sales).

Medtech

- Occlutech is one of the biggest M&A done by the company in the last few years. Management may not evaluate further M&A for the next 1 year.
- Medtech is less than 1% of revenue currently.
- Occlutech deal will likely be completed in the next 45-60 days.

Q4 financials

- R&D spend was higher in Q4 but in-line with full-year estimates.
- Logistic cost, API and packaging material cost have gone up due to geopolitical issues.
- Alkem has adequate inventory built-up to mitigate any risk of shortages.
- 80% of forex exposure is hedged.
- Management is watchful (weekly basis) on prices of API and packaging materials due to ongoing war.
- Rise in other expenses owing to M&A due diligences and INR depreciation impact on overseas cost.
- 25-30% dividend payout in FY26. Management may maintain absolute dividend amount next year, due to which its payout percentage may rise.

Guidance

- Management would continue to execute on the strategy laid out 2 years ago.
- The company has moved to new tax regime from Apr'26, due to which effective tax rate for FY27 will likely be 27-29% (earlier guidance of 35-27%).
- EBITDA margins to be maintained between 20-21% in FY27. More clarity on sustainability of margin profile to emerge from Q3FY27.
- R&D will likely be between 4-5% in FY27.
- Other expenses may rise by 7-8% in FY27.
- Looking for a new CEO, replacement may take some time.
- New CEO would look at main pharma business; other businesses (Medtech and Enzene) will likely be managed by promoters.

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Exhibit 1: Quarterly review (INR mn)

YE 31 March	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	FY26	FY25	YoY (%)
Sales	36,033	31,438	14.6	37,368	(3.6)	1,47,123	1,29,645	13.5
Gross Profit	23,555	18,645	26.3	24,641	(4.4)	96,195	82,003	17.3
Gross Margin	65.4	59.3	606bps	65.9	-57bps	65.4	63.3	213bps
R&D exp	2,293	1,585	44.7	1,390	65.0	6,173	5,620	9.8
R&D exp (%)	6.4	5.0	132bps	3.7	264bps	4.2	4.3	-14bps
EBITDA	5,174	3,913	32.2	8,280	(37.5)	30,052	25,122	19.6
EBITDA margin (%)	14.4	12.4	191bps	22.2	-780bps	20.4	19.4	105bps
Other income	2,001	1,460	37.1	1,431	39.8	5,834	4,937	18.2
Finance expenses	539	284	89.6	421	28.0	1,608	1,217	32.1
Depreciation	1,058	1,125	(6.0)	950	11.3	3,821	3,572	7.0
Extraordinary items	(1,350)	-	-	(528)	-	(1,748)	-	-
PBT	4,229	3,963	6.7	7,812	(45.9)	28,709	25,270	13.6
Tax	1,712	733	133.4	1,277	34.1	5,178	3,110	66.5
Effective tax rate (%)	40.5	18.5	2198bps	16.3	2414bps	18.0	12.3	573bps
Reported PAT	2,365	3,059	(22.7)	6,360	(62.8)	23,018	21,654	6.3
Adjusted PAT	3,168	3,059	3.6	6,802	(53.4)	24,451	21,654	12.9
NPM (%)	8.8	9.7	-94bps	18.2	-941bps	16.6	16.7	-8bps

Source: Company data, I-Sec research

Exhibit 2: Business mix

INR mn	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	FY26	FY25	YoY (%)
Domestic	**23,245**	**21,355**	**8.9**	**24,959**	**(6.9)**	**98,514**	**89,837**	**9.7**
% of sales	65.5	68.7		67.2		67.8	70.2	
Exports	**12,224**	**9,747**	**25.4**	**12,157**	**0.6**	**46,809**	**38,210**	**22.5**
% of sales	34.5	31.3		32.8		32.2	29.8	
US	7,681	6,086	26.2	7,533	2.0	29,845	24,818	**20.3**
% of exports	62.8	62.4		62.0		63.8	65.0	
Other International markets	4,543	3,661	*24.1*	4,624	*(1.8)*	16,964	13,392	**26.7**
% of exports	37.2	37.6		38.0		36.2	35.0	
Total	**35,469**	**31,102**	**14.0**	**37,116**	**(4.4)**	**1,45,323**	**1,28,047**	**13.5**

Source: I-Sec research, Company data

Exhibit 3: Key growth drivers of domestic business in Q4FY26

Brands (INR mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	MAT Mar'26	MAT Mar'25	YoY (%)
Pan	2,034	1,677	21.3	1,930	5.4	7,858	6,932	13.4
Clavam	1,717	1,519	13.0	1,888	-9.1	6,869	6,114	12.3
Pan-D	1,526	1,431	6.6	1,535	-0.6	6,310	6,138	2.8
Taxim-O	743	752	-1.2	871	-14.7	3,389	3,397	-0.2
A To Z Ns	657	664	-1.0	858	-23.4	3,358	3,126	7.4
Uprise-D3	690	595	16.1	793	-13.0	2,978	2,397	24.2
Pipzo	593	558	6.3	702	-15.5	2,573	2,345	9.7
Xone	522	530	-1.5	659	-20.8	2,501	2,602	-3.9
Sumo-L	445	354	25.8	535	-16.8	2,059	1,699	21.2
Gemcal	464	411	12.9	489	-5.2	1,895	1,792	5.8

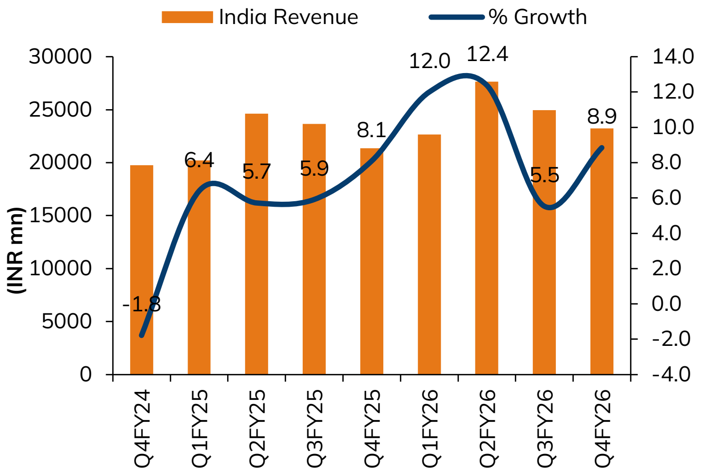
Source: IQVIA

Exhibit 4: Growth profile of key therapies in India

Therapies (INR mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	MAT Mar'26	MAT Mar'25	YoY (%)
Anti-Infectives	7,285	7,106	2.5	8,531	-14.6	32,084	30,906	3.8
Gastro Intestinal	4,887	4,322	13.1	4,830	1.2	19,849	18,374	8.0
Vitamins/Minerals/Nutrients	2,924	2,432	20.2	3,252	-10.1	12,661	10,701	18.3
Pain / Analgesics	2,554	2,191	16.6	2,761	-7.5	10,663	9,690	10.0
Anti Diabetic	1,282	1,057	21.3	1,305	-1.8	4,984	4,348	14.6
Neuro / CNS	942	883	6.7	996	-5.5	3,871	3,600	7.5
Gynaec.	804	749	7.3	928	-13.3	3,783	3,592	5.3
Respiratory	876	777	12.8	1,007	-13.0	3,338	2,889	15.5
Derma	811	691	17.4	855	-5.2	3,207	2,905	10.4
Cardiac	619	525	17.9	622	-0.5	2,378	2,127	11.8

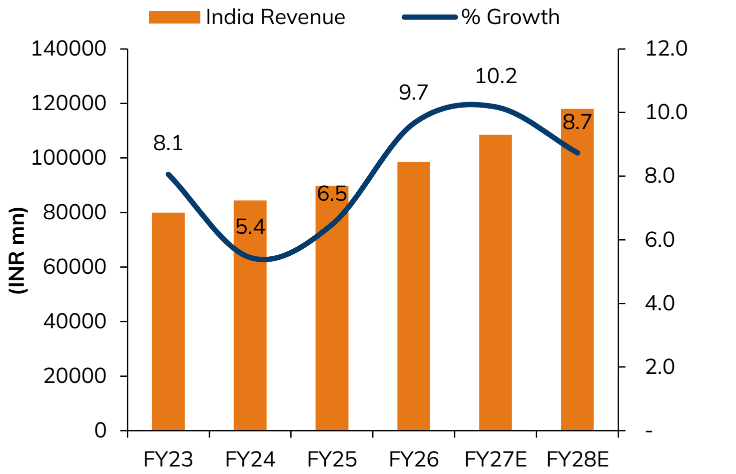
Source: IQVIA

Exhibit 5: India biz growth bounced back to 8.9% YoY



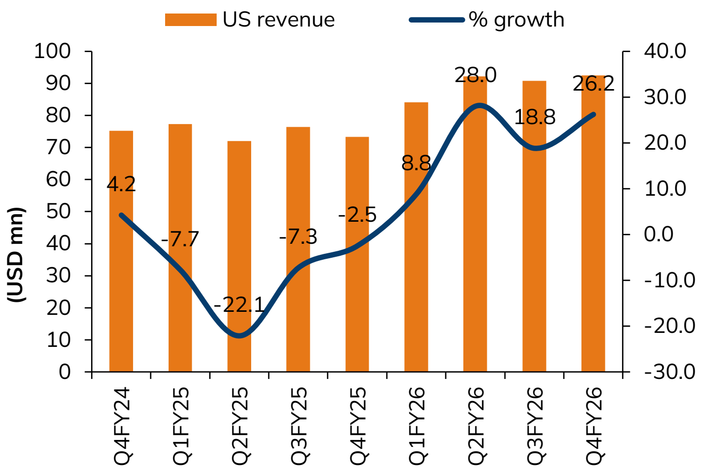
Source: I-Sec research, Company data

Exhibit 6: New launches to boost growth in India



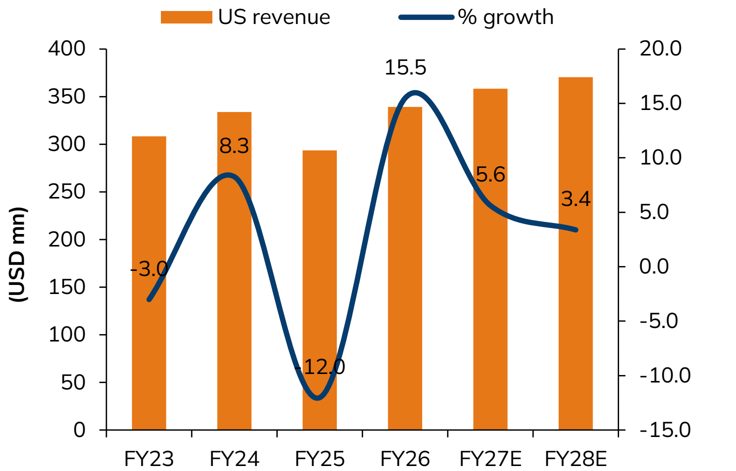
Source: I-Sec research, Company data

Exhibit 7: US revenue growth led by new launches and better volumes for base biz



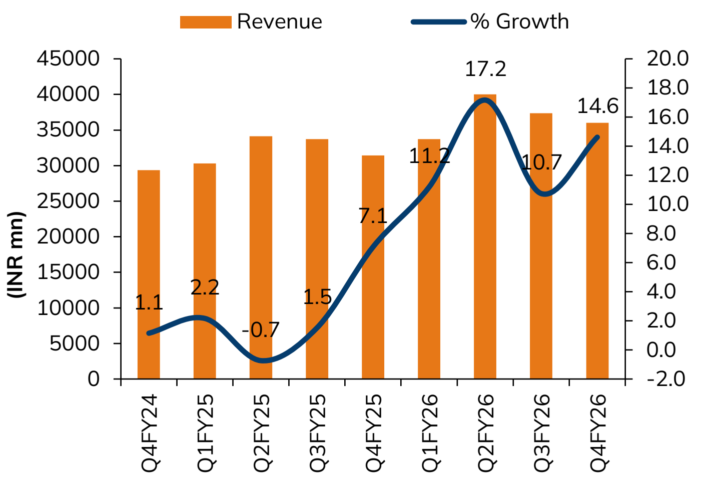
Source: I-Sec research, Company data

Exhibit 8: Better volumes and launches to improve US revenue run rate



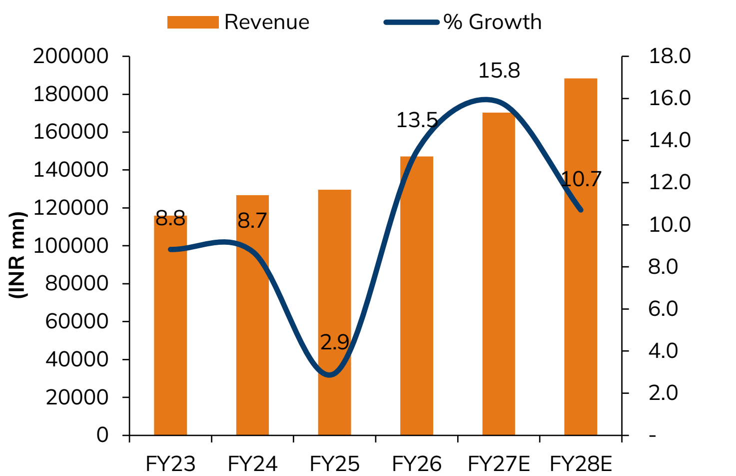
Source: I-Sec research, Company data

Exhibit 9: Revenue growth aided by traction across markets



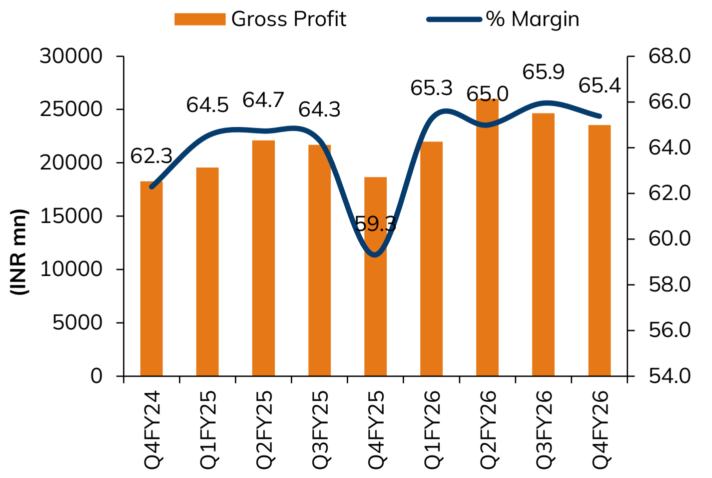
Source: I-Sec research, Company data

Exhibit 10: Revenue to register 13.2% CAGR over FY26-28E



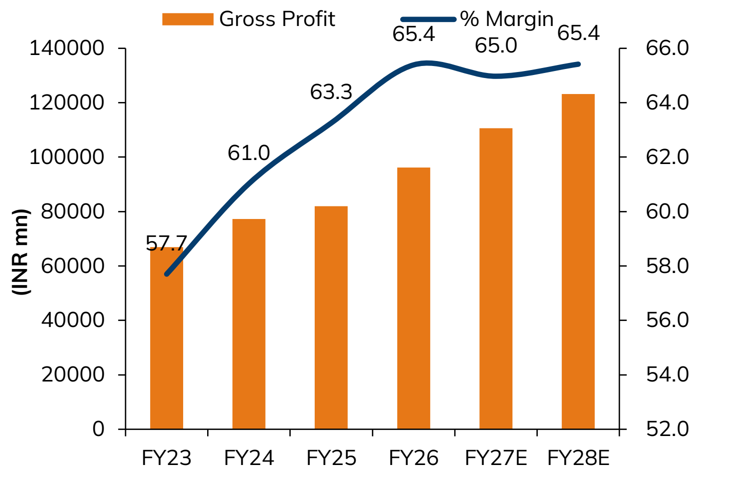
Source: I-Sec research, Company data

Exhibit 11: Gross margin expanded due to favourable mix and currency benefit



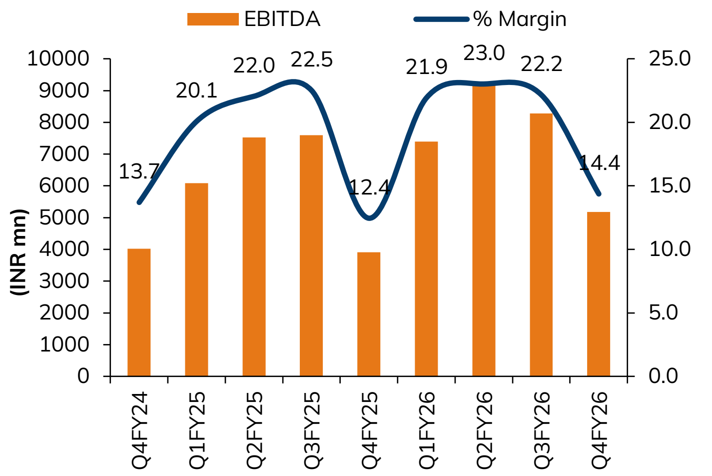
Source: I-Sec research, Company data

Exhibit 12: Gross margin is likely to remain stable at ~65% going ahead



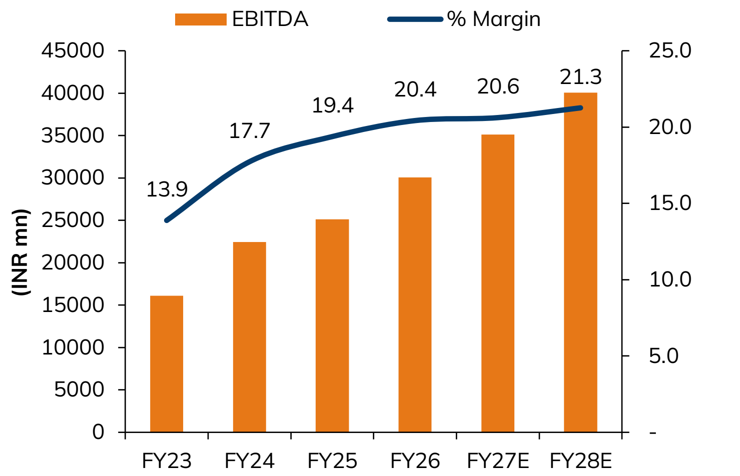
Source: I-Sec research, Company data

Exhibit 13: Higher R&D and overhead costs restricted YoY expansion in EBITDA margin



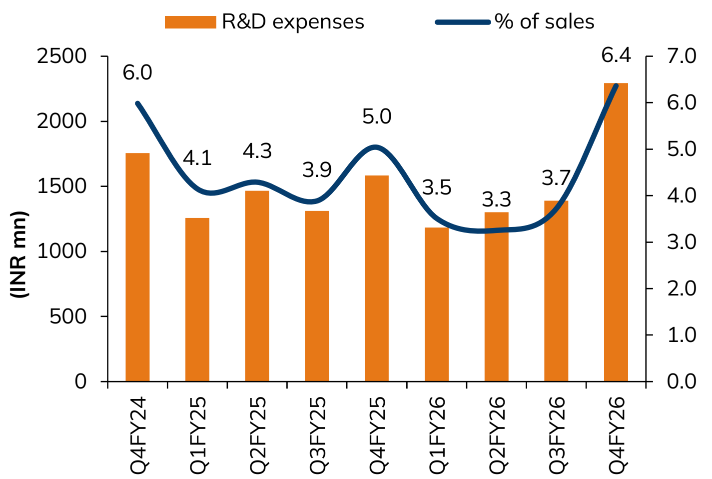
Source: I-Sec research, Company data

Exhibit 14: Expect ~80bps expansion in EBITDA margin over FY26-28E



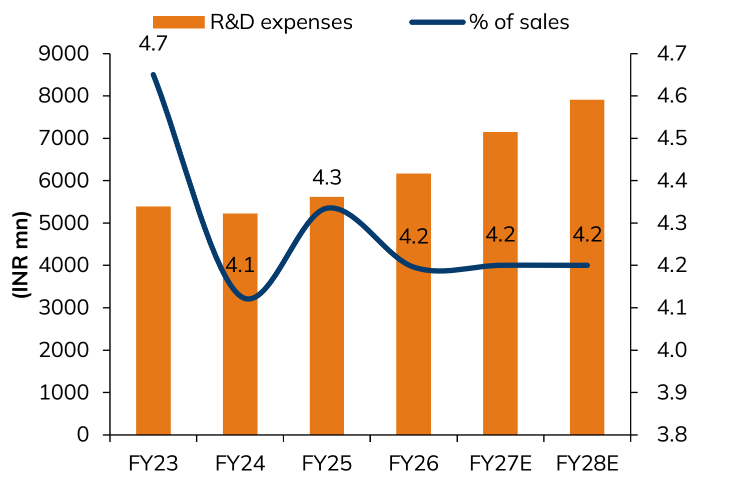
Source: I-Sec research, Company data

Exhibit 15: R&D spending rose 44.7% YoY



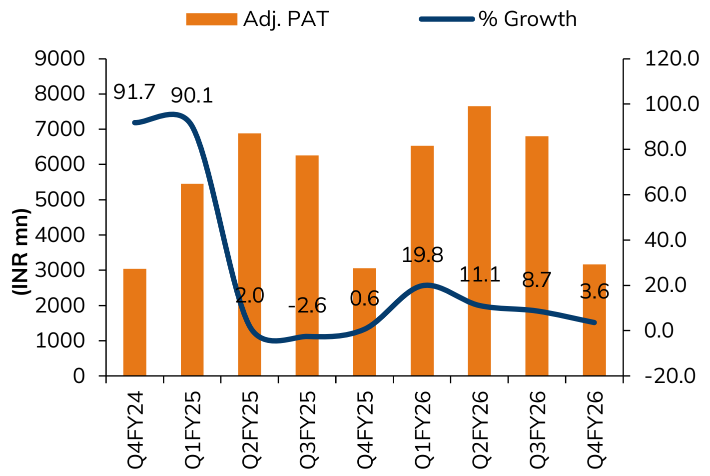
Source: I-Sec research, Company data

Exhibit 16: R&D spending to be ~4% of sales ahead



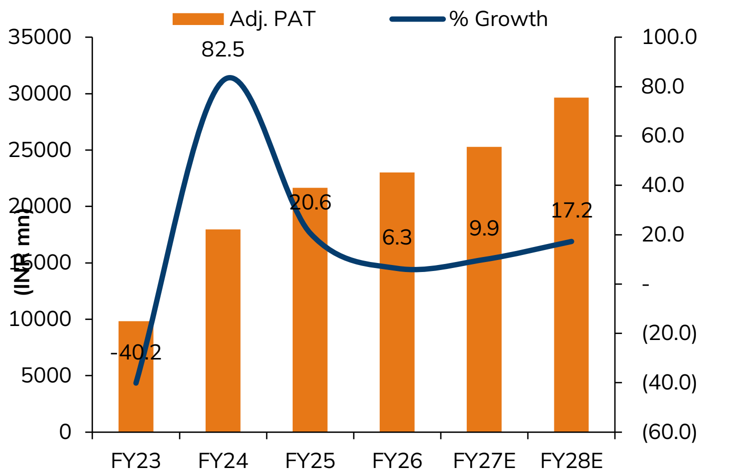
Source: I-Sec research, Company data

Exhibit 17: Higher taxes restrict adj. PAT growth to 3.6% YoY



Source: I-Sec research, Company data

Exhibit 18: Adj. PAT to register CAGR of 13.5% over FY26-28E



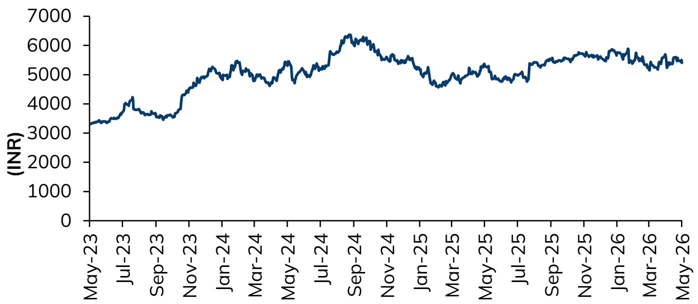
Source: I-Sec research, Company data

Exhibit 19: Shareholding pattern

%	Sep'25	Dec'25	Mar'26
Promoters	51.2	51.2	51.2
Institutional investors	30.4	31.5	31.5
MFs and others	16.9	16.1	15.6
FIs/Banks	0.3	0.3	0.3
Insurance	3.6	5.1	5.5
FIIs	9.5	10.0	10.2
Others	18.4	17.3	17.3

Source: Bloomberg

Exhibit 20: Price chart



Source: Bloomberg

Financial Summary

Exhibit 21: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Net Sales	**1,29,645**	**1,47,123**	**1,70,243**	**1,88,362**
Operating Expenses	1,04,524	1,17,071	1,35,138	1,48,308
EBITDA	**25,122**	**30,052**	**35,105**	**40,054**
EBITDA Margin (%)	19.4	20.4	20.6	21.3
Depreciation & Amortization	3,572	3,821	4,164	4,522
EBIT	21,550	26,232	30,941	35,532
Interest expenditure	1,217	1,608	1,608	1,608
Other Non-operating Income	4,937	5,834	6,341	7,605
Recurring PBT	**25,270**	**30,457**	**35,675**	**41,530**
Profit / (Loss) from Associates	**(6)**	**(20)**	**-**	**-**
Less: Taxes	3,110	5,178	9,811	11,213
PAT	22,160	25,280	25,864	30,317
Less: Minority Interest	499	494	567	665
Extraordinaries (Net)	-	(1,748)	-	-
Net Income (Reported)	**21,654**	**23,018**	**25,297**	**29,652**
Net Income (Adjusted)	**21,654**	**24,451**	**25,297**	**29,652**

Source Company data, I-Sec research

Exhibit 22: Balance sheet

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Total Current Assets	1,00,436	1,14,732	1,38,747	1,56,425
of which cash & cash eqv.	15,631	17,329	25,388	33,687
Total Current Liabilities & Provisions	32,131	36,517	49,252	52,450
Net Current Assets	**68,305**	**78,216**	**89,495**	**1,03,975**
Investments	18,131	18,340	18,340	18,340
Net Fixed Assets	20,639	26,950	31,658	34,343
ROU Assets	-	-	-	-
Capital Work-in-Progress	5,481	2,818	2,818	2,818
Total Intangible Assets	7,884	11,761	9,889	9,682
Other assets	6,958	15,936	18,260	20,081
Deferred Tax Assets	17,383	18,194	18,194	18,194
Total Assets	**1,44,780**	**1,72,213**	**1,88,653**	**2,07,432**
Liabilities				
Borrowings	**10,628**	**16,235**	**16,235**	**16,235**
Deferred Tax Liability	**-**	**151**	**151**	**151**
provisions	3,382	4,312	4,312	4,312
other Liabilities	6,434	8,026	9,287	10,275
Equity Share Capital	239	239	239	239
Reserves & Surplus	1,19,610	1,37,962	1,53,140	1,70,931
Total Net Worth	**1,19,849**	**1,38,201**	**1,53,379**	**1,71,170**
Minority Interest	4,488	5,288	5,288	5,288
Total Liabilities	**1,44,780**	**1,72,213**	**1,88,653**	**2,07,432**

Source Company data, I-Sec research

Exhibit 23: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Operating Cashflow	**23,584**	**8,200**	**21,011**	**21,827**
Working Capital Changes	(3,698)	14,645	4,283	7,014
Capital Commitments	(7,262)	(11,345)	(7,000)	(7,000)
Free Cashflow	**16,322**	**(3,145)**	**14,011**	**14,827**
Other investing cashflow	**(13,617)**	**-**	**-**	**-**
Cashflow from Investing Activities	(20,879)	(11,345)	(7,000)	(7,000)
Issue of Share Capital	-	-	-	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	(1,512)	5,607	-	-
Dividend paid	6,496	6,905	10,119	11,861
Others	(7,846)	(6,679)	(16,071)	(18,389)
Cash flow from Financing Activities	(2,861)	5,833	(5,952)	(6,528)
Chg. in Cash & Bank balance	**(157)**	**2,689**	**8,059**	**8,299**
Closing cash & balance	15,637	18,320	25,388	33,687

Source Company data, I-Sec research

Exhibit 24: Key ratios

(Year ending March)

	FY25A	FY26A	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	181.1	192.5	211.6	248.0
Adjusted EPS (Diluted)	181.1	204.5	211.6	248.0
Cash EPS	211.0	236.5	246.4	285.9
Dividend per share (DPS)	54.3	57.8	84.6	99.2
Book Value per share (BV)	1,002.5	1,156.0	1,283.0	1,431.8
Dividend Payout (%)	30.0	30.0	40.0	40.0
Growth (%)				
Net Sales	2.3	13.5	15.7	10.6
EBITDA	11.9	19.6	16.8	14.1
EPS (INR)	13.7	12.9	3.5	17.2
Valuation Ratios (x)				
P/E	30.1	28.3	25.8	22.0
P/CEPS	25.8	23.1	22.1	19.1
P/BV	5.4	4.7	4.2	3.8
EV / EBITDA	25.0	21.0	17.8	15.4
P / Sales	5.0	4.4	3.8	3.5
Dividend Yield (%)	0.0	0.0	0.0	0.0
Operating Ratios				
Gross Profit Margins (%)	63.3	65.4	65.0	65.4
EBITDA Margins (%)	19.4	20.4	20.6	21.3
Effective Tax Rate (%)	12.3	16.1	27.5	27.0
Net Profit Margins (%)	16.7	16.6	14.9	15.7
NWC / Total Assets (%)	-	-	-	-
Net Debt / Equity (x)	(0.2)	(0.1)	(0.2)	(0.2)
Net Debt / EBITDA (x)	(0.9)	(0.6)	(0.8)	(0.9)
Profitability Ratios				
RoCE (%)	21.0	20.3	18.1	19.0
RoE (%)	19.4	19.0	17.4	18.3
RoIC (%)	20.5	19.4	17.9	19.6
Fixed Asset Turnover (x)	6.1	6.2	5.8	5.7
Inventory Turnover Days	83	88	94	92
Receivables Days	70	79	84	83
Payables Days	52	59	77	72

Source Company data, I-Sec research

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