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BUY
TP: Rs 1,078 | ⮝ 33%

ALEMBIC PHARMA | Pharmaceuticals | 04 August 2026

Operational leverage to sustain in the core business

- **Core business EBITDA margin increased to the high teens from the mid-teens in FY26. We expect FY28 consolidated EBITDA M to be 18%**
- **FY27 US sales guidance increased to the high teens, ROW sales guided at mid-teens; domestic sales guided for in-line IPM growth**
- **We continue to ascribe 21x and roll forward to Jun'28 EPS of Rs 51.4 to arrive at a PT of Rs 1078 (earlier PT 1013), Maintain BUY**

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Earnings above estimates – ALPM's sales grew by 25.7% YoY to Rs 21.5bn, driven by 7% YoY growth in domestic sales, 48.8% YoY growth in US sales and 16.8% YoY growth in the ROW region. Healthy product mix was offset by 52.2% YoY growth in RM cost to Rs 6.2bn, leading to 17.4% YoY growth in gross profit to Rs 15.3bn. Gross margin increased 503 bps YoY to 71.2%. Subsequently, EBITDA grew by 17.9% YoY to Rs 3.3bn. During the quarter, the company witnessed an increase in margins in the base business, which was offset by marketing spend towards branded products; thus, EBITDA margin declined by 101 bps to 15.4%. Subsequently, PAT grew by 11.6% YoY to Rs 1.7bn

India sales picking up – In 1QFY27, sales grew by 7.2% to Rs 6.4bn, primarily driven by 24% YoY growth in the animal health segment (22% domestic contribution), followed by 5% growth in the specialty segment (57% domestic contribution), which was offset by a 2% decline in the acute segment (21% domestic contribution). Overall sales growth was driven by management restructuring, field force expansion, increased capacity utilization and a normalized base in the acute segment. Thus, we expect this segment to grow at a CAGR of 7% over FY27-29E.

US sales growth driven by new launches – In 1QFY27, sales grew by 49% YoY to Rs 7.78bn, primarily driven by: 1) volume growth, 2) 180-day FTF exclusivity from Bosutinib (exclusivity till Nov'26), 3) 7 new launches in Q1FY27 and 6 new launches from 4QFY26 (15 new launches in FY27E), and 4) a positive currency impact of 10%. Excluding Bosutinib, US sales grew by 20%; excluding the currency benefit, US sales grew by 38% in cc terms. This was offset by soft launches of branded products like Pivya and 2 more branded products, which are expected to scale up with field force expansion and marketing spend (CMO products). We expect this segment to grow at a CAGR of 17% from FY27-29E.

Valuation - At CMP, on a rolling-forward basis, the stock trades at a PE of 15.8x on Jun'28 EPS of Rs 51.4. We continue to ascribe a PE of 21x, in line with the historic mean, to arrive at a PT of Rs 1,078 per share (earlier PT of Rs 1,013), implying a 33% upside; we maintain our BUY rating.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	ALPM IN/Rs 809
Market cap	US$ 1.7bn
Free float	31%
3M ADV	US$ 1.3mn
52wk high/low	Rs 1,002/Rs 636
Promoter/FPI/DII	70%/5%/13%

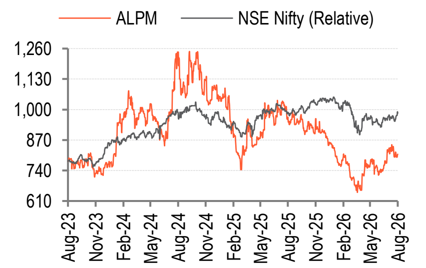
Source: NSE | Price as of 4 Aug 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	73,449	83,036	94,293
EBITDA (Rs mn)	11,185	12,914	17,111
Adj. net profit (Rs mn)	7,378	6,736	9,644
Adj. EPS (Rs)	37.5	34.3	49.1
Consensus EPS (Rs)	34.1	37.6	46.8
Adj. ROAE (%)	14.2	12.0	15.5
Adj. P/E (x)	21.6	23.6	16.5
EV/EBITDA (x)	13.2	11.3	8.5
Adj. EPS growth (%)	29.6	(8.7)	43.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Domestic segment break up

(Rs mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Acute	1,348	1,378	(2)	1,477	(9)
Contribution (%)	21	23		26	
Specialty	3,659	3,474	5	2,954	24
Contribution (%)	57	58		52	
Animal Health	1,412	1,138	24	1,250	13
Contribution (%)	22	19		22	
Total	6,420	5,990		5,680	

Source: Company, BOBCAPS Research

ROW region maintains its healthy growth trajectory – In 1QFY27, the ROW region grew by 16.8% YoY to Rs 3.8bn. The growth was driven by key active partnerships in Europe, Canada, Australia, Brazil, Chile and South Africa. ALPM's ROW business is a B2B business with a size of USD 40 mn in cc terms. We expect this segment to grow at a CAGR of 15% over FY27-29E to Rs 22.72bn in FY29E

Core business EBITDA Margin expanded to high teens – In 1QFY27, the core business base margin increased to the high teens from 15.2% in FY26, due to new launches and field force productivity. The high-teens margin was offset by marketing spend on the branded business. Going forward, the management expects 150 bps of operational deleverage from the branded business in FY27E. Thus, we expect EBITDA margin to be at 15.6% in FY27E, however, 18.1% in FY28E and 18.6% in FY29E

Quarterly Highlights

Fig 2 – Financial highlights

(Rs mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Q1FY27E	Var (%)
Net Sales	21,498	17,107	25.7	18,477	16.3	17,758	21.1
Total Expenses	18,180	14,294	27.2	16,198	12.2	15,414	17.9
(%) of net sales	85	84		88		87	
Raw material consumed	6,202	4,074	52.2	5,322	16.5	4,972	24.7
(%) of net sales	29	24		29		28	
Gross Profit	15,296	13,033	17.4	13,156	16.3	12,786	19.6
Staff cost	4,739	4,228	12.1	4,389	8.0	4,439	6.8
(%) of net sales	22	25		24		25	
R&D cost	1,860	1,450	28.3	2,090	(11.0)	1,776	4.7
(%) of net sales	9	8		11		10	
SG&A ex of R&D	5,379	4,542	18.4	4,397	22.3	4,226	27.3
(%) of net sales	25	27		24		24	
EBITDA	3,318	2,814	17.9	2,279	45.6	2,344	41.5
Depreciation	977	738	32.5	886	10.3	906	7.9
EBIT	2,341	2,076	12.8	1,393	68.0	1,438	62.7
Interest	276	235	17.4	226	22.4	213	112.3
Other Income	149	65	129.7	255	(41.5)	200	23.6
PBT	2,214	1,906	16.2	1,423	55.6	1,425	55.3
Less: Taxation	495	365		(829)		285	
Recurring PAT	1,719	1,541	11.6	2,252	(23.7)	1,140	50.7
Less: Minority Interest	(11)	(3)		(23)		(23)	
Exceptional items	0	0		(248)		0	
PAT attributable to shareholders	1,730	1,544	12.0	2,027	(14.7)	1,163	48.7
Key Ratios (%)			**(bps)**		**(bps)**		**(bps)**
Gross Margin	71.2	76.2	(503.3)	71.2	(4.8)	72.0	(84.8)
EBITDA Margin	15.4	16.4	(101.3)	12.3	309.8	13.2	223.3
Tax / PBT	22.4	19.1	321.6	(58.3)	8,063.6	20.0	236.0
NPM	8.0	9.0	(101.1)	12.2	(419.2)	6.4	157.4
EPS	8.8	7.8	12.3	11.6	(24.0)	5.9	48.7

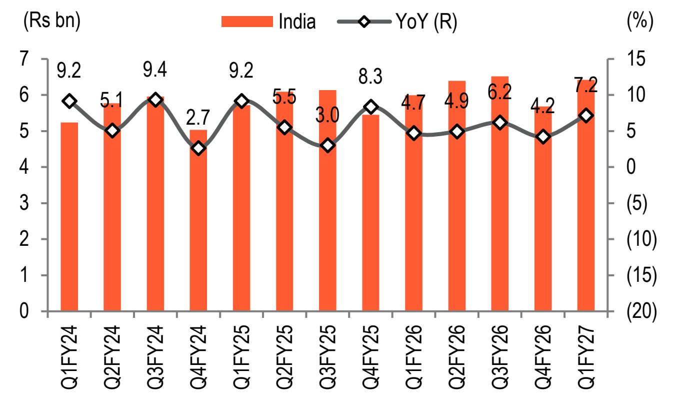
Source: Company, BOBCAPS Research

Fig 3 – Segmental mix

(Rs mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Q1FY27E
Formulations	18,030	14,500	24.3	15,010	20.1	15,099
India	6,420	5,990	7.2	5,680	13.0	6,230
US	7,780	5,230	48.8	5,640	37.9	5,753
ROW	3,830	3,280	16.8	3,690	3.8	3,116
API	3,460	2,607	32.7	3,470	(0.3)	2,659
Net Sales	21,490	17,107	25.6	18,480	16.3	17,758

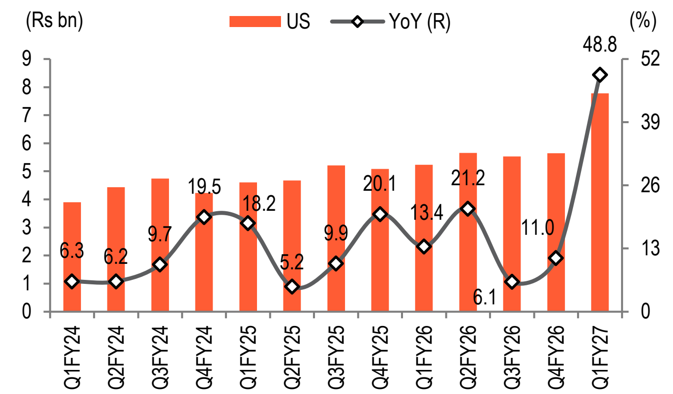
Source: Company, BOBCAPS Research

Fig 4 – Domestic sales grew due to management restructuring



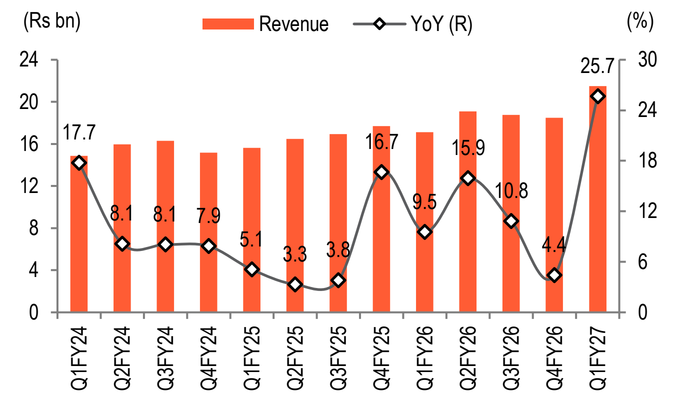
Source: Company, BOBCAPS Research

Fig 5 – US sales growth driven by volume growth and new launches



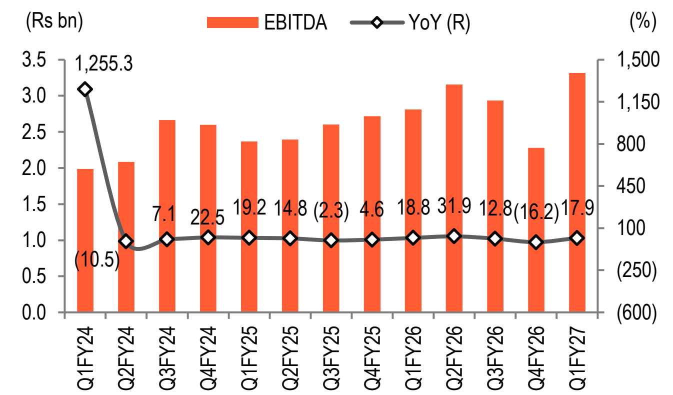
Source: Company, BOBCAPS Research

Fig 6 – Sales driven by healthy product mix



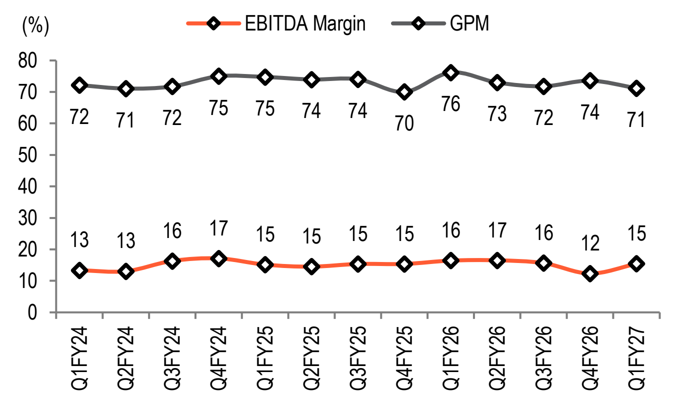
Source: Company, BOBCAPS Research

Fig 7 – Healthy product mix led to higher EBITDA



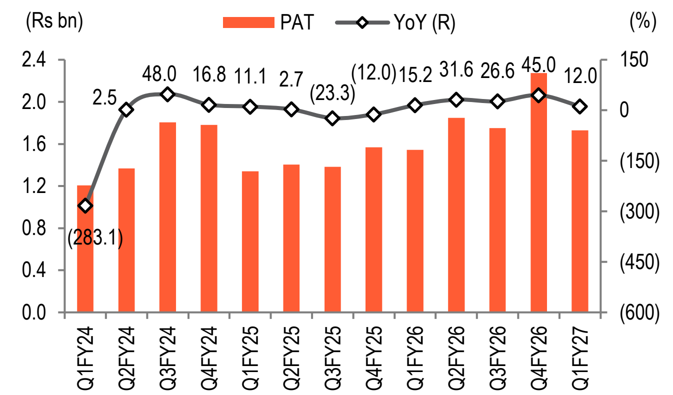
Source: Company, BOBCAPS Research

Fig 8 – Margin impacted by marketing spend towards US branded business



Source: BOBCAPS Research, Company

Fig 9 – Healthy operations led to healthy PAT



Source: BOBCAPS Research, Company

Valuation methodology

Earnings were above estimates on all fronts. ALPM's core business EBITDA margin increased to the high teens, which is likely to be offset by higher marketing spend on the branded business. However, the branded specialty business is expected to contribute to profitability in FY28E. Also, we have increased our tax rate due to exhaustion of the lower tax rate benefit. Thus, our EPS grows by -11%/2%/-5% to Rs 34.3 in FY27E, Rs 49.1 in FY28E and Rs 58.3 in FY29E. We arrive at a Sales/EBITDA/PAT CAGR of 13%/23%/30% over FY27-29E.

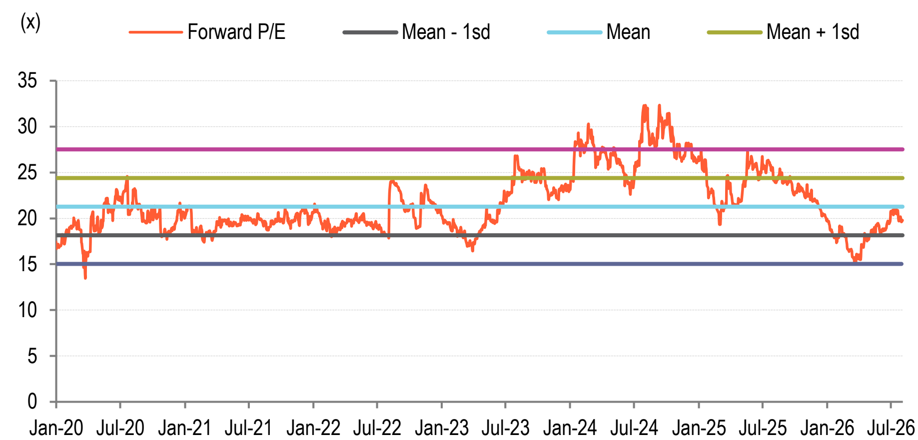
At CMP, on a rolling-forward basis, the stock trades at a PE of 15.8x on Jun'28 EPS of Rs 51.4. We continue to ascribe a PE of 21x, in line with the historic mean, to arrive at a PT of Rs 1,078 per share (earlier PT of Rs 1,013), implying a 33% upside; we maintain our BUY rating.

Fig 10 – Change in estimates

	New			Old			Change (%)		
(Rs mn)	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	83,036	94,293	105,711	81908	91437	102183	1	3	3
EBITDA	12,914	17,111	19,618	13270	15852	19178	(3)	8	2
EBITDA M (%)	15.6	18.1	18.6	16.2	17.3	18.8	(64.9)	81.0	(21.1)
EPS	34.3	49.1	58.3	38.5	48.3	61.6	(11)	2	(5)

Source: Company, BOBCAPS Research

Fig 11 – 1 year forward PE chart



Source: Bloomberg

Key Risk

- Unable to grow domestic business in line with the IPM
- Unable to scale volume and profitability in the US branded business
- Price erosion in the base business

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Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**66,721**	**73,449**	**83,036**	**94,293**	**105,711**
EBITDA	10,082	11,185	12,914	17,111	19,618
Depreciation	2,786	3,186	3,471	3,944	4,169
EBIT	7,297	7,999	9,443	13,168	15,449
Net interest inc./(exp.)	(788)	(936)	(1,061)	(1,009)	(980)
Other inc./(exp.)	426	544	600	700	800
Exceptional items	0	0	0	0	0
EBT	6,934	7,607	8,982	12,859	15,269
Income taxes	1,252	231	2,245	3,215	3,817
Extraordinary items	129	(670)	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**5,820**	**6,708**	**6,736**	**9,644**	**11,452**
Adjustments	129	(670)	0	0	0
Adjusted net profit	**5,691**	**7,378**	**6,736**	**9,644**	**11,452**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	8,799	8,351	9,327	10,333	11,585
Other current liabilities	2,358	5,645	3,321	2,829	2,114
Provisions	2,102	2,641	2,986	3,391	3,801
Debt funds	12,575	14,299	16,015	12,812	8,969
Other liabilities	0	0	0	0	0
Equity capital	393	393	393	393	393
Reserves & surplus	49,842	53,601	58,175	65,657	74,947
Shareholders' fund	50,235	53,994	58,568	66,050	75,340
Total liab. and equities	**76,069**	**84,930**	**90,218**	**95,415**	**101,809**
Cash and cash eq.	901	2,027	1,610	1,460	851
Accounts receivables	13,998	14,663	16,380	18,342	20,273
Inventories	22,881	25,106	27,754	31,000	34,175
Other current assets	3,409	4,084	5,896	6,978	10,043
Investments	1,272	1,409	1,409	1,409	1,409
Net fixed assets	25,235	28,436	27,965	27,022	25,853
CWIP	8,372	6,337	6,337	6,337	6,337
Intangible assets	0	2,868	2,868	2,868	2,868
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	**76,069**	**84,930**	**90,218**	**95,415**	**101,809**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**1,075**	**10,643**	**4,090**	**9,225**	**9,376**
Capital expenditures	(5,636)	(4,320)	(3,000)	(3,000)	(3,000)
Change in investments	(342)	(137)	0	0	0
Other investing cash flows	0	0	0	0	0
Cash flow from investing	**(5,978)**	**(4,456)**	**(3,000)**	**(3,000)**	**(3,000)**
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	7,443	1,724	1,716	(3,203)	(3,844)
Interest expenses	(788)	(936)	(1,061)	(1,009)	(980)
Dividends paid	(2,162)	(2,162)	(2,162)	(2,162)	(2,162)
Other financing cash flows	45	(3,686)	0	0	0
Cash flow from financing	**4,539**	**(5,060)**	**(1,507)**	**(6,374)**	**(6,986)**
Chg in cash & cash eq.	**(365)**	**1,126**	**(417)**	**(150)**	**(609)**
Closing cash & cash eq.	**901**	**2,027**	**1,610**	**1,460**	**851**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	29.6	34.1	34.3	49.1	58.3
Adjusted EPS	29.0	37.5	34.3	49.1	58.3
Dividend per share	11.0	11.0	11.0	11.0	11.0
Book value per share	255.6	274.7	298.0	336.0	383.3

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	2.3	2.0	1.8	1.6	1.4
EV/EBITDA	15.0	13.2	11.3	8.5	7.6
Adjusted P/E	28.0	21.6	23.6	16.5	13.9
P/BV	3.2	2.9	2.7	2.4	2.1

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	82.1	97.0	75.0	75.0	75.0
Interest burden (PBT/EBIT)	95.0	95.1	95.1	97.7	98.8
EBIT margin (EBIT/Revenue)	10.9	10.9	11.4	14.0	14.6
Asset turnover (Rev./Avg TA)	29.2	28.0	29.1	30.7	32.4
Leverage (Avg TA/Avg Equity)	1.2	1.3	1.3	1.2	1.2
Adjusted ROAE	11.8	14.2	12.0	15.5	16.2

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	7.1	10.1	13.1	13.6	12.1
EBITDA	8.0	10.9	15.5	32.5	14.6
Adjusted EPS	(7.6)	29.6	(8.7)	43.2	18.7
Profitability & Return ratios (%)					
EBITDA margin	15.1	15.2	15.6	18.1	18.6
EBIT margin	10.9	10.9	11.4	14.0	14.6
Adjusted profit margin	8.5	10.0	8.1	10.2	10.8
Adjusted ROAE	11.8	14.2	12.0	15.5	16.2
ROCE	13.5	13.0	14.1	18.1	19.9
Working capital days (days)					
Receivables	77	73	72	71	70
Inventory	125	125	122	120	118
Payables	48	41	41	40	40
Ratios (x)					
Gross asset turnover	1.5	1.5	1.6	1.7	1.9
Current ratio	3.1	2.8	3.3	3.5	3.7
Net interest coverage ratio	9.3	8.5	8.9	13.1	15.8
Adjusted debt/equity	0.2	0.2	0.2	0.2	0.1

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

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BUY – Expected return >+15%

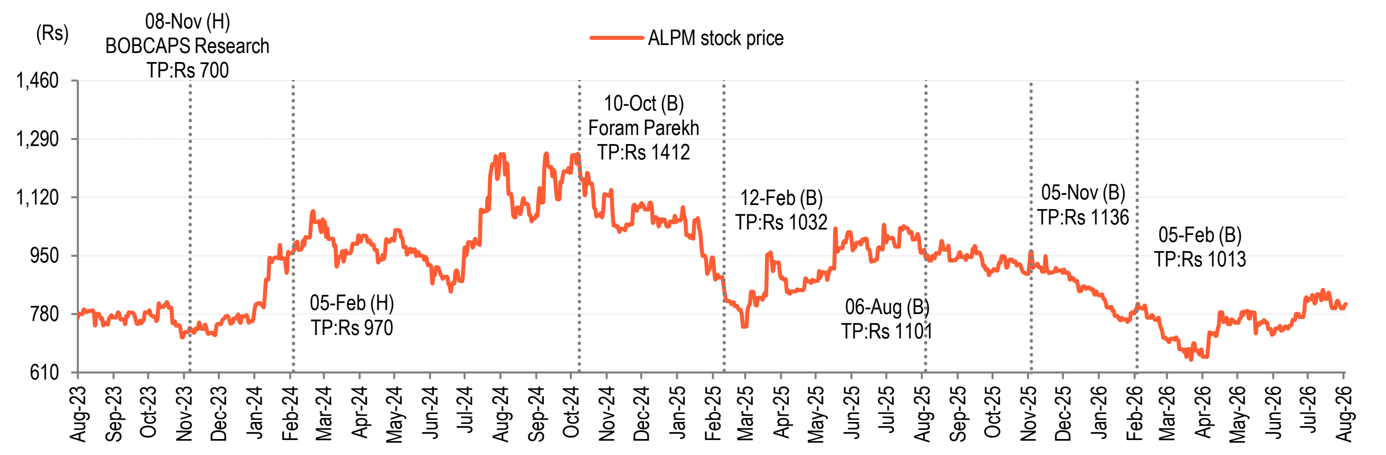
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): ALEMBIC PHARMA (ALPM IN)



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

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