BUY
TP: Rs 1,272 | ▲ 40%

ALEMBIC PHARMA

| Pharmaceuticals | 05 November 2026

Double digit growth resumed across segments

- **Sales/EBITDA/PAT were 10.5%/47.6%/71.3% above our estimates. EBITDA Margin was 543 bps above our estimate at 21.6%**
- **US sales growth guided for 10-12% in FY28 over high base of ~40%+ growth in FY27. Expect EBITDA Margin of 20% in FY28**
- **We revise our EPS upwards. On roll forward to Sep'28 EPS, we continue to ascribe a PE of 21x to arrive at a PT of Rs 1272**

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Steep beat on earnings – Sales grew 36.3% YoY to Rs 26bn in 2QFY27, primarily driven by 77% YoY growth in the US market, followed by 38.9% YoY growth in API sales, 13.5% in domestic sales and 12.2% in the RoW region. A healthy product mix led to 37.5% YoY growth in gross profit to Rs 19.1bn, despite 32.9% YoY growth in RM cost. Employee cost grew 15% YoY, attributable to hiring for the US branded business and annual increments. Other expenses (excluding R&D) grew 38.7% YoY due to higher input costs such as freight, logistics and marketing expenses for the US branded business. Depreciation grew 32.5%, interest grew 57.9% and taxes grew 160% due to the adoption of a newer tax rate. These were offset by 119% YoY growth in other income, leading to 81% YoY growth in PAT to Rs 3.3bn in 2QFY27.

US sales growth was driven by exclusive products – ALPM's US sales grew 77.2% YoY, driven by a full quarter of sales from Bosutinib's exclusivity, 23% YoY growth in the base business and new launches. Bosutinib to enjoy exclusivity until Nov'26. Going forward, the management highlighted 30+ launches in the pipeline over the next 18 months, with one-fourth of the products expected to be FTF or day-1 launches. Thus, we expect US sales to grow at a CAGR of 21% over FY26-29E to Rs 39.4bn by FY29E.

Domestic sales growth was driven by an uptick in the chronic portfolio - Domestic sales reported double-digit growth for the first time in 14 quarters. The growth was driven by 16% YoY growth in specialty sales (double-digit growth after 9 quarters) and 20% growth in animal health sales. Management guided for a recovery in acute therapy, aiding sustained double-digit growth. Thus, we expect domestic sales to grow at a CAGR of 11% over FY26-29E to Rs 33.6bn by FY29E.

Valuations - Factoring in the US region positives, we revise our EPS estimates upwards by 28% for FY27E, 11% for FY28E and 15% for FY29E to Rs 44/54.4/66.9 per share, respectively. At the CMP, on Sep'28 EPS of Rs 60.6, the stock is trading at a PE of 15x, and we continue to ascribe a PE of 21x to arrive at a PT of Rs 1,272 per share (earlier PT of Rs 1,078).

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	ALPM IN/Rs 907
Market cap	US$ 1.9bn
Free float	31%
3M ADV	US$ 2.0mn
52wk high/low	Rs 998/Rs 636
Promoter/FPI/DII	70%/5%/13%

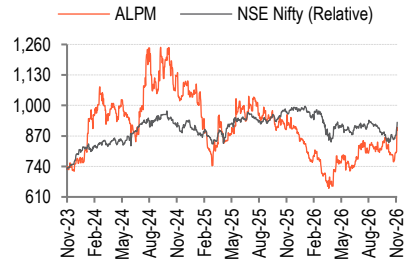
Source: NSE | Price as of 4 Nov 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	73,449	90,928	101,424
EBITDA (Rs mn)	11,185	16,161	18,769
Adj. net profit (Rs mn)	7,418	8,644	10,685
Adj. EPS (Rs)	37.7	44.0	54.4
Adj. ROAE (%)	14.2	15.1	16.5
Adj. P/E (x)	24.0	20.6	16.7
EV/EBITDA (x)	14.9	10.2	8.8
Adj. EPS growth (%)	30.0	16.5	23.6

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Financial Highlights

Fig 1 – Quarterly Highlights

(Rs Mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Q2FY27	Var (%)
Net Sales	26,035	19,102	36.3	21,498	21.1	23,556	10.5
Total Expenses	20,402	15,945	28.0	18,180	12.2	19,740	3.4
(%) of net sales	78	83		85		84	
Raw material consumed	6,858	5,159	32.9	6,202	10.6	6,784	1.1
(%) of net sales	26	27		29		29	
Gross Profit	19,177	13,942	37.5	15,296	25.4	16,772	
Staff cost	5,038	4,375	15.1	4,739	6.3	5,064	(0.5)
(%) of net sales	19	23		22		22	
R&D cost	2,210	1,870	18.2	1,860	18.8	2,120	4.2
(%) of net sales	8	10		9		9	
SG&A ex of R&D	6,297	4,540	38.7	5,379	17.1	5,771	9.1
(%) of net sales	24	24		25		25	
EBITDA	5,633	3,157	78.4	3,318	69.8	3,816	47.6
Depreciation	1,008	761	32.5	977	3.2	1,084	
EBIT	4,625	2,396	93.0	2,341	97.6	2,732	
Interest	383	242	57.9	276	38.6	283	
Other Income	151	69	118.7	149	1.2	150	
PBT	4,393	2,223	97.6	2,214	98.4	2,600	69.0
Less: Taxation	1,041	400	160.1	495		654	59.1
Recurring PAT	3,353	1,823	83.9	1,719	95.1	1,946	72.3
Less: Minority Interest	1	(24)		(11)		(11)	
Exceptional items	0	0		0		0	
PAT attributable to shareholders	3,352	1,847	81.4	1,730	93.8	1,957	71.3
Key Ratios (%)			Bps		Bps		Bps
Gross Margin	73.7	73.0	66.9	71.2	250.8	71.2	
EBITDA Margin	21.6	16.5	510.8	15.4	620.2	16.2	
Tax / PBT	23.7	18.0	569.1	22.4	132.5	25.2	
NPM	12.9	9.5	333.4	8.0	488.2	8.3	
EPS	17.1	9.3	83.9	8.8	93.8	10.0	71.3

Source: Company, BOBCAPS Research

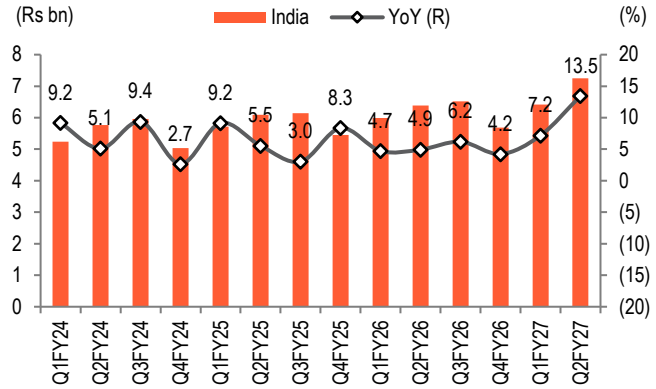
Fig 2 – Segmental Mix

(Rs Mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Q2FY27	Var (%)
Formulations	21,680	15,970	35.8	18,030	20.2	20,102	7.9
India	7,250	6,390	13.5	6,420	12.9	6,710	8.1
US	10,030	5,660	77.2	7,780	28.9	8,884	12.9
ROW	4,400	3,920	12.2	3,830	14.9	4,508	(2.4)
API	4,360	3,140	38.9	3,460	26.0	3,454	26.2
Net Sales	26,040	19,110	36.3	21,490	21.2	23,556	10.5

Source: Company, BOBCAPS Research

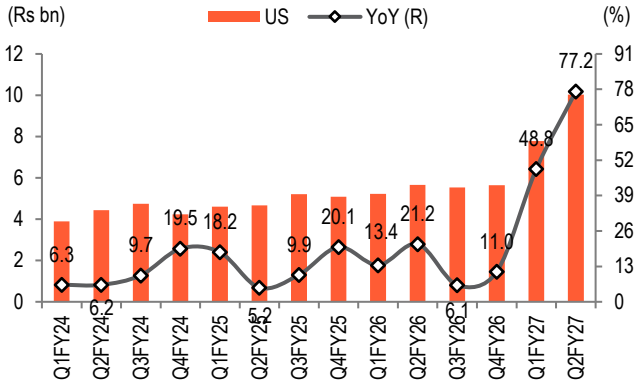
Financial Charts

Fig 3 – Domestic sales growth driven by uptick in specialty segment



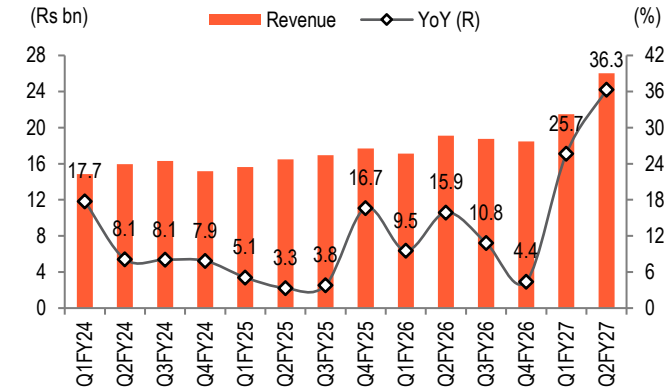
Source: Company, BOBCAPS Research

Fig 4 – US sales growth driven by fll quarter impact of exclusivity product



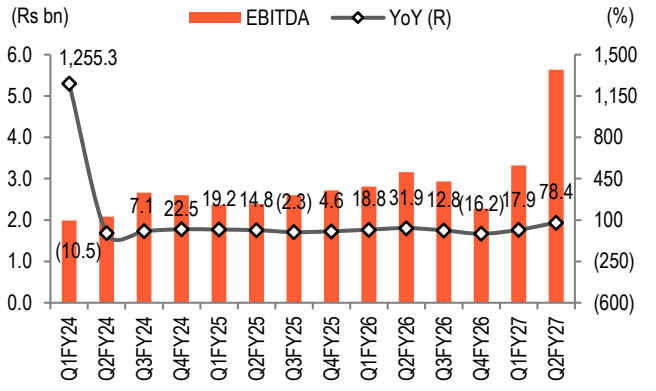
Source: Company, BOBCAPS Research

Fig 5 – Sales growth driven by double digit growth across geographies



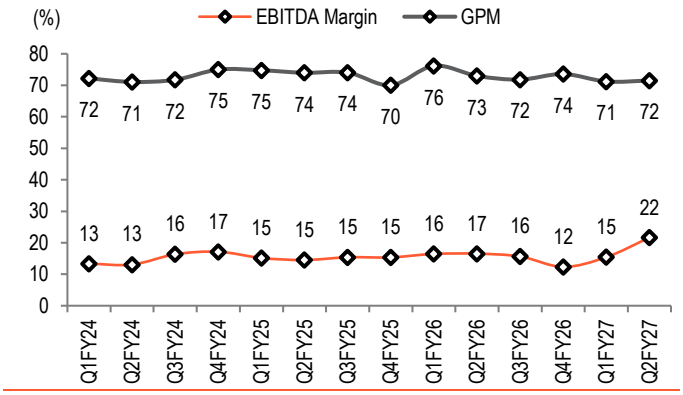
Source: Company, BOBCAPS Research

Fig 6 – EBITDA growth driven by benefit of high value low competition products



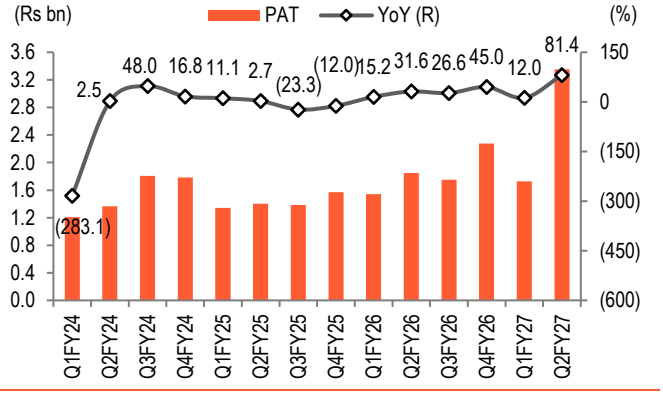
Source: Company, BOBCAPS Research

Fig 7 – Margins driven by healthy product mix



Source: Company, BOBCAPS Research

Fig 8 – Healthy operations led to healthy PAT



Source: Company, BOBCAPS Research

Earnings Call highlights

Revised FY27 Guidance

Segment	Guidance
Consolidated revenue	**20–25% growth** (raised from mid-teens)
US business	Up to **40% YoY**
API	At least **high-teens** growth (ahead of expectations)
India branded	Growth close to market, double digits (unchanged)
Ex-US	Mid-teens (unchanged)

- Guidance factors in the expected normalization of exclusivity-led sales.
- **Margins:** Full-year EBITDA margin expected in the **high teens**. H1 gross margin was also in the high teens EBITDA zone and is expected to continue in H2. Gross margin stays within the 70–75% guided range.
- **FY28 US growth:** About 10–12% on top of this year's high base, if launches pan out.
- **Longer-term EBITDA margin:** Aspiration of ~20% in FY28–FY29, driven by operating leverage on existing facilities and by the US branded business reaching break-even.

India Business (+14% YoY)

- **Human health:** +11%, a return to double-digit growth. Chronic and specialty therapies are the drivers, with strong gynecology, cardiology and emerging therapies. Specialty grew ~200 bps ahead of the Indian pharma market (IPM).
- **Acute portfolio:** Still lagging, but expected to improve progressively. Management expects to be at or above IPM within the next 2–3 quarters.
- **Animal health:** +23%. The business has grown at a 20%+ CAGR over 5–7 years. Companion animals are under evaluation, but there is no firm strategy yet.
- **Interventions:** Execution fixes at the territory level, better field force productivity (especially chronic), sharper focus on priority brands and markets, and a push to strengthen weak metro coverage. Portfolio is considered fine for now and will be strengthened further.
- **Field force:** Held flat. Once growth reaches market level, higher productivity per medical rep should lead to gradual margin improvement.

- **Growth mix:** Roughly 50% price and 50% volume plus new launches.
- **Leadership changes** over the past couple of quarters are credited with improving commercial execution.

US Generics (+72% YoY)

- Underlying base business grew **23%** (Q1 base growth was also mid-20s), driven by volumes. New launches added the rest of the uplift.
- **Bosutinib:** Performing well above expectations. Exclusivity runs until the end of November, so October and November are the remaining months. Post-exclusivity trends are uncertain.
- Revenue was above $100 million excluding bosutinib.
- **Quarter activity:** 3 launches, 5 ANDA filings, 1 approval.
- **Pipeline:** 30+ launches over the next 18 months, about a quarter being first-to-file (FTF) or shared day-one opportunities. Around 3–4 are FTFs.
- **Other exclusivity products:** Management would not forecast revenue for individual products. One has shared exclusivity on some strengths and sole exclusivity on others.
- **Ophthalmics:** A strong franchise, likely #1 or #2 in most products where Alembic is present. A line shutdown (capacity expansion) caused a minor blip in Q4 FY26 and Q1 FY27.
- **Derm:** Good market share and a high-EBITDA business, though more competitive than ophthalmics.
- **Contract manufacturing:** Higher share this quarter in the injectables unit, in sterile and oncology. It's a pure contract manufacturing arrangement.

DiffGen Pharmaceuticals Collaboration (Expanded)

- **Scope:** Over 20 products across transdermal patches, complex injectables, ophthalmics and other specialized dosage forms, including select FTF and day-one opportunities.
- **Market size:** About $5 billion aggregate US reference market.
- **Structure:** A basket-style licensing deal with profit sharing. DiffGen develops and mostly manufactures, though Alembic may manufacture some products. Alembic handles all marketing and front-end sales. DiffGen has no front-end presence.
- **Benefits:** Capital-efficient way to build the complex generics pipeline, access to dosage forms Alembic lacks, and US manufacturing capacity that can be reserved for Alembic.
- **Timing:** Contributions start in FY28.

US Branded Business (Alembic Therapeutics)

- About **3% of total US revenue** in the quarter.
- **Portfolio:** About four products, including Nuvesa, NuvaTest and Pivia. Nuvesa and NuvaTest were already in market and ramping faster. Pivia is new and follows a J-shaped curve for prescriptions.
- **Access:** Full Medicaid and insurance coverage in place.
- **Field team:** 30–35 reps now, targeting 40–45.
- **Margin drag:** 150–200 bps on full-year FY27 margins (unchanged guidance).
- **Break-even:** Expected by end of this year or H1 FY28. No drag expected in FY28.
- **Targets:** Management has an internal medium-term target but will wait until year-end before giving guidance. Prescription counts are not disclosed.
- Month-on-month increases in activity and prescriptions, in line with plan.

Ex-US and API

- **Ex-US markets:** +12% YoY. Direct presence is being strengthened in Europe, LATAM and select ASEAN markets.
- **API:** Volume-led growth of **39% YoY**, including certain CMO deliveries to key customers.

Costs and Margins

- **Employee cost:** Higher due to annual increments and US branded field force expansion. India field force headcount is flat. This is in line with plan.
- **Other expenses:** Higher due to promotion and marketing (including US branded) and freight and logistics costs. Freight costs have been elevated since March because of shipping line costs and crude oil.
- **Crude and raw material impact:** Cost increases from crude and global volatility were roughly offset by rupee depreciation during the quarter.
- **Margin flow-through:** Gross margin gains in Q2 carried through to EBITDA despite absorbing these costs.
- **Operating leverage:** Utilization of existing facilities has ramped up, with good visibility of it continuing.

Management's Priorities for H2

- Sustain execution and convert the pipeline into launches
- Build momentum in India branded and US branded
- Translate growth into durable earnings and returns
- Keep capital allocation flexible while investing in R&D, differentiated products and specialty capabilities

Valuation methodology

ALPM's numbers were above our estimates on all fronts, with EBITDA margin at 21.6%, due to growth across high-margin businesses such as India, RoW (which works like a branded market) and API (a high-margin segment), and exclusivity on a high-value, low-competition product in the US.

Going forward, on a high base of FY27 US sales, management expects the US region to continue growing in double digits, driven by new launches, increasing capacity utilisation at its plants such as Derma and Ophthalmology, and EBITDA breakeven in the US branded business. Thus, management expects EBITDA margin to increase to 20% in FY28, as the current 150-180 bps drag from Pivya shall be recouped in the base business EBITDA margin of 18%.

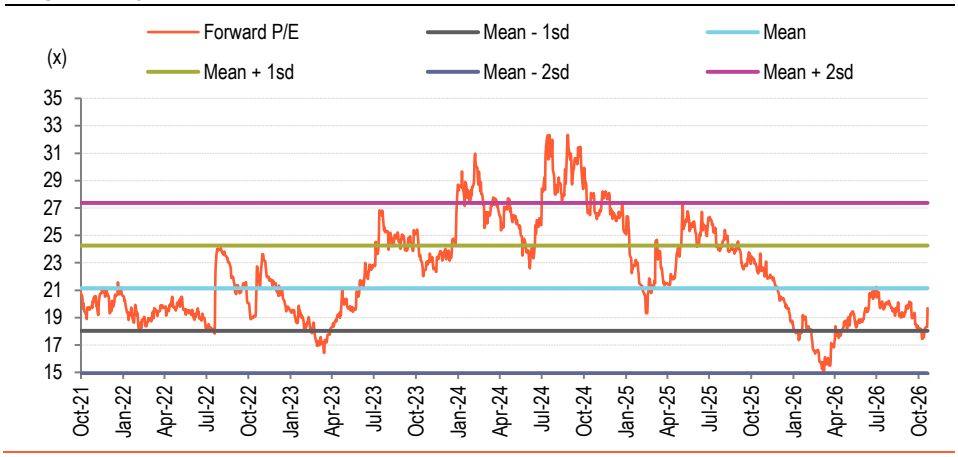
Factoring in the above positives, we revise our EPS estimates upwards by 28% for FY27E, 11% for FY28E and 15% for FY29E to Rs 44/54.4/66.9 per share, respectively. At the CMP, on Sep'28 EPS of Rs 60.6, the stock is trading at a PE of 15x, and we continue to ascribe a PE of 21x to arrive at a PT of Rs 1,272 per share (earlier PT of Rs 1,078).

Fig 9 – Change in estimates table

	New			Old			Variance		
Rs mn	**FY27E**	**FY28E**	**FY29E**	**FY27E**	**FY28E**	**FY29E**	**FY27E**	**FY28E**	**FY29E**
Revenue	90,928	101,424	112,553	83036	94293	105711	10%	8%	6%
EBITDA	16,161	18,769	22,156	12914	17111	19618	25%	10%	13%
EBITDA M	17.8%	18.5%	19.7%	15.6%	18.1%	18.6%	222.2	35.8	112.6
EPS	44.0	54.4	66.9	34.3	49.1	58.3	28%	11%	15%

Source: Company, BOBCAPS Research

Fig 10 – 1 year forward PE band



Source: Bloomberg

Key risks

Key downside risks to estimates are

1- Slower launch of new products in the US market hampering growth in FY28 over high base of FY27

2- Non sustenance of double-digit growth in the domestic region

3- Higher input costs to affect margins

4- Price erosion pressure in the US

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**66,721**	**73,449**	**90,928**	**101,424**	**112,553**
EBITDA	10,082	11,185	16,161	18,769	22,156
Depreciation	2,786	3,186	3,966	4,206	4,446
EBIT	7,297	7,999	12,195	14,562	17,709
Net interest inc./(exp.)	(788)	(936)	(1,504)	(1,009)	(980)
Other inc./(exp.)	426	544	600	700	800
Exceptional items	0	0	0	0	0
EBT	6,934	7,607	11,292	14,253	17,529
Income taxes	1,252	231	2,657	3,563	4,382
Extraordinary items	129	(670)	0	0	0
Min. int./Inc. from assoc.	14	39	8	8	8
Reported net profit	**5,834**	**6,748**	**8,644**	**10,685**	**13,141**
Adjustments	129	(670)	0	0	0
Adjusted net profit	**5,705**	**7,418**	**8,644**	**10,685**	**13,141**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	8,799	8,351	10,214	11,115	12,335
Other current liabilities	2,358	5,645	3,637	3,043	2,251
Provisions	2,102	2,641	3,270	3,647	4,047
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	60,083	68,605	79,585
Shareholders' fund	50,235	53,994	60,476	68,999	79,978
Total liab. and equities	**76,069**	**84,930**	**93,612**	**99,616**	**107,579**
Cash and cash eq.	901	2,027	744	2,160	3,484
Accounts receivables	13,998	14,663	17,936	19,729	21,585
Inventories	22,881	25,106	30,392	33,345	36,387
Other current assets	3,409	4,084	6,456	7,505	10,692
Investments	1,272	1,409	1,409	1,409	1,409
Net fixed assets	25,235	28,436	27,469	26,263	24,817
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**	**93,612**	**99,616**	**107,579**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**1,089**	**10,683**	**3,667**	**10,789**	**11,311**
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)	(1,504)	(1,009)	(980)
Dividends paid	(2,162)	(2,162)	(2,162)	(2,162)	(2,162)
Other financing cash flows	31	(3,726)	0	0	0
Cash flow from financing	**4,524**	**(5,100)**	**(1,950)**	**(6,374)**	**(6,986)**
Chg in cash & cash eq.	**(365)**	**1,126**	**(1,283)**	**1,415**	**1,325**
Closing cash & cash eq.	**901**	**2,027**	**744**	**2,160**	**3,484**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	29.7	34.3	44.0	54.4	66.9
Adjusted EPS	29.0	37.7	44.0	54.4	66.9
Dividend per share	11.0	11.0	11.0	11.0	11.0
Book value per share	255.6	274.7	307.7	351.0	406.9

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	2.6	2.3	1.8	1.6	1.5
EV/EBITDA	16.9	14.9	10.2	8.8	7.7
Adjusted P/E	31.2	24.0	20.6	16.7	13.6
P/BV	3.5	3.3	2.9	2.6	2.2

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	82.3	97.5	76.6	75.0	75.0
Interest burden (PBT/EBIT)	95.0	95.1	92.6	97.9	99.0
EBIT margin (EBIT/Revenue)	10.9	10.9	13.4	14.4	15.7
Asset turnover (Rev./Avg TA)	29.2	28.0	31.4	32.0	33.0
Leverage (Avg TA/Avg Equity)	1.2	1.3	1.3	1.2	1.1
Adjusted ROAE	11.8	14.2	15.1	16.5	17.6

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	7.1	10.1	23.8	11.5	11.0
EBITDA	8.0	10.9	44.5	16.1	18.0
Adjusted EPS	(7.4)	30.0	16.5	23.6	23.0
Profitability & Return ratios (%)					
EBITDA margin	15.1	15.2	17.8	18.5	19.7
EBIT margin	10.9	10.9	13.4	14.4	15.7
Adjusted profit margin	8.6	10.1	9.5	10.5	11.7
Adjusted ROAE	11.8	14.2	15.1	16.5	17.6
ROCE	13.5	13.0	17.7	19.3	21.7
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	1.8	1.9	2.0
Current ratio	3.1	2.8	3.2	3.5	3.9
Net interest coverage ratio	9.3	8.5	8.1	14.4	18.1
Adjusted debt/equity	0.2	0.2	0.3	0.2	0.1

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

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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

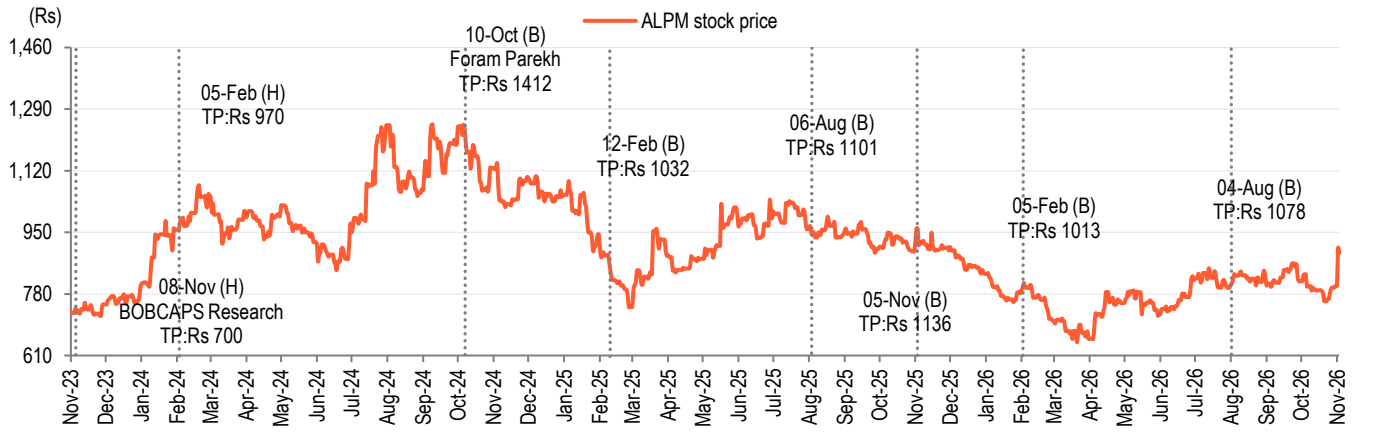
HOLD – Expected return from -6% to +15%

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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