

Earnings largely inline

- ALPM's Q1FY26 sales and EBITDA came in line with estimates, while PAT came below due to lower-than-expected other income and higher than expected depreciation and tax rate.
- US and ROW markets revenue growth guidance stands at around 10-15% each for FY26. Effective tax rate for FY26 is expected to be in the range of 17-18%.
- We revise our FY26E/FY27E EPS estimates by -1.4%/0.8% and maintain our 'Accumulate' rating at 22x FY27E P/E with revised TP of Rs1,040.

Strong US growth

US business revenues grew 13.4%/3.0% YoY/QoQ in Q1FY26 driven by the ramp up of key product launches and market share gain from recent launches. The company launched four products in Q1FY26 and expects to launch more than 15 products in FY26. During the quarter the company filed two ANDAs and received six approvals. Products from new facilities are expected to drive growth. We believe continuous launch momentum will be able to offset price erosion in the base business & we expect US sales CAGR of 16% over FY25-27E.

Subdued domestic growth

India formulation showed a growth of 4.7% YoY. Specialty segment reported growth of 1.0% YoY, while Acute segment grew 6.0% YoY. However, the Animal Health business grew strongly by 16.1% in Q1FY26. Branded formulation growth was muted in Q1 due to restructuring and rebuilding of sales teams across therapies and focusing on control of inventory levels. Despite the above, Acute business growth was still better due to a low base. Four of the company's flagship brands have surpassed Rs 1bn in sales. We expect India revenue CAGR of 10% over FY25-27E, with revival expected in the acute segment and ramp-up in specialty segment with focus on execution.

Valuation

We expect recovery in earnings growth over FY26E-FY27E, aided by ramp-up in new product launches offsetting US price erosion and recovery in domestic & RoW markets. We maintain our 'Accumulate' rating with revised TP of Rs1,040 at 22x FY27E P/E. Key risks: Adverse pricing pressure in the US, currency movements and regulatory issues at any of its facilities.

Key Data

Nifty	24,650
Equity / FV	Rs 393mn / Rs 2
Market Cap	Rs 186bn
	USD 2.1bn
52-Week High/Low	Rs 1,304/ 725
Avg. Volume (no)	459,369
Bloom Code	

	Current	Previous
Rating	Accumulate	Accumulate
Target Price	1,040	1,017

Change in Estimates

(Rs.bn)	Current	Chg (%)	bps
	FY26E	FY27E	FY26E
Revenue	74	84	(0.7)
EBITDA	12	14	(0.7)
EBITDA (%)	16.1	17.1	0
APAT	7	9	(1.4)
EPS (Rs)	37.0	46.6	(1.4)

Valuation (x)

	FY25A	FY26E	FY27E
P/E	32.5	25.6	20.3
EV/EBITDA	19.6	16.3	13.5
ROE (%)	12.2	13.9	16.1
RoACE (%)	10.9	12.0	13.9

Q1FY26 Result (Rs Mn)

Particulars	Q1FY26	YoY (%)	QoQ (%)
Revenue	17,107	9.5	(3.3)
Total Expense	14,294	7.9	(4.6)
EBITDA	2,814	18.8	3.5
Depreciation	738	6.9	6.9
EBIT	2,076	23.7	2.3
Other Income	65	209.5	(54.2)
Interest	235	78.5	(4.1)
EBT	1,906	21.6	(1.1)
Tax	365	62.2	3.3
RPAT	1,544	14.6	(1.6)
APAT	1,544	14.6	(1.6)
		(bps)	(bps)
Gross Margin	76.2	142	617
EBITDA (%)	16.4	128	108
NPM (%)	9.0	40	16
Tax Rate (%)	19.1	479	81
EBIT (%)	12.1	139	67

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Exhibit 1: Actual vs DART estimates

Particulars (Rs mn)	Q1FY26	Q1FY26E	Variance (%)	Comments
Revenue	17,107	17,280	(1.0)	In line
EBITDA	2,814	2,799	0.5	In line.
EBITDA Margin (%)	16.4	16.2	25bps	
Adjusted PAT	1,544	1,673	(7.7)	Below estimate due to lower-than-expected other income and higher-than-expected depreciation and tax rate
EPS	7.9	8.5	(7.7)	

Source: Company, Dolat Capital

Exhibit 2: Change in estimates

Particulars (Rs mn)	FY26E			FY27E		
	Old	New	Chg (%)	Old	New	Chg (%)
Revenue	74,991	74,463	(0.7)	83,654	83,723	0.1
EBITDA	12,074	11,988	(0.7)	14,305	14,317	0.1
EBITDA Margin (%)	16.1	16.1	0bps	17.1	17.1	0bps
PAT	7,377	7,275	(1.4)	9,087	9,162	0.8
EPS (Rs per share)	37.5	37.0	(1.4)	46.2	46.6	0.8

Source: Company, Dolat Capital

Exhibit 3: Quarterly revenue mix

Particulars (Rs mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	FY24	FY25	YoY (%)
India	5,990	5,720	4.7	5,450	9.9	22,000	23,390	6.3
US	5,230	4,610	13.4	5,080	3.0	17,300	19,570	13.1
Non-US	3,280	2,710	21.0	3,750	(12.5)	10,520	12,430	18.2
API	2,610	2,590	0.8	3,420	(23.7)	12,460	11,330	(9.1)
TOTAL	17,110	15,630	9.5	17,700	(3.3)	62,280	66,720	7.1

Source: Company, Dolat Capital

Exhibit 4: Annual revenue assumption

Particulars (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
India	20,630	22,000	23,390	25,729	28,302
% of sales	36.5	35.3	35.1	34.6	33.8
% yoy	7.1	6.6	6.3	10.0	10.0
US	15,720	17,300	19,570	22,769	26,146
% of sales	27.8	27.8	29.3	30.6	31.2
% yoy	(5.6)	10.1	13.1	16.3	14.8
Non US	8,520	10,520	12,430	14,295	16,439
% of sales	15.1	16.9	18.6	19.2	19.6
% yoy	9.9	23.5	18.2	15.0	15.0
API	11,660	12,460	11,330	11,670	12,837
% of sales	20.6	20.0	17.0	15.7	15.3
% yoy	24.2	6.9	(9.1)	3.0	10.0
Total	56,530	62,280	66,720	74,463	83,723

Source: Company, Dolat Capital

Earnings call KTA's

Guidance

- The company is expected to launch four to five products in Q2FY26, totaling to 15+ products in FY26 in the US.
- US business is guided to grow in the range of 10-15% in FY26.
- The company expects RoW business to grow in the range of 10-15% in FY26.
- ETR (Effective tax rate) is guided to be in the range of 17-18% for FY26.
- Raw material contribution expected to be in the range of 25-30% for FY26.
- Capex for FY26 is expected to be Rs 4bn, which will be mainly utilized for maintenance.

India Business

- Alembic ranked 21st in IPM as per IQVIA.
- The company's domestic portfolio of 13% is listed under NLEM.
- The total MR count of 5500+ across 21 marketing divisions.
- Market share for Alembic is 1.3% of the Indian Pharma space with four brands with revenue over Rs 1.0bn (Source: IQVIA MAT Jun'25).
- Prescription-wise Alembic ranks 18th in the IPM.
- Alembic prescriptions as per MAT Jun'25 with growth in prescriber base were around 131mn.
- Animal health business growth during the quarter was 17% YoY, registering sales of Rs 1.14bn due to robust execution.
- Alembic is operating in the livestock and poultry and companion animal markets.
- The company is the leader in the haematinics and antibiotic market with Sharkoferrol, Moxel, Xceft and Mceft brands.
- It has five Animal health brands with annual sales of more than Rs300mn.
- Domestic business has experienced muted growth during the quarter as the company is rebuilding the sales teams across the domestic business. The rebuilding exercise is expected to take a few months.

US Business

- US business grew by 13% YoY to Rs 5.23bn during the quarter, despite pricing pressure.
- US business contributes 29% of total sales in Q1FY26.
- The company received four product approvals during the quarter.
- Management guided for 15+ product launches in FY26. Out of which 20% to 30% will be interesting product opportunities.
- Products from new facilities are expected to drive growth in the coming quarters.
- Price erosion is expected to remain in the market but will differ from product to product.

- Launches of complex & niche injectable products are expected in early FY27; some will be meaningful products with limited competition.
- The company launched Entresto in Jul'25 and expects to witness price erosion with new entrants.
- Tariff impact: The company does not find it meaningful to manufacture in the US and invest in large capex, rather than plans to opt for newer business opportunities.

Ex-US and API business

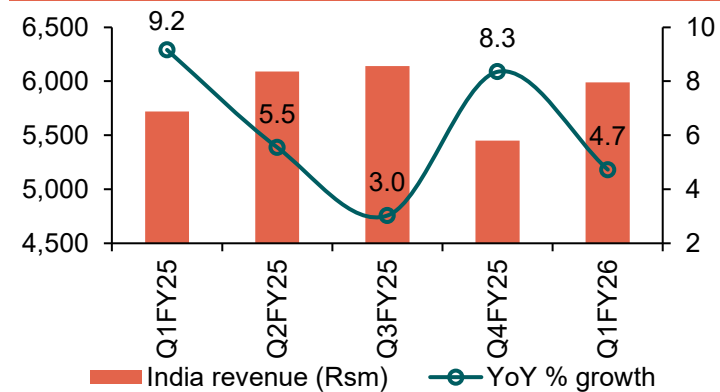
- Ex-US business grew by 21% YoY to Rs 3.28bn in Q1FY26, driven by higher offtake and an optimized product mix.
- The business is driven by partnerships in key markets like Europe, Canada, Australia, Brazil and South Africa.
- RoW witnessed traction during the quarter, mainly due to supply chain execution and expects to continue to do well.
- Management believes new launches and geographical diversification will drive future growth.
- The company has filed a couple of peptides apart from GLP-1. In Semaglutide, the company will be late and will not be present on day one launch. In Tirzepatide, the company will be present on day one launches in all markets, although the company has not yet filed the product.
- API business grew by 1% YoY to Rs 2.61bn, led by increased volume offset by pricing pressures.
- The company continues to focus on improving the cost efficiency of API to maintain its competitive position in the market.

Other highlights

- The R&D expense for Q1FY26 was Rs 1.45bn.
- R&D spending was majorly toward peptides & complex injectable.
- Gross debt as of Jun'25 was Rs 11.85bn and net debt was Rs 9.67bn.
- Formulation plant (F1), which is one of the largest plants and the API facility, is running at peak capacity, while injectable, Dermatology and Oncology facilities are at lower utilization.
- Depreciation for the quarter was high, mainly due to the commissioning of the new Indore facility.

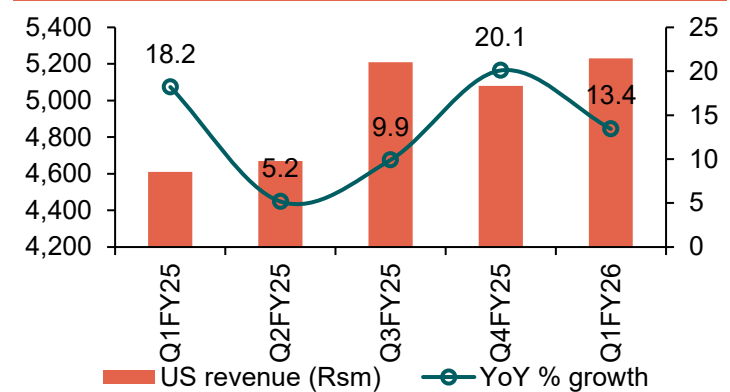
Story in charts

Exhibit 5: Muted India formulation growth



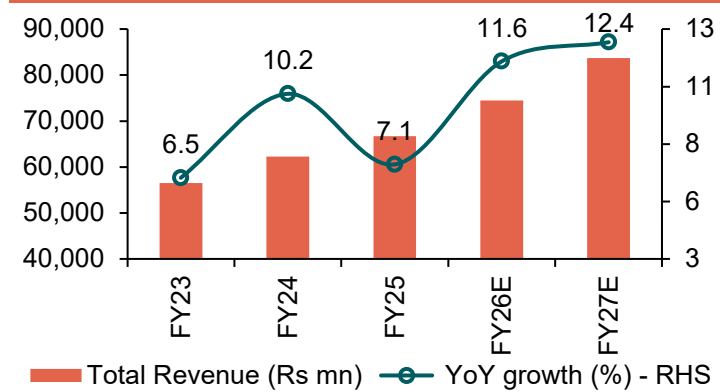
Source: Company, Dolat Capital

Exhibit 6: US growth driven by volume gains



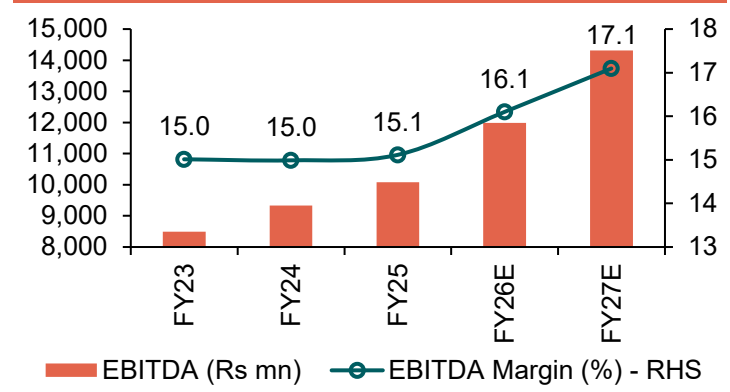
Source: Company, Dolat Capital

Exhibit 7: Revenue CAGR of 12% over FY25-27E



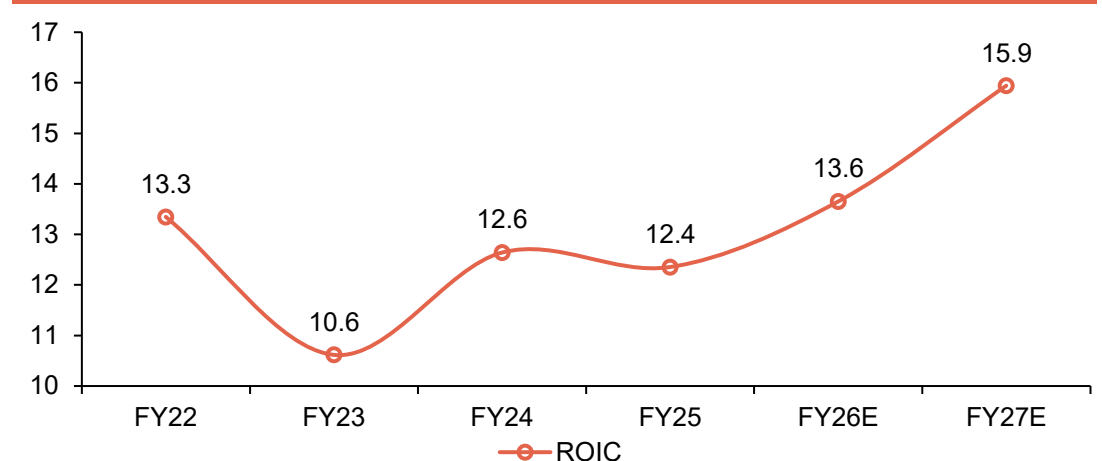
Source: Company, Dolat Capital

Exhibit 8: EBITDA margin to expand over FY25-27E



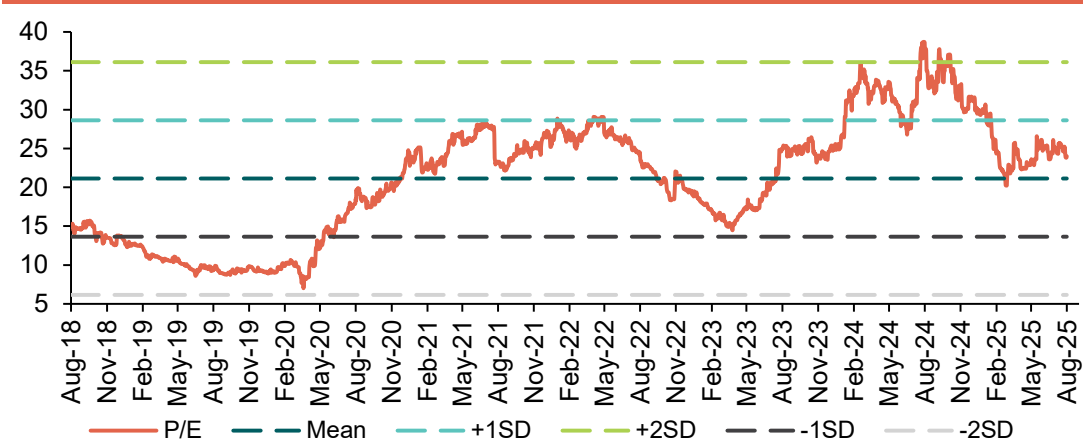
Source: Company, Dolat Capital

Exhibit 9: ROIC to expand with improvement in profitability



Source: Company, Dolat Capital

Exhibit 10: One year forward P/E band



Source: Company, Dolat Capital

Financial Performance

Profit and Loss Account

(Rs Mn)	FY24A	FY25A	FY26E	FY27E
Revenue	62,286	66,721	74,463	83,723
Total Expense	52,953	56,639	62,474	69,407
COGS	17,151	17,934	19,360	21,349
Employees Cost	14,463	15,623	17,201	19,256
Other expenses	21,339	23,082	25,913	28,801
EBIDTA	9,334	10,082	11,988	14,317
Depreciation	2,727	2,786	2,945	3,122
EBIT	6,607	7,297	9,044	11,194
Interest	562	788	764	688
Other Income	283	426	468	515
Exc. / E.O. items	0	129	0	0
EBT	6,328	7,063	8,748	11,022
Tax	160	1,252	1,487	1,874
Minority Interest	10	(14)	(14)	(14)
Profit/Loss share of associates	0	9	0	0
RPAT	6,158	5,834	7,275	9,162
Adjustments	0	(106)	0	0
APAT	6,158	5,728	7,275	9,162

Balance Sheet

(Rs Mn)	FY24A	FY25A	FY26E	FY27E
Sources of Funds				
Equity Capital	393	393	393	393
Minority Interest	0	(14)	(14)	(14)
Reserves & Surplus	47,789	51,516	56,039	62,057
Net Worth	48,182	51,909	56,432	62,450
Total Debt	4,503	12,107	11,744	10,570
Net Deferred Tax Liability	2,376	2,759	2,925	3,122
Total Capital Employed	55,061	66,761	71,087	76,127

Applications of Funds

Net Block	25,467	25,235	26,290	27,168
CWIP	5,244	8,372	8,372	8,372
Investments	2,960	3,244	3,267	3,291
Current Assets, Loans & Advances	30,786	40,878	43,050	48,064
Current Investments	0	0	0	0
Inventories	16,435	22,881	22,441	25,232
Receivables	10,248	13,998	14,689	16,056
Cash and Bank Balances	1,266	901	2,536	3,076
Loans and Advances	0	0	0	0
Other Current Assets	2,836	3,098	3,385	3,701
Less: Current Liabilities & Provisions	9,395	10,968	9,893	10,770
Payables	7,356	8,799	7,702	8,557
Other Current Liabilities	2,038	2,169	2,191	2,213
<i>sub total</i>				
Net Current Assets	21,391	29,910	33,157	37,295
Total Assets	55,061	66,761	71,087	76,127

E – Estimates

Important Ratios

Particulars	FY24A	FY25A	FY26E	FY27E
(A) Margins (%)				
Gross Profit Margin	72.5	73.1	74.0	74.5
EBIDTA Margin	15.0	15.1	16.1	17.1
EBIT Margin	10.6	10.9	12.1	13.4
Tax rate	2.5	17.7	17.0	17.0
Net Profit Margin	9.9	8.7	9.8	10.9
(B) As Percentage of Net Sales (%)				
COGS	27.5	26.9	26.0	25.5
Employee	23.2	23.4	23.1	23.0
Other	34.3	34.6	34.8	34.4
(C) Measure of Financial Status				
Gross Debt / Equity	0.1	0.2	0.2	0.2
Interest Coverage	11.8	9.3	11.8	16.3
Inventory days	96	125	110	110
Debtors days	60	77	72	70
Average Cost of Debt	9.6	10.2	8.1	6.0
Payable days	43	48	38	37
Working Capital days	113	154	144	143
FA T/O	2.4	2.6	2.8	3.1
(D) Measures of Investment				
AEPS (Rs)	31.3	29.1	37.0	46.6
CEPS (Rs)	45.2	43.3	52.0	62.5
DPS (Rs)	8.0	11.0	14.0	16.0
Dividend Payout (%)	25.5	37.7	37.8	34.3
BVPS (Rs)	245.1	264.1	287.1	317.7
RoANW (%)	12.8	12.2	13.9	16.1
RoACE (%)	10.9	10.9	12.0	13.9
RoAIC (%)	12.6	12.4	13.6	15.9
(E) Valuation Ratios				
CMP (Rs)	947	947	947	947
Mcap (Rs Mn)	186,035	186,035	186,035	186,035
EV	189,272	197,241	195,242	193,529
MCap/ Sales	3.0	2.8	2.5	2.2
EV/Sales	3.0	3.0	2.6	2.3
P/E	30.2	32.5	25.6	20.3
EV/EBITDA	20.3	19.6	16.3	13.5
P/BV	3.9	3.6	3.3	3.0
Dividend Yield (%)	0.8	1.2	1.5	1.7
(F) Growth Rate (%)				
Revenue	10.2	7.1	11.6	12.4
EBITDA	10.0	8.0	18.9	19.4
EBIT	12.4	10.4	23.9	23.8
PBT	64.2	11.6	23.9	26.0
APAT	23.9	(7.0)	27.0	25.9
EPS	23.9	(7.0)	27.0	25.9

E – Estimates

Cash Flow

Particulars	FY24A	FY25A	FY26E	FY27E
Profit before tax	6,045	6,646	8,280	10,507
Depreciation & w.o.	2,727	2,786	2,945	3,122
Net Interest Exp	562	788	764	688
Direct taxes paid	(658)	(1,227)	(1,487)	(1,874)
Change in Working Capital	(1,329)	(8,444)	(1,461)	(3,418)
Non Cash	0	0	0	0
(A) CF from Operating Activities	7,347	549	9,040	9,025
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(3,440)	(5,683)	(4,000)	(4,000)
Free Cash Flow	3,907	(5,134)	5,040	5,025
(Inc.)/ Dec. in Investments	0	0	0	0
Other	283	426	468	515
(B) CF from Investing Activities	(3,157)	(5,257)	(3,532)	(3,485)
Issue of Equity/ Preference	0	0	0	0
Inc./(Dec.) in Debt	(2,025)	7,605	(363)	(1,174)
Interest exp net	(562)	(788)	(764)	(688)
Dividend Paid (Incl. Tax)	(1,573)	(2,162)	(2,752)	(3,145)
Other	413	(311)	6	6
(C) CF from Financing	(3,747)	4,343	(3,873)	(5,001)
Net Change in Cash	443	(365)	1,635	539
Opening Cash balances	823	1,266	901	2,536
Closing Cash balances	1,266	901	2,536	3,076

E – Estimates

Notes

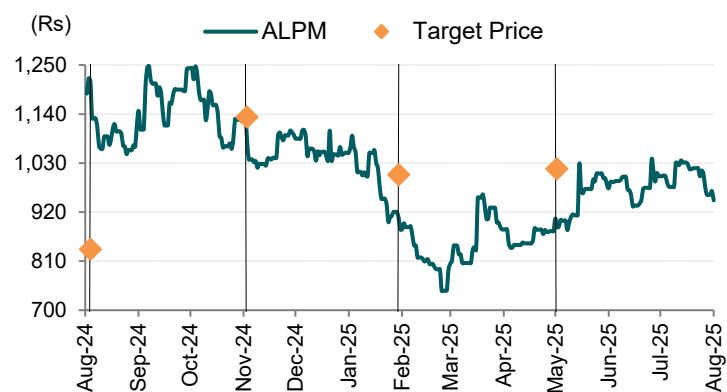
Stock Info and Rating History

Price Performance

Particulars	1M	3M	12M
Absolute (%)	(5)	5	(21)
Rel to NIFTY (%)	(2)	4	(23)

Shareholding Pattern

Particulars	Dec'24	Mar'25	Jun'25
Promoters	69.6	69.7	69.7
MF/Banks/FIs	16.1	16.4	16.5
FIIIs	4.2	3.9	4.0
Public / Others	10.2	10.0	9.9



Month	Rating	TP (Rs.)	Price (Rs.)
Aug-24	Sell	837	1,214
Nov-24	Reduce	1,133	1,080
Feb-25	Reduce	1,004	907
May-25	Accumulate	1,017	887

*Price as on recommendation date

Notes

Dolat Rating Matrix

Total Return Expectation (12 Months)

Buy	> 20%
Accumulate	10 to 20%
Reduce	0 to 10%
Sell	< 0%

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