



TM

Orchid Pharma

11 November 2025

Muted FY26 Outlook Amid Export Pressures

RESULT UPDATE

Sector: Pharmaceuticals Rating: BUY

CMP: Rs 822 Target Price: Rs 1,041

Stock Info

Sensex/Nifty	83,871/25,695
Bloomberg	ORCP IN
Equity shares	50.7mn
52-wk High/Low	Rs 1,998/604
Face value	Rs 10
M-Cap	Rs 41.7bn/ USD 0.49bn

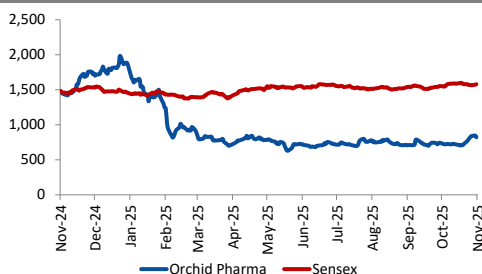
Financial Snapshot (Rs mn)

Y/E March	FY25	FY26E	FY27E
Revenue	9,219	9,958	17,188
Gross profit	3,777	3,913	6,421
Gross Margin (%)	41.0%	39.3%	37.4%
EBITDA	1,172	1,081	2,228
Margin (%)	13%	11%	13%
PAT	997	731	1,799
EPS	19.6	12.2	30.0
ROE (%)	8.2	5.2	11.0
P/E (x)	41.8	67.3	27.3
EV/EBITDA (x)	35.5	47.0	23.8

Shareholding pattern (%)

	Mar-25	Jun-25	Sep-25
Promoter	69.84	69.84	69.84
FII	2.69	1.39	1.56
DII	20.10	19.43	19.04
Others	7.37	9.34	9.57

Stock Performance (1-year)



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Orchid 2QF26 Revenue (Rs. 1,935 mn, lower 13.1% YoY) was in line with estimates but EBITDA (Rs. -15 mn) and Net Earnings (Rs. -57 mn) were significantly below our/consensus expectations. Margins disappointed as company witnessed unprecedented pricing and volume pressures (even worse than 1Q). Overall industry exports have declined 26% on a YoY basis and company attributes it to multiple factors – Geopolitical situation and seasonal weakness. There is currently no visibility around an upturn. Commercial progress on Enmetazobactam remains encouraging, with price approvals expected in the top five EU markets by CY25 end and early signals of adoption emerging across Europe. During the quarter, company has not realized any royalty from Enmetazobactam sales as the Allegra transaction was not closed until end of 2QFY26. Domestically, uptake continues at a healthy pace (treated 15,000 patients over last 12 months). Major tertiary care hospitals have Enmetazobactam on their formularies. The AMS division is scaling steadily and should move towards operational breakeven over the next few quarters. The US deal remains a key catalyst, with management targeting closure within 12 months. We maintain our cautious stance on the near-term earnings trajectory given industry-wide headwinds, but remain positive on the medium-term outlook supported by strategic assets, backward-integration benefits, and specialty pipeline. Based on revised forecasts, we maintain BUY with a price target of Rs. 1,041. Our PT is based on 20x multiple to base business earnings (FY27E) and assign a risk adjusted option value of Rs. 440 per share based on 5x earnings contribution from 7ACA, Cefiderocol, Enmetazobactam royalties and regulated market filings (ANDA with Para IV) by FY29.

2QFY26 earnings highlights

Orchid Pharma (ORCP IN) reported Revenue at Rs 1,935 mn in 2QFY26, down 13.1% on a YoY basis but up 11.9% on a QoQ basis. EBITDA stood at Rs -15 mn. EBITDA margin was -0.8%. PAT stood at Rs -57 mn. PAT margin was -3%.

2QFY26 earnings call highlights

Enmetazobactam (Acquisition & Commercial Strategy):

- Orchid's acquisition of global rights to enmetazobactam and the Exblifep (Xblacep) brand has been completed, enabling full control over regulatory and commercial decisions.
- All future economic upside from global commercialization—including double-digit royalties from Europe will now accrue directly to Orchid.
- Pricing approvals in the top five EU markets (Germany, France, Spain, Italy, UK) are expected to be completed by CY25 end, with commercial ramp-up underway across Europe.
- Germany and the UK have already launched; other key European countries are expected to commercialize by end of this quarter.

- Orchid is engaging with partners globally and aims to finalize a US licensing agreement within the next 12 months while also pursuing non-regulated markets (LatAm, SE Asia, MENA) for incremental monetization.
- Meaningful royalty contribution expected from next fiscal year onward.

Domestic Market:

- The domestic brand (Enmetazobactam + Cefepime) continues to gain traction with ~15,000 patients treated and >200,000 vials sold since launch.
- Monthly sales momentum remains strong at 10–20% growth; footprint expanded into East India (Kolkata launch underway) in addition to South, West, and North.
- Strong hospital account penetration established, with presence in key chains like Apollo, Fortis, and Max.
- No capacity constraints for API or finished-dose supply; Cipla partnership continues to support marketing scale-up.

AMS (Antimicrobial Stewardship) & Hospital Strategy:

- AMS platform continues building clinical engagement and stewardship capabilities, reinforcing credibility in critical-care antibiotics.
- Currently present in ~120 tertiary hospitals (~10% of target universe).
- Division loss reduced QoQ; field-force-only break-even expected by Q4 FY26; full division break-even targeted in FY27.
- AMS team will be instrumental for future specialty launches (e.g., Cefiderocol).

Project Updates:

- **7-ACA backward integration:** fermenters erected and major equipment delivered; civil delays managed via execution reprioritization; mechanical completion timeline maintained.
- **Cefiderocol project:** site construction nearing completion and equipment deliveries ongoing; on track for readiness by Q4 FY26.
- Projects reinforce long-term competitiveness through cost leadership and differentiated hospital-focused portfolio expansion.

Risks and Challenges:

- Antibiotics market experiencing prolonged demand slowdown and pricing pressure. Management sees no revival in FY26.
- Inventory overhang and lower price realizations in emerging markets impacting margins near term.
- Talent hiring challenges for specialty sales force slowing full AMS expansion.

Exhibit 1: Quarterly performance

Financial Summary (Rsmn)	2QFY25	1QFY26	2QFY26	YoY (%)	QoQ (%)	FY24	FY25	YoY (%)
Revenue	2,227	1,729	1,935	-13.1	11.9	8,194	9,219	12.5
Total material costs	1,312	989	1,325	1.0	34.0	4,845	5,442	12
% of revenue	58.9	57.2	68.5	957 bps	1130 bps	58.9	57.2	(172) bps
Staff costs	201	216	249	23.9	15.0	705	864	23
% of revenue	9.0	12.5	12.8	383 bps	34 bps	8.6	9.4	76 bps
Other expenses	411	383	376	-8.5	-1.7	1,547	1,742	13
% of revenue	18.5	22.1	19.5	98 bps	(268) bps	18.9	18.9	2 bps
EBITDA	303	142	-15	-104.9	-110.4	1,098	1,172	7
EBITDA margin (%)	13.6	8.2	-0.8	(1439) bps	(896) bps	13.4	12.7	(69) bps
Other income	75	114	108	43.3	-5.9	312	275	-12
Interest costs	33	33	37	12.1	14.6	164	145	-11
Depreciation	86	87	89	3.2	2.9	332	345	4
PBT	259	137	-33	-112.9	-124.3	914	956	5
Tax	-	-	-	-	-	-31	-2	-
Tax rate (%)	-	-	-	0 bps	0 bps	-0.0	-0.2	-
Share of Profit and Minority interest	13	12	-24	-278.8	-300.7	-29	39	-235
Reported PAT	272	149	-57	-121.0	-138.4	916	997	9

Source: Company, Systematix Research

Exhibit 2: Margin Summary

Particulars (%)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Gross Profit	38%	45%	41%	39%	41%	43%	42%	43%	32%
EBITDA	12%	16%	13%	13%	14%	12%	12%	8%	-1%
EBIT	8%	12%	9%	10%	10%	8%	8%	3%	-5%
PAT	10%	13%	15%	12%	12%	10%	9%	9%	-3%

Source: Company, Systematix Research

Exhibit 3: Change in estimates

Particulars (Rs mn)	New estimates		Old estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Net sales	9,958	17,188	10,919	17,441	(8.8)	(1.5)
EBITDA	1,081	2,228	1,212	2,284	(10.8)	(2.4)
Margin (%)	10.85	12.97	11	13	(15) bps	(3) bps
PAT	731	1,799	862	1,842	(15.2)	(2.3)
Margin (%)	7.34	10.47	8	11	(66) bps	(53) bps
EPS	12.2	30.0	14.4	30.8	(15.2)	(2.5)

Source: Systematix Institutional Research

Exhibit 4: Actual vs Estimates

Particulars (Rs mn)	Actuals	Systematix	Var(%)	Consensus	Var(%)
Net sales	1,935	1,893	2	1,882	3
EBITDA	-15	140	-111	151	-110
Margin (%)	-0.8	7.4	(816) bps	8.0	(876) bps
PAT	-57	148	-139	148	-139
Margin (%)	-3.0	7.8	(1078) bps	7.9	(1082) bps

Source: Company, Systematix Research

FINANCIALS

Profit & Loss Statement

YE: Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Net Revenues	6,659	8,194	9,219	9,958	17,188
YoY gr. (%)	19%	23%	13%	8%	73%
Cost of Goods Sold	3,846	4,845	5,442	6,045	10,766
Gross Profit	2,813	3,349	3,777	3,913	6,421
Margin (%)	42%	41%	41%	39%	37%
Employee Cost	654	696	864	990	1,099
Other Expenses	1,316	1,546	1,742	1,842	3,094
EBITDA	843	1,107	1,172	1,081	2,228
YoY gr. (%)	54%	31%	6%	-8%	106%
Margin (%)	13%	13.51%	13%	11%	13%
Depreci. & Amortization	548	332	345	388	422
EBIT	295	774	826	693	1,807
Margin (%)	4%	9%	9%	7%	11%
Net Interest	329	164	145	145	341
Other Income	194	309	275	183	333
Exceptional Items	392	-	-	-	-
Profit Before Tax	552	919	956	731	1,799
Margin (%)	8%	11%	10%	7%	10%
Total Tax	-	-31	-2	-	-
Effective tax rate (%)	0%	-3%	0%	0%	0%
Share of Associate	-22	-29	39	-	-
Discontinued operations	-68	-	-	-	-
Profit after tax	463	922	997	731	1,799
EPS	11	18	20	12	30
YoY gr. (%)	-2474%	60%	8%	-38%	146%

Source: Company, Systematix Research

Balance Sheet

YE: Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	408	507	507	2,542	2,542
Reser. & Surplus (Ex OCI)	6,478	11,187	12,166	12,896	14,695
Net Worth	6,886	11,695	12,673	15,438	17,237
Debt	2,898	1,345	1,742	5,242	5,242
Trade payables	1,818	2,296	2,221	2,490	4,297
Other Provisions	161	57	58	58	58
Other liabilities	489	146	184	184	184
Total Liabilities	12,252	15,539	16,878	23,412	27,019
Net block	5,731	6,202	6,327	6,839	6,755
CWIP	465	307	807	5,162	7,162
Other Non-current asset	602	664	1,174	1,174	1,174
Investments	444	458	497	497	497
Cash and Cash Equivalents	306	2,666	1,796	3,669	1,383
Debtors	2,152	1,955	2,418	2,490	4,297
Inventories	2,287	2,642	3,264	2,987	5,156
Other current asset	265	644	595	595	595
Total Assets	12,252	15,539	16,878	23,412	27,019

Source: Company, Systematix Research

Cash Flow

YE: Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
PBT	463	890	995	731	1,799
Depreciation	548	332	345	388	422
Interest	322	164	145	145	341
Others	-356	-54	-199	-183	-333
Working capital	-791	-78	-1,085	474	-2,169
Direct tax	-3	6	-9	-	-
Net CFO. activities	183	1,260	192	1,554	60
Net Capital expenditures	-264	-648	-1,501	-5,255	-2,338
Others	-48	-2,472	1,232	183	333
Net CFI. activities	-312	-3,120	-269	-5,072	-2,004
Issue of share cap. / premium	-	3,919	-	2,035	-
Debt changes	634	-2,085	283	-	-
Dividend paid	-	-	-	-	-
Others	-322	-164	-31	3,355	-341
Net CFF. activities	312	1,670	252	5,389	-341
Net change in cash	183	-190	175	1,872	-2,285

Source: Company, Systematix Research

Key Financial Metrics

YE: Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Per Share(Rs)					
EPS	11.3	18.2	19.6	12.2	30.0
CEPS	24.8	24.7	26.5	18.7	37.1
BVPS	168.7	230.6	249.9	257.8	287.9
DPS	-	-	-	-	-
Return Ratio(%)					
RoCE	7.6	11.0	9.5	6.4	10.3
RoE	6.9	9.9	8.2	5.2	11.0
Balance Sheet					
Net Debt : Equity (x)	0.4	-0.1	-0.0	0.1	0.2
Net Working Capital (Days)	130	122	133	136	95
Valuation(x)					
PER	89	45	42	67	27
EV/EBITDA	52.1	36.4	35.5	47.0	23.8
EV/Sales	6.6	4.9	4.5	5.1	3.1

Source: Company, Systematix Research

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