Sector: Pharmaceuticals RESULT REVIEW Q3FY26 Declared On: 05 Feb 2026

Alembic Pharmaceuticals Limited

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs799	157	Hold	Rs900	13%

as on 06th Feb, 2026

About the Company:

Tracing the history to 1907, Alembic Pharma Limited (APL) is a leading player in the Indian pharmaceutical industry. (In 2011, APL was de-merged from Alembic Ltd to provide more thrust to formulations and insulate this business from the vagaries of commoditised APIs). The Company's competencies include branded formulations, international generics and API. With its diversified products basket; APL is contributing to find solutions for some of the major health challenges being faced. APL is also known as a market leader in macrolides segment of anti-infective drugs in India. It has been extensively active in this space over the years and has been one of the preferred names in the industry with strong brands like Althrocin (Erythromycin), Roxid (Roxithromycin) & Cloff (Clarithromycin) in its kitty.

Results: Quick Glance:

- The net sales for the quarter grew by 10.8% at Rs18.76bn as compared to Rs16.93bn in the same quarter last year
- The Ebitda margins for the quarter under review stood at 15.6% as compared to 15.4% in Q3FY25
- The company reported profit of Rs1.33bn as compared to Rs1.38bn in the same quarter last year
- The incremental impact related to changes in labour law code for gratuity and long-term compensated absences stood at Rs422mn in Q3FY26; excluding the same the adjusted PAT reported a growth of ~26.6% on a y-o-y basis
- The EPS for the quarter stood at Rs6.76 as compared to Rs7.01 in the corresponding period of last year
- For Q3FY26, the India branded and US generics business reported growth of 6.0% each on a y-o-y basis
- For 9MFY26, the revenues came in at Rs54.97bn as compared to Rs49.02bn; growth of 12.1% while the PAT stood at Rs4.72bn as against Rs4.27bn. The EPS came in at Rs24.02 as against Rs21.64 in 9MFY25

Conference Call Highlights:

- **India branded business**: the business recorded a growth of 6.0% with revenues at Rs6.52bn, accounting for 34.7% of the overall revenues. There were 4 launches during Q3FY26. The overall India mix for Q3FY26 stood at 51% specialty, 28% acute and 22% animal health. The total MR count is 5500+ with 21 marketing divisions. The market share is 1.3% of IPM with 4 brands with revenue of Rs1bn. Alembic's prescription is 135.2 million as per MAT Dec 25 with growth in prescriber base that stands at 0.24mn as of Dec'25. 13% of the product portfolio is listed under NLEM. Gynaecology, ophthalmology and animal healthcare segments have supported the overall growth for the quarter under review. Though the overall growth in the Indian markets is below the market growth rate, the Management expects from Q1FY27 the India business should be back on track led by new launches
- The **Animal Health business** grew at 22% on a y-o-y basis for the quarter at Rs1429mn. The company is a leader in hematinic and anti-biotic market with Sharkoferrol, Moxel, Xceft and Mceft brands. The sales mix for Q3FY26 stood as: supportive therapy at 18%, anti-parasitic at 10%, tonic at 25%, feed supplement at 37% and anti-biotic at 10%
- **US generics:** revenues came in at Rs5.53bn; growth of 6% on a y-o-y basis, accounting for ~29.5% of the revenues. In Q3FY26, the company filed 1 ANDA and received 7 approvals. The cumulative filings stand at 270 ANDA filings and 232 approvals. There were 9 products launched in Q3FY26 thus a cumulative of 172 products so far commercialised in the US market. The Management expects atleast 4-5 more products to be launched in Q4FY26. The products from new facilities will contribute to future growth. The pricing pressure continued to persist but the US business continued to witness volume growth. The Management expects a growth of ~10-12% for the US business in FY26E
- As far as the integration with Utility Therapeutics is concerned, the same is progressing well and the Management is working towards the launch of **Pivya** in Q4FY26 positioning the company to expand its footprint in branded drugs in the US and create new avenues for sustainable growth. Till the product scale-up, the Management doesn't anticipate any margins from the same as for now there are certain costs associated with it related to MR, royalty payments
- For **ex-US generics**, the business reported a growth of 36% on a y-o-y basis at Rs4.06bn. Ex-US is driven by partnership in key markets of Europe, Canada, Australia, Brazil and South Africa. The future growth is expected to be aided by a robust pipeline of product launches and strategic expansion into new markets
- **API business** revenues stood at Rs2.64bn; growth of 2% on a y-o-y basis; led by surge in volumes and partially offset by price erosion across the markets. For the quarter, the company filed 2 DMF; the cumulative DMF filings stood at 143. The Management continues to retain its persistent focus on cost efficiency to improve the position in competitive markets

Please Turn Over

Conference Call Highlights (contd.):

- **Financials:** (i) the gross margins stood at ~71.8% in Q3FY26. The guidance continues to remain intact at ~70-75% for FY26E, (ii) the R&D for the quarter was Rs1.65bn (~9% of sales) an increase of ~33% on a y-o-y basis; the guidance for the full year remains intact at ~Rs6000-6500mn (~8-9%), (iii) net debt as of Dec'25 stood at ~Rs12.13bn, (iv) NWC stood at ~Rs29.44bn, (v) major portion of the other income to the tune of Rs155mn is related to forex gain for the quarter under review

Financials:

Performance (Q3FY26)									
Q3FY26 Result (Rs mn)	**Dec-25**	**Dec-24**	**y-o-y**	**Sept-25**	**q-o-q**	**9MFY26**	**9MFY25**	**y-o-y**	**FY26E**
Total Revenue	18763	16927	10.8%	19102	(1.8%)	54972	49025	12.1%	73325
EBITDA	2935	2602	12.8%	3157	(7.0%)	8905	7363	20.9%	12025
Other Income	155	95	63.2%	69	-	289	284	2.0%	477
Interest	233	223	4.7%	242	(3.8%)	711	543	31.0%	944
Depreciation	801	700	14.4%	761	5.3%	2300	2096	9.7%	3105
Exceptional Items	(422)	0	-	0	-	(422)	129	-	(422)
Tax	295	401	(26.3%)	400	(26.2%)	1060	899	18.0%	1525
Net Profit after share of P/L of Asso. & JV & NCI	**1330**	**1384**	**(3.9%)**	**1847**	**(28.0%)**	**4721**	**4265**	**10.7%**	**6547**

Outlook and Recommendations:

The company has reported revenue growth of 10.8% y-o-y as the company strengthened its presence in Australia, Canada, Europe, US and other key markets. The gross margins contracted 220bps y-o-y to 71.8%. The Ebitda margin however stood at 15.6%, driven by lower employee and other expenses. The one-time exceptional charge of Rs422mn was recognized following the revision in labor code provisions. The R&D spend for the quarter stood at Rs1.7bn, and expected to be in the range of 8-9% for FY27E as well. Accordingly, the PAT came lower 3.9%; however, adjusting for the exceptional, it reported growth of 26.6% y-o-y. The domestic formulation business reported growth of 6% y-o-y to Rs6.5bn, accounting for 35% of the overall sales. Even though the overall growth was below the market growth rate with muted growth in acute as well as speciality therapies; the Management expects the business to be back on track from Q1FY27 which would be led by new launches and different growth efforts implemented. APL has retained the growth momentum in the animal health business, with a majority of the business coming from feed supplements and tonics. As far as the US business is concerned, though the same continues to witness pricing pressure and competitive intensity, the business still continues to witness opportunities in terms of overall volume growth. The US business grew by 6% on a y-o-y basis in Q3FY26; the overall growth was slightly on the lesser side on account of a high base in Q3FY25 alongwith certain big launches during the same period. For the quarter, the company launched 2 products in the US markets and expects additional launch of atleast 4-5 products in Q4FY26 as well. In terms of FY26E, the Management expects a growth of ~10-12% for the US business. The Management is on track to launch its branded drug Pivya (indicated to treat uncomplicated UTIs) in the US markets in Q4FY26; footprint in branded drugs in the US. At present, the MRs for the same have been already onboarded and the materials are already shipped to the US. The Management is of the opinion to scale this drug over the next 12-15 months which provides a good opportunity for the company. The ex-US generic export growth was strong for the quarter at Rs4,060mn, 36% growth y-o-y, but it was offset by moderate y-o-y growth in domestic formulation (DF) and overall US sales. The revenues from the API business reported a growth of ~2% on a y-o-y basis. The Management anticipates the overall Ebitda margins to improve further over the next couple of quarters after accounting and adjusting for all the expenses related to Pivya. From a long-term perspective, the R&D spend guidance continues to remain intact, opportunities from injectables, oral solids, peptides and eventual ramp-up of Pivya will augur well for the overall business. Although there are investments happening in the US generics space; meaningful revenue growth is yet to reflect alongwith pick up in the domestic formulations segment. At the current valuations we maintain a hold on the stock for a revised target of Rs900.

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