August 31, 2026

Alembic Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Long Term - Fund Based/ CC	20.90	15.00	[ICRA]AA- (Stable); reaffirmed	RBI
Long Term - Fund Based/Non Fund Based	25.50	25.50	[ICRA]AA- (Stable); reaffirmed	RBI
Long Term/Short term - Fund Based/Non Fund Based	10.00	10.00	[ICRA]AA- (Stable)/ [ICRA]A1+; reaffirmed	RBI
Total	**56.40**	**50.50**		

**Instrument details are provided in Annexure I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Rationale

The ratings consider Alembic Limited's (AL) strong financial flexibility, supported by its sizeable market value of investments in Alembic Pharmaceuticals Limited (APL, 28.54% stake), the flagship entity of the Alembic Group, and Paushak Limited (19.07% stake). The ratings also continue to factor in the benefits derived from being part of an established promoter group with a presence across pharmaceuticals, real estate, chemicals, education and healthcare. AL's credit profile is further supported by sizeable dividend income from APL, which accounted for around 21% of AL's revenues and 41% of its operating profit in FY2026.

AL, on a standalone basis, is engaged in residential real estate development and commercial property leasing. In FY2026, the real estate segment continued to benefit from healthy bookings across its residential projects. ICRA notes that Veda Phase II, TownHouse 24 and The Gardens were fully sold as of March 31, 2026. Further, The Villas and Park Crescent, launched in FY2021 and FY2025, respectively, registered healthy booking levels, with around 82% and 64% of their total units booked, respectively, as of June 30, 2026. Revenue from the residential real estate vertical is expected to moderate from the current fiscal, given the limited unsold inventory and absence of major new project launches. Consequently, the launch of new projects remains important for sustaining the scale of the residential real estate business over the medium term. However, growing rental income from commercial properties is expected to support the revenue profile, backed by rental escalations and incremental income from the recently completed commercial tower.

Although the ongoing projects remain exposed to execution and market risks, comfort is derived from their largely self-funded nature, AL's established project-execution track record and healthy collections. The company has successfully completed and sold projects such as Samsara, Veda Phase I, Veda Phase II, TownHouse 24 and The Gardens. In addition, the growing rental income portfolio from its commercial assets lends stability to AL's business profile.

The company is also engaged in manufacturing of active pharmaceutical ingredients (APIs) and intermediates, primarily through job-work arrangements with APL. The segment's revenue increased to around Rs. 47 crore in FY2026 from around Rs. 36 crore in FY2025, driven by higher job-work volumes from APL. However, the segment remains relatively small, and its contribution to AL's overall earnings is expected to remain modest over the near to medium term.

AL continues to have a high dividend payout ratio. Nevertheless, its liquidity profile remains comfortable, supported by healthy cash and liquid investments, sizeable undrawn working-capital limits, recurring dividend and rental inflows, and limited debt repayment obligations. ICRA also draws comfort from the company's sizeable land bank of around 102 acres, which provides scope for future development.

ICRA also notes the appeal filed with the Supreme Court against the verdict received by the company from the High Court of Gujarat, pertaining to litigation on the payment of electricity duty pursuant to the notice issued by the Chief Auditor dated January 12, 2004. The company was directed by the Supreme Court to deposit Rs. 35 crore, which was paid on May 26, 2023, and the appeal filed by the company was admitted. The company has already made a provision of Rs. 20.53 crore against the same and disclosed a contingent liability for interest, the amount of which is not ascertainable and has not been acknowledged or accepted by the company. ICRA will continue to monitor developments related to this matter, and any adverse ruling against the company that materially impacts its liquidity profile will remain a monitorable.

The Stable outlook reflects ICRA's opinion that improved rental income and dividends will drive AL's earnings, while its financial profile will remain comfortable with low debt levels.

Key rating drivers and their description

Credit strengths

Healthy financial flexibility given the sizeable market value of investments – At present, AL holds a 28.54% stake in APL, the flagship company of the Group, which provides it with healthy financial flexibility. The market value of AL's stake in APL was around Rs. 4,626 crore as on August 27, 2026. Besides, dividend income from APL has been supporting AL's net profit over the past few years. In July 2026, APL declared a dividend of Rs. 12 per share (around Rs. 67 crore), which shall be received in Q2 FY2027, supporting the company's profitability. Dividend income from its investee companies stood at around 21% of the top line and around 42% of the operating profit in FY2026.

Strong promoter group and management team - The promoters of the company have been in this business for many years and have an established track record in the pharma and real estate sectors.

Sizeable land bank supports growth prospects in the real estate business over the medium term – The company has a sizeable land bank, providing adequate visibility for project launches and supporting sustained revenue growth over the medium term.

Strong capital structure, driven by minimal debt on the books of the company – The company had been debt free from 2015 to 2023. Although all its real estate projects are self-funded and the company has stable rental income, it took a term loan of around Rs. 18 crore (against a total sanctioned amount of Rs. 31 crore) in FY2024 in the form of lease rental discounting to fund certain real estate activities. ICRA expects the operations to utilise minimal debt in the near to medium term, indicating a strong financial risk profile in the absence of any debt-funded capex plans. The debt protection metrics continue to remain comfortable, with TD/OPBDITA at 0.1 times as of FY2026 and DSCR at 25.9 times as of March 2026. These metrics are expected to remain comfortable, given the limited debt requirements over the medium term.

Credit challenges

Limited diversification of investments – Dividend from APL continued to drive the bulk of AL's revenues (around 21% of the top line) and OPBITDA (41%) in FY2026. Moreover, the share of dividend income in AL's earnings is expected to increase in the near term, given the expected moderation in the scale of the real estate segment in the absence of new residential project launches. Consequently, AL's cash flows are dependent on APL's financial performance and dividend policy. However, the strong credit profile of APL and its track record of declaring dividends provide comfort.

Small scale of operations and weak profitability profile of the API business – The company is a marginal player in the bulk drugs business, with revenues from the API division amounting to Rs. 47 crore in FY2026, mainly from job-work activities for Group companies as well as other pharmaceutical players. Although the API segment reported an improved PBIT of Rs. 5.7 crore in FY2026, compared with Rs. 4.7 crore in FY2025, it remains modest in comparison with the dividend income and the real estate business. Therefore, the company's ability to materially ramp up its API business and thereby improve its scale and earnings remains to be seen.

Uncertainty attached with contingent liability related to electricity duty issue – On February 14, 2023, AL had intimated the stock exchanges regarding an update on an old litigation it had filed in 2004 against the Collector of Electricity Duty, Chief

Auditor, Industries Commission and the Government of Gujarat. The litigation pertains to the payment of electricity duty pursuant to the notice issued by the Chief Auditor dated January 12, 2004. The High Court of Gujarat ruled against the company in February 2023. Thereafter, the company filed a Special Leave Petition (SLP) with the Supreme Court, challenging the order passed by the High Court of Gujarat. The same was admitted, subject to the company depositing Rs. 35 crore, which it deposited on May 26, 2023, well within the period prescribed in the said order. Pending the decision of the Supreme Court, the company has made an aggregate provision in its books for the principal amount and disclosed a contingent liability for interest, the amount of which is not ascertainable and has not been acknowledged or accepted by the company. ICRA will continue to monitor developments regarding the same and its impact on the credit risk profile of the company.

Environmental and social risks

Environmental considerations: The company's API division remains exposed to tightening environmental regulations and the risk of breaches of waste and pollution norms, which can lead to an increase in operating costs and new capacity installation costs. This may also require continued capital investments to upgrade its effluent treatment infrastructure and reduce its carbon footprint and waste generation. The company has undertaken various initiatives to ensure compliance with applicable regulations. The waste generated in the company's operations is either recycled or disposed of safely. It has an effluent treatment plant, which ensures that the discharge of treated effluent is within the limits stipulated by the respective pollution control boards, minimising the possibility of fines, penalties and other repercussions from non-compliance.

The real estate segment is exposed to risks arising from increasing environmental norms and the cost of compliance with pollution control regulations. Environmental clearances are required for the commencement of projects, and a lack of timely approvals can affect business operations. The impact of changing environmental regulations on licences obtained for property development could also create credit risks. Further, environmental risk in the real estate sector is assessed from the design stage of a project, and adequate steps should be taken to reduce environmental impact at the construction and operational stages. Thus, any lapses in taking adequate steps can have an adverse impact in terms of regulatory actions, which can result in substantial penalties or fines.

Social considerations: The company's API division faces social risks related to product safety and associated litigation, access to qualified personnel for R&D and engineering, and maintenance of high manufacturing compliance standards, among others. Further, Government interventions related to price caps or controls also remain a social risk for pharma entities.

Further, with the real estate business being labour-intensive, the company is exposed to the risk of disruption due to an inability to properly manage human capital in terms of employee safety and overall well-being. Further, any significant wage rate hike would adversely impact the cost structure, thereby affecting margins. The company is also exposed to the risk of a shortage of skilled labour, which can impact operations.

Liquidity position: Strong

AL's liquidity is strong, given the sizeable buffer of around Rs. 24 crore in fund-based limits, with average working-capital utilisation being negligible at 4% for the 12-month period ending March 2026. It had cash and investments of Rs. 92 crore as of March 2026 and is expected to generate retained cash flows of Rs. 50-60 crore in FY2027. Additionally, AL holds a 28.54% stake in APL, the flagship company of the Group, which provides financial flexibility. Against these sources of funds, it has repayment obligations of Rs. 4.0 crore in FY2027 and is expected to incur capex of Rs. 25-30 crore.

Rating sensitivities

Positive factors – ICRA could upgrade the long-term rating in case of an improvement in AL's financial flexibility, aided by a material increase in the underlying value of its investments on a sustained basis, along with the sustenance of a financial policy aimed at keeping financial leverage low.

Negative factors – The ratings could be downgraded in case of any substantial deterioration in the company's liquidity profile due to the absence of dividend income or a reduction in its financial flexibility owing to a considerable decline in the market capitalisation or material weakening of APL's credit profile. In addition, any large debt raised that materially deteriorates its overall credit profile on a sustained basis will also be a negative rating trigger.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Investment Companies
Parent/Group support	Not applicable
Consolidation/Standalone	The rating is based on the standalone financial profile of the company

About the company

Alembic Limited was incorporated on July 30, 1907. The company was promoted by industrialist Shri Bhailalbhai Amin and scientists Prof. TK Gajjar and Shri Kotibhaskar. The company has been a pioneer in manufacturing Penicillin-G (Pen-G) through the fermentation process. To unlock shareholder value and help insulate the core pharmaceutical operations from severe volatility and uncertainty in the Pen-G business, the company's board of directors approved the demerger of its core pharmaceutical business (formulations) into a wholly owned subsidiary, APL, with effect from April 01, 2010. Following the demerger, both companies were listed on the Bombay Stock Exchange and the National Stock Exchange.

Consequent to the demerger, APL became the flagship company of the Alembic Group. It is a pure pharmaceutical player focused on domestic formulations, international operations largely across regulated markets, and R&D activities. AL primarily operates in (i) bulk drug manufacturing, (ii) real estate development, comprising residential and commercial properties, and (iii) wind power generation through four windmills with an aggregate capacity of 5 MW. The company also operates a 1.56-MW gas engine for the captive consumption of its bulk drugs business. In addition, AL has equity investments in APL (28.54% stake) and Paushak Limited (19.07% stake).

Key financial indicators (audited)

Standalone	FY2025	FY2026
Operating income	280.6	294.9
PAT	141.9	124.5
OPBDIT/OI	55.5%	51.2%
PAT/OI	50.6%	42.2%
Total outside liabilities/Tangible net worth (times)	0.2	0.2
Total debt/OPBDIT (times)	0.1	0.1
Interest coverage (times)	85.1	96.3

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

		Current ratings (FY2027)		Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	**Type**	**Amount rated (Rs. crore)**	**Aug 31, 2026**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Long Term - Fund Based	Long term	15.00	[ICRA]AA- (Stable)	May 30, 2025	[ICRA]AA- (Stable)	-	-	Feb 28, 2024	[ICRA]AA- (Stable)
Long Term - Fund Based/Non Fund Based	Long term	25.50	[ICRA]AA- (Stable)	May 30, 2025	[ICRA]AA- (Stable)	-	-	Feb 28, 2024	[ICRA]AA- (Stable)
Long Term/Short term - Fund Based/Non Fund Based	Long term and short term	10.00	[ICRA]AA- (Stable)/ [ICRA]A1+	May 30, 2025	[ICRA]AA- (Stable)/ [ICRA]A1+	-	-	Feb 28, 2024	[ICRA]AA- (Stable)/ [ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term - Fund Based/ CC	Simple
Long Term - Fund Based/Non Fund Based	Simple
Long Term/Short term - Fund Based/Non Fund Based	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook	Financial Sector Regulator#
NA	**Long Term - Fund Based/ CC**	NA	NA	NA	15.00	[ICRA]AA- (Stable)	RBI
NA	**Long Term - Fund Based/Non Fund Based**	NA	NA	NA	25.50	[ICRA]AA- (Stable)	RBI
NA	**Long Term/Short term - Fund Based/Non Fund Based**	NA	NA	NA	10.0	[ICRA]AA- (Stable)/ [ICRA]A1+	RBI

Source: Company

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Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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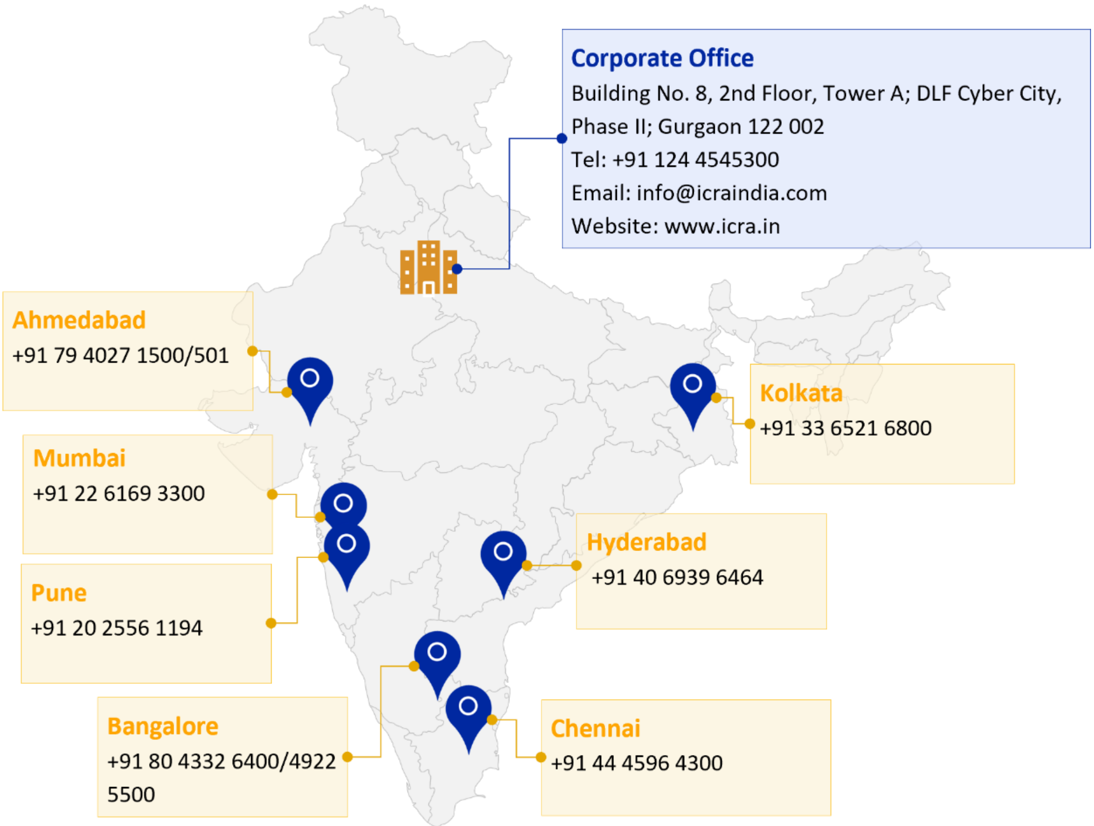

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