RESULT REVIEW

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

BUY
TP: Rs 1,643 | ⮝ 20%

EMCURE PHARMA | Pharmaceuticals | 12 November 2025

In-line earnings; stable growth across geographies

- **Sales/EBITDA/PAT reported 1.2%/2.7%/8.2% higher than our estimates. EBITDA margin was reported 28 bps higher, at 19.3%**
- **Novo's partnership has the potential to clock Rs 1bn sales in FY27E. Do not foresee the launch of their own semaglutide product**
- **Factoring in Novo's sales, we increase EPS by 2.8% & 2.3% for FY27E & FY28E respectively. Continue to ascribe 25x PE in line with 1YFPE**

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In-line set of earnings – Sales grew by 13.4% YoY to Rs 22.7bn, driven by sustained growth across geographies with 18% YoY growth in the Canada region, 23% YoY in Europe region, 11% YoY in the domestic region and 9% YoY growth in the ROW region. Healthy product mix and employee cost rationalisation resulted in 15.3% YoY growth in EBITDA and EBITDA margin increase of 30 bps to 19.3%. Healthy operations, 30% YoY decrease in the interest cost led to 25% YoY increase in PAT to Rs 2.4mn.

Domestic sales growth to be driven by both organic and in-licensing opportunities – Sales reported 1.4% above our estimates and reported 11% growth to Rs 10.3bn. The growth was driven by 8.5% - 9% and 1.5-month contribution from the Sanofi portfolio. Organically, growth was driven by healthy traction in the Gynac, Cardio, Derma and Diabetes portfolios. Going forward, organically, growth is expected to come on the back of new launches and in-licensed portfolio of Sanofi (sales of Rs ~2b) and Novo Nordisk brand Poviztra (Rs ~1bn).

Europe growth driven by new launches – Europe region reported 7% growth above our estimates. The growth was largely driven by launch of Amphotericin B injection in UK last year and in Italy. The company expects Europe region growth to sustain with a deeper penetration of Amphotericin B injection in Western European regions like France, Germany etc., in FY26.

EBITDA margin expected to increase in FY26E- Emcure's EBITDA Margin reported 28 bps above our estimates and increased 35 bps YoY at 19.3%. EBITDA margin has been stable over 8-10 quarters, however, the management expects the base business (~95% of domestic sales) margin to increase by 100-150 bps. Thus, we anticipate EBITDA margin to be at 21.6% by FY28E.

Valuation – We arrive at sales/EBITDA/PAT CAGR of 12%,18% &23% respectively. At CMP, the stock is trading at an attractive valuation of 20x on Sep'27. We continue to ascribe 25x in line with 1YF mean PE of 25x to arrive at TP of Rs 1,643/share.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	EMCURE IN/Rs 1,370
Market cap	US$ 2.9bn
Free float	22%
3M ADV	US$ 2.0mn
52wk high/low	Rs 1,520/Rs 889
Promoter/FPI/DII	78%/3%/3%

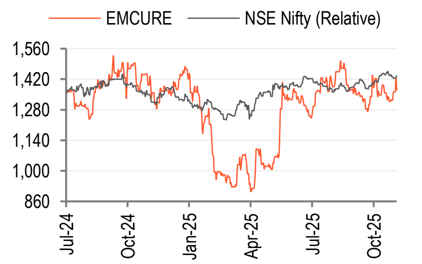
Source: NSE | Price as of 11 Nov 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	78,960	89,193	100,724
EBITDA (Rs mn)	14,689	17,306	20,289
Adj. net profit (Rs mn)	6,917	9,101	11,044
Adj. EPS (Rs)	36.5	48.0	58.3
Consensus EPS (Rs)	36.7	49.4	59.7
Adj. ROAE (%)	18.7	20.8	25.4
Adj. P/E (x)	37.5	28.5	23.5
EV/EBITDA (x)	16.2	14.1	11.9
Adj. EPS growth (%)	30.1	31.6	21.3

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Financial Highlights

Fig 1 – Quarterly highlights

(Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	BOB Estimates	Var (%)
Net Sales	22,698	20,020	13.4	21,005	8.1	22,427	1.2
Other Related Income							
Total Income							
Total Expenses	18,307	16,211	12.9	16,966	7.9	18,150	0.9
(%) of net sales	81	81		81		81	
Raw material consumed	8,895	7,887	12.8	8,020	10.9	8,619	3.2
(%) of net sales	39	39		38		38	
Staff cost	3,846	3,556	8.2	3,935	(2.2)	4,037	(4.7)
(%) of net sales	17	18		19		18	
Other Expense	5,565	4,769	16.7	5,012	11.1	5,495	1.3
(%) of net sales	25	24		24		25	
SG&A	0	0		0		0	
(%) of net sales	0	0		0		0	
EBITDA	4,391	3,809	15.3	4,039	8.7	4,277	2.7
Depreciation	1,046	969	8.0	995	5.2	1,009	3.7
EBIT	3,345	2,840	17.8	3,044	9.9	3,267	2.4
Interest	325	462	(29.6)	268	21.6	269	20.9
Other Income	395	357	10.7	166	138.1	160	146.7
PBT	3,414	2,734	24.9	2,943	16.0	3158	8.1
Less: Taxation	900	719	25.3	760	18.5	795	13.3
Less: Minority Interest	79	70	13.3	78	0.8	78	0.8
Recurring PAT	2,435	1,946	25.1	2,105	15.7	2,285	6.5
Exceptional items	0	0		35		35	(100.0)
Reported PAT	2,435	1,946	25.1	2,070	17.6	2,250	8.2
Key Ratios (%)							
Gross Margin	60.8	60.6	21bps	61.8	(101bps)	62	(76bps)
EBITDA Margin	19.3	19.0	35bps	19.23	10bps	19	28bps
Tax / PBT	26.4	26.3	10bps	25.8	56bps	25	121bps
NPM	10.7	9.7	100bps	10.0	70bps	10	54bps
EPS	12.8	10.3	25	10.9	17.6	12	8.2

Source: Company, BOBCAPS Research

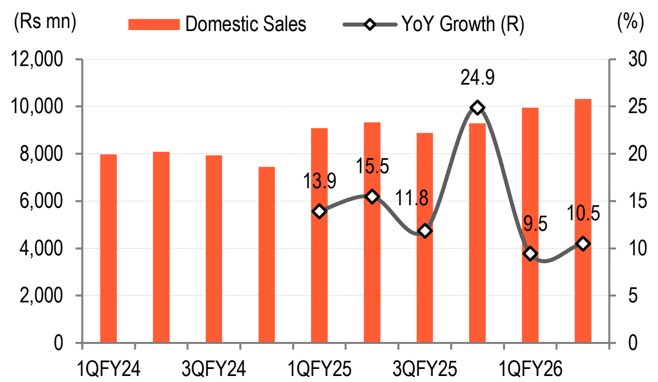
Fig 2 – Segmental revenue

(Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	BOB Estimates	Var (%)
Formulations	22,690	20,020	13.3	21,000	8.0	22,427	1.2
India	10,310	9,330	10.5	9,950	3.6	10,170	1.4
Canada	3,480	2,960	17.6	3,420	1.8	3,404	2.2
ROW	4,460	4,110	8.5	3,600	23.9	4,727	(5.6)
Europe	4,440	3,620	22.7	4,030	10.2	4,127	7.6
API							
Net Sales	22,690	20,020	4.9	21,000	8.0	22,427	1.2

Source: Company, BOBCAPS Research

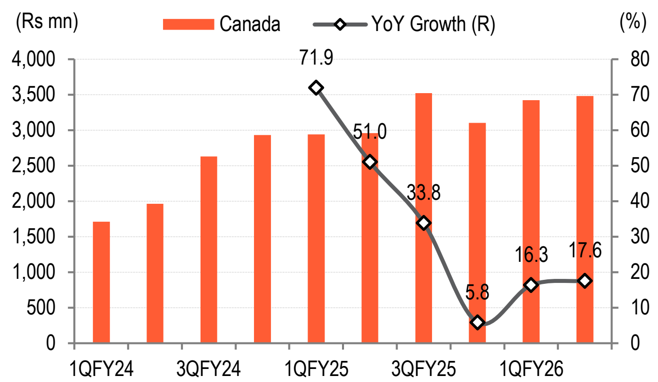
Financial Charts

Fig 3 – Domestic sales increased due to organic and inorganic growth



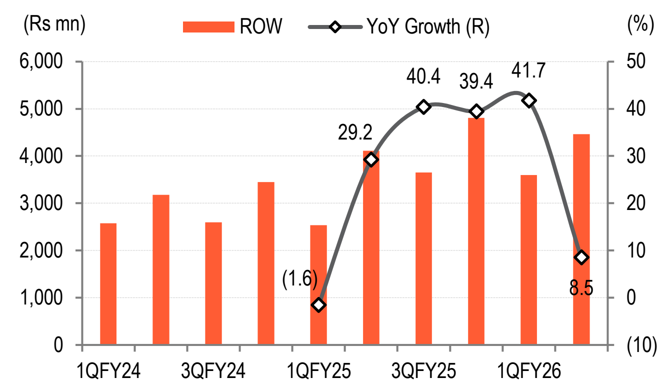
Source: Company, BOBCAPS Research

Fig 4 – Growth driven by a Pan Canada presence, led by inorganic activity



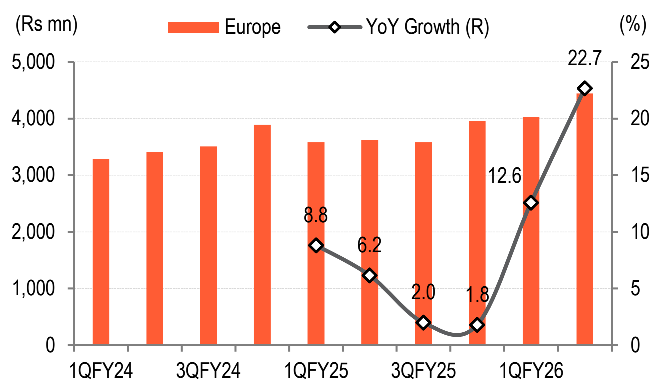
Source: Company, BOBCAPS Research

Fig 5 – ROW growth driven on a high base



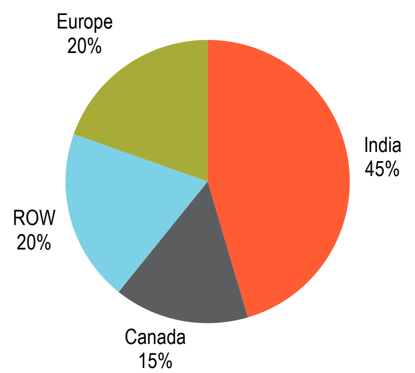
Source: Company, BOBCAPS Research

Fig 6 – Europe growth driven by launch of Amphotericin B injection



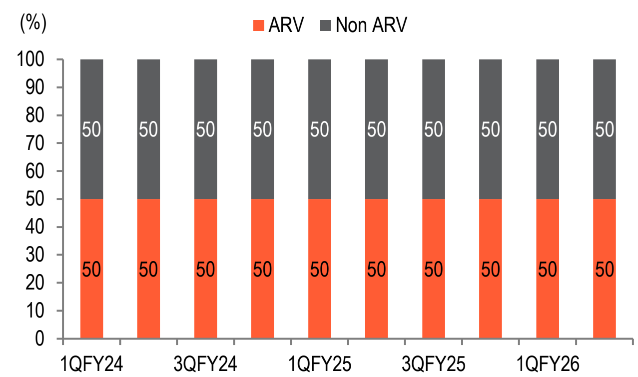
Source: Company, BOBCAPS Research

Fig 7 – Segmental sales contribution



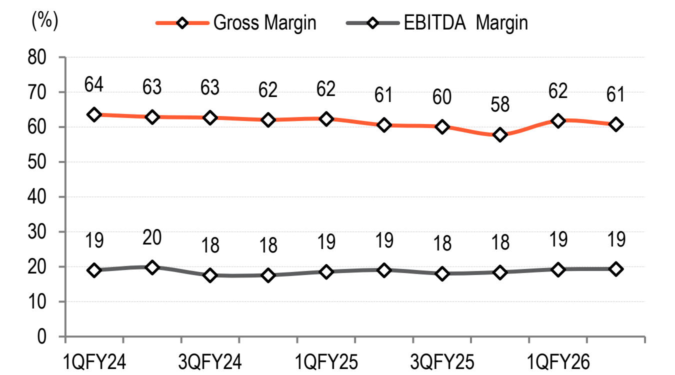
Source: Company, BOBCAPS Research

Fig 8 – ARV – Non-ARV break-up remains to be at 50-50%



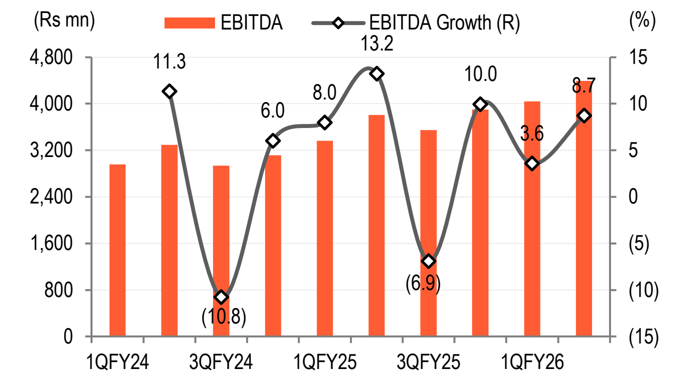
Source: Company, BOBCAPS Research

Fig 9 – Gross and EBITDA Margin continue to be stable



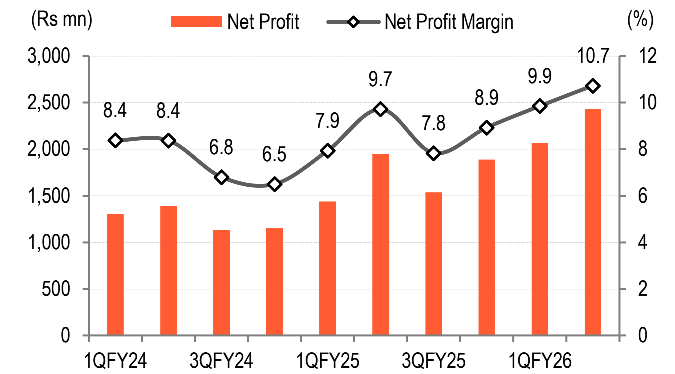
Source: Company, BOBCAPS Research

Fig 10 – EBITDA driven by growth across geographies



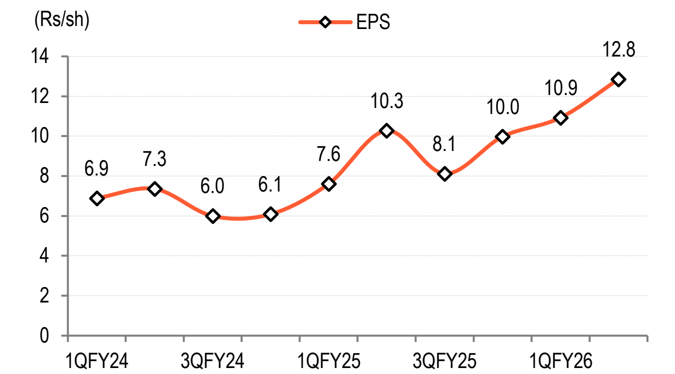
Source: Company, BOBCAPS Research

Fig 11 – Healthy operations led to healthy PAT



Source: Company, BOBCAPS Research

Fig 12 – EPS on rising trajectory



Source: Company, BOBCAPS Research

Earnings Call Highlights

Outlook

Domestic base business growth to be 100-120 bps higher vs industry level while Sanofi portfolio will likely grow in line with the industry level.

Canada market to grow in mid-teens.

Expect to become debt free by FY28E.

Base business EBITDA margin to increase ~150 bps in FY26.

GLP market outlook - India has 250 mn obese overweight population and if you add abdominal obesity, the population is as high as 350 mn. Scale of this challenge of obesity or people being overweight is very, very large.

Deal with Novo Nordisk – Emcure is excited about the partnership with Novo to handle the brand Poviztra. They feel that having an early mover advantage and an opportunity to shape this market will allow them to fully capture their chunk in the market that'll play out over time.

Domestic sales growth - Growth was in all key segments, namely Gynec and Cardio. New areas of Derma, Consumer, and Diabetes continue to do well.

Acute Chronic growth - While the focus will be on growing Chronic, women's health also gets classified as acute; so there are there are a lot of potential opportunities there as well. Hence, the company expects both the pillars going quite well.

International Markets

Europe -

New launches - expect Amphotericin B to C launches across Europe by FY26. Currently launched in UK and Italy and expect to launch in other western European regions like Francy, Germany in FY26.

Canada –

Sales growth - saw strong growth and grew 17%, led by market share and new launches.

ROW

ARV pricing - ARV market has been stable. South Africa tender market has not seen much impact on the pricing.

ARV orderbook - Have quite a healthy order book. So, we have visibility for the current year and even next year.

NoN-ARV sales - Strong product pipeline. The company is very positive on the growth, going forward.

Other Highlights

Biosimilars –

Tenecteplase seeing approval in ROW region for both the myocardial infarction indication as well as the acute ischemic stroke indication.

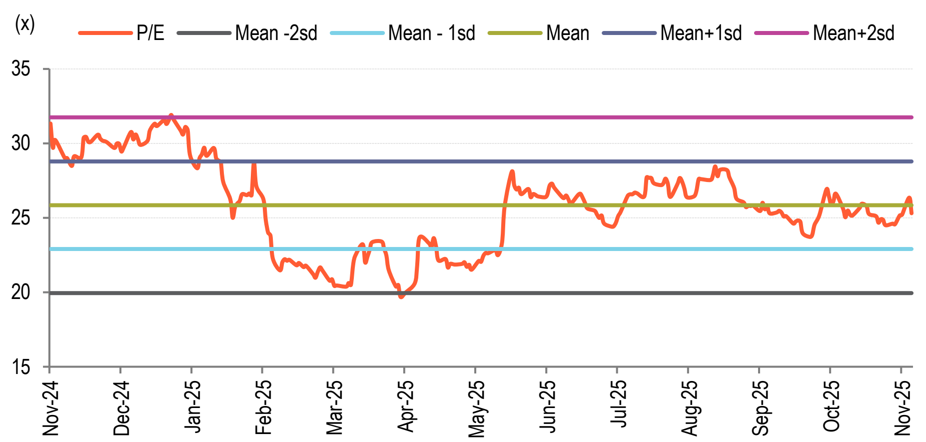
Pipeline

Bevacizumab - completed phase 3 trial and should be submitting the file for evaluation by the SEC and subsequent approval by regulators in the next few weeks.

Valuation Methodology

We remain positive on Emcure due to 1) strong organic and inorganic growth in the domestic region 2) healthy orderbook in the ARV segment with 1-2 years growth visibility in the ROW market 3) continues traction in the non-ARV segment in the ROW market 3) Amphotericin B injection launched growth in the Europe region and 4) inorganic activity leading to Pan Canada access. We believe that the current deal with Novo is positive for Emcure as it enables participating in the GLP opportunity in India by distributing innovator's product through their 5400 MRs and can fetch sales of Rs 1bn. Thus, factoring in Novo's sales, our EPS increases by 2.8% and 2.5% for FY27E & FY28E respectively; thereby arriving at sales/EBITDA/PAT CAGR of 12%,18% &23% respectively. At CMP, the stock is trading at an attractive valuation of 20x on Sep'27. We continue to ascribe 25x in line with 1YF mean PE of 25x to arrive at TP of Rs 1,643 per share.

Fig 13 – PE band



Source: Company, BOBCAPS Research

Key Risks

Key downside risks to our estimates:

- Slower-than-expected pickup in domestic region
- Delay in approval of key products in the international markets
- Increasing competition in key brands

Fig 14 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28
Revenue	89,193	100,724	112,107	88,943	99,444	110,674	0.6	2.1	2.1
EBITDA	17,306	20,289	24,156	17,229	19,893	23,697	0.9	3.2	3.1
EBITDA M	19.4	20.1	21.5	19.4	20.0	21.4	6.4bps	22.3bps	21.7bps
EPS	48.0	58.3	72.6	47.7	56.7	70.8	1.3	4.5	4.1

Source: BOBCAPS Research

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Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	**66,583**	**78,960**	**89,193**	**100,724**	**112,107**
EBITDA	12,297	14,689	17,306	20,289	24,156
Depreciation	3,124	3,841	4,029	4,414	4,799
EBIT	9,173	10,847	13,277	15,876	19,357
Net interest inc./(exp.)	(2,371)	(1,758)	(1,293)	(1,296)	(1,195)
Other inc./(exp.)	570	728	527	528	564
Exceptional items	0	0	0	0	0
EBT	7,372	9,817	12,511	15,108	18,726
Income taxes	1,997	2,639	3,149	3,803	4,713
Extraordinary items	(99)	(104)	0	0	0
Min. int./Inc. from assoc.	294	261	261	261	261
Reported net profit	**4,982**	**6,813**	**9,101**	**11,044**	**13,752**
Adjustments	(99)	(104)	0	0	0
Adjusted net profit	**5,081**	**6,917**	**9,101**	**11,044**	**13,752**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	13,094	14,796	17,106	19,317	22,114
Other current liabilities	2,529	3,013	4,460	5,036	5,605
Provisions	1,882	1,682	1,900	2,145	2,387
Debt funds	29,340	16,421	18,063	18,966	15,173
Other liabilities	0	0	0	0	0
Equity capital	1,812	1,895	1,895	1,895	1,895
Reserves & surplus	29,406	44,521	43,298	44,022	47,460
Shareholders' fund	31,218	46,416	45,192	45,917	49,355
Total liab. and equities	**78,062**	**82,327**	**86,720**	**91,381**	**94,635**
Cash and cash eq.	2,324	1,653	1,337	1,254	1,528
Accounts receivables	18,588	20,022	22,237	24,836	27,643
Inventories	15,251	19,318	21,749	24,284	27,029
Other current assets	5,881	6,639	7,135	7,554	6,166
Investments	3,181	954	1,049	1,154	1,269
Net fixed assets	22,649	23,031	22,502	21,588	20,289
CWIP	1,323	1,241	1,241	1,241	1,241
Intangible assets	8,865	9,470	9,470	9,470	9,470
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	**78,062**	**82,327**	**86,720**	**91,381**	**94,635**

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	**10,987**	**8,140**	**13,255**	**14,234**	**19,191**
Capital expenditures	(3,070)	(4,070)	(3,500)	(3,500)	(3,500)
Change in investments	(2,931)	2,227	(95)	(105)	(115)
Other investing cash flows	0	0	0	0	0
Cash flow from investing	**(6,001)**	**(1,843)**	**(3,595)**	**(3,605)**	**(3,615)**
Equities issued/Others	3	83	0	0	0
Debt raised/repaid	2,696	(12,919)	1,642	903	(3,793)
Interest expenses	(2,371)	(1,758)	(1,293)	(1,296)	(1,195)
Dividends paid	(9,963)	(10,422)	(10,422)	(10,422)	(10,422)
Other financing cash flows	(3,001)	16,031	0	0	0
Cash flow from financing	**(12,637)**	**(8,984)**	**(10,073)**	**(10,814)**	**(15,410)**
Chg in cash & cash eq.	**(7,651)**	**(2,687)**	**(413)**	**(186)**	**166**
Closing cash & cash eq.	**(3,068)**	**(363)**	**1,239**	**1,152**	**1,420**

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	28.0	36.5	48.0	58.3	72.6
Adjusted EPS	28.0	36.5	48.0	58.3	72.6
Dividend per share	55.0	55.0	55.0	55.0	55.0
Book value per share	751.0	1,131.1	1,097.5	1,113.3	1,198.0

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	3.5	3.0	2.7	2.4	2.2
EV/EBITDA	19.1	16.2	14.1	11.9	10.1
Adjusted P/E	48.8	37.5	28.5	23.5	18.9
P/BV	1.8	1.2	1.2	1.2	1.1

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	68.9	70.5	72.7	73.1	73.4
Interest burden (PBT/EBIT)	80.4	90.5	94.2	95.2	96.7
EBIT margin (EBIT/Revenue)	13.8	13.7	14.9	15.8	17.3
Asset turnover (Rev./Avg TA)	29.3	32.0	35.4	39.3	43.3
Leverage (Avg TA/Avg Equity)	2.1	1.7	1.4	1.5	1.4
Adjusted ROAE	18.6	18.7	20.8	25.4	30.3

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	11.2	18.6	13.0	12.9	11.3
EBITDA	4.1	19.4	17.8	17.2	19.1
Adjusted EPS	(5.7)	30.1	31.6	21.3	24.5
Profitability & Return ratios (%)					
EBITDA margin	18.5	18.6	19.4	20.1	21.5
EBIT margin	13.8	13.7	14.9	15.8	17.3
Adjusted profit margin	7.6	8.8	10.2	11.0	12.3
Adjusted ROAE	18.6	18.7	20.8	25.4	30.3
ROCE	17.1	18.8	21.9	25.6	30.8
Working capital days (days)					
Receivables	102	93	91	90	90
Inventory	84	89	89	88	88
Payables	72	68	70	70	72
Ratios (x)					
Gross asset turnover	2.0	2.3	2.3	2.4	2.5
Current ratio	2.4	2.4	2.2	2.2	2.1
Net interest coverage ratio	3.9	6.2	10.3	12.2	16.2
Adjusted debt/equity	0.9	0.3	0.4	0.4	0.3

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

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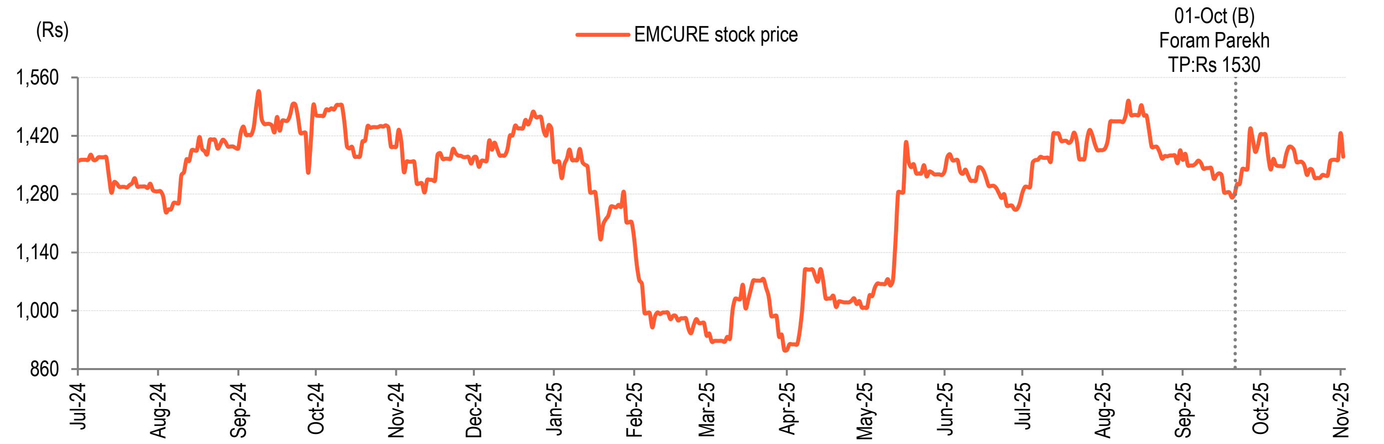
BUY – Expected return >+15%
HOLD – Expected return from -6% to +15%
SELL – Expected return <-6%
Note: Recommendation structure changed with effect from 21 June 2021

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): EMCURE PHARMA (EMCURE IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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