BUY

TP: Rs 2,243 | 16%

EMCURE PHARMA | Pharmaceuticals | 06 August 2026

EBITDA Margin to remain on the higher side

- **Sales/EBITDA/APAT were 5.2%/6.2%/5.8% above our estimates. EBITDA Margin was in-line with our estimate of 19.7%**
- **Domestic sales to accelerate from H2FY27; international markets' growth drivers remain intact**
- **We ascribe higher PE of 26x (earlier 24x) and roll forward to Jun'28 EPS to arrive at a PT of Rs 2,243 (earlier PT 1965)**

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In-line earnings – Sales grew by 22.8% YoY to Rs 25.8bn, driven by growth across geographies, where domestic sales grew by 10.2% YoY, Canada grew by 24.6% YoY, RoW grew by 44% YoY and Europe grew by 32.8% YoY. Higher growth in the international market (generic portfolio), domestic in-licensed portfolio (lowe margin business) and a 33% YoY increase in RM cost led to 16% YoY growth in gross profit to Rs 15bn and a 341 bps YoY decline in gross margin to 58.4%. However, EBITDA grew by 25.8% YoY to Rs 5bn and EBITDA margin increased by 46 bps to 19.7% in 1QFY27 as international markets are high EBITDA Margin business. There was a forex gain of Rs 228 mn and an increase in contingent consideration of Rs 16mn, resulting in 42% YoY growth in PAT to Rs 2.9bn. Adjusting for these gains, PAT grew by 28% YoY to Rs 2.6bn in 1QFY27.

Domestic growth regained traction – In 1QFY27, sales grew by 10% YoY, driven by 6% organic growth. Organically, the growth was driven by 4% from price hikes, 1% from new launches and 1% from volume. Zuventus restructuring is nearing completion of the consolidation phase and is expected to accelerate growth. The big brands are expected to become bigger, while Povistra is expected to pick up traction with the approval of the MASH indication. Due to recovery in the organic business and pick-up in the in-licensed brands, we expect this segment to grow at a CAGR of 11% from FY27-29E to Rs 55bn in FY29E

Europe sales driven by new launches – Sales grew by 33% YoY to Rs 5.37bn, primarily driven by wider penetration of Liposomal Amphotericin B injection and increased market share in the base business. The growth in the Europe region is expected to be product-driven with no competition visible; hence, we expect the sales from this segment to grow at a CAGR of 17% from FY27-29E to Rs 30.3bn in FY29E

Valuation - At CMP, rolling forward to Jun'28 EPS of Rs 86, the stock trades at a PE of 22x. We increase our ascribed PE to 26x due to the sustenance of margins on the higher side and the company turning net cash in FY28E, to arrive at a PT of Rs 2,243 (earlier PT of Rs 1965), implying 16% upside.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	EMCURE IN/Rs 1,937
Market cap	US$ 3.9bn
Free float	22%
3M ADV	US$ 3.5mn
52wk high/low	Rs 2,009/Rs 1,260
Promoter/FPI/DII	78%/3%/3%

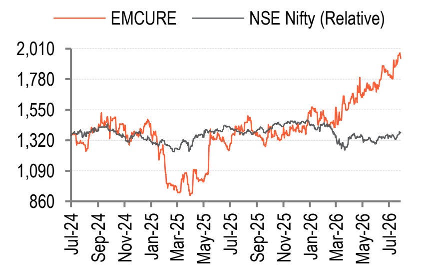
Source: NSE | Price as of 6 Aug 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	92,040	106,080	121,533
EBITDA (Rs mn)	17,891	21,637	25,642
Adj. net profit (Rs mn)	9,990	12,188	15,454
Adj. EPS (Rs)	52.7	64.3	81.5
Consensus EPS (Rs)	48.8	61.9	75.7
Adj. ROAE (%)	18.7	24.2	28.7
Adj. P/E (x)	36.8	30.1	23.8
EV/EBITDA (x)	19.5	16.0	13.7
Adj. EPS growth (%)	46.5	22.0	26.8

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Segmental Mix

(%)	Q1FY27	Q1FY26	Q4FY26
India	42	47	40
International regions	58	53	60
Canada	17	16	16
ROW	20	17	23
Europe	21	19	22
Total	100	100	100

Source: Company, BOBCAPS Research

RoW region growth driven by ARV segment – Sales grew by 44.8% YoY to Rs 5.2bn, primarily driven by the ARV segment, which contributed 67% of sales in 1QFY27 vs 50% in 4QFY26. However, going forward, the ARV-Non-ARV contribution is expected to revert to 50%. We expect this segment to grow at a CAGR of 17% from FY27-29E to Rs 30bn by FY29E, on account of new launches and a strong order book.

EBITDA Margin expected to increase – In 1QFY27, EBITDA margin increased by 46 bps YoY to 19.7%. The increase was primarily due to growth in the base business and healthy traction in the international portfolio, which commands lower gross margin but have higher EBITDA margin. Going forward, we expect EBITDA margin to increase steadily to 20.4% in FY27E, 21.1% in FY28E and 22.1% in FY29E, as the international market is expected to sustain its momentum from new launches, and the domestic business is expected to improve with the acceleration of the Zuventus business.

Quarterly Highlights

Fig 2 – Financial Highlights

(Rs mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	BOB Estimates	Var (%)
Net Sales	25804	21,005	22.8	24,697	4.5	24534	5.2
Other Related Income							
Total Income							
Total Expenses	20725	16,966	22.1	19,842	4.4	19750	4.9
(%) of net sales	80	81		80		81	
Raw material consumed	10732	8,020	33.8	10,031	7.0	9568	12.2
(%) of net sales	42	38		41		39	
Gross Profit	15073	12985	16.1	14666	2.8	14966	0.7
Staff cost	4095	3,935	4.1	3,868	5.9	4539	(9.8)
(%) of net sales	16	19		16		19	
Other Expense	5898	5,012	17.7	5,944	(0.8)	5643	4.5
(%) of net sales	23	24		24		23	
EBITDA	5080	4,039	25.8	4,855	4.6	4784	6.2
Depreciation	1095	995	10.1	1,063	3.0	1070	2.3
EBIT	3985	3,044	30.9	3,792	5.1	3714	7.3
Interest	315	268	17.9	464	(32.0)	319	(1.1)
Other Income	21	166	(87.5)	40	(48.1)	50	(58.6)
PBT	3690	2,943	25.4	3,368	9.6	3445	7.1
Less: Taxation	1010	760	33.0	974	3.7	896	12.8
Less: Minority Interest	(15)	78	(119.0)	3	(546.5)	3	(546.5)
Recurring PAT	2695	2,105	28.1	2,390	12.7	2546	5.8
Exceptional items	(245)	35		(44)		0	
Reported PAT attributable to shareholders	2940	2,070	42.1	2,434	20.8	2546	15.5
Key Ratios (%)			**(bps)**		**(bps)**		**(bps)**
Gross Margin	58.4	61.8	(341)	59.4	(97)	61.0	(259)
EBITDA Margin	19.7	19.2	46	19.66	3	19.5	19
Tax / PBT	27.4	25.8	156	28.9	(155)	26.0	138
NPM	10.4	10.0	42	9.7	77	10.4	7
EPS	15.5	10.9	42	12.8	20.8	13.7	13.5

Source: Company, BOBCAPS Research

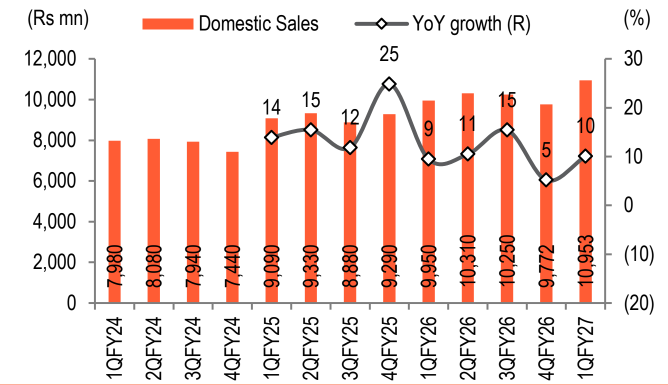
Fig 3 – Segmental breakup

(Rs mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	BOB EsYimaYes	Var (%)
Formulations	40,655	32,075	26.7	39,622	2.6	37,825	7.5
India	10953	9,935	10.2	9,772	12.1	11244	(2.6)
International regions	14851	11070	34.2	14,925	(0.5)	13291	11.7
Canada	4266	3,425	24.6	3,992	6.9	3933	8.5
ROW	5218	3,603	44.8	5,557	(6.1)	4320	20.8
Europe	5367	4,042	32.8	5,376	(0.2)	5038	6.5
Net Sales	25,804	21,005	17.6	24,697	4.5	24,534	5.2

Source: Company, BOBCAPS Research

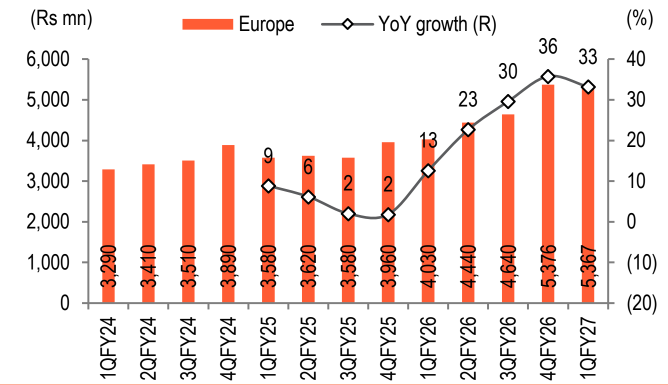
Financial Charts

Fig 4 – Domestic sales driven by both organic and inorganic growth



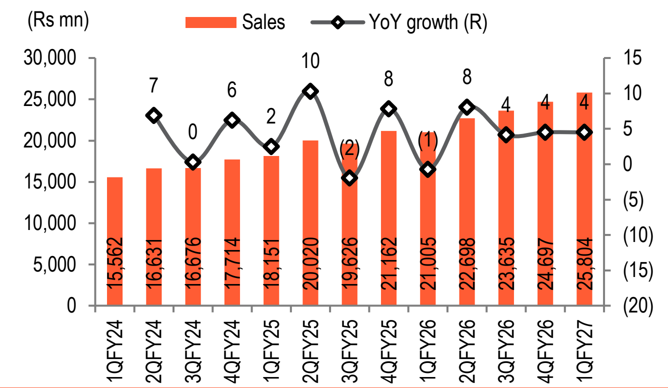
Source: Company, BOBCAPS Research

Fig 5 – Europe sales driven by Amphotericin B injectable



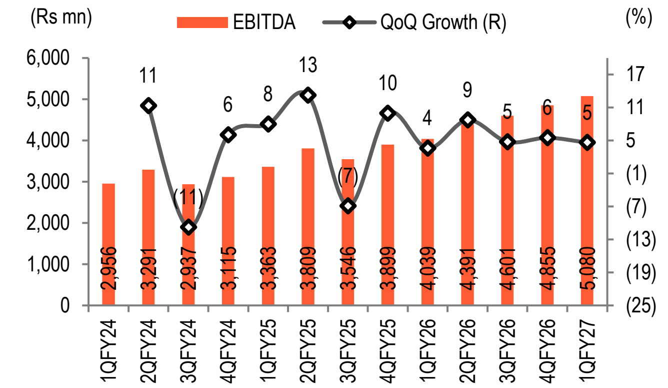
Source: Company, BOBCAPS Research

Fig 6 – Sales driven by growth across portfolio



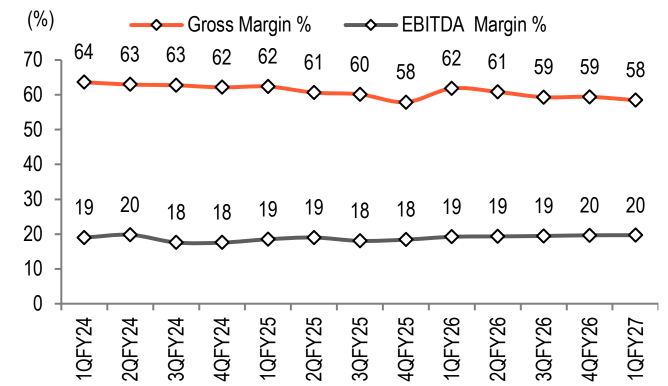
Source: Company, BOBCAPS Research

Fig 7 – EBITDA driven by healthy product mix



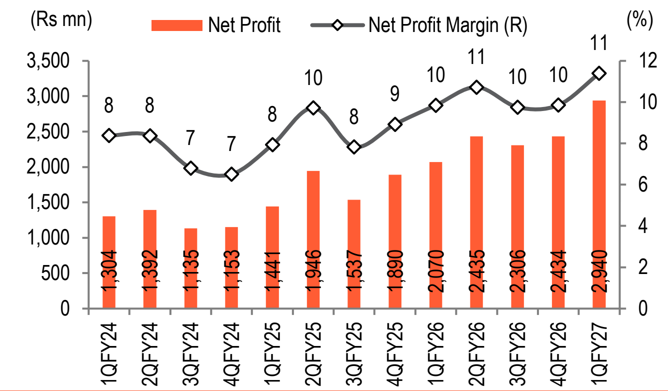
Source: Company, BOBCAPS Research

Fig 8 – International market growth leads to higher EBITDA Margin



Source: Company, BOBCAPS Research

Fig 9 – Healthy operations led to healthy profitability



Source: Company, BOBCAPS Research

Valuation methodology

Overall, the management guided for at-par IPM growth in the domestic region from acceleration of the Zuventus business, Europe sales to be driven by Liposomal injection, broader market growth in the Canada region and increasing growth in the Non-ARV segment, with contribution to the RoW market increasing to 50% from ~33% in 1QFY27. Thus, our EPS increases by 4.9%/5.3%/8.2% in FY27E, FY28E and FY29E to Rs 64.3/Rs 81.5/Rs 100.5 respectively.

We arrive at a sales/EBITDA/PAT CAGR of 14%/19%/25% from FY27-29E. Hence, we maintain BUY on the stock. At CMP, rolling forward to Jun'28 EPS of Rs 86, the stock trades at a PE of 22x, and we ascribe a higher PE to 26x due to sustenance of margins on the higher end and turning net cash in FY28E, to arrive at a PT of Rs 2,243 (earlier PT of Rs 1,965), implying 16% upside."

Fig 10 – Change in estimates

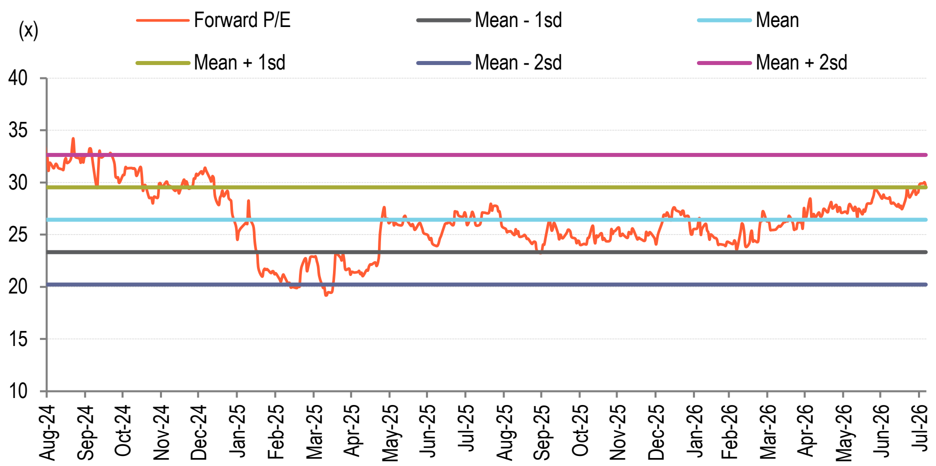
	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY26E	FY27E	FY28E
Sales	1,06,080	1,21,533	1,38,300	1,04,018	1,17,620	1,33,075	2.0	3.3	3.9
EBITDA	21,637	25,642	30,539	20,873	24,991	29,142	3.7	2.6	4.8
EBITDA Margin (%)	20.4	21.1	22.1	20	21	22	33bps	(15bps)	18bps
EPS (Rs)	64.3	81.5	100.5	61.3	77.4	92.9	4.9	5.3	8.2

Source: Company, BOBCAPS Research

Key Risks

- Competition in Liposomal Amphotericin B injection
- Price erosion in the generic portfolio
- Domestic sales unable to grow at par with the IPM
- Higher RM costs

Fig 11 – 1 year forward PE Band



Source: Bloomberg

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**78,960**	**92,040**	**106,080**	**121,533**	**138,300**
EBITDA	14,689	17,891	21,637	25,642	30,539
Depreciation	3,841	4,150	4,266	4,512	4,962
EBIT	10,847	13,740	17,371	21,129	25,577
Net interest inc./(exp.)	(1,758)	(1,437)	(1,385)	(816)	(456)
Other inc./(exp.)	728	127	528	564	564
Exceptional items	0	0	0	0	1
EBT	9,817	12,430	16,514	20,877	25,685
Income taxes	2,639	3,459	4,157	5,255	6,465
Extraordinary items	(104)	446	0	0	0
Min. int./Inc. from assoc.	261	169	169	169	169
Reported net profit	**6,813**	**9,248**	**12,188**	**15,454**	**19,051**
Adjustments	(104)	446	0	0	0
Adjusted net profit	**6,813**	**9,990**	**12,188**	**15,454**	**19,051**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	14,796	18,078	20,344	23,974	27,281
Other current liabilities	3,013	3,206	5,304	10,938	11,064
Provisions	1,682	1,391	1,604	1,837	2,091
Debt funds	16,421	23,683	22,499	10,125	5,062
Other liabilities	0	0	0	0	1
Equity capital	1,895	1,896	1,896	1,896	1,896
Reserves & surplus	44,521	47,871	49,645	54,685	63,324
Shareholders' fund	46,416	49,767	51,541	56,581	65,219
Total liab. and equities	**82,327**	**96,125**	**101,292**	**103,454**	**110,718**
Cash and cash eq.	1,653	1,475	1,164	1,122	1,620
Accounts receivables	20,022	25,627	29,063	29,967	33,344
Inventories	19,318	23,979	26,738	29,301	32,207
Other current assets	6,639	8,928	7,956	6,684	7,607
Investments	954	197	217	238	262
Net fixed assets	23,031	23,188	23,422	23,410	22,947
CWIP	1,241	1,721	1,721	1,721	1,721
Intangible assets	9,470	11,011	11,011	11,011	11,011
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	**82,327**	**96,125**	**101,292**	**103,454**	**110,718**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**8,140**	**5,465**	**17,193**	**28,083**	**20,954**
Capital expenditures	(4,070)	(3,500)	(4,500)	(4,500)	(4,500)
Change in investments	2,227	757	(20)	(22)	(24)
Other investing cash flows	0	0	0	0	0
Cash flow from investing	**(1,843)**	**(2,743)**	**(4,520)**	**(4,522)**	**(4,524)**
Equities issued/Others	83	1	0	0	0
Debt raised/repaid	(12,919)	7,263	(1,184)	(12,375)	(5,062)
Interest expenses	(1,758)	(1,437)	(1,385)	(816)	(456)
Dividends paid	(10,422)	(10,427)	(10,427)	(10,427)	(10,427)
Other financing cash flows	16,031	3,388	0	0	0
Cash flow from financing	**(8,984)**	**(1,212)**	**(12,997)**	**(23,618)**	**(15,945)**
Chg in cash & cash eq.	**(2,687)**	**1,510**	**(324)**	**(56)**	**484**
Closing cash & cash eq.	**(363)**	**3,162**	**1,151**	**1,108**	**1,607**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	36.5	48.8	64.3	81.5	100.5
Adjusted EPS	36.0	52.7	64.3	81.5	100.5
Dividend per share	55.0	55.0	55.0	55.0	55.0
Book value per share	1,131.1	1,259.2	1,304.0	1,431.9	1,651.3

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	4.4	3.8	3.3	2.9	2.6
EV/EBITDA	23.6	19.5	16.0	13.7	11.8
Adjusted P/E	53.9	36.8	30.1	23.8	19.3
P/BV	1.7	1.5	1.5	1.4	1.2

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	69.4	80.4	73.8	74.0	74.2
Interest burden (PBT/EBIT)	90.5	90.5	95.1	98.8	100.4
EBIT margin (EBIT/Revenue)	13.7	14.9	16.4	17.4	18.5
Asset turnover (Rev./Avg TA)	32.0	33.8	36.0	43.2	50.5
Leverage (Avg TA/Avg Equity)	1.7	1.5	1.5	1.3	1.1
Adjusted ROAE	18.7	18.7	24.2	28.7	31.4

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	18.6	16.6	15.3	14.6	13.8
EBITDA	19.4	21.8	20.9	18.5	19.1
Adjusted EPS	28.2	46.5	22.0	26.8	23.3
Profitability & Return ratios (%)					
EBITDA margin	18.6	19.4	20.4	21.1	22.1
EBIT margin	13.7	14.9	16.4	17.4	18.5
Adjusted profit margin	8.6	10.9	11.5	12.7	13.8
Adjusted ROAE	18.7	18.7	24.2	28.7	31.4
ROCE	18.8	20.3	24.3	30.8	38.2
Working capital days (days)					
Receivables	93	102	100	90	88
Inventory	89	95	92	88	85
Payables	68	72	70	72	72
Ratios (x)					
Gross asset turnover	2.3	2.4	2.5	2.6	2.7
Current ratio	2.4	2.6	2.4	1.8	1.8
Net interest coverage ratio	6.2	9.6	12.5	25.9	56.1
Adjusted debt/equity	0.3	0.4	0.4	0.2	0.1

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

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SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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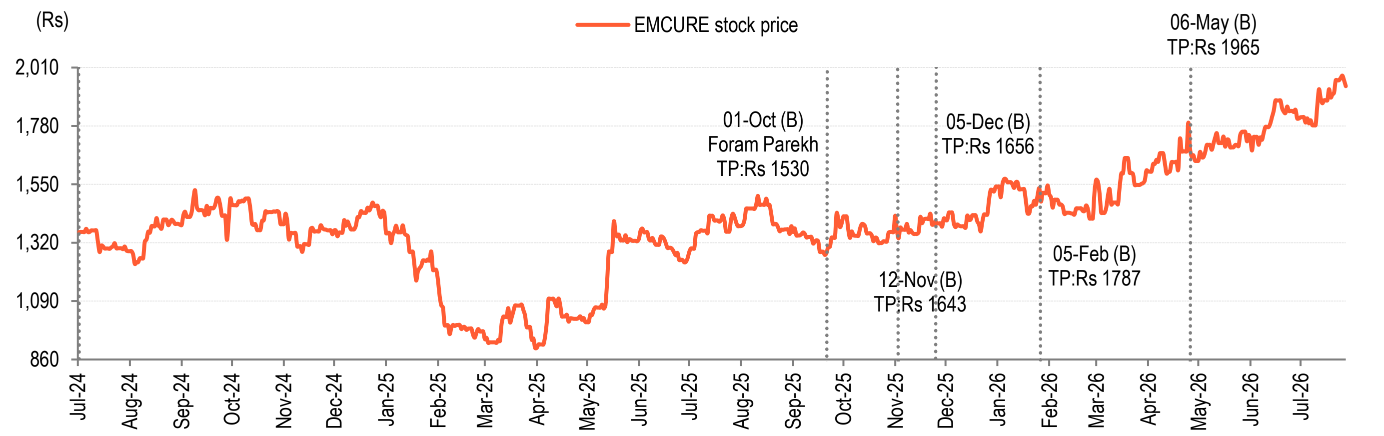
Ratings and Target Price (3-year history): EMCURE PHARMA (EMCURE IN)



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