BUY
TP: Rs 2,544 | ⮝ 29%

EMCURE PHARMA

| Pharmaceuticals | 04 November 2026

Healthy growth to sustain; valuations attractive

- **Sales/EBITDA/PAT were 4.6%/7.7%/5.8% above our estimates. EBITDA Margin was 58 bps above our estimate at 20.4%**
- **Revenue guidance increased steeply from the earlier mid-teens to 20%+for FY27E. EBITDA Margin range also raised by 75-100 bps**
- **We continue to ascribe a PE of 26x on Sep'28 roll forward EPS to arrive at a PT of Rs 2544 (earlier Rs 2243). Maintain BUY**

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Earnings in-line with our estimates - Sales grew by 24.3% YoY to Rs 28.2bn in 2QFY27, driven by 12.1% YoY growth in domestic sales, 23.9% YoY growth in the Canada, 41% YoY growth in the RoW and 36.1% YoY growth in Europe. A healthy product mix was offset by 28% YoY growth in RM cost, leading to 21.6% YoY growth in gross profit to Rs 16.7bn. Gross margin declined by 131bps YoY to 59.5%. Despite employee cost growing by 13% YoY and other expenses growing by 20% YoY, EBITDA grew by 30.9% YoY to Rs 5.7bn in 2QFY27. EBITDA margin increased by 103bps YoY to a record high of 20.4%. Other income (excluding forex gain) grew by 4.2% YoY, interest grew by 9.3% YoY, depreciation grew by 4.8% YoY and tax grew by 34.1% YoY, leading to PAT growth of 50.9% YoY to Rs 3.1bn. Excluding forex gain and minority interest, PAT attributable to shareholders grew by 33.7% YoY to Rs 3.25bn.

Domestic sales continue to grow in double digit – Domestic sales grew by 12% YoY to Rs 11.5bn, primarily due to 10% organic growth in 2QFY27 vs 6% in 2QFY26, driven by higher traction in the Women's Health, Cardiometabolics and CNS portfolios. Recently integrated Zuventus (25% of domestic sales) saw sequential improvement in sales and is expected to accelerate further, with management expecting its sales to grow at par with the IPM. Overall, we expect domestic sales to grow at a CAGR of 12% over FY26-29E to Rs 56.5bn by FY29E.

Europe sales growth driven by complex injectable – Europe sales grew by 36.1% YoY, primarily driven by the base business, new launches and the scale-up of Liposomal Amphotericin B injectable. The Amphotericin B injectable has penetrated only 50% of the European geography, which should enable the high growth to sustain. Overall, we expect the European region to grow at a CAGR of 30% over FY26-29E to Rs 40bn by FY29E.

Valuation - At the CMP, on roll forward to Sep'28 EPS of Rs 98 per share, the stock trades at a PE of 20x. We continue to ascribe a PE of 26x to arrive at a PT of Rs 2,544 (earlier PT: Rs 2,243), implying 29% upside on the stock.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	EMCURE IN/Rs 1,977
Market cap	US$ 3.9bn
Free float	22%
3M ADV	US$ 3.3mn
52wk high/low	Rs 2,101/Rs 1,307
Promoter/FPI/DII	78%/3%/3%

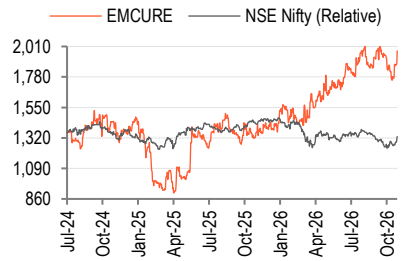
Source: NSE | Price as of 3 Nov 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	92,040	110,173	132,780
EBITDA (Rs mn)	17,891	22,490	27,783
Adj. net profit (Rs mn)	9,990	12,077	16,152
Adj. EPS (Rs)	52.7	63.7	85.2
Consensus EPS (Rs)	48.8	61.9	75.7
Adj. ROAE (%)	18.7	24.0	29.9
Adj. P/E (x)	37.5	31.0	23.2
EV/EBITDA (x)	19.9	15.7	13.0
Adj. EPS growth (%)	46.5	20.9	33.7

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

ROW sales Mix bounces back to 50-50 – RoW sales grew by 41% YoY to Rs 6.3bn, driven by a 50-50 mix of ARV and non-ARV sales. Non-ARV sales growth bounced back from 33% in 1QFY27 to 50% in 2QFY27, driven by new launches that led to portfolio expansion in geographies such as Latin America, CIS, Asia and Africa. EMCURE received approval for Liposomal B injectable in a few geographies, such as Brazil and Latin America, and plans to launch it in H2FY27, which should enable the RoW region to retain its high growth momentum. Thus, we expect the RoW region to grow at a CAGR of 31% over FY27-29E to Rs 41.2bn by FY29E.

Operating leverage led to record high margins - In 2QFY27, EMCURE's EBITDA margin was the highest ever at 20.4%, driven by higher productivity in the domestic business (hiring frozen at 4,100-4,200 MRs). Overall, as growth across geographies is led by complex injectables, which is likely to sustain, management has increased its EBITDA margin guidance range by 75-100bps. Thus, we expect Emcure's EBITDA margin to reach 20.4%/20.9%/21.2% in FY27E/FY28E/FY29E, respectively.

Financial Snapshot

Fig 1 – Quarterly Snapshot

(Rs Mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	BOB Estimate	Var
Net Sales	28205	22,698	24.3%	25,804	9.3%	26953	4.6%
Total Expenses	22457	18,307	22.7%	20,725	8.4%	21616	3.9%
(%) of net sales	80	81		80		80	
Raw material consumed	11424	8,895	28.4%	10,732	6.5%	11051	3.4%
(%) of net sales	41	39		42		41	
Gross Profit	16781	13803	21.6%	15073	11.3%	15902	5.5%
Staff cost	4347	3,846	13.0%	4,095	6.2%	4312	0.8%
(%) of net sales	15	17		16		16	
Other Expense	6686	5,565	20.1%	5,898	13.4%	6253	6.9%
(%) of net sales	24	25		23		23	
EBITDA	5748	4,391	30.9%	5,080	13.1%	5337	7.7%
Depreciation	1097	1,046	4.8%	1,095	0.1%	1105	-0.8%
EBIT	4651	3,345	39.0%	3,985	16.7%	4232	9.9%
Interest	356	325	9.3%	315	12.8%	323	10.0%
Other Income	33	31	4.2%	21	57.1%	21	57.1%
PBT	4328	3,051	41.9%	3,690	17.3%	3929	10.2%
Less: Taxation	1208	900	34.1%	1,010	19.5%	989	22.1%
Less: Minority Interest	(5)	79	-106.3%	(15)	-66.6%	(15)	-66.6%
Recurring PAT	3125	2,071	50.9%	2,695	16.0%	2955	5.8%
Forex gain	(131)	(364)		(245)		0	#DIV/0!
Reported PAT attributable to shareholders	3256	2,435	33.7%	2,940	10.7%	2955	10.2%
Key Ratios (%)			**Bps**		**Bps**		**Bps**
Gross Margin	59.5	60.8	(131)	58.4	108	59.0	50
EBITDA Margin	20.4	19.3	103	19.69	69	19.8	58
Tax / PBT	27.9	29.5	(161)	27.4	53	25.2	274
NPM	11.1	9.1	195	10.4	64	11.0	12
EPS	17.2	12.8	34%	12.8	33.8%	15.6	10.2

Source: Company, BOBCAPS Research

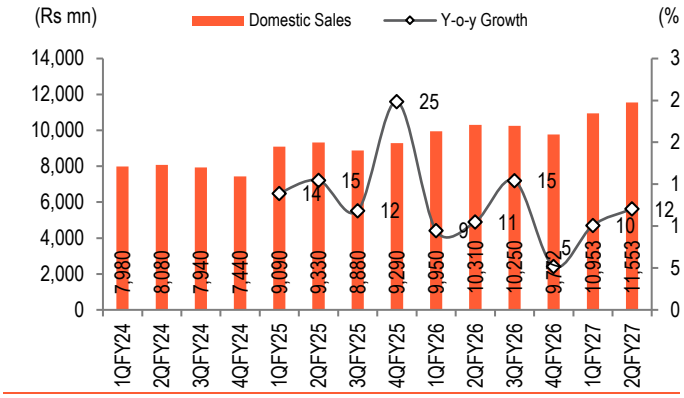
Fig 2 – Segmental Mix

(Rs Mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	BOB Estimates	Var
Formulations	44,857	35,070	27.9%	40,655	10.3%	42,358	5.9%
India	11553	10,310	12.1%	10,953	5.5%	11547	0.1%
International regions	16652	12380	34.5%	14,851	12.1%	15405	8.1%
Canada	4312	3,480	23.9%	4,266	1.1%	4280	0.7%
ROW	6297	4,460	41.2%	5,218	20.7%	5575	13.0%
Europe	6043	4,440	36.1%	5,367	12.6%	5550	8.9%
Net Sales	28,205	22,690	13.7%	25,804	9.3%	26,953	4.6%

Source: Company, BOBCAPS Research

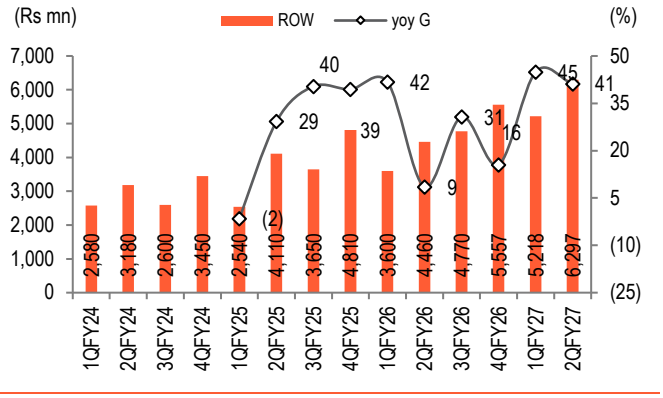
Financial Charts

Fig 3 – Domestic sales growth driven by revival in the Zuventus portfolio



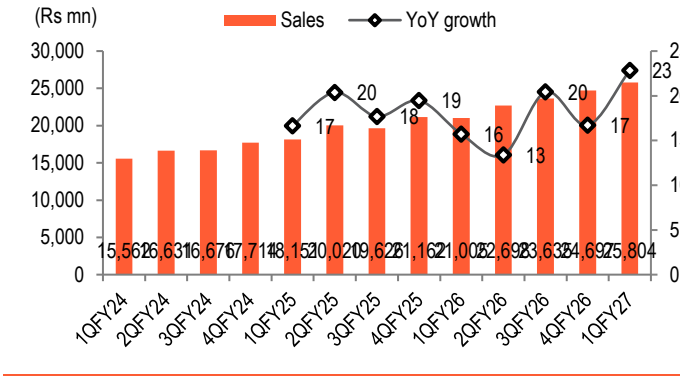
Source: Company, BOBCAPS Research

Fig 4 – ROW sales growth primarily driven by non ARV portfolio



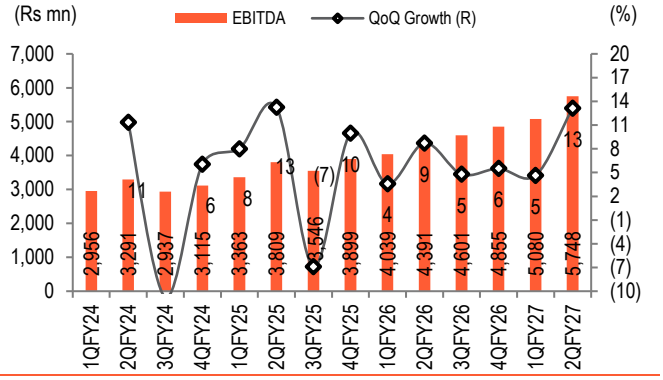
Source: Company, BOBCAPS Research

Fig 5 – Sales growth driven by double digit growth across portfolio



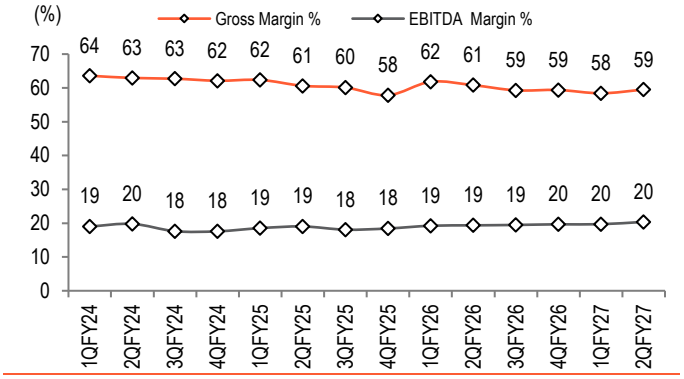
Source: Company, BOBCAPS Research

Fig 6 – EBITDA growth driven by operational leverage



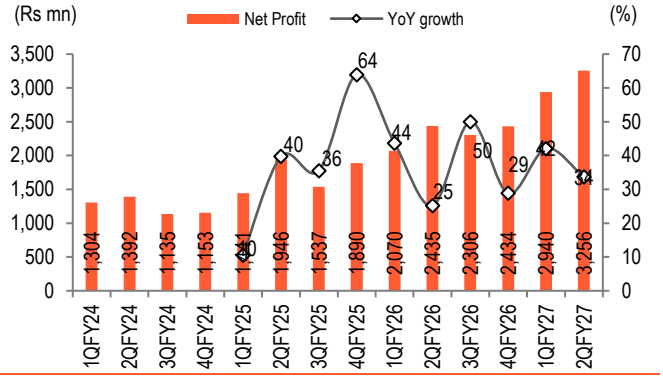
Source: Company, BOBCAPS Research

Fig 7 – Healthy product mix led to higher margins



Source: Company, BOBCAPS Research

Fig 8 – Healthy growth in the in-licensing portfolio led to higher growth



Source: Company, BOBCAPS Research

Earnings call highlights

Guidance and outlook

Revenue growth: FY27 guidance raised to **above 20%**, from mid-teens earlier. Management repeated this twice.

EBITDA margin: FY27 improvement now expected at the **upper end of the 75-100 bps range**.

H2 FY27: Management expects momentum to continue in both India and international, with R&D spend stepping up in H2 as planned.

Drivers of the raise:

Domestic traction is improving.

Europe and Rest of World (RoW) are scaling up faster, helped by product approvals now ramping up.

The ARV (antiretroviral) order book in RoW is strong, with revenue recognition continuing in H2.

India:

Expected to end FY27 at **low-teens growth**.

Exit growth should be in line with or above the Indian pharma market (IPM).

Zuventus growth is expected to be strong in H2 versus H2 last year, when attrition hit the team.

Management expects Zuventus growth to be in line with IPM by year-end.

FY28: No formal guidance. Management hopes the momentum builds into FY28 and is confident in its earlier medium-term growth assumptions for each vertical.

Balance sheet: Target of **net cash by end of FY28**.

Five-year goals: H1 performance reinforces confidence in achieving them.

Opex: No major capacity or marketing step-up planned. Margin gains will come from operating leverage, with SG&A growing slower than revenue.

India business

Trend: Second straight quarter of double-digit growth, up from 10% in Q1.

Organic growth: 10%, versus 6% in Q1.

Growth drivers: Women's Health, Cardiometabolic and CNS.

Zuventus:

Improved sequentially.

Contributes about 25% of revenue.

Last year's attrition and exits were in H2. Management described the path as "stability, consolidation, acceleration", with stability and consolidation now behind them.

Growth is still below the acute-heavy market, as the chronic portfolio does well.

Growth is not broken out.

Consumer health: Gaining traction with brands such as Bitter Drops and Galact. Management sees it becoming an additional growth engine. Its contribution is not disclosed ("early days, green shoots").

Poviztra (semaglutide, with Novo Nordisk):

Gaining traction month on month.

Ranked #4 brand on IQVIA last month.

Expected to improve its rank by at least one based on October data.

Management called it a long-term play that needs patience.

Key brands: Orofer-XT (anemia franchise) and chiral molecules such as Asomex and Metpure are growing well. Differentiation comes from innovative products and scientific promotion.

Field force (MRs):

About 4,100-4,200 medical representatives, with no near-term additions planned.

Productivity per MR rose versus the prior quarter.

Incentives are tweaked marginally so more MRs qualify.

Mix:

In-licensed products are in the high teens as a percentage of India sales.

Biosimilars are about 10% of India sales.

Hospital business is in the single digits, as the focus is on trade prescriptions.

Strategy: Make big brands bigger, improve field productivity, build chronic and specialty capability, and continue in-licensing.

Corporate action: On 12 Oct the board approved the amalgamation of two wholly owned subsidiaries, Zuventus Healthcare and another entity (name garbled in the

transcript), into one entity. This is part of the “One Emcure” vision to simplify the group structure. The Zuventus brand and teams remain part of India. The scheme is subject to approvals, including NCLT.

International business

Revenue: ₹1,665 cr, up 34.5% and 59% of total revenue.

Currency impact: About 10 pts of the international growth was currency. Constant-currency international growth is ~24%, and overall growth is ~18.5%.

Concentration: Revenue is well spread. Each of Europe, Canada and RoW contributes mid-teens percent or more, with no heavy product concentration.

Complex injectables: These are driving good traction across markets.

Europe (including UK):

Growth was broad-based, led by the base portfolio, new launches and the scale-up of Liposomal Amphotericin B.

Management expects momentum to continue in H2.

Management expects Europe competition on Ampho at some point. In-house capacity covers demand across Europe, Canada and emerging markets.

Canada:

More launches are expected in H2 and the pipeline is strong.

Semaglutide filing in Canada is expected in the next few months.

Rest of World (emerging markets):

ARV business was strong, and non-ARV growth accelerated on new launches and portfolio expansion across Latin America, CIS, Asia and Africa.

Management is “very bullish” on the segment.

Liposomal Amphotericin B:

It is under 10% of international sales.

It is currently sold only in Europe.

Emerging-market approvals are just starting (Brazil, Colombia, with Mexico around the corner), so the RoW contribution could rise.

Management says it is not overdependent on this product.

Valuation methodology

EMCURE's numbers were broadly in line with our estimates, and the company reported its highest ever EBITDA margin, driven by an increase in productivity. Overall, the growth momentum across geographies is likely to continue, with the remaining 50% of the European market yet to be penetrated for Amphotericin B injectable and the launch of the same in the RoW region. The domestic business, too, is likely to grow by making big brands bigger and improving productivity.

Factoring in the above growth momentum, we have changed our EPS estimates by -0.95% in FY27E, +4.5% in FY28E and +9.9% in FY29E. Thus, we arrive at a Sales/EBITDA/PAT CAGR of 21%/24%/34% over FY26-29E.

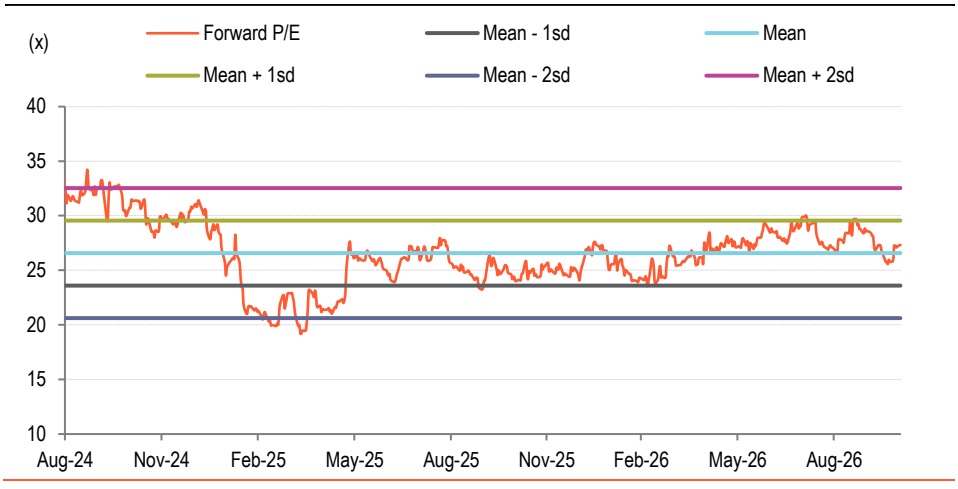
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Fig 9 – Change in Estimates table

	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Sales	110173	132780	161592	106,080	121,533	138,300	3.9	9.3	16.8
EBITDA	22490	27783	34267	21,637	25,642	30,539	3.9	8.4	12.2
EBITDA Margin(%)	20.4%	20.9%	21.2%	20%	21%	22%	2bps	-17bps	-88bps
EPS (Rs)	63.7	85.2	110.5	64.3	81.5	100.5	-0.9	4.5	9.9

Source: Company, BOBCAPS Research

Fig 10 – 1year Forward PE band



Source: Bloomberg

Key risks

Key downside risks to our estimates are:

1- Early competition in Amphotericin B injectable

2- Slower recovery of Zuventus in the domestic market

3- Delay in the launch of Amphotericin B brand in the RoW region

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**78,960**	**92,040**	**110,173**	**132,780**	**161,592**
EBITDA	14,689	17,891	22,490	27,783	34,267
Depreciation	3,841	4,150	4,550	5,009	5,459
EBIT	10,847	13,740	17,941	22,774	28,808
Net interest inc./(exp.)	(1,758)	(1,437)	(1,385)	(816)	(532)
Other inc./(exp.)	728	127	220	398	646
Exceptional items	0	0	0	0	1
EBT	9,817	12,430	16,775	22,357	28,923
Income taxes	2,639	3,459	4,529	6,036	7,809
Extraordinary items	(104)	446	0	0	0
Min. int./Inc. from assoc.	261	169	169	169	169
Reported net profit	**6,813**	**9,248**	**12,077**	**16,152**	**20,945**
Adjustments	(104)	446	0	0	0
Adjusted net profit	**6,813**	**9,990**	**12,077**	**16,152**	**20,945**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	14,796	18,078	22,035	26,920	33,204
Other current liabilities	3,013	3,206	5,509	11,950	12,927
Provisions	1,682	1,391	1,665	2,007	2,443
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	49,534	55,272	65,804
Shareholders' fund	46,416	49,767	51,430	57,168	67,700
Total liab. and equities	**82,327**	**96,125**	**103,137**	**108,170**	**121,336**
Cash and cash eq.	1,653	1,475	1,936	1,843	2,002
Accounts receivables	20,022	25,627	30,184	32,740	38,959
Inventories	19,318	23,979	27,770	32,013	37,631
Other current assets	6,639	8,928	7,161	5,975	8,080
Investments	954	197	217	238	262
Net fixed assets	23,031	23,188	23,138	22,629	21,670
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**	**103,137**	**108,170**	**121,336**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**8,140**	**5,465**	**17,965**	**28,032**	**20,692**
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)	(532)
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)**	**(16,021)**
Chg in cash & cash eq.	**(2,687)**	**1,510**	**448**	**(108)**	**147**
Closing cash & cash eq.	**(363)**	**3,162**	**1,923**	**1,829**	**1,989**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	36.5	48.8	63.7	85.2	110.5
Adjusted EPS	36.0	52.7	63.7	85.2	110.5
Dividend per share	55.0	55.0	55.0	55.0	55.0
Book value per share	1,131.1	1,259.2	1,301.2	1,446.8	1,714.4

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	4.5	3.9	3.2	2.7	2.3
EV/EBITDA	24.1	19.9	15.7	13.0	10.8
Adjusted P/E	55.0	37.5	31.0	23.2	17.9
P/BV	1.7	1.6	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	72.0	72.2	72.4
Interest burden (PBT/EBIT)	90.5	90.5	93.5	98.2	100.4
EBIT margin (EBIT/Revenue)	13.7	14.9	16.3	17.2	17.8
Asset turnover (Rev./Avg TA)	32.0	33.8	37.4	47.0	57.7
Leverage (Avg TA/Avg Equity)	1.7	1.5	1.5	1.3	1.1
Adjusted ROAE	18.7	18.7	24.0	29.9	33.7

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	18.6	16.6	19.7	20.5	21.7
EBITDA	19.4	21.8	25.7	23.5	23.3
Adjusted EPS	28.2	46.5	20.9	33.7	29.7
Profitability & Return ratios (%)					
EBITDA margin	18.6	19.4	20.4	20.9	21.2
EBIT margin	13.7	14.9	16.3	17.2	17.8
Adjusted profit margin	8.6	10.9	11.0	12.2	13.0
Adjusted ROAE	18.7	18.7	24.0	29.9	33.7
ROCE	18.8	20.3	24.6	32.8	42.1
Working capital days (days)					
Receivables	93	102	100	90	88
Inventory	89	95	92	88	85
Payables	68	72	73	74	75
Ratios (x)					
Gross asset turnover	2.3	2.4	2.6	2.8	3.1
Current ratio	2.4	2.6	2.3	1.8	1.8
Net interest coverage ratio	6.2	9.6	12.9	27.9	54.2
Adjusted debt/equity	0.3	0.4	0.4	0.1	0.0

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

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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

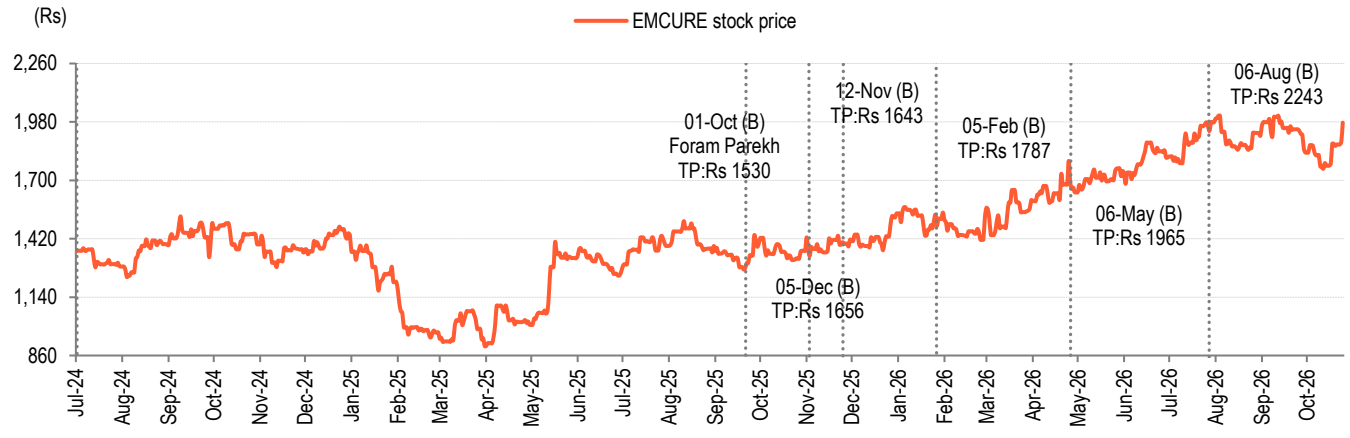
HOLD – Expected return from -6% to +15%

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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