

BUY

TP: Rs 1,965 | ▲ 16%

EMCURE PHARMA

Pharmaceuticals

06 May 2026

In-line Earnings; all growth drivers intact

- Sales/EBITDA/APAT grew by 1.5%/0.4%-1.1% above our estimates, while EBITDA Margin was 22 bps below our estimates
- International growth drivers remain intact; participating in gSemaglutide in Canada via Dr. Reddy's partnership
- We ascribe 25x (attractively valued amongst peers with higher domestic contribution), rollforward to Mar'28 EPS to arrive at a PT of RS 1965

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In-line numbers on adjusted basis – Emcure's sales grew by 16.7% YoY to Rs 24.6bn, driven by 29% YoY growth in North America, 36% YoY growth in Europe, 16% YoY growth in the RoW region, and relatively lower growth of 5% in the domestic market. A healthy product mix led to a 154 bps YoY increase in gross margin and a 123 bps YoY increase in EBITDA margin. Lower other income, a higher tax rate, and an exceptional cost of Rs 44mn (forex gain, labour code provision, and redemption from Mantra shareholders) resulted in a 22% YoY increase in PAT to Rs 2.4bn. Adjusting for it, APAT grew by 38% YoY to Rs 2.7bn.

Domestic sales to grow above the IPM growth – In 4QFY26, domestic sales grew by a mere 5%, largely affected by the integration of the Zuventus portfolio (attrition among key leaders). Adjusting for the Zuventus portfolio (restructuring), sales grew by 7–8%. The company has undertaken restructuring initiatives across departments, which are showing improvement. The in-licensed portfolio (15% of domestic sales) is also likely to grow, wherein 1) Poviztra is expected to scale up sales with marketing by 1,000 dedicated MRs, 2) Roche to contribute from Q1FY27, and 3) Sanofi brands, both Amaryl and Cetapin, are auguring well for the portfolio. Going forward, the focus continues to be on the base business by making big brands bigger; hence, we expect the domestic region to clock a sales CAGR of 10% over FY26–29E to Rs 53.6bn in FY29.

International business to continue growing in mid-teens – The key growth drivers are expected to be: 1) deeper penetration of Amphotericin B in Europe and the RoW region, 2) an increase in market share in subsidiaries such as the Manx portfolio in Europe and Marcan in Canada, 3) the partnership for Semaglutide with Dr. Reddy's in the Quebec region, and 4) a healthy order book in the ARV segment of the RoW region. Hence, we expect the international region to grow at a CAGR of 15% over FY26–29 to Rs 79.4bn by FY29E.

Valuations - Factoring in the lack of competition for niche products across markets, we ascribe a P/E of 25x and roll forward to Mar'28 EPS to arrive at a target price of Rs 1,965 (earlier Rs 1,787).

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	EMCURE IN/Rs 1,690
Market cap	US\$ 3.4bn
Free float	22%
3M ADV	US\$ 5.1mn
52wk high/low	Rs 1,830/Rs 983
Promoter/FPI/DII	78%/3%/3%

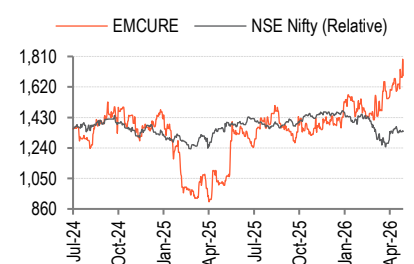
Source: NSE | Price as of 5 May 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	78,960	92,040	1,04,018
EBITDA (Rs mn)	14,689	17,891	20,873
Adj. net profit (Rs mn)	6,813	9,990	11,617
Adj. EPS (Rs)	36.0	52.7	61.3
Consensus EPS (Rs)	36.7	48.8	61.9
Adj. ROAE (%)	18.7	18.7	23.2
Adj. P/E (x)	47.0	32.1	27.6
EV/EBITDA (x)	20.4	16.9	14.3
Adj. EPS growth (%)	28.2	46.5	16.3

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Financial Highlights

Fig 1 – Quarterly Result: Comparison of Actuals with Estimates

(Rs mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Q4FY26E	Var (%)
Net Sales	24,697	21,162	16.7	23,635	4.5	24,334	1.5
Total Expenses	19,842	17,263	14.9	19,034	4.2	19,497	1.8
(%) of net sales	80.3	81.6		80.5		80.1	
Raw material consumed	10,031	8,921	12.4	9,624	4.2	9,885	1.5
(%) of net sales	40.6	42.2		40.7		40.6	
Staff cost	3,868	3,734	3.6	3,873	(0.1)	4,015	(3.7)
(%) of net sales	15.7	17.6		16.4		16.5	
Other Expenses	5,944	4,608		5,536		5,597	
(%) of net sales	24.1	21.8		23.4		23.0	
EBITDA	4,855	3,899	24.5	4,601	5.5	4,837	0.4
Depreciation	1,063	968	9.7	1,047	1.5	1,047	1.5
EBIT	3,792	2,931	29.4	3,554	6.7	3,790	0.1
Interest	464	390	18.9	380	22.2	390	19.0
Other Income	40	169	(76.4)	345	(88.4)	350	(88.6)
PBT	3,368	2,710	24.3	3,519	(4.3)	3,750	(10.2)
Less: Taxation	974	634	53.7	824	18.2	877	11.0
PAT	2,394	2,076	15.3	2,695	(11.2)	2,872	(16.7)
Less: Minority Interest	3	83	(96.0)	8	(59.8)	83	(96.0)
Exceptional items	(44)	0	-	381.0	(111.5)		
PAT attributable to shareholders	2,434	1,993	22.1	2,306	5.6	2,790	(12.7)
Adjusted PAT	2,760			2,687	2.7	2,790	(1.1)
Key Ratios (%)							
Gross Margin	59.4	57.8	154.0	59.3	10.5	59.4	0.7
EBITDA Margin	19.7	18.4	123.2	19.5	18.9	19.9	(22.0)
Tax / PBT	(28.9)	(23.4)	(554.5)	(23.4)	(551.2)	(23.4)	(553.1)
NPM	9.9	9.4	43.6	9.8	9.9	11.5	(160.8)
Reported EPS	12.2	8.1	405.6	12.8	(67.9)	14.7	(17.3)
AEPS	14.6	8.1	79.5	14.2	2.7	14.7	(1.1)

Source: Company, BOBCAPS Research

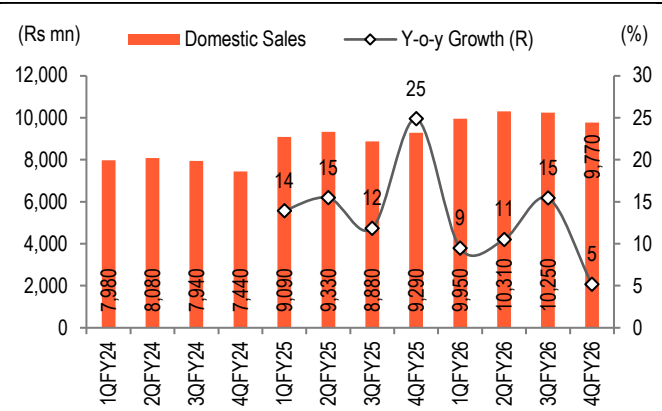
Fig 2 – Segmental Revenue

(Rs Mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Q4FY26E	Var (%)
India	9770	9290	5.2	10250	(4.7)	10684	(8.6)
North America / Canada	3990	3100	28.7	3970	0.5	3565	11.9
ROW	5560	4810	15.6	4770	16.6	5532	0.5
Europe	5380	3960	35.9	4640	15.9	4554	18.1
Net Sales	24700	21160	16.7	23630	4.5	24334	1.5

Source: Company, BOBCAPS Research

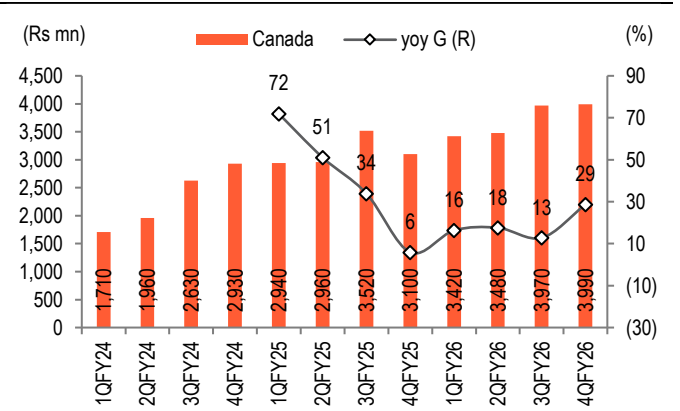
Financial Charts

Fig 3 – Domestic Revenue Growth Moderates in Q4 FY26 due to Zuventus integration



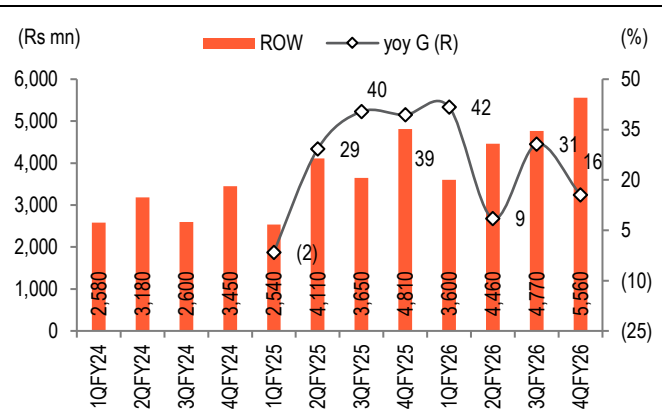
Source: Company, BOBCAPS Research

Fig 4 – Canada Sales driven by Market Share gains & New Launches



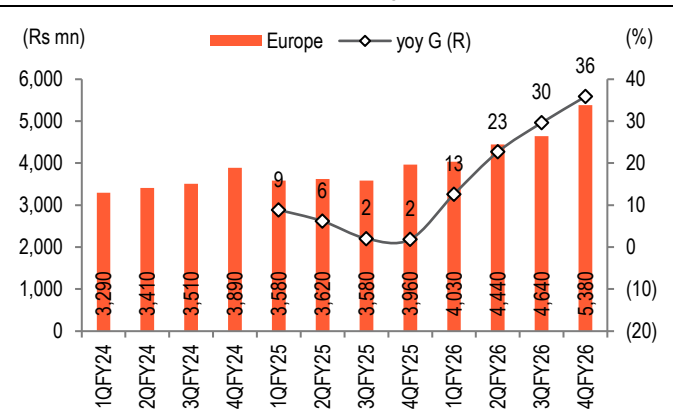
Source: Company, BOBCAPS Research

Fig 5 – ROW region growth driven by both ARV and non ARV sales



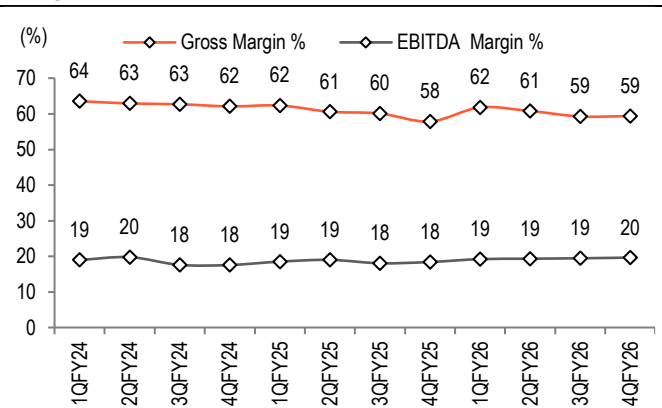
Source: Company, BOBCAPS Research

Fig 6 – Europe sales largely driven by increasing penetration of Amphotericin B injectable



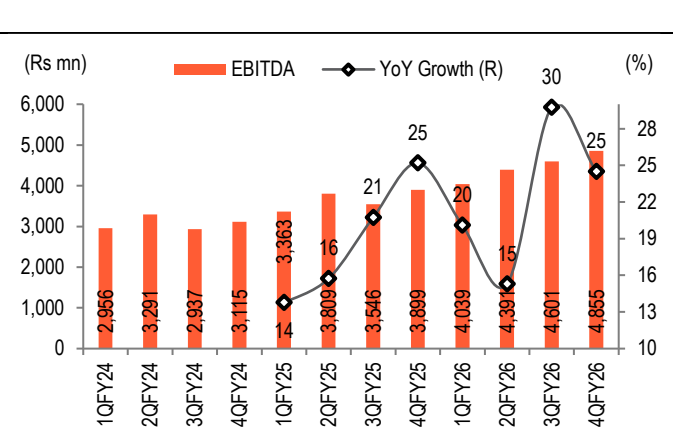
Source: Company, BOBCAPS Research

Fig 7 – Margins improving on back of increase in base margins



Source: Company, BOBCAPS Research

Fig 8 – Operational leverage led to EBITDA growth



Source: Company, BOBCAPS Research

Earning Call Highlights

Outlook

- **Revenue growth:** Low-to-mid teens guided for FY27. USD/INR assumption: 92 average.
- **EBITDA margin expansion:** 75–100 bps committed, subject to stable macro and geopolitical conditions.
- **India:** Expected to grow above industry (industry est. 8–9%). Company targets low-double-digit domestic growth.
- **Europe:** Mid-teens CAGR over next 2 years; near-term growth stronger as Amphotericin B scales up.
- **Gross contribution (GC):** Expected to remain ~60% for the full year.
- **Employee benefit expense:** ~10% growth expected - guided run rate going forward.
- **Capex FY27:** ~Rs4000-4250 million.
- **Zuventus:** Impact not expected to persist through full FY27.

Q4FY2026 Financial Performance

- **Revenue:** Rs 24,700 Mn, +16.7% YoY. Domestic Rs 9770 Mn (+5.2%); International Rs 14,930 Mn (+25.7%).
- **Europe Q4:** Rs 5,380 Mn, +35.8%. Driven by base business, Manx integration, and Amphotericin B scale-up.
- **Canada Q4:** Rs 3,990 Mn, +28.6%. Led by market share gains and new launches.
- **Emerging markets Q4:** Rs 5,560 Mn, +15.5%. Both ARV and non-ARV contributed.
- **Gross margins Q4:** 59.4% vs 57.8% in Q4 FY25 (+160 bps) - better business mix, especially international new launches.
- **EBITDA Q4:** Rs 4850 Mn; margin 19.7% vs 18.4% in Q4 FY25. Operating leverage partly offset by Sanofi OAD contribution.
- **Adjusted PAT Q4:** Rs 2790 Mn, +36% YoY; margin 11.3% (+160 bps). Exceptional item: ₹43 Cr Mantra earnout (partly offset by Rs120 Mn reversal). Effective tax rate 25.4%.
- **R&D spend FY26:** Rs 3835 Mn (4.2% of revenue), up 50 bps YoY.

India (Domestic) Business

- **FY26:** Rs 40270 Mn, +10%. Led by women's health, cardiac, CNS, and oncology.
- **Zuventus drag:** ~Rs800–900 Mn of business lost in Q4. Full-year ex-Zuventus growth ~9–10%; Q4 ex-Zuventus ~7–8%. ~40% of MR field force is in Zuventus. Attrition well above the normal 20–30% range due to management change and portfolio restructuring in Q3/Q4.
- **Recovery:** New leadership in place since October. Restructuring of divisions and portfolios now largely complete. April tracking fully on internal plan - Zuventus impact not expected to drag beyond Q1 FY27.
- **Other segments:** IB (cardiac, metabolic), oncology, and nephrology all performing as per expectations.
- **Field productivity:** Up from Rs5.4L to Rs7L per MR over last two years. Total MR strength ~4,000.
- **In-licensing:** Constitutes ~15% of domestic revenues. Strategy to continue in-licensing wherever accretive - but primary emphasis remains on organic growth and scaling own brands.

International Business

- **FY26 total:** Rs 51,770 Mn, +22.2%. Currency headwind ~7-8% overall; ~11-12% on Europe, slightly lower on Canada and emerging markets.
- **Europe FY26:** Rs18,500 Mn, +25.5%. Driven by base business growth, Manx portfolio, and Amphotericin B ramp.
- **Canada FY26:** Rs14,870 Mn, +18.7%. Mantra (Quebec subsidiary) partnered with Dr. Reddy's to launch semaglutide in Q2 FY27 - favourable pricing in Quebec vs rest of Canada. Own filing underway for mid-term opportunity.
- **ROW FY26:** Rs18,400 Cr, +21.8%. Healthy growth across ARV (strong order book) and non-ARV (new registrations driving diversification).
- **Macro risks:** Solvent availability tightening and insurance/freight costs elevated due to Middle East conflict. 1–2 quarters of inventory buffer in place. No container or supply disruptions seen yet. Guidance already factors in current pricing environment.

Partnerships, In-Licensing & M&A

- **Novo Nordisk - Poviztra (semaglutide):** Exclusive India partner for patented rDNA biologic semaglutide (distinct from synthetic generics in market). Backed by 40+ Novo clinical trials. ~1,000 reps promoting. Price cut in April created a sweet spot vs generics..
- **Sanofi:** Expanded partnership to include Amaryl and Cetapin (oral anti-diabetics). Emcure now among leading cardiac players with strong metabolic presence.

- **Roche - nephrology:** Distribution agreement for select nephrology and transplant medicines signed; billing started April 1. Portfolio is small (2–3 brands, annualised <Rs500 Mn). No upfront payment made. Emcure already top-5 in nephrology - deal augments existing position.
- **M&A:** Manx portfolio acquired in UK to grow European business. Cutimed acquired in Canada to enhance derma range.
- **Consumer - Earth (derma):** Showing good uptake and stabilising. Derma market ~Rs14,000 Cr. Returns expected to build over next few years.

R&D & Pipeline & Other Key Highlights

- **Amphotericin B:** Launched in select European markets H2 FY26. Expanding to Europe and ROW in FY27. Expected to be a significant contributor in FY27 as registrations come in from regulated and emerging markets.
- **Bevacizumab ophthalmic biosimilar (wet AMD):** CDSCO Subject Expert Committee endorsement received. India launch targeted H1 FY27 pending approval. Expanding Europe and ROW in FY27.
- **Lenacapavir (HIV):** Emcure is one of 6 global voluntary licensees for Gilead's product. DMF filed; product registration to be sought in FY27.
- **Long-term pipeline - 4 focus areas:** Complex injectables, Biosimilars, New delivery routes for existing drugs, and Antibody-Drug Conjugates (ADCs).
- **ADC programme:** Two tracks: (1) Biosimilar ADC with shorter approval pathway; (2) Innovative ADC with proprietary in-house linker and payload IP, conjugation in-house, MaB via external partner. Encouraging early results in identifying lead candidates.
- **FDA biosimilar Phase 3 waiver:** Will attract more entrants but Emcure-Genova advantaged via deep mammalian and bacterial platform expertise and optimised COGs.
- **AI adoption:** Early benefits in R&D speed, manufacturing batch efficiency, support functions (legal, HR, finance), and marketing analytics. Full benefits expected to accrue over next 2–3 years.

Valuation methodology

Emcure reported an in-line set of numbers on an adjusted basis. Going forward, all geographies are expected to continue growing in double digits, with domestic sales growth driven by the base business and higher traction in the in-licensed portfolio. Poviztra is seeing a pickup post the price cut and is expected to scale up well. Europe is expected to see growth from higher market share in base products and deeper penetration of Amphotericin B, while the Lenacapavir launch in the ARV segment is expected to sustain double-digit growth in the ROW region. Canada is expected to grow from its partnership with Dr. Reddy’s for Semaglutide, while the Cutimed acquisition is expected to drive the dermatology portfolio in the region.

Most of the growth triggers are already factored in by the street, except for semaglutide participation in the Quebec region by Emcure, given its strong presence there through its subsidiary, Marcan. However, the company has guided for a margin expansion of 75–100 bps; accordingly, we have lowered our margin assumptions. Factoring in all these growth drivers, we revise our EPS estimates downward by 10.4% for FY27 and by 8.4% for FY28. Accordingly, we expect sales/EBITDA/PAT CAGRs of 13%/18%/24%, respectively.

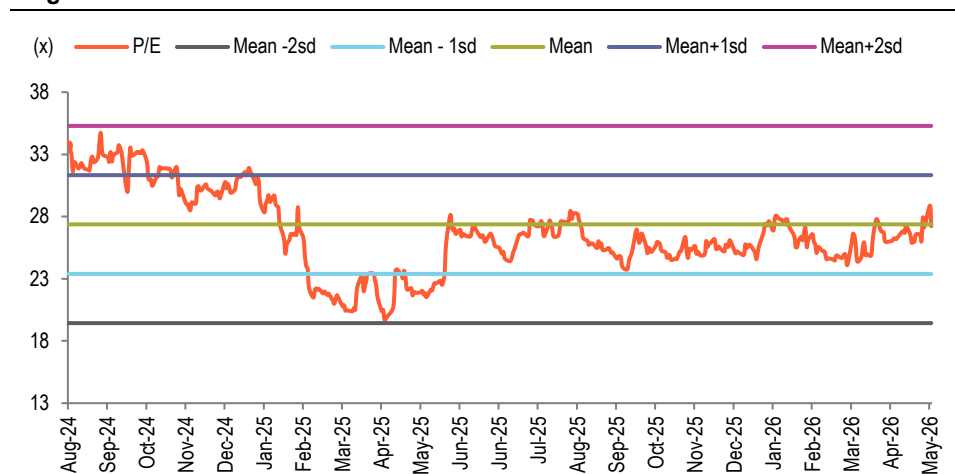
Factoring in the lack of competition for Amphotericin B and participation in GLP products through an innovator in the domestic market and a generic player in Canada—we ascribe a P/E of 25x and roll forward to Mar’28 EPS to arrive at a target price of Rs 1,965 (earlier Rs 1,787).

Fig 9 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales	92040	104018	117620	91,672	1,05,843	1,20,495	0.4	(1.7)	(2.4)
EBITDA	17891	20873	24991	17,868	22,936	27,248	0.1	(9.0)	(8.3)
EBITDA Margin(%)	19	20	21	19	22	23	(0.05bps)	(1.60bps)	(1.37bps)
EPS(Rs)	48.8	61.3	77.4	52.9	68.4	84.5	(7.8)	(10.4)	(8.4)

Source: BOBCAPS Research

Fig 10 – P/E Band



Source: Bloomberg

Key downward risks are

- Slower than expected slower launch of Amphotericin B injectable in the European market
- Higher competition in Semaglutide launch to lead to lower domestic and Canadian sales
- Higher Raw Material cost to affect margin

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26E	FY27E	FY28E	FY29E
Total revenue	78,960	92,040	1,04,018	1,17,620	1,33,075
EBITDA	14,689	17,891	20,873	24,991	29,142
Depreciation	3,841	4,150	4,266	4,512	4,962
EBIT	10,847	13,740	16,608	20,479	24,180
Net interest inc./(exp.)	(1,758)	(1,437)	(1,385)	(1,215)	(972)
Other inc./(exp.)	728	127	528	564	564
Exceptional items	0	0	0	0	1
EBT	9,817	12,430	15,750	19,828	23,772
Income taxes	2,639	3,459	3,964	4,991	5,983
Extraordinary items	(104)	446	0	0	0
Min. int./Inc. from assoc.	261	169	169	169	169
Reported net profit	6,813	9,248	11,617	14,668	17,619
Adjustments	(104)	446	0	0	0
Adjusted net profit	6,813	9,990	11,617	14,668	17,619

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26E	FY27E	FY28E	FY29E
Accounts payables	14,796	18,078	19,949	23,202	26,251
Other current liabilities	3,013	3,206	5,201	5,881	6,654
Provisions	1,682	1,391	1,572	1,778	2,012
Debt funds	16,421	23,683	22,499	17,999	14,400
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	49,073	53,328	60,535
Shareholders' fund	46,416	49,767	50,969	55,224	62,431
Total liab. and equities	82,327	96,125	1,00,190	1,04,084	1,11,746
Cash and cash eq.	1,653	1,475	1,303	1,620	2,131
Accounts receivables	20,022	25,627	28,498	30,613	34,271
Inventories	19,318	23,979	26,218	29,002	32,084
Other current assets	6,639	8,928	7,801	6,469	7,319
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	1,00,190	1,04,084	1,11,746

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26E	FY27E	FY28E	FY29E
Cash flow from operations	8,140	5,465	17,331	20,967	20,021
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)	(4,500)	(3,600)
Interest expenses	(1,758)	(1,437)	(1,385)	(1,215)	(972)
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)	(16,142)	(14,999)
Chg in cash & cash eq.	(2,687)	1,510	(186)	303	498
Closing cash & cash eq.	(363)	3,162	1,289	1,606	2,118

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26E	FY27E	FY28E	FY29E
Reported EPS	36.5	48.8	61.3	77.4	92.9
Adjusted EPS	36.0	52.7	61.3	77.4	92.9
Dividend per share	55.0	55.0	55.0	55.0	55.0
Book value per share	1,131.1	1,259.2	1,289.5	1,397.4	1,580.3

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26E	FY27E	FY28E	FY29E
EV/Sales	3.8	3.3	2.9	2.6	2.3
EV/EBITDA	20.4	16.9	14.3	12.1	10.5
Adjusted P/E	47.0	32.1	27.6	21.8	18.2
P/BV	1.5	1.3	1.3	1.2	1.1

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26E	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	69.4	80.4	73.8	74.0	74.1
Interest burden (PBT/EBIT)	90.5	90.5	94.8	96.8	98.3
EBIT margin (EBIT/Revenue)	13.7	14.9	16.0	17.4	18.2
Asset turnover (Rev./Avg TA)	32.0	33.8	35.4	40.1	44.3
Leverage (Avg TA/Avg Equity)	1.7	1.5	1.5	1.4	1.3
Adjusted ROAE	18.7	18.7	23.2	27.8	30.1

Ratio Analysis

Y/E 31 Mar	FY25A	FY26E	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	18.6	16.6	13.0	13.1	13.1
EBITDA	19.4	21.8	16.7	19.7	16.6
Adjusted EPS	28.2	46.5	16.3	26.3	20.1
Profitability & Return ratios (%)					
EBITDA margin	18.6	19.4	20.1	21.2	21.9
EBIT margin	13.7	14.9	16.0	17.4	18.2
Adjusted profit margin	8.6	10.9	11.2	12.5	13.2
Adjusted ROAE	18.7	18.7	23.2	27.8	30.1
ROCE	18.8	20.3	23.3	28.7	33.0
Working capital days (days)					
Receivables	93	102	100	95	94
Inventory	89	95	92	90	88
Payables	68	72	70	72	72
Ratios (x)					
Gross asset turnover	2.3	2.4	2.4	2.5	2.6
Current ratio	2.4	2.6	2.4	2.2	2.2
Net interest coverage ratio	6.2	9.6	12.0	16.9	24.9
Adjusted debt/equity	0.3	0.4	0.4	0.3	0.2

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

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Brand Name: **BOBCAPS**
 Website: <https://www.bobcaps.in/>
 CIN: **U65999MH1996GOI098009**



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

BUY – Expected return >+15%

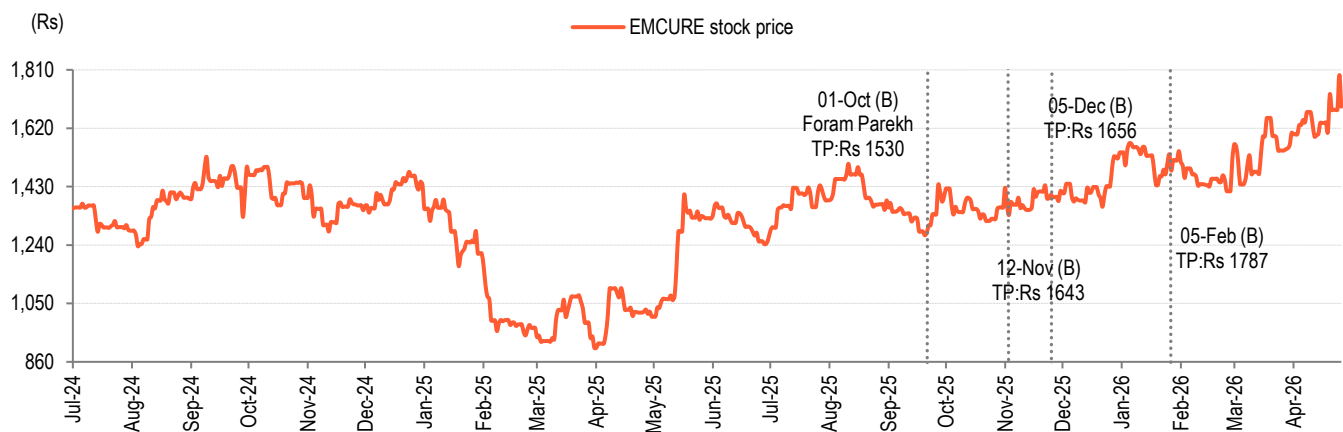
HOLD – Expected return from -6% to +15%

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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