

RESEARCH**[INITIATION] EMCURE PHARMA | TARGET: Rs 1,530 | +20% | BUY**

Immune to US tariff woes

BOB ECONOMICS RESEARCH | RBI MONETARY POLICY

RBI keeps rate unchanged

SUMMARY**[INITIATION] EMCURE PHARMA**

- Domestic business is expected to recover with increasing traction from Sanofi's portfolio, leading to growth higher than IPM
- Anticipate operating leverage to play out through a healthy product mix; EBITDA margin to increase to 21.4% in FY28E from 18.6% in FY25
- EMCURE remains in high growth trajectory. Initiate with BUY, ascribe PE of 24x on Sep'27 to arrive at TP o Rs 1,530

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INDIA ECONOMICS: RBI MONETARY POLICY

The MPC unanimously decided to keep the repo rate unchanged at 5.5%, by a unanimous vote as it assesses the twin impact of tariff shock and GST rationalisation on growth. Stance of the monetary policy was kept at neutral, even as two members had a different view. RBI raised its growth forecast for the year upwards, while signalling a weaker growth trajectory in H2 FY26. Inflation projection received a significant downward revision, largely reflecting the impact of a lower base and correction in food inflation. RBI's projections on growth and inflation suggest that there might be room for further policy easing, although the magnitude will be limited. We expect the terminal repo rate at 5.25%; however, the timing of the next rate cut will be crucial.

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BUY**TP: Rs 1,530 | ▲ 20%****EMCURE PHARMA**

| Pharmaceuticals

| 01 October 2025

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Foram Parekh
Research Analyst
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Domestic business to grow above IPM: Emcure's highest contributing domestic segment did not perform until 2025. From FY25, growth in the domestic region was driven by portfolio expansion and integration of Sanofi brands. Prior to acquiring Sanofi's portfolio, Gynecology was the highest contributing therapy, largely due to its flagship brand Orofer (11% of total sales), but post integration, Cardiovascular therapy climbed to the highest contributing therapy with 20.8%. We expect flagship and Sanofi's brands to continue performing well with better MR productivity, hence domestic sales should likely grow at a CAGR of 12% from FY26-28E.

North America to be immune to US tariff woes: As Emcure demerged its US entity Avet Lifesciences, it is present only in the Canada region. This makes Emcure immune to the US tariff uncertainty. To further strengthen its focus in the Canada market, the company has done acquisitions that gave it presence in the Pan Canada region. Going forward we expect Emcure's North America region to grow at a CAGR of 11% from FY26-28 driven by 1) participation in Semaglutide through synthetic route, 2) increasing market share in existing brands and 3) new launches.

ROW market to maintain growth trajectory: The ROW market growth is driven by both ARV and non-ARV sales across 70 countries. ARV sales will likely get strengthened with backward integration in the key ARV molecules and in-licensing of Lenacapavir. The non-ARV sales are expected to rise from biosimilars and complex generics. The company has also filed for Liposomal Amphotericin B in the key markets of RoW, which is expected to receive approval in FY26. Due to these factors, we expect the RoW region to grow at a CAGR of 12% from FY26-28E.

Valuation: We believe EMCURE is immune to US tariff headwinds as it has no presence in the US, followed by recovery in domestic business via Sanofi portfolio integration, steady growth in Canada & Europe regions, and a strong pipeline in complex modalities (ADC, Peptides). We initiate with a BUY rating on the stock and assign 24x PE on Sep'27 to arrive at TP of Rs1,530.

| | |
|------------------|--------------------|
| Ticker/Price | EMCURE IN/Rs 1,280 |
| Market cap | US\$ 2.7bn |
| Free float | 22% |
| 3M ADV | US\$ 3.4mn |
| 52wk high/low | Rs 1,533/Rs 889 |
| Promoter/FPI/DII | 78%/3%/3% |

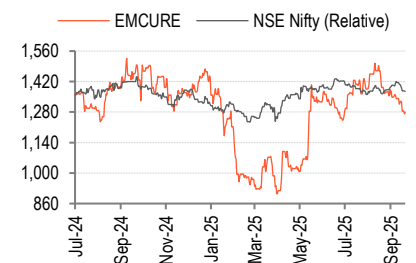
Source: NSE | Price as of 30 Sep 2025

Key financials

| Y/E 31 Mar | FY25A | FY26E | FY27E |
|-------------------------|--------|--------|--------|
| Total revenue (Rs mn) | 78,960 | 88,943 | 99,444 |
| EBITDA (Rs mn) | 14,689 | 17,229 | 19,893 |
| Adj. net profit (Rs mn) | 6,917 | 9,043 | 10,747 |
| Adj. EPS (Rs) | 36.0 | 47.7 | 56.7 |
| Consensus EPS (Rs) | 36.9 | 50.3 | 60.5 |
| Adj. ROAE (%) | 18.7 | 20.7 | 24.9 |
| Adj. P/E (x) | 35.6 | 26.8 | 22.6 |
| EV/EBITDA (x) | 15.1 | 13.2 | 11.3 |
| Adj. EPS growth (%) | 30.8 | 32.7 | 18.8 |

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



RBI MONETARY POLICY

01 October 2025

RBI keeps rate unchanged

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Aditi Gupta
Economist

Status quo: In line with our expectations, RBI's monetary policy committee voted to keep the repo rate unchanged at 5.50%. Stance of the monetary policy was also maintained at 'neutral'. While the vote to keep rate unchanged was unanimous, two MPC members voted to change the stance to accommodative.

Key takeaways from policy

- RBI revised its growth projection for FY26 upwards to 6.8% from 6.5% estimated earlier. This largely reflects an upward revision in H1 GDP, even as RBI expects growth in H2 to be lower. For Q2FY26, GDP growth has been revised up by 30bps. On the other hand, GDP growth in Q3 and Q4 is now projected to be lower by 20bps and 10bps respectively.
- For Q1FY27 as well, GDP growth is estimated lower at 6.4% versus 6.6% estimated earlier.
- The RBI Governor noted that while growth continues to be strong driven by robust domestic fundamentals, external headwinds pose a significant risk to the outlook.
- In this regard, recent measures including the revision in the GST structure are likely to offset some impact of trade related disruptions.



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