

## FIRST LIGHT

08 December 2025

### RESEARCH

#### BOB ECONOMICS RESEARCH | INR AND INFLATION

INR depreciation and its impact on inflation

#### BOB ECONOMICS RESEARCH | RBI MONETARY POLICY

RBI surprises with a cut

#### EMCURE PHARMA | TARGET: Rs 1,656 | +19% | BUY

Margin increment to increase return ratios

### SUMMARY

#### INDIA ECONOMICS: INR AND INFLATION

INR has depreciated sharply in the last few days, crossing several key psychological levels. It closed at 90.19/\$ on 3 Dec 2025, touching a record historic low. There was a recovery subsequently on 4th. There have been several reasons contributing to this fall including strong demand from importers, slowdown in foreign inflows, high trade deficit and uncertainty over US trade deal. INR's depreciation has led to a lot of talk about the likely impact on the economy. Particularly, market participants remain wary of the impact of depreciation on inflation. Our analysis shows that a 5% depreciation in INR is likely to push up inflation by ~15-25bps on an annualized basis, with gold, edible oils and pulses likely to see the major impact.

[Click here for the full report.](#)

#### INDIA ECONOMICS: RBI MONETARY POLICY

The MPC unanimously decided to cut its policy repo rate by 25bps to 5.25%, after keeping it steady at each of its last two meetings. Stance of the monetary policy was retained at neutral, with one member favouring an accommodative stance. RBI also announced OMO auctions and USD/INR buy sell swap auction to inject durable liquidity into the system. These measures are likely to infuse additional liquidity of Rs. 1.45 lakh crores in the system. With regard to the MPC's assessment of the growth and inflation outlook, RBI revised its growth projections upwards based on the trends seen so far.

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**EMCURE PHARMA**

- We hosted Mr. Vikas Thapar (President) and Mr. Piyush Nahar (IR Head) virtually. The duo expressed enthusiasm over Poviztra brand
- Management expects margins to continue rising for the next 1-2 years, driven by no MR hiring and increasing productivity
- Expect Sales/EBITDA/PAT to grow at a CAGR of 12%, 18% and 23% from FY26-28E. Continue to ascribe a PE of 24x on Dec'27 roll forward basis

[Click here for the full report.](#)

## INR AND INFLATION

05 December 2025

### INR depreciation and its impact on inflation

INR has depreciated sharply in the last few days, crossing several key psychological levels. It closed at 90.19/\$ on 3 Dec 2025, touching a record historic low. There was a recovery subsequently on 4th. There have been several reasons contributing to this fall including strong demand from importers, slowdown in foreign inflows, high trade deficit and uncertainty over US trade deal. INR's depreciation has led to a lot of talk about the likely impact on the economy. Particularly, market participants remain wary of the impact of depreciation on inflation. Our analysis shows that a 5% depreciation in INR is likely to push up inflation by ~15-25bps on an annualized basis, with gold, edible oils and pulses likely to see the major impact.

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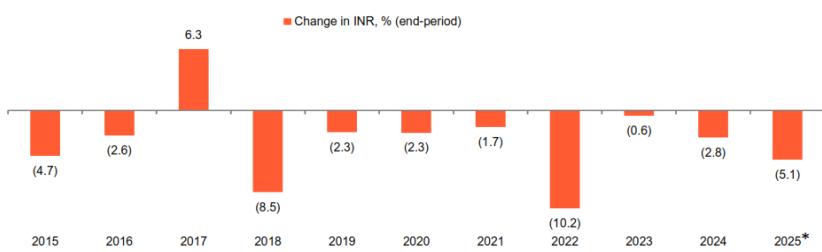
#### Movement in INR over the years:

The depreciation seen in INR in recent days is not unusual as there has been a tendency for the currency to depreciate historically as well. This is not a unique phenomenon for India only, as exchange rate movements of a majority of developing countries also shows a similar trend. This is due to several factors including high inflation, large trade deficits, limited foreign flows and vulnerabilities to external shocks including financial system and commodity price risks.

Between 2010-2024 (calendar year), on a point-to-point basis, INR has depreciated 13 times, losing about 48% of its value. Even narrowing the range to the last 10 years (Fig 1), there is only a single year i.e 2017, in which the currency appreciated. The average depreciation in INR in the period is 2.9%. However, in 7 out of the 10 years, the actual depreciation was lower than the average. In fact, barring 2018 and 2022, the movement in the exchange rate has largely been within the long-term average trend. Even last year, the currency depreciated by just 2.8%. This was notwithstanding a 7% increase in the value of the dollar.

This year the situation is quite different. INR has depreciated by over 5% since 31 Dec 2024, even as the dollar has weakened. In fact, the DXY index has declined by ~9% since the start of the year.

Fig 1: Currency depreciation over the years



Source: Bloomberg, Bank of Baroda Research | Note: \*Data upto 3 Dec 2025



## RBI MONETARY POLICY

05 December 2025

### RBI surprises with a cut

The MPC unanimously decided to cut its policy repo rate by 25bps to 5.25%, after keeping it steady at each of its last two meetings. Stance of the monetary policy was retained at neutral, with one member favouring an accommodative stance. RBI also announced OMO auctions and USD/INR buy sell swap auction to inject durable liquidity into the system. These measures are likely to infuse additional liquidity of Rs. 1.45 lakh crores in the system. With regard to the MPC's assessment of the growth and inflation outlook, RBI revised its growth projections upwards based on the trends seen so far.

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At the same time, inflation projections received a significant downward revision. With this, growth in FY26 is estimated at 7.3% compared with 6.8% estimated earlier. Inflation is projected at 2.0% marking a downward revision of 60bps. More importantly, while the RBI sees some risks to the growth outlook from trade related uncertainties, it remains confident on the inflation trajectory. This makes us revisit our base scenario of the terminal rate settling at 5.25%. We now believe that there is a high probability of a further cut of 25bps in Feb'26, which will mark an end to its rate cut cycle.

#### MPC decision:

RBI's monetary policy committee (MPC) voted unanimously to reduce the policy repo rate by 25bps to 5.25%. This was the first rate cut since Jun'25, when the policy rate was reduced by 50bps. The MPC also continued with the neutral stance, even though one MPC member, i.e. Prof. Ram Singh favoured changing the stance to accommodative.

#### Assessment of growth and inflation outlook:

- RBI revised its growth projection upwards by 50bps to 7.3%. Growth estimates for both Q3 and Q4 were revised higher to 7% (+60bps) and 6.5% (+30bps) respectively. For Q1 FY27 as well, growth is now projected higher at 6.7%, reflecting an upward revision of 30bps.
- For Q2FY27, GDP growth is estimated at 6.8%.
- As per RBI's assessment, benefits from income tax rationalization and GST rate cuts have supported growth in H1 FY26. At the same time, high frequency indicators suggest that economic activity held ground in Q3 FY26, even though there are pockets of stress.



BUY

TP: Rs 1,656 | ▲ 19%

EMCURE PHARMA

| Pharmaceuticals

| 05 December 2025

## Margin increment to increase return ratios

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- Management expects margins to continue rising for the next 1-2 years, driven by no MR hiring and increasing productivity
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**Intends to ramp up Chronic portfolio in domestic region** – Emcure's flagship brand Orofer xt, which is used for iron deficiency classified under Gynaecology, falls under the acute segment. The company ranks 13<sup>th</sup> in the IPM. Therapeutically, it ranked 9<sup>th</sup> in the Cardia segment, however, post the integration of Sanofi's Cardiac portfolio (~Rs 5bn sales), Emcure ranks 4<sup>th</sup> in the Cardiac segment. The company recently acquired Sanofi's Diabetes portfolio (~Rs 1.7bn sales) to get access to the Diabetes therapy. The in-licensed Sanofi's portfolio as well as the newly in-licensed Novo's portfolio to likely enable expanding presence in the Chronic segment (38% as on 2QFY26) and have a rub-off effect on the base portfolio.

**Poviztra to garner wider acceptance** – Management expressed confidence in a wider acceptance of Semaglutide over Tirzepetide, given that Sema is approved for three indications (Weight loss, Cardio and MASH indication). The innovator aims to increase market share as the competition is expected to intensify post LOE (Mar'26), thus introducing the 2<sup>nd</sup> brand of Semaglutide. Pharma MNCs anticipate the Obesity category to be an opportunity for 20 years; hence partly, the innovator would shape the market and partly Emcure's 5400 MRs are likely to deepen penetration in the domestic region.

**Non-ARV pie in ROW segment to grow bigger** – Currently, within the ROW region, ARV- Non-ARV is 50-50. Non-ARV segment has a healthy pipeline of differentiated products in the complex injectables and biosimilars with a TAM of USD2bn. The key launch being Amphotericin B with TAM of USD 300mn and 2 player market for the next two years, hoping to easily achieve market share of ~20% plus.

**Pan Europe Amphotericin B launch to drive Europe growth** – Emcure launched Amphotericin B injectable in the UK and Italy and intends to launch in Pan Europe as well. The company expects it to be a two-player market in Europe too with TAM of USD 300 mn. Emcure anticipates to garner 20% market share in Europe too as the product is less competitive. There are also a couple of complex injectables like Ferric Carboxy Maltose and Doxorubicin which has a TAM of USD 1bn sales. Emcure's Manx portfolio has given access to 120+ MA, doubles the current portfolio in UK and has a strong product pipeline of 55+ products.

## Key changes

	Target	Rating
Ticker/Price	EMCURE IN/Rs 1,396	
Market cap	US\$ 2.9bn	
Free float	22%	
3M ADV	US\$ 3.0mn	
52wk high/low	Rs 1,520/Rs 889	
Promoter/FPI/DII	78%/3%/3%	

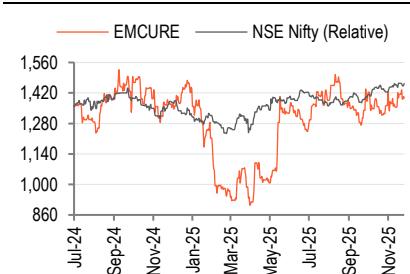
Source: NSE | Price as of 5 Dec 2025

## Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	78,960	89,193	100,725
EBITDA (Rs mn)	14,689	17,306	20,290
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)	38.2	29.1	24.0
EV/EBITDA (x)	16.6	14.4	12.2
Adj. EPS growth (%)	30.1	31.6	21.4

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE



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

**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

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