

Concord Biotech: Growth Moderation Ahead

February 13, 2026 | CMP: INR 1,229 | Target Price: INR 1,400

Expected Share Price Return: 13.7% | Dividend Yield: 0.0% | Potential Upside: 13.7%

ADD

Sector View: Positive

Change in Estimates	✓
Change in Target Price	✓
Change in Recommendation	✗

Company Info	
BB Code	CONCORD IN EQUITY
Face Value (INR)	1.0
52-week High/Low (INR)	2,184 / 1,100
Mkt Cap (Bn)	INR 128.6 / USD 1.4
Shares o/s (Mn)	104.6
3M Avg. Daily Volume	1,56,317

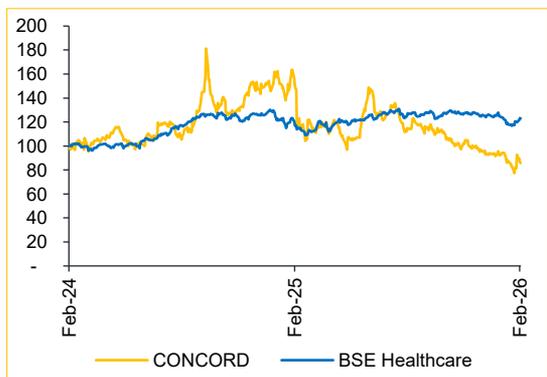
Change in CIE Estimates						
	FY26E			FY27E		
INR Bn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	11.7	13.3	(12.3)	13.8	15.2	(9.1)
EBITDA	4.3	4.9	(12.3)	5.9	6.5	(9.1)
EBITDAM %	37.0	37.0	-	42.8	42.8	-
PAT	3.1	3.5	(12.3)	4.4	4.9	(9.1)
EPS (INR)	29.6	33.7	(12.3)	42.2	46.4	(9.1)

Actual vs CIE Estimates			
INR Bn	Q3FY26A	CIE Estimate	Dev. %
Revenue	2.8	2.8	(1.1)
EBITDA	1.0	1.0	0.1
EBITDAM %	35.6	35.2	43 bps
PAT	0.6	0.7	(11.7)

Key Financials					
INR Bn	FY24	FY25	FY26E	FY27E	FY28E
Revenue	10.2	12.0	11.7	13.8	16.4
YoY (%)	19.2	18.0	(2.8)	18.5	18.9
EBITDA	4.3	5.1	4.3	5.9	7.1
EBITDAM %	42.4	42.2	37.0	42.8	43.0
Adj PAT	3.1	3.7	3.1	4.4	5.3
EPS (INR)	29.5	35.7	29.6	42.2	50.9
ROE %	20.2	20.6	14.6	17.2	17.2
ROCE %	24.7	24.9	17.0	20.6	20.6
PE (x)	41.7	34.5	41.6	29.1	24.1
EV/EBITDA (x)	29.7	25.4	29.5	21.3	17.6

Shareholding Pattern (%)			
	Dec 2025	Sep 2025	Jun 2025
Promoters	44.08	44.08	44.08
FIIIs	7.58	8.03	9.10
DIIIs	9.58	9.55	8.85
Public	38.75	38.32	37.94

Relative Performance (%)			
YTD	2Y	1.5Y	1Y
BSE Healthcare	23.0	5.0	5.6
CONCORD	(14.2)	(18.6)	(42.0)

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Growth to Moderate; Execution Remains Key

We believe that, while the company will continue to grow, **the pace is likely to moderate**, reflecting challenges faced in H1. Although the management guides for some recovery in H2, we believe **the company may still fall short of its earlier 25% three-year CAGR** target under the current trajectory. While tariff-related uncertainty is now behind us, the **scaling up of orders and tender wins remains a key monitorable** for sustained growth. We also expect near-term margin contraction, driven by facility ramp-up cost, with normalisation likely in FY27. That said, we remain watchful for a meaningful contribution from the injectables facility to support recovery.

Accordingly, we have revised our FY26/27E estimate downwards by 12.3%/9.1% and continue to value the stock at 30x the average of FY27–28E EPS. This results in a revised target price of **INR 1,400** (from INR 1,615) and we maintain our **ADD** rating.

Revenue Growth Healthy; PAT Miss Weighs on Quarter

- Revenue grew 13.7% YoY and 12.4% QoQ to INR 2,778 Mn (vs. CIE estimate: INR 2,808 Mn).
- EBITDA grew 1.0% YoY and 11.9% QoQ to INR 990 Mn (vs. CIE estimate: INR 989 Mn); margin contracted 447 bps YoY and 18 bps QoQ to 35.6% (vs. CIE estimate: 35.2%).
- PAT de-grew 16.2% YoY but expanded 0.9% QoQ to INR 636 Mn (vs. CIE estimate: INR 721 Mn).

API: H1 Headwinds to Weigh in on FY26; H2 Improvement Likely

While the API segment witnessed a modest recovery in this quarter, **we expect FY26 growth to remain subdued**. This reflects H1 headwinds, including order lumpiness arising from tariff-related uncertainty and continued pricing pressure. We anticipate **volume-led improvement in H2**, supported by new launches, such as Nystatin and Voclosporin, which should aid incremental growth. The company's leadership in fermentation APIs positions it well to gain market share over time. However, **given order spillovers from H1, we expect muted full-year growth in FY26**, even as tariff-related uncertainty is now behind us.

Formulations Growth Delayed; Recovery Hinges on Injectable Scale-up

The formulations segment **continues to face near-term headwinds**, primarily due to tender deferment and delays in deriving meaningful contribution from the injectables segment. As a result, **we now factor in slower growth in FY26**. A more meaningful recovery is likely from FY27, although this remains **contingent on the successful scale-up of the injectables** portfolio. Given the subdued start, achieving the earlier guided 35–40% growth over the next three years appears increasingly challenging under the current trajectory.

Particulars (INR Mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
Revenue	2,778	2,442	13.7	2,471	12.4
Cost of Goods Sold	657	524	25.5	490	34.1
Gross Margin (%)	76.3	78.5	(221) bps	80.2	(383) bps
Operating Expenses	1,131	939	46.9	1,096	7.0
EBITDA	990	980	1.0	885	11.9
EBITDA Margin (%)	35.6	40.1	(447) bps	35.8	(18) bps
Depreciation	187	133	41.3	184	1.9
Interest	1	1	(16.3)	1	37.9
PBT	869	993	(12.6)	834	4.1
Tax	225	252	(10.8)	226	(0.5)
PAT	636	759	(16.2)	631	0.9
EPS (INR)	6.1	7.3	(16.2)	6.0	0.9

Segment Revenue	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
API	2,194	1,766	24.2	1,918	14.4
Formulation	584	676	(13.6)	553	5.6

Source: CONCORD, Choice Institutional Equities

Management Call – Highlights

API

- Growth driven by higher volumes in fermentation-based immunosuppressants and other niche products.
- **Strong niche positioning in fermentation-based APIs** across immunosuppressants, oncology, anti-infectives and antifungals.
- **Stable pricing environment**, with limited competition due to technological barriers and limited global suppliers.
- **Broader pipeline spans anti-infective, antifungal and oncology** segments, all complex/fermentation-based and niche, where competition is typically 2–4 global players.

Two anti-infective launches planned in FY26, targeting niche positioning and low competition.

Peak revenue potential is around INR 6 Bn from the Injectables facility.

Deferred demand and spillover from previous disruption should unwind gradually, positioning Q4FY26 for a stronger quarter.

Formulations

- Growth supported by product additions and deeper penetration in therapeutic segments linked to core APIs.
- **Peak revenue potential is around INR 6 Bn from the Injectables facility.**
- The management expects injectables to **contribute ~6% to growth** in the next 3–5 years.

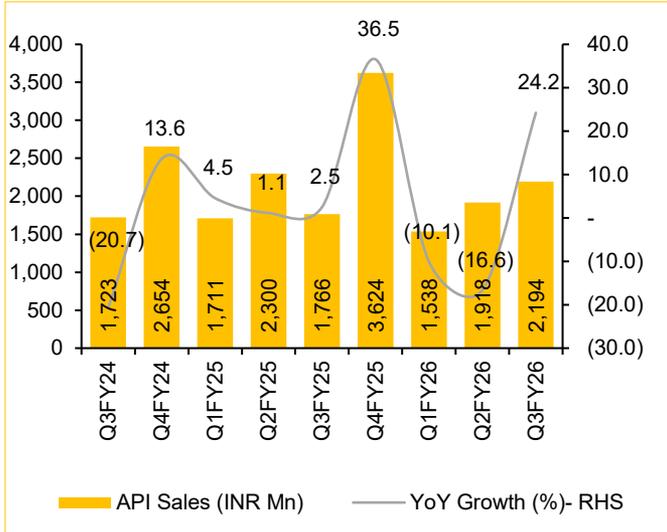
CDMO Business

- One CDMO project linked to an NDA product has already been commercialised in the US; **discussion under way to evaluate global expansion.**
- The management highlighted **increasing second-source and CDMO engagements**, supported by improved global trade visibility and supply diversification trends.
- Other CDMO opportunities which were temporarily delayed due to tariff-related uncertainty have regained momentum after September 2025, with **fresh RFQs emerging across enzymes** and contract manufacturing assignments for innovator companies.

Outlook

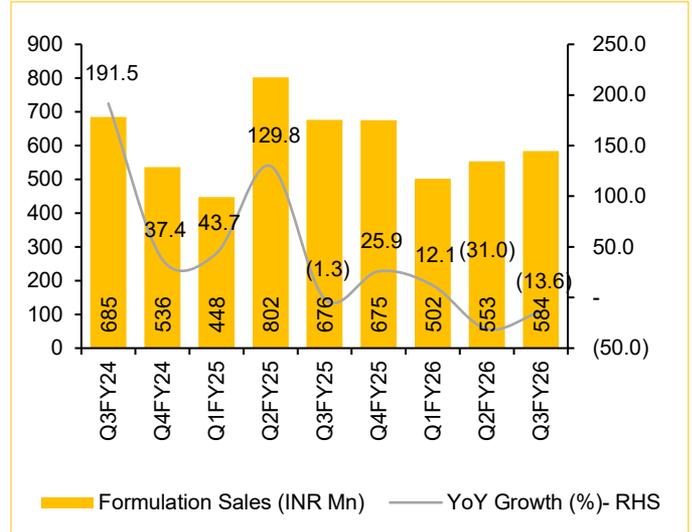
- Deferred demand and spillover from previous disruption should unwind gradually, **positioning Q4FY26 for a stronger quarter.**
- **FY26 below historical averages** due to H1FY26 challenges.
- **Two anti-infective launches planned in FY26**, targeting niche positioning and low competition.
- **Medium-term target: ~25% CAGR over 3–5 years, stepping up from the existing ~18% baseline.**
- Annual capex of INR 1000–1500 Mn to support maintenance and growth projects.

API Revenue sees Recovery on Order Book Normalisation



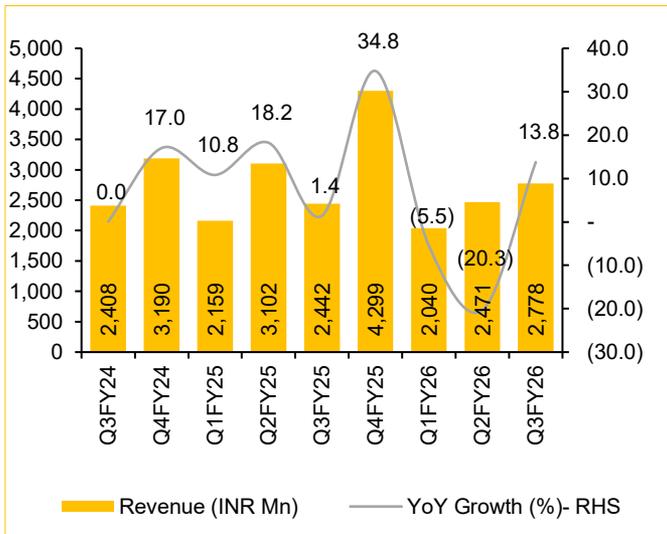
Source: CONCORD, Choice Institutional Equities

Formulations Continue to face Challenges



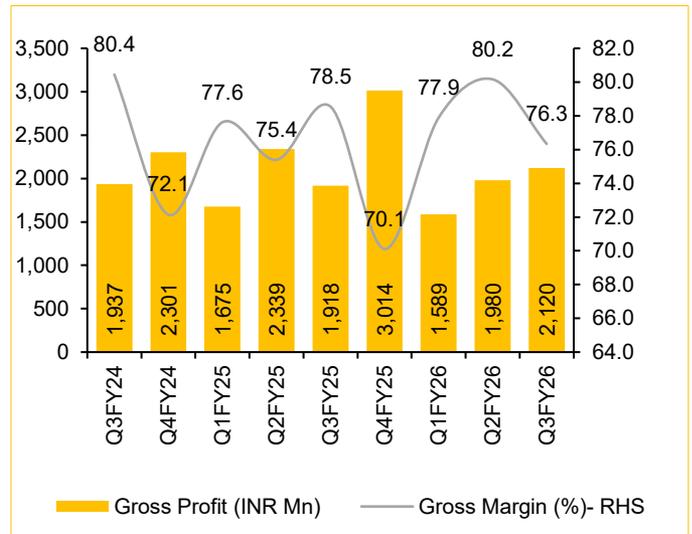
Source: CONCORD, Choice Institutional Equities

Revenue Falls Short of Estimate



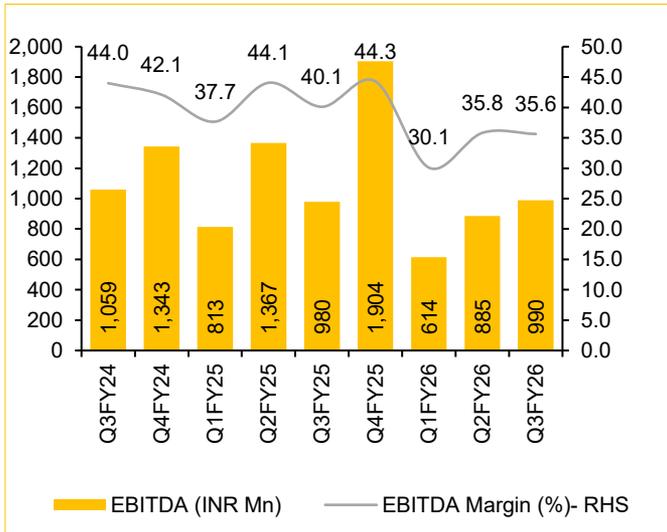
Source: CONCORD, Choice Institutional Equities

Gross Margin sees a Sharp Contraction QoQ



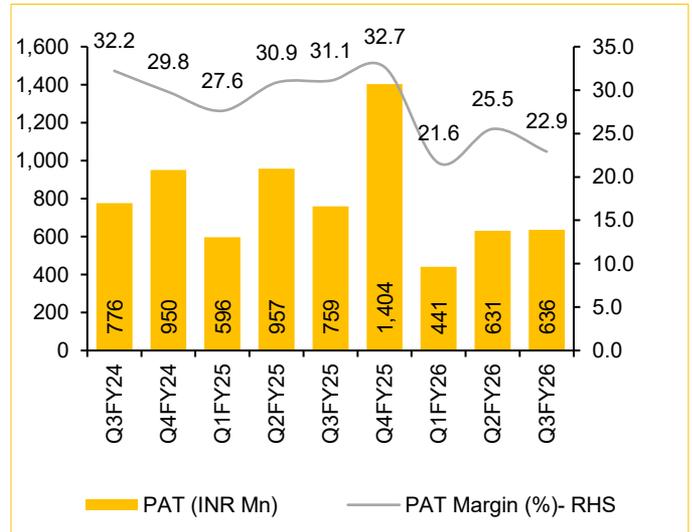
Source: CONCORD, Choice Institutional Equities

EBITDA Margin Largely Flat QoQ



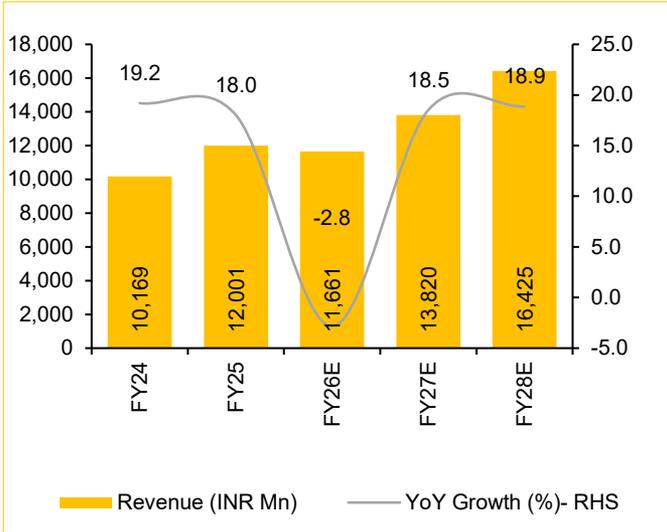
Source: CONCORD, Choice Institutional Equities

PAT Misses Estimate on One-off



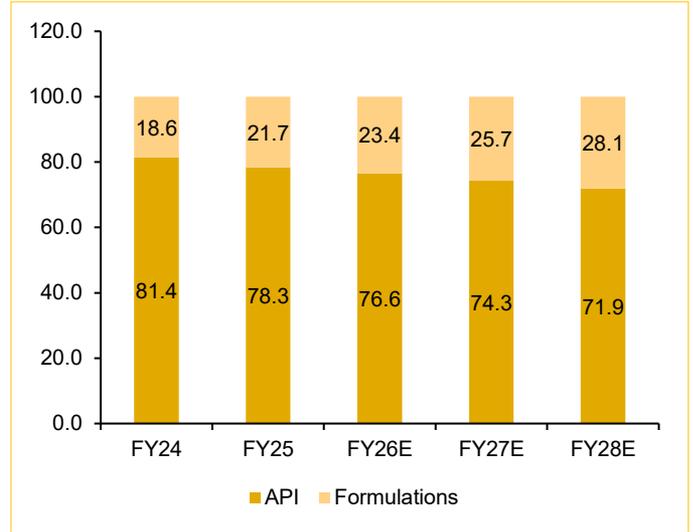
Source: CONCORD, Choice Institutional Equities

Revenue to Expand at 11.0% CAGR over FY25–28E



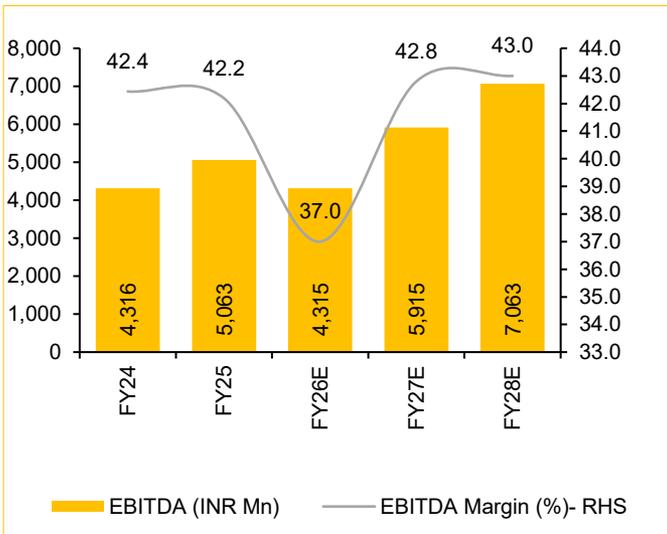
Source: CONCORD, Choice Institutional Equities

Segment Split (as % of revenue)



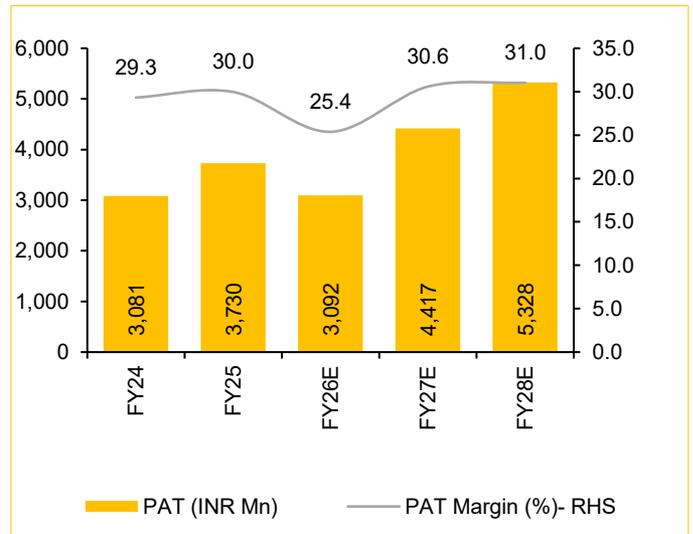
Source: CONCORD, Choice Institutional Equities

EBITDA Margin to Improve from FY27E



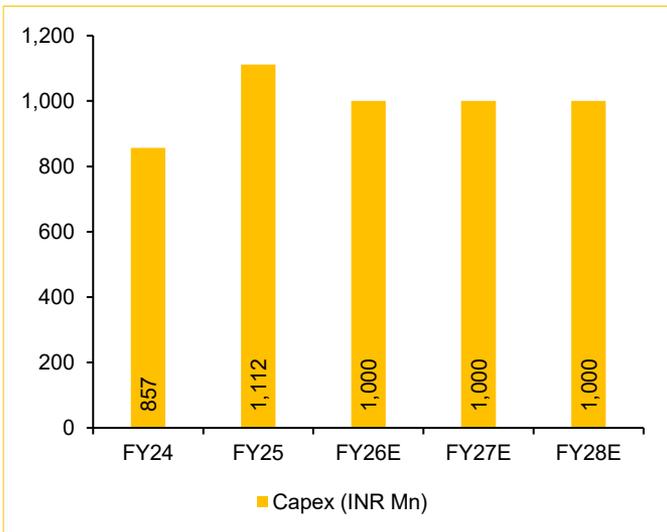
Source: CONCORD, Choice Institutional Equities

PAT to Mirror EBITDA Growth



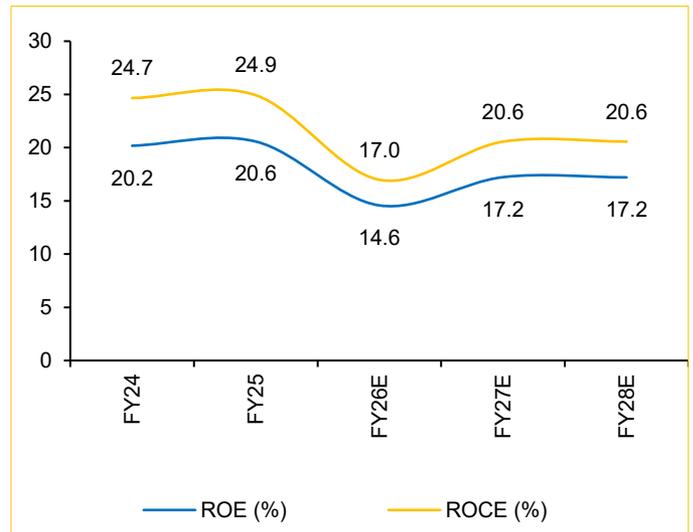
Source: CONCORD, Choice Institutional Equities

Capex Trend



Source: CONCORD, Choice Institutional Equities

ROE and ROCE



Source: CONCORD, Choice Institutional Equities

Income Statement (INR Mn)

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Revenue	10,169	12,001	11,661	13,820	16,425
Gross Profit	7,877	8,946	9,096	10,779	12,811
EBITDA	4,316	5,063	4,315	5,915	7,063
Depreciation	536	544	711	642	692
EBIT	3,780	4,520	3,604	5,272	6,370
Other Income	338	444	525	622	739
Interest Expense	26	5	5	5	5
PBT	4,092	4,959	4,123	5,889	7,104
PAT	3,081	3,730	3,092	4,417	5,328
EPS (INR)	29.5	35.7	29.6	42.2	50.9

Ratio Analysis	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratios (%)					
Revenue	19.2	18.0	(2.8)	18.5	18.9
Gross Profit	17.1	13.6	1.7	18.5	18.9
EBITDA	25.7	17.3	(14.8)	37.1	19.4
PAT	28.3	21.1	(17.1)	42.8	20.6
Margins (%)					
Gross Profit Margin	77.5	74.5	78.0	78.0	78.0
EBITDA Margin	42.4	42.2	37.0	42.8	43.0
PBT Margin	40.2	41.3	35.4	42.6	43.3
Tax Rate	25.5	24.8	25.0	25.0	25.0
PAT Margin	29.3	30.0	25.4	30.6	31.0
Profitability (%)					
ROE	20.2	20.6	14.6	17.2	17.2
ROIC	21.7	22.3	14.9	18.6	18.6
ROCE	24.7	24.9	17.0	20.6	20.6
Financial Leverage (x)					
OCF/EBITDA	0.6	0.5	0.9	0.7	0.6
OCF/Net Profit	0.9	0.7	1.2	0.9	0.9
Debt to Equity	0.0	0.0	0.0	0.0	0.0
Interest Coverage	148.1	853.9	680.9	996.1	1,203.5
Working Capital					
Inventory Days	331	286	330	330	330
Debtor Days	125	159	160	160	160
Payable Days	150	135	135	135	135
Cash Conversion Cycle	306	310	355	355	355
Valuation Metrics					
No of Shares (Mn)	104.6	104.6	104.6	104.6	104.6
EPS (INR)	29.5	35.7	29.6	42.2	50.9
BVPS (INR)	145.9	173.3	202.8	245.0	296.0
Market Cap (INR Bn)	128.6	128.6	128.6	128.6	128.6
PE (x)	41.7	34.5	41.6	29.1	24.1
P/BV (x)	8.4	7.1	6.1	5.0	4.2
EV/EBITDA (x)	29.7	25.4	29.5	21.3	17.6
EV/Sales (x)	12.6	10.7	11.0	9.3	7.8

Source: CONCORD, Choice Institutional Equities

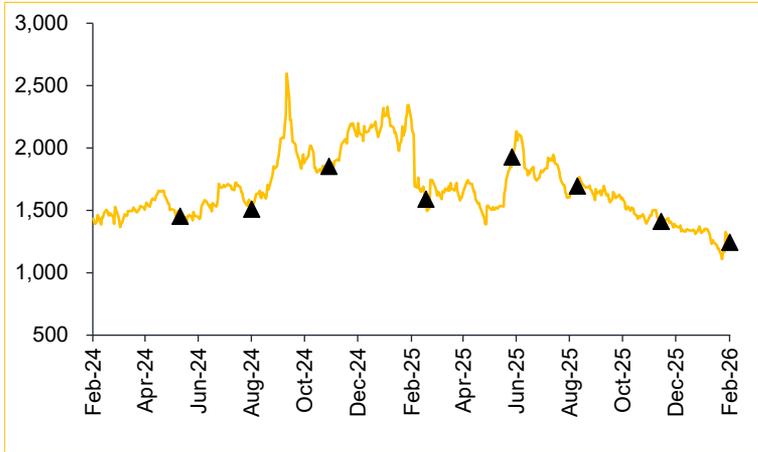
Balance Sheet (INR Mn)

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Net Worth	15,266	18,126	21,219	25,636	30,964
Borrowings	97	30	25	22	19
Trade Payables	944	1,130	949	1,124	1,336
Other Non-current Liabilities	300	368	334	334	334
Other Current Liabilities	399	687	386	386	386
Total Net Worth & Liabilities	17,007	20,342	22,913	27,503	33,040
Net Block	5,717	7,918	8,207	8,565	8,873
Capital WIP	2,115	501	501	501	501
Goodwill & Intangible Assets	3	11	11	11	11
Investments	2,458	3,352	4,352	5,352	6,352
Trade Receivables	3,496	5,217	5,112	6,058	7,200
Cash & Cash Equivalents	470	12	1,476	2,831	4,500
Other Non-current Assets	189	372	372	873	1,773
Other Current Assets	2,559	2,959	2,881	3,311	3,829
Total Assets	17,007	20,342	22,913	27,503	33,040

Cash Flows (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Cash Flows from Operations	2,655	2,445	3,775	3,864	4,578
Cash Flows from Investing	(1,546)	(1,600)	(2,000)	(2,000)	(2,000)
Cash Flows from Financing	(992)	(987)	(910)	(908)	(908)

DuPont Analysis	FY24	FY25	FY26E	FY27E	FY28E
Tax Burden (%)	75.3	75.2	75.0	75.0	75.0
Interest Burden (%)	108.3	109.7	114.4	111.7	111.5
EBIT Margin (%)	37.2	37.7	30.9	38.2	38.8
Asset Turnover (x)	0.6	0.6	0.5	0.5	0.5
Equity Multiplier (x)	1.1	1.1	1.1	1.1	1.1
ROE (%)	20.2	20.6	14.6	17.2	17.2

Historical Price Chart: CONCORD



Date	Rating	Target Price
May 29, 2024	BUY	1,715
August 13, 2024	BUY	1,691
November 12, 2024	BUY	2,208
February 17, 2025	BUY	2,027
June 2, 2025	BUY	2,120
August 12, 2025	BUY	1,965
November 17, 2025	ADD	1,615
February 13, 2026	ADD	1,400

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CHOICE RATING DISTRIBUTION & METHODOLOGY

Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

*Large Cap: More Than INR 20,000 Cr Market Cap
*Mid & Small Cap: Less Than INR 20,000 Cr Market Cap

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