

# Emcure Pharmaceuticals | BUY

## India business rebound to help valuation

Emcure reported strong 2QFY26 results with revenue, EBITDA, and PAT growing 13%, 15%, and 25% YoY respectively, in line with Street and JMFL estimates. EBITDA margins stood at 19.3%, flat YoY and as expected. The India business grew 11% YoY in 2Q and 10% YoY in 1H, driven by strong performance in cardio, gynaecology, and dermatology therapies. The international business rose 16% YoY, supported by robust growth in the EU and Canada markets, which were up 23% and 18% YoY respectively. The India business has shown consistent improvement over the past few quarters, addressing a key investor concern, with volume growth gaining momentum and likely to sustain. Additionally, Emcure is expected to be among the first to launch GLP-1 in India, which should further enhance its growth prospects. Overall, India revenues are projected to grow at a 13% CAGR over FY25–28, while international business is also expected to deliver healthy growth driven by new launches. The stock currently trades at a 20% discount to the peer average despite expected 29% earnings CAGR over the next three years. We believe the continued recovery in the India business will help narrow this gap. We value Emcure at 24x Sep-27E EPS to arrive at a target price of INR 1,695 and maintain a BUY rating.

- **India- Cardio, Gynaec and Derma drive growth, new deals to add value:** The company has experienced growth driven by key segments like gynaecology and cardiology. The chronic segment, including diabetes and cardiology, is seeing strong growth and the company is targeting further penetration in this area, with additional potential seen in newer therapeutic areas such as consumer health and diabetes. In addition, the company completed the acquisition of the minority stake in Zuventus and is now fully consolidating the business, expecting backend synergies to drive growth. Emcure is also focused on enhancing its in-house manufacturing capabilities, particularly in biologics and complex injectables, which are expected to boost long-term profitability. To expand its portfolio, the company is pursuing in-licensing deals and strategic partnerships, while ensuring it doesn't become overly reliant on them.
- **Deal with Novo- Another feather on the cap:** Emcure aims to leverage its first-mover advantage in the obesity space to shape the market before competitors enter following the patent expiry in March 2026. The company holds exclusive rights to distribute Poviztra, the second brand of semaglutide, in India, providing a strong competitive edge. Novo's extensive clinical data on semaglutide, including phase 4 and real-world data, will help Emcure in shaping the market and gaining acceptance from both doctors and patients. Emcure plans to utilize its field force of over 5,000 representatives to promote Poviztra across India, particularly in specialties like endocrinology and cardiology. The deal does not restrict Emcure from pursuing generic versions of semaglutide or competing products in international markets outside India. Although the market for semaglutide is expected to become crowded post-patent expiry, Emcure intends to capture a major share before generic versions flood the market.
- **EU- Amphotericin ramp-up leads momentum:** The company's growth has been driven by a ramp-up in Amphotericin B sales and recent acquisitions. It launched Amphotericin B in Italy and plans to expand into more Western European countries, including France and Germany, by the end of FY26. Additionally, the non-ARV portfolio in Europe is performing well and contributing to the overall growth in the region. The company is also pursuing regulatory approvals for its products across Europe, supported by a healthy product pipeline.



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### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,695
Upside/(Downside)	23.7%
Previous Price Target	1,740
Change	-2.6%

### Key Data – EMCURE IN

Current Market Price	INR1,370
Market cap (bn)	INR259.6/US\$2.9
Free Float	22%
Shares in issue (mn)	189.5
Diluted share (mn)	189.5
3-mon avg daily val (mn)	INR183.4/US\$2.1
52-week range	1,525/889
Sensex/Nifty	83,871/25,695
INR/US\$	88.6

### Price Performance

%	1M	6M	12M
Absolute	-3.8	35.9	-4.5
Relative*	-5.3	28.8	-9.5

\* To the BSE Sensex

### Financial Summary

(INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	66,583	78,960	91,127	103,224	117,071
Sales Growth (%)	11.2	18.6	15.4	13.3	13.4
EBITDA	12,297	14,689	17,679	21,161	25,756
EBITDA Margin (%)	18.5	18.6	19.4	20.5	22.0
Adjusted Net Profit	5,474	7,172	9,489	11,931	15,374
Diluted EPS (INR)	28.9	37.8	50.1	63.0	81.1
Diluted EPS Growth (%)	-4.7	31.0	32.3	25.7	28.9
ROIC (%)	13.0	13.6	16.3	19.9	24.0
ROE (%)	17.3	17.3	17.9	19.0	20.2
P/E (x)	47.4	36.2	27.4	21.8	16.9
P/B (x)	9.3	6.1	4.7	3.9	3.2
EV/EBITDA (x)	22.3	18.0	14.5	11.6	9.1
Dividend Yield (%)	0.0	0.2	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 11/Nov/2025

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

- **EM- Non ARV portfolio remains robust:** The company has experienced growth with significant contributions from non-ARV products. It has a strong product pipeline for emerging markets, particularly in biologics and complex formulations, which are expected to drive future growth. Additionally, Emcure successfully participated in the South African ARV tender, maintaining stable pricing and good demand in the region.
- **Canada- new launches and growing market share:** Growth in Canada has been driven by market share gains and new product launches. The company is working on diversifying its product portfolio in the region, with an increasing focus on non-ARV products. It remains optimistic about continued growth in Canada, expecting sustained performance in the second half of the year and targeting mid-teens growth for the foreseeable future.
- **Sanofi portfolio- Cardio growth post restructuring:** The cardiac portfolio at Emcure is now tracking in line with industry growth following a period of restructuring. The company is seeing increased sales with its own brands being co-prescribed alongside Sanofi's products. Additionally, the diabetes portfolio, which had been underperforming in the past, is now showing healthy growth, with Emcure actively promoting it. Emcure plans to increase its penetration in tier 2 and 3 cities, where Sanofi's brands had previously had limited reach. The company is also open to potential acquisitions of Sanofi's brands, particularly in the diabetes segment, if they become available for divestment in the future.

Exhibit 1. Valuation band



Source: Bloomberg, JM Financial

**Exhibit 2. 2QFY26 review**

Emcure Pharma - P&L (INR mn)	2QFY25	2QFY26A	% YoY	2QFY26E	% change	2QFY26E (cons)	% Delta vs cons	1QFY26A	% QoQ
<b>Net Sales</b>	<b>20,020</b>	<b>22,698</b>	<b>13.4%</b>	<b>22,385</b>				<b>21,005</b>	<b>8.1%</b>
Other op income									
<b>Revenue</b>	<b>20,020</b>	<b>22,698</b>	<b>13.4%</b>	<b>22,385</b>	<b>1.4%</b>	<b>22,586</b>	<b>0.5%</b>	<b>21,005</b>	<b>8.1%</b>
Raw Material/FG	7,887	8,895	12.8%	8,700				8,020	10.9%
Gross Profit	12,133	13,803	13.8%	13,685	1%			12,985	6.3%
- % of revenue	60.6%	60.8%	20 bps	61.1%	-32 bps			61.8%	-101 bps
Staff Cost	3,556	3,846	8.2%	4,050	-5%			3,935	-2.2%
Other expenses	4,769	5,565	16.7%	5,250	6%			5,012	11.1%
<b>EBITDA</b>	<b>3,809</b>	<b>4,391</b>	<b>15.3%</b>	<b>4,385</b>	<b>0.2%</b>	<b>4,335</b>	<b>1.3%</b>	<b>4,039</b>	<b>8.7%</b>
EBITDA (%)	19.0%	19.3%	32 bps	19.6%	-24 bps	19.2%	15 bps	19.2%	12 bps
Other Income	357	395		168	135%			166	
Interest	462	325	-29.6%	300	8%			268	21.6%
Depreciation	969	1,046		1,000	5%			995	
Add: Share of profit/(loss) of Associates	0	0		0				0	
Exceptional items	0	0		0				-35	
<b>PBT</b>	<b>2,734</b>	<b>3,414</b>	<b>24.9%</b>	<b>3,253</b>	<b>5.0%</b>			<b>2,908</b>	
Tax	719	900	25%	770	17%			760	
Tax Rate (%)	26.3%	26.4%		23.7%				26.1%	
Minority Interest	(70)	(79)		(77)				(78)	
<b>PAT (Reported)</b>	<b>2,085</b>	<b>2,593</b>		<b>2,560</b>	<b>1.3%</b>			<b>2,226</b>	<b>16.5%</b>
PAT Margin (%)	10.4%	11.4%		11.4%	-1 bps			10.6%	82 bps
<b>EPS (Reported)</b>	<b>10.3</b>	<b>12.8</b>		<b>12.7</b>				<b>11.1</b>	
<b>PAT (Adjusted)</b>	<b>1,946</b>	<b>2,435</b>	<b>25.13%</b>	<b>2,405</b>	<b>1.2%</b>	<b>2,326</b>	<b>4.7%</b>	<b>2,096</b>	<b>16.2%</b>
PAT Margin (%)	9.7%	10.7%		10.7%	-2 bps	10.3%	43 bps	10.0%	75 bps
<b>EPS (Adjusted)</b>	<b>10.3</b>	<b>12.8</b>		<b>12.7</b>				<b>11.1</b>	
<b>Piramal Pharma - Cost margins</b>	<b>2QFY25</b>	<b>2QFY26A</b>	<b>% YoY</b>	<b>2QFY26E</b>	<b>% change</b>			<b>1QFY26A</b>	<b>% QoQ</b>
Raw material cost/sales	39.4%	39.2%	-20 bps	38.9%	32 bps			38.2%	101 bps
Staff cost/sales	17.8%	16.9%	-82 bps	18.1%	-115 bps			18.7%	-179 bps
Other expenditure/sales	23.8%	24.5%	70 bps	23.5%	107 bps			23.9%	66 bps
<b>Piramal Pharma - Segmental revenue</b>	<b>2QFY25</b>	<b>2QFY26A</b>	<b>% YoY</b>	<b>2QFY26E</b>				<b>1QFY26A</b>	<b>% QoQ</b>
India	9,330	10,310	10.5%	10,076	2%			9,950	3.6%
EU	3,620	4,440	22.7%	4,054	10%			4,030	10.2%
EM	4,110	4,460	8.5%	4,850	-8%			3,600	23.9%
Canada	2,960	3,480	17.6%	3,404	2%			3,420	1.8%

Source: Company, JM Financial

## Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	66,583	78,960	91,127	103,224	117,071
Sales Growth	11.2%	18.6%	15.4%	13.3%	13.4%
Other Operating Income	0	0	0	0	0
<b>Total Revenue</b>	<b>66,583</b>	<b>78,960</b>	<b>91,127</b>	<b>103,224</b>	<b>117,071</b>
Cost of Goods Sold/Op. Exp	24,754	31,466	35,084	39,225	43,901
Personnel Cost	12,921	14,463	16,494	18,580	21,073
Other Expenses	16,610	18,342	21,870	24,258	26,341
<b>EBITDA</b>	<b>12,297</b>	<b>14,689</b>	<b>17,679</b>	<b>21,161</b>	<b>25,756</b>
EBITDA Margin	18.5%	18.6%	19.4%	20.5%	22.0%
EBITDA Growth	4.1%	19.4%	20.4%	19.7%	21.7%
Depn. & Amort.	3,124	3,841	4,134	4,375	4,612
EBIT	9,173	10,847	13,544	16,786	21,143
Other Income	570	617	650	800	950
Finance Cost	2,371	1,758	1,244	1,463	1,317
PBT before Excep. & Forex	7,372	9,707	12,951	16,123	20,776
Excep. & Forex Inc./Loss(-)	99	104	35	0	0
PBT	7,471	9,811	12,986	16,123	20,776
Taxes	1,997	2,639	3,497	4,192	5,402
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	5,474	7,172	9,489	11,931	15,374
<b>Adjusted Net Profit</b>	<b>5,474</b>	<b>7,172</b>	<b>9,489</b>	<b>11,931</b>	<b>15,374</b>
Net Margin	8.2%	9.1%	10.4%	11.6%	13.1%
Diluted Share Cap. (mn)	189.5	189.5	189.5	189.5	189.5
<b>Diluted EPS (INR)</b>	<b>28.9</b>	<b>37.8</b>	<b>50.1</b>	<b>63.0</b>	<b>81.1</b>
Diluted EPS Growth	-4.7%	31.0%	32.3%	25.7%	28.9%
Total Dividend + Tax	0	0	0	0	0
Dividend Per Share (INR)	0.0	3.0	0.0	0.0	0.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	7,372	9,707	12,951	16,123	20,776
Depn. & Amort.	3,124	3,841	4,134	4,375	4,612
Net Interest Exp. / Inc. (-)	2,164	1,667	594	663	367
Inc (-) / Dec in WCap.	505	-4,243	-3,079	-1,834	-5,133
Others	144	6	0	0	0
Taxes Paid	-2,237	-2,469	-3,497	-4,192	-5,402
<b>Operating Cash Flow</b>	<b>11,072</b>	<b>8,510</b>	<b>11,103</b>	<b>15,135</b>	<b>15,220</b>
Capex	-3,071	-4,069	-3,459	-3,500	-3,500
<b>Free Cash Flow</b>	<b>8,000</b>	<b>4,441</b>	<b>7,644</b>	<b>11,635</b>	<b>11,720</b>
Inc (-) / Dec in Investments	-890	2,592	0	0	0
Others	-3,163	537	650	800	950
<b>Investing Cash Flow</b>	<b>-7,125</b>	<b>-940</b>	<b>-2,809</b>	<b>-2,700</b>	<b>-2,550</b>
Inc / Dec (-) in Capital	77	7,792	0	0	0
Dividend + Tax thereon	-827	0	0	0	0
Inc / Dec (-) in Loans	1,677	-14,058	0	0	0
Others	-2,569	-1,874	-1,244	-1,463	-1,317
<b>Financing Cash Flow</b>	<b>-1,642</b>	<b>-8,140</b>	<b>-1,244</b>	<b>-1,463</b>	<b>-1,317</b>
<b>Inc / Dec (-) in Cash</b>	<b>2,305</b>	<b>-569</b>	<b>7,050</b>	<b>10,971</b>	<b>11,353</b>
Opening Cash Balance	-1,765	419	1,653	8,703	19,674
Closing Cash Balance	539	-150	8,703	19,674	31,027

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	27,787	42,388	55,518	67,169	82,263
Share Capital	1,812	1,895	1,895	1,895	1,895
Reserves & Surplus	25,976	40,493	53,624	65,274	80,369
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	20,873	7,317	7,317	7,317	7,317
Def. Tax Liab. / Assets (-)	406	90	90	90	90
<b>Total - Equity &amp; Liab.</b>	<b>49,066</b>	<b>49,795</b>	<b>62,926</b>	<b>74,577</b>	<b>89,671</b>
Net Fixed Assets	25,619	26,036	29,389	28,514	27,401
Gross Fixed Assets	32,562	36,453	43,981	47,481	50,981
Intangible Assets	11,010	11,459	11,459	11,459	11,459
Less: Depn. & Amort.	19,276	23,117	27,251	31,626	36,239
Capital WIP	1,323	1,241	1,200	1,200	1,200
Investments	6,968	4,632	4,632	4,632	4,632
Current Assets	41,076	46,522	59,149	74,922	94,716
Inventories	15,251	19,318	21,146	23,105	25,860
Sundry Debtors	18,588	20,022	23,219	25,453	30,470
Cash & Bank Balances	2,324	1,653	8,703	19,674	31,027
Loans & Advances	0	0	0	0	0
Other Current Assets	4,913	5,529	6,082	6,690	7,359
Current Liab. & Prov.	24,597	27,394	29,893	32,859	36,167
Current Liabilities	18,360	20,449	22,277	24,502	26,992
Provisions & Others	6,237	6,945	7,616	8,357	9,175
Net Current Assets	16,480	19,128	29,257	42,062	58,549
<b>Total - Assets</b>	<b>49,066</b>	<b>49,795</b>	<b>63,277</b>	<b>75,208</b>	<b>90,582</b>

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	8.2%	9.1%	10.4%	11.6%	13.1%
Asset Turnover (x)	1.3	1.4	1.4	1.3	1.3
Leverage Factor (x)	2.0	1.6	1.3	1.3	1.2
RoE	21.0%	20.4%	19.4%	19.4%	20.6%

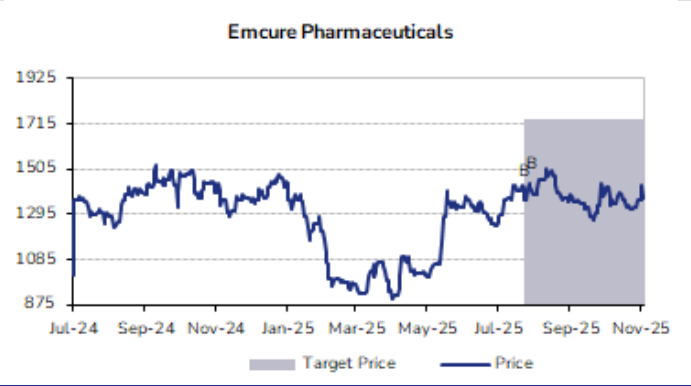
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	146.6	223.7	293.0	354.5	434.1
ROIC	13.0%	13.6%	16.3%	19.9%	24.0%
ROE	17.3%	17.3%	17.9%	19.0%	20.2%
Net Debt/Equity (x)	0.6	0.1	0.0	-0.2	-0.3
P/E (x)	47.4	36.2	27.4	21.8	16.9
P/B (x)	9.3	6.1	4.7	3.9	3.2
EV/EBITDA (x)	22.3	18.0	14.5	11.6	9.1
EV/Sales (x)	4.1	3.3	2.8	2.4	2.0
Debtor days	102	93	93	90	95
Inventory days	84	89	85	82	81
Creditor days	88	84	81	81	82

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
1-Aug-25	Buy	1,740	
7-Aug-25	Buy	1,740	0.0

Recommendation History



## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return $\geq$ 15% over the next twelve months.
ADD	Expected return $\geq$ 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return $\geq$ -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

\* REITs refers to Real Estate Investment Trusts.

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