CMP: ₹1100 | Target ₹ 1310 (19%) | Target Period: 12 months

BUY

September 17, 2026

Reiterates confidence in long-term growth prospects...

About the stock: Sakar Healthcare is a Gujarat based pharma company that has vertically integrated capabilities in oncology manufacturing to produce both APIs and formulations. It has a reach in 60 countries through global distribution model.

- Sakar owns a facility in Changodar for oral liquids, tablets, injectables, dry powder & inhalers and another one in Bavla for Oncology Products.
- As of Q1FY27, Sakar has shared 261 dossiers globally, of which 178 have been submitted and 16 have received Marketing Authorisations.
- Q1FY27 Revenue Mix – Oncology: Non-Oncology– 45:55

Plant visit / Management meet highlights:

- From single shift of operations, the company has started manufacturing double shift for some forms.
- Out of 10 Accord/Intas Tech Transfer molecules, it has received approval for 8 molecules which includes 5 oral (Imatinib, Azacitidine, Exemestane, Sorafenib, Bicalutamide) and 3 Injectables (Cytarabine, Oxaliplatin, Doxorubicin).
- Expects ~40 MAs (Marketing Authorization) by end of FY27 while another 40-50 are expected in FY28 which should add ~₹150-200 crore of revenues by FY29.
- Management reinforced its confidence of achieving ₹350-375 crore in FY27 and ~₹500 crore in FY28 with EBITDA margins of ~30%.
- Sakar recently concluded EU-GMP audit (Croatia) and expects positive outcome with minor observations.

Investment Rationale

- **Long term prospects remain robust**: Going ahead, timely approvals of Marketing Authorisations (currently ~25 vs 16 in Q1FY27) besides manufacturing & commercialisation of ~9-10 products for Accord-Intas (potential revenues ~₹50-100 crore) across Europe is expected to drive growth. As for non-oncology business, existing CMO/CDMO contracts with players like Zydus, Emcure, Glenmark, Cipla etc. for domestic and deemed exports besides export of Sakarin/Heparin (blood thinner) and Cephalosporin (anti-biotic) drugs around the globe are expected to support the growth. On the margins front, we believe improved efficiency, economies of scale across oncology drugs as well as benefits emanating from backward integration have started to materialise. Overall, the management has maintained an aspirational revenues target of ~₹300 crore for oncology business for FY28 (~3x of FY26 oncology revenues). Key drivers for growth in the oncology business would be higher number of marketing authorisations (targeting ~100 by the end of FY28) which is expected to spur exports besides higher site variation approvals. We maintain positive bias despite the recent run-up as we track the Oncology progress which remains firmly on track.

Rating and Target Price: We value Sakar at **₹1310** based on **32x** FY28E EPS of ₹ 40.9.

Sakar Healthcare Ltd.

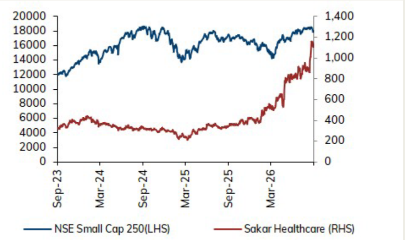
Particulars

Particular	
Market Capitalisation	₹ 2442 crore
Debt (FY26)	₹ 55 crore
Cash (FY26)	₹ 0.3 crore
EV	₹ 2497 crore
52-week H/L	1211/332
Equity capital	₹ 22 crore
Face value	₹ 10

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoters	52.9	52.9	52.9	52.5
FII	13.3	13.1	12.9	12.1
DIIs	11.4	11.4	11.3	11.4
Others	22.4	22.7	22.9	24.0

Price Chart



Key risks

(i) Regulatory/Compliance risk.

(ii) Country specific export risk

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Key Financial Summary

Particulars	FY23	FY24	FY25	FY26	CAGR FY23-26 (%)	FY27E	FY28E	CAGR FY26-28E (%)
Revenues	133.4	153.4	177.6	251.7	23.6	344.5	480.7	38.2
EBITDA	33.1	38.3	49.6	68.9	27.6	96.7	140.0	42.6
EBITDA Margins (%)	24.9	25.0	28.0	27.4		28.1	29.1	
Net Profit	12.8	11.6	17.5	30.5	33.6	51.0	90.7	72.5
EPS (Adjusted)	5.8	5.2	7.9	13.7		23.0	40.9	
PE (x)	191.2	209.8	139.5	80.1		47.9	26.9	
EV to EBITDA (x)	77.0	65.5	50.7	36.3		25.3	17.0	
RoCE (%)	7.7	6.8	8.0	11.8		17.9	24.3	
RoE (%)	7.4	4.4	6.1	9.4		13.6	19.5	

Source: Company, ICICI Direct Research

Financial summary

Exhibit 1: Profit and loss statement ₹ crore

(Year-end March)/ (₹ crore)	FY25	FY26	FY27E	FY28E
Total Operating Income	**177.6**	**251.7**	**344.5**	**480.7**
Growth (%)	15.8	41.8	36.9	39.5
Raw Material Expenses	82.3	123.3	166.0	231.6
Gross Profit	95.3	128.4	178.5	249.1
Gross Profit Margins (%)	53.7	51.0	51.8	51.8
Employee Expenses	31.7	38.7	54.1	75.5
Other Expenditure	14.0	20.9	27.8	33.6
Total Operating Expenditure	128.0	182.9	247.9	340.7
EBITDA	**49.6**	**68.9**	**96.7**	**140.0**
Growth (%)	29.5	38.8	40.3	44.8
Interest	8.5	7.9	5.4	2.2
Depreciation	20.9	23.6	26.2	27.1
Other Income	1.3	2.3	7.3	10.2
PBT before Exceptional Items	21.5	39.7	72.4	120.9
Less: Exceptional Items	0.0	0.0	0.0	0.0
PBT after Exceptional Items	21.5	39.7	72.4	120.9
Total Tax	4.0	9.3	21.3	30.2
PAT before MI	**17.5**	**30.5**	**51.0**	**90.7**
PAT	17.5	30.5	51.0	90.7
Growth (%)	50.4	74.0	67.5	77.7
EPS (Adjusted)	**7.9**	**13.7**	**23.0**	**40.9**

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement ₹ crore

(Year-end March)/ (₹ crore)	FY25	FY26	FY27E	FY28E
Profit/(Loss) after taxation	19.2	39.8	51.0	90.7
Add: Depreciation & Amortization	20.9	23.6	26.2	27.1
Net Increase in Current Assets	-17.3	-51.8	-33.8	-61.1
Net Increase in Current Liabilities	3.2	39.9	19.5	28.4
Others	8.0	-2.2	5.4	2.2
CF from Operating activities	**34.0**	**49.2**	**68.4**	**87.3**
Investments	0.0	0.0	0.0	0.0
(Purchase)/Sale of Fixed Assets	-32.3	-28.4	-15.0	-15.0
Others	1.6	0.0	0.3	0.3
CF from Investing activities	**-30.7**	**-28.4**	**-14.7**	**-14.7**
(inc)/Dec in Loan	-1.4	-22.2	-20.0	-20.0
Dividend & Dividend tax	0.0	0.0	0.0	0.0
Other	-2.1	1.3	-5.3	-2.1
CF from Financing activities	**-3.5**	**-20.9**	**-25.3**	**-22.1**
Net Cash Flow	-0.2	0.0	28.3	50.5
Cash and Cash Equivalent	**0.5**	**0.3**	**0.3**	**28.6**
Cash	0.3	0.3	28.6	79.0
Free Cash Flow	**1.7**	**20.9**	**53.4**	**72.3**

Source: Company, ICICI Direct Research

Exhibit 3: Balance sheet ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Equity Capital	21.9	22.2	22.2	22.2
Reserve and Surplus	263.5	302.2	353.1	443.7
Total Shareholders funds	285.5	324.4	375.4	466.0
Total Debt	75.0	55.3	35.3	15.3
Deferred Tax Liability	10.3	12.9	13.1	13.4
Long-Term Provisions	2.7	2.8	2.8	2.8
Other Non Current Liabilities	1.3	8.6	8.8	9.0
Source of Funds	**374.8**	**404.0**	**435.4**	**506.4**
Gross Block - Fixed Assets	386.2	427.3	442.3	457.3
Accumulated Depreciation	77.3	100.8	127.0	154.1
Net Block	309.0	326.5	315.3	303.2
Capital WIP	16.7	4.0	4.0	4.0
Fixed Assets	325.7	330.5	319.3	307.2
Investments	0.0	0.0	0.0	0.0
Long Term Loans and Advances	0.3	0.3	0.3	0.3
Other non-Current Assets	0.6	9.8	9.8	9.8
Inventory	43.6	70.0	85.0	118.5
Debtors	30.7	50.1	68.5	95.6
Other Current Assets	14.1	20.0	20.4	20.8
Cash	0.3	0.3	28.6	79.0
Total Current Assets	88.7	140.4	202.5	314.0
Creditors	21.1	51.5	70.5	98.4
Provisions	0.0	0.0	0.0	0.0
Other Current Liabilities	19.4	25.4	25.9	26.4
Total Current Liabilities	40.5	76.9	96.4	124.8
Net Current Assets	48.2	63.4	106.0	189.1
Application of Funds	**374.8**	**404.0**	**435.4**	**506.4**

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Per share data (₹)				
Reported EPS	7.9	13.7	23.0	40.9
Cash EPS	7.9	13.7	23.0	40.9
BV per share	128.6	146.1	169.1	209.9
Cash per Share	0.1	0.1	12.9	35.6
Dividend per share	0.0	0.0	0.0	0.0
Operating Ratios (%)				
Gross Profit Margins	53.7	51.0	51.8	51.8
EBITDA margins	28.0	27.4	28.1	29.1
PAT Margins	9.9	12.1	14.8	18.9
Cash Conversion Cycle	109.4	99.4	87.9	87.9
Asset Turnover	0.5	0.6	0.8	1.1
EBITDA conversion Rate	68.6	71.5	70.7	62.3
Return Ratios (%)				
RoE	6.1	9.4	13.6	19.5
RoCE	8.0	11.8	17.9	24.3
RoIC	8.0	11.3	17.5	26.7
Valuation Ratios (x)				
P/E	139.5	80.1	47.9	26.9
EV / EBITDA	50.7	36.3	25.3	17.0
EV / Net Sales	14.2	9.9	7.1	4.9
Market Cap / Sales	13.8	9.7	7.1	5.1
Price to Book Value	8.6	7.5	6.5	5.2
Solvency Ratios				
Debt / EBITDA	1.5	0.8	0.4	0.1
Debt / Equity	0.3	0.2	0.1	0.0
Current Ratio	2.2	1.8	1.8	1.9
Quick Ratio	1.1	0.9	0.9	0.9
Inventory days	90	102	90	90
Debtor days	63	73	73	73
Creditor days	43	75	75	75

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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