1 June 2026

4QFY26 Results Update | Sector: Healthcare

Ipca Laboratories

Estimate change	↑
TP change	↔
Rating change	↔

Bloomberg	IPCA IN
Equity Shares (m)	254
M.Cap.(INRb)/(USDb)	378.1 / 4
52-Week Range (INR)	1679 / 1252
1, 6, 12 Rel. Per (%)	0/16/10
12M Avg Val (INR M)	390

Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
Sales	96.5	108.5	122.7
EBITDA	19.8	23.6	27.1
Adjusted PAT	11.6	13.4	15.7
EBIT Margin (%)	16.2	17.6	18.3
Cons. Adj EPS (INR)	45.6	52.7	62.0
EPS Gr. (%)	26.9	15.5	17.6
BV/Sh. (INR)	317.8	362.7	415.4
Ratios			
Net D-E	0.0	0.0	-0.1
RoE (%)	15.4	15.5	15.9
RoCE (%)	14.9	15.1	15.6
Payout (%)	11.1	15.3	13.0
Valuation			
P/E (x)	32.8	28.4	24.1
EV/EBITDA (x)	19.3	16.1	14.0
Div. Yield (%)	0.3	0.5	0.5
FCF Yield (%)	2.0	1.9	2.8
EV/Sales (x)	3.9	3.5	3.1

Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	44.7	44.7	44.7
DII	37.5	37.3	36.1
FII	10.6	10.6	10.8
Others	7.2	7.3	8.5

FII Includes depository receipts

CMP: INR1,490 TP: INR1,730 (+16%) Buy

Domestic/exports formulation drive earnings

Superior execution to sustain mid-teen return ratios

- Ipca Laboratories (IPCA) delivered in-line revenue in 4QFY28. It delivered 5% beat on EBITDA, driven by higher gross margin. PAT came in line with estimate. Revenue growth YoY was driven by domestic formulation (DF) and exports (generics and branded). This was partly offset by subdued API and institutional anti-malaria sales.
- IPCA has been consistently outperforming IPM in DF segment for four consecutive years. Its focus on core brands and limited new launches should help to sustain growth momentum going forward.
- With a gradual revival in US sales and healthy traction in other export markets for generics segment, IPCA delivered better YoY growth in generics exports for FY26.
- The branded export segment saw an uptrend in YoY growth for the third consecutive year in FY26.
- API sales have seen some moderation in the past two quarters. Having said this, it is implementing efforts to increase offtake of existing molecules and add new molecules in this segment.
- We largely maintain our estimates for FY27/FY28. We value IPCA at 28x 12-month forward earnings to arrive at a TP of INR1,730.
- We expect 17% earnings CAGR over FY26-28, driven by 12% CAGR in DF revenue, 20% CAGR in exports and better operating leverage. Overall, IPCA remains in good stead for superior execution in DF and export markets, sustaining the mid-teen return ratios over FY26-28. Maintain BUY.

Product mix benefit partly offset by higher opex YoY

- 4QFY26 sales grew 6.3% YoY to INR23.9b (our est: INR23.6b).
- Revenue from subsidiaries declined 6% YoY to INR5.7b (25% of sales).
- Gross margin (GM) expanded 250bp YoY to 71%.
- EBITDA margin also expanded 120bp YoY to 20.3% (our est: 19.3%), driven by growth in gross margin, partly offset by higher other expenses (up 140bp YoY as % of sales).
- EBITDA grew 12.8% YoY to INR4.8b (our est: INR4.6b).
- IPCA had exceptional expenses of INR458.2m due to the impact of new labor code and gain of INR600.4m on deconsolidation pursuant to the sale of Bayshore Pharmaceuticals LLC.
- Adj. for the expense, PAT grew 19.2% YoY to INR2.9b (our est. INR2.8b).
- For FY26, revenue/EBITDA/PAT grew 8%/15%/27% to INR96b/INR20b/INR11.6b.

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India/export formulation outshine; API drags down overall YoY growth

- Formulation sales grew 13% YoY to INR14.6b (61% of sales).
- Export formulation sales grew 16% YoY to INR6.1b (25% of total sales). Domestic formulation sales grew 12% YoY to INR8.5b (36% of total sales).
- Exports (generics formulation) grew 39% YoY to INR3.4b (56% of export sales).
- Exports (branded formulation) grew 14% YoY to INR1.9b (32% of export sales). Exports (institutional sales) declined 33% YoY to INR741m (12% of export sales).
- API sales remained stable YoY at INR3.4b (14% of sales).
- Export API sales declined 4% YoY to INR2.4b (70% of API sales). Domestic API sales grew 15% YoY to INR1b (30% of API sales).
- Revenue from subsidiaries declined 6% YoY to INR5.7b (25% of sales).

Highlights from the management commentary

- Management expects consolidated YoY revenue growth of ~12-13% in FY27, including Unichem.
- DF business is expected to grow ~12-13% YoY in FY27, compared to the management's expectation of ~10-11% growth for IPM.
- New product launches are expected to contribute ~1-2%, while the remaining growth would be driven by price hike and volume offtake.
- The overall generics business, including the US market, is also expected to grow ~12-13% in FY27.
- Consolidated EBITDA margin is guided at ~22-23% in FY27.
- Management expects Unichem's US business to grow by ~10% in FY27. Further, Unichem's EBITDA margin is expected to improve to ~12-13% during the year.
- In the DF segment, IPCA focuses on the core brands and hence, the new launches are limited (18-20 products in FY27).
- The company is currently marketing around eight products in the US and expects to commercialize another 6-8 products during FY27.
- Unichem also has a product pipeline in the US, with management expecting 5-6 product launches in FY27.
- In Europe and other international markets, the company typically launches 3-4 products annually in each market.

Consolidated - Quarterly Earning Model

Y/E March	FY25				FY26				FY25	FY26	FY26E	% Chg
INRm	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
Net Revenues (Core)	**20,926**	**23,549**	**22,454**	**22,467**	**23,089**	**25,565**	**23,925**	**23,885**	**89,396**	**96,463**	**23,582**	**1.3**
YoY Change (%)	31.8	15.8	9.4	10.5	10.3	8.6	6.6	6.3	16.0	7.9	5.0	
EBITDA	**3,927**	**4,425**	**4,631**	**4,289**	**4,164**	**5,449**	**5,334**	**4,839**	**17,271**	**19,786**	**4,622**	**4.7**
YoY Change (%)	33.5	22.7	39.9	33.2	6.0	23.2	15.2	12.8	32.1	14.6	7.8	
Margins (%)	18.8	18.8	20.6	19.1	18.0	21.3	22.3	20.3	19.3	20.5	19.6	
Depreciation	989	1,004	985	1,001	1,001	1,033	1,076	1,071	3,978	4,181	1,008	
EBIT	**2,938**	**3,421**	**3,646**	**3,287**	**3,164**	**4,416**	**4,258**	**3,767**	**13,293**	**15,604**	**3,614**	
YoY Change (%)	30.7	26.6	57.5	46.9	7.7	29.1	16.8	14.6	39.9	17.4	9.9	
Margins (%)	14.0	14.5	16.2	14.6	13.7	17.3	17.8	15.8	14.9	16.2	15.3	
Interest	241	226	168	215	185	196	176	202	849	759	171	
Other Income	206	263	201	258	327	279	202	337	928	1,144	310	
PBT before EO Expense	**2,904**	**3,458**	**3,679**	**3,331**	**3,305**	**4,498**	**4,283**	**3,902**	**13,372**	**15,989**	**3,753**	
One-off (gain)/ Expense	0	0	0	2,051	0	583	-177	-142	2,051	264	0	
PBT after EO Expense	**2,904**	**3,458**	**3,679**	**1,280**	**3,305**	**3,916**	**4,460**	**4,045**	**11,321**	**15,725**	**3,753**	
Tax	914	994	906	622	961	1,081	819	951	3,436	3,812	938	
Rate (%)	31.5	28.7	24.6	48.6	29.1	27.6	18.4	23.5	25.7	23.8	25.0	
Reported PAT	**1,990**	**2,464**	**2,773**	**658**	**2,344**	**2,835**	**3,641**	**3,094**	**7,885**	**11,914**	**2,815**	**9.9**
Minority Interest	-67	-160	-292	20	-12	-9	-378	-103	-499	-503	20	
Adj PAT after Minority Int	**1,922**	**2,305**	**2,481**	**2,418**	**2,332**	**3,247**	**3,119**	**2,882**	**9,127**	**11,580**	**2,835**	**1.7**
YoY Change (%)	24.9	36.4	122.5	23.4	21.3	40.9	25.7	19.2	44.8	26.9	17.2	
Margins (%)	9.2	9.8	11.1	10.8	10.1	12.7	13.0	12.1	10.2	12.0	12.0	

KPIs

Y/E March	FY25				FY26				FY25	FY26	FY26E	% Chg
INRm	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
Domestic formulations	8,734	9,405	8,772	7,641	9,610	10,189	9,840	8,533	34,551	38,172	8,519	0%
YoY Change (%)	11.6	11.3	12.5	10.8	10.0	8.3	12.2	11.7	11.5	10.5	11.5	
Exports formulations	3,954	5,415	4,582	5,235	4,496	4,927	5,350	6,053	19,186	20,826	5,632	-7%
YoY Change (%)	-0.6	15.0	5.8	10.5	13.7	-9.0	16.8	15.6	8.1	8.5	7.6	
API sales	2,880	3,186	3,179	3,414	3,263	4,078	3,171	3,446	12,658	13,957	3,612	5%
YoY Change (%)	-2.4	-4.9	11.6	2.1	13.3	28.0	-0.3	0.9	1.3	10.3	5.8	
Cost Break-up												
RM Cost (% of Sales)	30.8	32.2	29.8	31.5	30.0	30.6	27.5	29.0	31.1	29.3	30.0	
Staff Cost (% of Sales)	23.3	21.7	21.6	22.3	23.5	21.0	22.8	22.3	22.2	22.4	22.7	
Other Cost (% of Sales)	27.2	27.4	28.0	27.1	28.5	27.1	27.4	28.5	27.4	27.8	27.7	
Gross Margins (%)	69.2	67.8	70.2	68.5	70.0	69.4	72.5	71.0	68.9	70.7	70.0	
EBITDA Margins (%)	18.8	18.8	20.6	19.1	18.0	21.3	22.3	20.3	19.3	20.5	19.6	
EBIT Margins (%)	14.0	14.5	16.2	14.6	13.7	17.3	17.8	15.8	14.9	16.2	15.3	

E: MOFSL Estimates

Highlights from the management commentary

- On a consolidated basis (Ipca USA and Unichem USA combined), US business revenue stood at INR4.3b in 4QFY26 versus INR3.9b in 4QFY25, reflecting ~10% YoY growth. For FY26, US revenue was INR15.7b compared with INR13.8b in FY25, representing ~14% YoY growth.
- Management indicated that if current petroleum price trends persist, overall raw material costs could increase by ~10-12%. The company highlighted significant price increases in key inputs such as paracetamol and metformin, with the overall market witnessing raw material cost inflation of ~10-12%.
- Management indicated the scope of passing the RM price hike to customers, thereby keeping margins intact for IPCA. For generics business, the freight cost is borne by customers and thus has limited impact on IPCA's profitability.

Strengthening core businesses while expanding global reach

DF: Market share gains backed by focused brand expansion

- DF revenue grew 10% YoY to INR38.2b in FY26, supported by continued outperformance vs. IPM.
- Growth was led by the pain, cardiac and dermatology portfolios, which remain key focus therapies for the company.
- The company plans to introduce only 18-20 products annually, ensuring adequate promotional focus and better resource allocation across established brands.
- The domestic branded business is expected to benefit from a combination of volume growth and annual price hikes.
- We expect DF segment to deliver ~12% CAGR over FY26-28, driven by market-share gains, focused brand investments, pricing-led growth and selective product launches across chronic therapies.

Exports: Diversified global franchise with US and branded market expansion

- Export formulations revenue grew 10% YoY to INR20.8b in FY26 despite weakness in institutional sales.
- Branded exports increased 14% YoY to INR6.6b, led by strong performance in the CIS region and French-speaking African markets, which management highlighted as key growth drivers.
- Generic exports grew 17% YoY to INR11.5b, supported by robust demand from Europe, Australia and New Zealand, along with contributions from recent US launches.
- Institutional exports declined 24% YoY, primarily due to funding constraints at global procurement agencies rather than any loss of market position.
- The combined US business (Ipca + Unichem) reported revenue of approximately INR15.7b, growing 14% YoY during FY26.
- Unichem remains an important growth vehicle in the US market, with multiple filings and product launches supporting future growth.
- The company continues to build its regulated-market portfolio through a mix of internal filings, product launches and lifecycle management initiatives.
- Export formulations are expected to grow at ~20% CAGR over FY26-28, supported by US launches through Ipca and Unichem, recovery in institutional business, expansion in branded emerging markets and sustained momentum in Europe and ANZ markets.

API: Recovery phase supported by regulated market opportunities

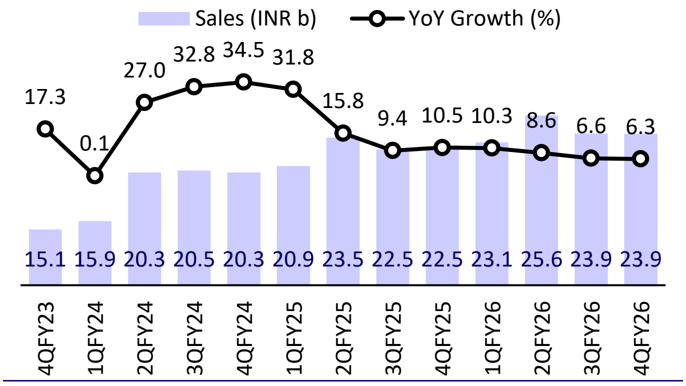
- API revenue grew 10% YoY to INR14.0b in FY26, reflecting improving demand conditions after a subdued period for the industry.
- Export API sales increased 18% YoY to INR10.5b, significantly outpacing domestic API performance.
- Domestic API revenue declined 7% YoY to INR3.5b, impacted by a slower domestic procurement environment.
- The company continues to leverage its leadership position in anti-malarial APIs while expanding opportunities in regulated markets.
- Higher contribution from export APIs is expected to improve overall growth quality within the segment.
- Management expects demand normalization across global customers as inventory correction cycles ease.
- API revenue is expected to grow at ~11% CAGR over FY26-28, supported by recovery in global demand, improved order inflows from regulated markets, higher export contribution and better utilization across manufacturing facilities.

Valuation and view

- We largely maintain our estimates for FY27/FY28. We value IPCA at 28x 12-month forward earnings basis to arrive at a TP of INR1,730.
- We expect 17% earnings CAGR over FY26-28, driven by 12% CAGR in DF revenue, 20% CAGR in exports and better operating leverage. Overall, IPCA remains in good stead for superior execution in DF as well as exports markets, sustaining the mid-teens return ratios over FY26-28. Maintain BUY.

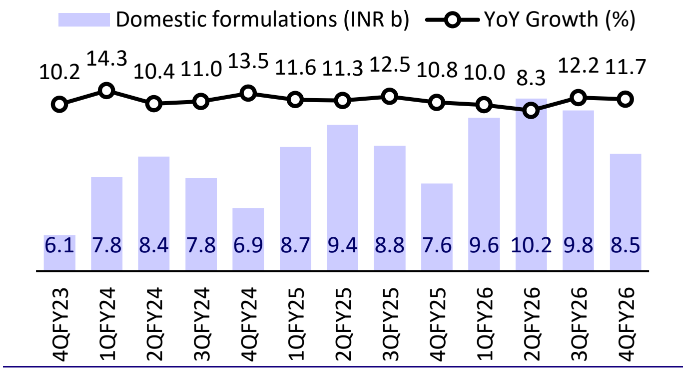
Story in charts

Exhibit 1: Total sales grew 6.3% YoY in 4QFY26



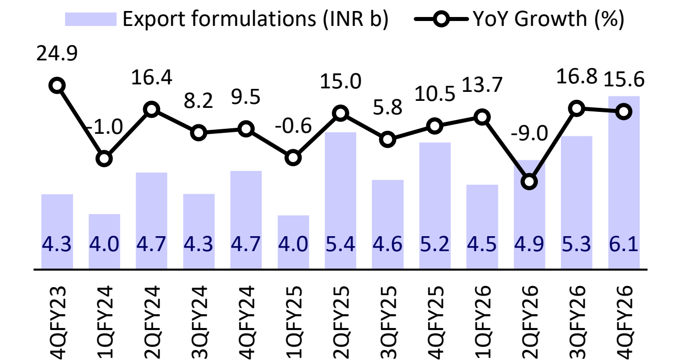
Source: Company, MOFSL

Exhibit 2: DF sales grew 11.7% YoY



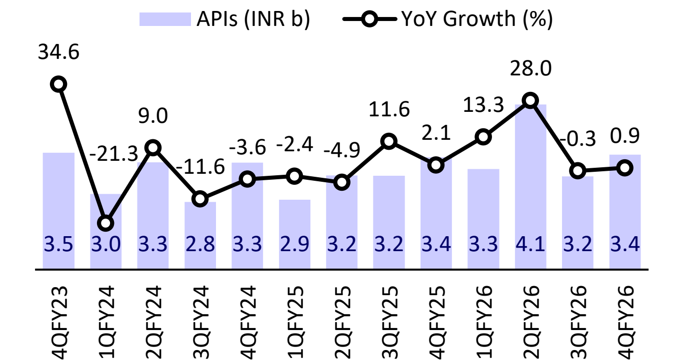
Source: Company, MOFSL

Exhibit 3: Export formulation sales increased 15.6% YoY



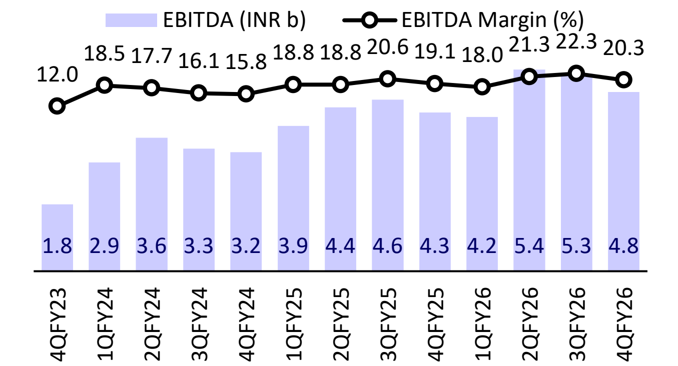
Source: Company, MOFSL

Exhibit 4: API sales remained stable YoY



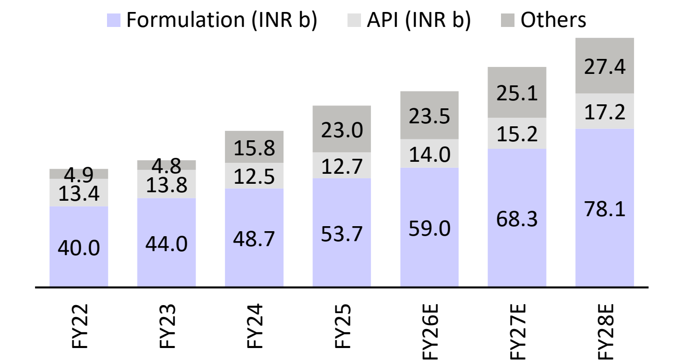
Source: Company, MOFSL

Exhibit 5: EBITDA margin expanded 120bp YoY in 4QFY26



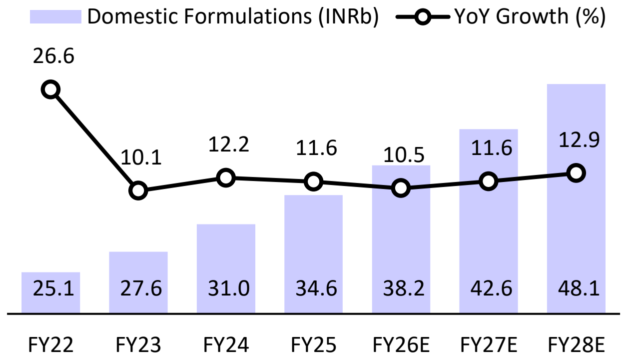
Source: Company, MOFSL

Exhibit 6: Expect 13% sales CAGR over FY26-28



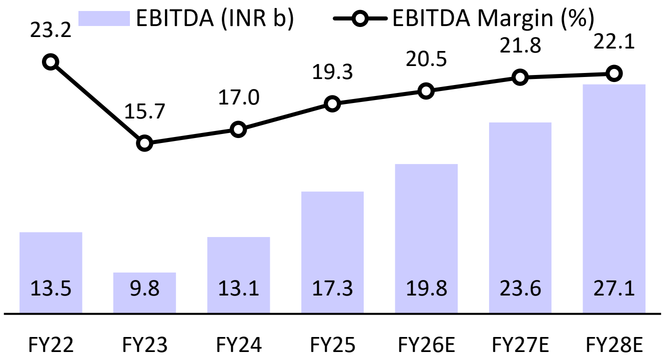
Note: Others include Subsidiaries; Source: Company, MOFSL

Exhibit 7: Expect 12% DF sales CAGR over FY26-28



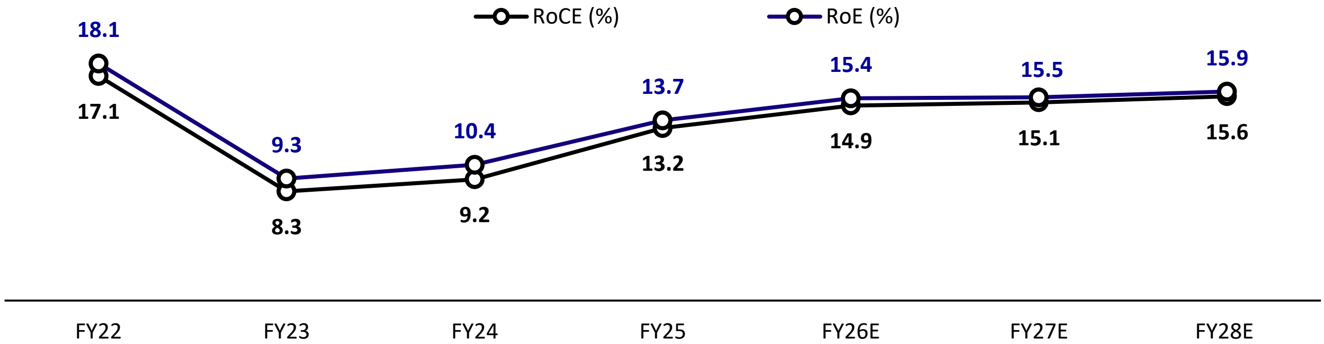
Source: Company, MOFSL

Exhibit 8: Expect margin to expand over FY26-28



Source: Company, MOFSL

Exhibit 9: Expect return ratios to gradually improve to 15%+ over FY26-28



Source: Company, MOFSL

Financials and valuations

Income Statement							(INRm)
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Net Revenues	**58,298**	**62,569**	**77,074**	**89,396**	**96,463**	**1,08,507**	**1,22,716**
Change (%)	7.6	7.3	23.2	16.0	7.9	12.5	13.1
EBITDA	**13,509**	**9,812**	**13,076**	**17,271**	**19,786**	**23,617**	**27,129**
Change (%)	-12.5	-27.4	33.3	32.1	14.6	19.4	14.9
Margin (%)	23.2	15.7	17.0	19.3	20.5	21.8	22.1
Depreciation	2,324	2,616	3,572	3,978	4,181	4,486	4,681
EBIT	**11,184**	**7,197**	**9,503**	**13,293**	**15,604**	**19,131**	**22,449**
Int. and Finance Charges	77	455	1,383	849	759	609	564
Other Income - Rec.	666	1,151	1,075	928	1,144	1,275	1,390
PBT before EO Expense	**11,773**	**7,892**	**9,195**	**13,372**	**15,989**	**19,797**	**23,275**
EO Expense/(Income)	416	314	769	2,051	264	0	0
PBT after EO Expense	**11,357**	**7,579**	**8,426**	**11,321**	**15,725**	**19,797**	**23,275**
Tax	2,248	2,532	3,135	3,436	3,812	6,018	7,192
Tax Rate (%)	19.1	32.1	34.1	25.7	23.8	30.4	30.9
Reported PAT	**9,110**	**5,047**	**5,291**	**7,885**	**11,913**	**13,778**	**16,082**
Less: Minority Interest	269	-206	984	499	503	400	350
Net Profit	**8,841**	**5,253**	**4,307**	**7,387**	**11,410**	**13,378**	**15,732**
Adj PAT	**9,218**	**5,275**	**6,304**	**9,127**	**11,580**	**13,378**	**15,732**
Adj PAT growth (%)	-18.1	-42.8	19.5	44.8	26.9	15.5	17.6

Balance Sheet							(INRm)
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Equity Share Capital	254	254	254	254	254	254	254
Total Reserves	54,666	58,167	63,068	69,231	80,384	91,756	1,05,130
Net Worth	**54,920**	**58,420**	**63,322**	**69,485**	**80,638**	**92,010**	**1,05,383**
Deferred liabilities	1506	1856	3062	2781	2243	2243	2243
Total Loans	8,027	14,746	14,274	13,526	7,908	7,313	6,778
Capital Employed	**65,222**	**75,755**	**94,607**	**1,00,189**	**1,05,392**	**1,16,169**	**1,29,007**
Gross Block	37,647	43,601	65,195	66,306	74,088	77,088	80,588
Less: Accum. Deprn.	13,472	16,088	19,660	23,638	27,819	32,305	36,986
Net Fixed Assets	**24,175**	**27,514**	**45,535**	**42,668**	**46,269**	**44,783**	**43,603**
Capital WIP	3,064	1,404	3,429	6,218	7,731	7,731	7,731
Investments	9,892	6,260	8,620	9,797	8,436	8,436	8,436
Curr. Assets	**39,237**	**51,051**	**53,386**	**58,753**	**61,061**	**74,840**	**91,428**
Inventory	18,580	17,434	24,713	25,604	27,310	32,998	37,992
Account Receivables	9,108	9,890	16,865	18,738	20,143	23,782	27,569
Cash and Bank Balance	6,407	18,532	2,968	3,442	5,646	9,103	15,737
Loans & Advances	5,143	5,194	8,840	10,969	7,963	8,957	10,130
Curr. Liability & Prov.	**11,147**	**10,473**	**16,364**	**17,247**	**18,104**	**19,620**	**22,190**
Account Payables	9,704	8,923	13,050	13,592	15,542	17,540	19,836
Provisions	1,443	1,550	3,314	3,655	2,562	2,081	2,353
Net Current Assets	**28,091**	**40,577**	**37,022**	**41,506**	**42,957**	**55,219**	**69,238**
Appl. of Funds	**65,222**	**75,755**	**94,607**	**1,00,189**	**1,05,392**	**1,16,169**	**1,29,007**

Financials and valuations

Ratios							
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Adj. EPS (INR)	**36.3**	**20.8**	**24.9**	**36.0**	**45.6**	**52.7**	**62.0**
Cash EPS	44.0	31.0	31.1	44.8	61.5	70.4	80.5
BV/Share	216.5	230.3	249.6	273.9	317.8	362.7	415.4
DPS	8.1	4.0	4.0	4.0	5.0	8.1	8.1
Payout (%)	22.2	19.4	16.2	11.2	11.1	15.3	13.0
Valuation (x)							
P/E	41.1	71.9	60.2	41.6	32.8	28.4	24.1
P/BV	6.9	6.5	6.0	5.5	4.7	4.1	3.6
EV/Sales	6.5	6.1	4.9	4.3	3.9	3.5	3.1
EV/EBITDA	28.2	38.8	29.1	22.1	19.3	16.1	14.0
Dividend Yield (%)	0.5	0.3	0.3	0.3	0.3	0.5	0.5
Return Ratios (%)							
RoE	18.1	9.3	10.4	13.7	15.4	15.5	15.9
RoCE	17.1	8.3	9.2	13.2	14.9	15.1	15.6
RoIC	21.1	10.2	9.7	12.3	14.5	15.3	16.5
Working Capital Ratios							
Fixed Asset Turnover (x)	2.6	2.4	2.1	2.0	2.2	2.4	2.8
Debtor (Days)	56	58	80	77	76	80	82
Inventory (Days)	116	102	117	105	103	111	113
Working Capital Turnover (Days)	136	129	161	155	141	155	159
Leverage Ratio (x)							
Interest Cover Ratio	145.4	15.8	6.9	15.7	20.5	31.4	39.8
Debt/Equity	0.0	-0.1	0.2	0.1	0.0	0.0	-0.1

Cash Flow Statement							(INRm)
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Oper. Profit/(Loss) before Tax	13,509	9,812	13,076	17,271	19,786	23,617	27,129
Interest/Dividends Recd.	666	1,151	1,075	928	1,144	1,275	1,390
Direct Taxes Paid	-2,058	-2,181	-1,928	-3,718	-4,349	-6,018	-7,192
(Inc)/Dec in WC	-2,652	-361	-12,009	-4,010	753	-8,806	-7,384
CF from Operations	**9,464**	**8,421**	**213**	**10,471**	**17,334**	**10,067**	**13,944**
Others							
EO Expense / (Income)	416	314	769	2,051	264	0	0
CF from Oper. incl EO Exp.	**9,048**	**8,107**	**-556**	**8,421**	**17,070**	**10,067**	**13,944**
(inc)/dec in FA	-6,491	-4,294	-23,618	-3,900	-9,295	-3,000	-3,500
Free Cash Flow	**2,557**	**3,813**	**-24,174**	**4,521**	**7,775**	**7,067**	**10,444**
(Pur)/Sale of Investments	-5,181	3,632	-2,360	-1,177	1,362	0	0
Others	0	0	0	0	0	0	0
CF from Investments	**-11,672**	**-662**	**-25,979**	**-5,077**	**-7,934**	**-3,000**	**-3,500**
Issue of shares	0	0	0	0	0	0	0
(Inc)/Dec in Debt	6,663	6,683	12,743	-298	-5,413	-595	-535
Interest Paid	-77	-455	-1,383	-849	-759	-609	-564
Dividend Paid	-2,030	-1,015	-1,015	-1,015	-1,269	-2,030	-2,030
Others	306	-532	719	-831	2,470	1,118	1,168
CF from Fin. Activity	**4,863**	**4,681**	**11,065**	**-2,993**	**-4,972**	**-2,115**	**-1,961**
Inc/Dec of Cash	**2,238**	**12,126**	**-15,470**	**351**	**4,165**	**4,952**	**8,483**
Add: Beginning Balance	4,795	7,033	19,159	2,969	3,442	5,646	9,103
Forex/ Business acquisition	0	0	0	0	0	0	0
Closing Balance	**7,033**	**19,159**	**3,690**	**3,319**	**7,607**	**10,598**	**17,586**
Bank balances / Mutual fund (gain)/ loss	-627	-627	-721	123	1,961	1,495	1,848
Closing Balance	**6,407**	**18,533**	**2,969**	**3,442**	**5,646**	**9,103**	**15,737**

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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