14 August 2026
1QFY27 Results Update | Sector: Healthcare

Ipca Laboratories

Estimate change	↑
TP change	↔
Rating change	↔

Bloomberg	IPCA IN
Equity Shares (m)	254
M.Cap.(INRb)/(USDb)	439.9 / 4.6
52-Week Range (INR)	1945 / 1252
1, 6, 12 Rel. Per (%)	-7/21/28
12M Avg Val (INR M)	425

Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
Sales	96.5	109.2	121.2
EBITDA	19.8	25.7	28.2
Adjusted PAT	11.6	15.2	16.3
EBIT Margin (%)	16.2	19.5	19.4
Cons. Adj EPS (INR)	45.6	59.9	64.2
EPS Gr. (%)	26.9	31.2	7.2
BV/Sh. (INR)	317.8	368.8	423.4
Ratios			
Net D-E	0.0	0.0	-0.1
RoE (%)	15.4	17.4	16.2
RoCE (%)	14.9	17.0	15.8
Payout (%)	11.1	13.5	12.6
Valuation			
P/E (x)	37.9	28.8	26.9
EV/EBITDA (x)	22.2	17.1	15.6
Div. Yield (%)	0.3	0.5	0.5
FCF Yield (%)	1.7	1.9	2.7
EV/Sales (x)	4.6	4.0	3.6

Shareholding pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	44.7	44.7	44.7
DII	37.4	37.5	36.2
FII	10.7	10.6	10.7
Others	7.2	7.2	8.4

FII Includes depository receipts

CMP: INR1,734 **TP: INR2,060 (+19%)** **Buy**

Strong execution drives a broad-based earnings beat

DF market share gains and robust exports to sustain growth momentum

- Ipca Lab (IPCA) delivered a strong financial performance with 8%, 25%, and 34% beat on revenue, EBITDA and PAT, respectively in 1Q. Exports and API sales along with improved operating leverage led better-than-expected performance for the quarter.
- Exports continued to grow at strong pace for the fourth consecutive quarter, led by a robust show in export generics and an increased institutional business. Branded exports sustained mid-teens YoY growth in 1QFY27.
- Demand tailwinds and superior execution led to sustained outperformance vs. the industry in the domestic formulation (DF) segment for 1QFY27.
- After two quarters of weak performance, the API segment witnessed a strong revival in growth during the quarter.
- We raise our earnings estimates by 14%/4% for FY26/FY27, factoring in: 1) an improved outlook in export formulations as well as the API segment, and 2) better operating leverage. We value IPCA at 30x 12M forward earnings to arrive at our TP of INR2,060.
- We expect a 12%/19%/18% CAGR in revenue/EBITDA/PAT to reach INR121b/ INR28b/INR16.2b by FY28. After three years of robust earnings growth over FY24-26, we expect the momentum to sustain over FY26-28, led by industry-beating growth in DF, increased offtake in exports, and favorable currency movements. **Reiterate BUY.**

Operating efficiency/currency tailwinds drives superior EBITDA/PAT growth

- 1QFY27 Sales grew 20.8% YoY to INR27.9b (our estimate: INR25.9b).
- The gross margin (GM), expanded 140bp YoY to 71.4%.
- The EBITDA margin also expanded 600bp YoY to 24% (our estimate: 20.7%), driven by better operational leverage.
- EBITDA grew 61% YoY to INR6.7b (our estimate: INR5.4b).
- PAT grew 72.3% YoY to INR4b (our estimate: INR3b).

Healthy growth across key business segments

- Formulation sales grew 19% YoY to INR16.9b (61% of sales)
- Export formulation sales grew 34% YoY to INR6.0b (22% of total sales). Domestic formulation sales grew 13% YoY to INR10.8b (39% of total sales).
- Export of generics formulations grew 27% YoY to INR3.4b (56% of export sales). Export of branded formulations grew 16% YoY to INR1.4b (24% of export sales). Export of institutional sales grew 107% YoY to INR1.2b (20% of export sales)
- API sales grew 30% at INR4.2b (15% of sales)
- Export API sales grew 33% YoY to INR3.3b (78% of API sales). Domestic API sales grew 20% YoY to INR914m (22% of API sales)
- Revenue from subsidiaries grew 19% YoY to INR6.7b (24% of sales).

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Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Highlights from the management commentary

- Management upgraded its FY27 overall revenue growth guidance to 14–16% (vs. 12–13%), driven by stronger-than-expected performance in the Indian generics and API businesses.
- Management raised FY27 consolidated EBITDA margin guidance to ~23% (vs. ~22%).
- Management reiterated FY27 domestic business growth guidance of 12–13%.
- Management maintained Unichem's FY27 guidance of 10% revenue growth and 13% EBITDA margin, despite strong 1Q
- Management expects the US business to deliver sustainable growth of ~15–17% over the next few years, supported by the new launches and the regaining of market share in existing products.
- Management expects 7–8 US product launches and 4–5 ANDA filings annually, with these launches evenly split between IPCA and Unichem.

Consolidated - Quarterly Earnings Model

Y/E March	FY26				FY27E				FY26	FY27E	FY27E	% Chg
INRm	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1QE	
Net Revenues (Core)	**23,089**	**25,565**	**23,925**	**23,885**	**27,881**	**27,607**	**27,215**	**26,457**	**96,463**	**1,09,160**	**25,912**	**7.6**
YoY Change (%)	10.3	8.6	6.6	6.3	20.8	8.0	13.7	10.8	7.9	13.2	12.2	
EBITDA	**4,164**	**5,449**	**5,334**	**4,839**	**6,695**	**6,598**	**6,368**	**6,085**	**19,786**	**25,746**	**5,364**	**24.8**
YoY Change (%)	6.0	23.2	15.2	12.8	60.8	21.1	19.4	25.8	14.6	30.1	28.8	
Margins (%)	18.0	21.3	22.3	20.3	24.0	23.9	23.4	23.0	20.5	23.6	20.7	
Depreciation	1,001	1,033	1,076	1,071	1,108	1,134	1,118	1,087	4,181	4,448	1,076	
EBIT	**3,164**	**4,416**	**4,258**	**3,767**	**5,587**	**5,464**	**5,250**	**4,998**	**15,604**	**21,298**	**4,288**	
YoY Change (%)	7.7	29.1	16.8	14.6	76.6	23.7	23.3	32.7	17.4	36.5	35.5	
Margins (%)	13.7	17.3	17.8	15.8	20.0	19.8	19.3	18.9	16.2	19.5	16.5	
Interest	185	196	176	202	119	140	115	134	759	508	152	
Other Income	327	279	202	337	253	260	255	275	1,144	1,043	320	
PBT before EO Expense	**3,305**	**4,498**	**4,283**	**3,902**	**5,721**	**5,584**	**5,390**	**5,139**	**15,989**	**21,833**	**4,456**	
One-off (gain)/ Expense	0	583	-177	-142	0	0	0	0	264	0	0	
PBT after EO Expense	**3,305**	**3,916**	**4,460**	**4,045**	**5,721**	**5,584**	**5,390**	**5,139**	**15,725**	**21,833**	**4,456**	
Tax	961	1,081	819	951	1,493	1,536	1,536	1,562	3,812	6,127	1,355	
Rate (%)	29.1	27.6	18.4	23.5	26.1	27.5	28.5	30.4	23.8	28.1	30.4	
Reported PAT	**2,344**	**2,835**	**3,641**	**3,094**	**4,228**	**4,048**	**3,854**	**3,577**	**11,914**	**15,707**	**3,101**	
Minority Interest	-12	-9	-378	-103	-209	-100	-100	-100	-503	-509	-100	
Adj PAT after Minority Int	**2,332**	**3,247**	**3,119**	**2,882**	**4,019**	**3,948**	**3,754**	**3,477**	**11,580**	**15,197**	**3,001**	**33.9**
YoY Change (%)	21.3	40.9	25.7	19.2	72.3	21.6	20.4	20.6	26.9	31.2	28.7	
Margins (%)	10.1	12.7	13.0	12.1	14.4	14.3	13.8	13.1	12.0	13.9	11.6	

KPIs

Y/E March	FY26				FY27E				FY26	FY27E
INRm	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Domestic formulations	9,610	10,189	9,840	8,533	10,821	11,432	11,060	9,574	38,172	42,888
YoY Change (%)	10.0	8.3	12.2	11.7	12.6	12.2	12.4	12.2	10.5	12.4
Exports formulations	4,496	4,927	5,350	6,053	6,030	5,950	5,874	6,404	20,826	24,258
YoY Change (%)	13.7	-9.0	16.8	15.6	34.1	20.8	9.8	5.8	8.5	16.5
API sales	3,263	4,078	3,171	3,446	4,237	3,770	3,776	3,874	13,957	15,657
YoY Change (%)	13.3	28.0	-0.3	0.9	29.8	-7.6	19.1	12.4	10.3	12.2
Cost Break-up										
RM Cost (% of Sales)	30.0	30.6	27.5	29.0	28.6	28.7	28.6	28.5	29.3	28.6
Staff Cost (% of Sales)	23.5	21.0	22.8	22.3	21.6	21.4	21.5	22.0	22.4	21.6
Other Cost (% of Sales)	28.5	27.1	27.4	28.5	25.8	26.0	26.5	26.5	27.8	26.2
Gross Margins(%)	70.0	69.4	72.5	71.0	71.4	71.3	71.4	71.5	70.7	71.4
EBITDA Margins(%)	18.0	21.3	22.3	20.3	24.0	23.9	23.4	23.0	20.5	23.6
EBIT Margins(%)	13.7	17.3	17.8	15.8	20.0	19.8	19.3	18.9	16.2	19.5

E: MOFSL Estimates



Highlights from the management commentary

- India field force stands at ~7,000 medical representatives, with plans to add ~200 representatives during FY27 to support new divisions.
- Management does not expect margin pressure in the coming quarters despite anticipated API price increases, as material costs as a percentage of sales are expected to decline.
- Management plans to invest an additional ~INR1b in FY27 to expand biotech pilot facilities and strengthen R&D capabilities, with further capacity expansion likely over the next 1–2 years.
- Domestic business grew ~13%, led by urology (+25%), CNS (+19%), cardiovascular & anti-diabetes (+17%), dermatology (+17%), ophthalmology (+17%), and pain management (+13%).
- Chronic portfolio grew 17.2%, while acute portfolio increased 8.9% YoY; overall domestic growth was driven by ~5% volume growth, ~5% price growth, and ~2% contribution from new product launches.
- Institutional business growth benefited from ~INR400m of shipments deferred from Mar'26 to Apr'26.
- Unichem's US business grew 27% YoY, with its own portfolio growing 9% and the marketed portfolio delivering strong growth.

Growth broadens across key businesses

DF: Sustained market share gains led by chronic therapies

- Domestic formulations grew 13% YoY to INR10.8b, ahead of the Indian market, with market share improving to 2.08% (vs. 2.07% in Mar'26).
- Growth remained broad-based across chronic therapies, with CVS/anti-diabetic (+17%), CNS (+19%), dermatology (+17%), ophthalmology (+17%), and urology (+25%) segments offsetting the continued weakness in the malaria portfolio (-24%), which now contributes only ~3% to domestic sales.
- Management indicated that domestic growth was driven by ~5% volume growth, ~5% price growth and ~2% new product contribution, with volume growth remaining ahead of the industry.
- Field-force expansion is largely complete at ~7,000 MRs, with ~200 incremental additions planned, implying future growth should increasingly come from productivity gains and portfolio expansion.
- We expect domestic formulations to deliver ~12% revenue CAGR over FY26-28, driven by sustained market share gains, healthy chronic portfolio growth, improved field-force productivity and continued new product launches.

Exports: Europe, regulated markets, and Unichem integration to drive growth

- Export formulations increased 34% YoY to INR6.0b, led by generics (+27%), branded exports (+16%), and institutional sales (+107%). However, the latter benefited from ~INR400m shipment deferment from 4QFY26.
- Europe emerged as the key growth engine, with management highlighting ~70% growth driven by new product launches and improving traction across regulated markets, while the US business grew ~8%.
- Management indicated institutional sales to normalize to single-digit growth, but sees continued momentum from Europe, branded ROW markets and the regulated generics portfolio.
- IPCA and Unichem together are expected to launch 7-8 products annually in the US, while ongoing filings across Europe, Australia and other regulated markets should gradually diversify the revenue base.
- We expect export formulations to register ~16% revenue CAGR over FY26-28, supported by regulated market expansion, Europe-led growth, new launches and increasing synergies from the Unichem acquisition.

API: Capacity expansion support long-term growth

- API revenue increased 30% YoY to INR4.2b, with both domestic (+20%) and export (+33%) businesses contributing to growth, reflecting healthy demand across key products.
- Management highlighted that the existing API capacities are nearing utilization limits and the company is investing in new facilities at Dewas and Wardha, alongside continuous manufacturing capabilities to support future demand.
- FY27 capex of INR7-8b will largely be directed towards API capacity expansion, controlled-release manufacturing and biotech infrastructure, creating additional growth levers beyond the core API business.

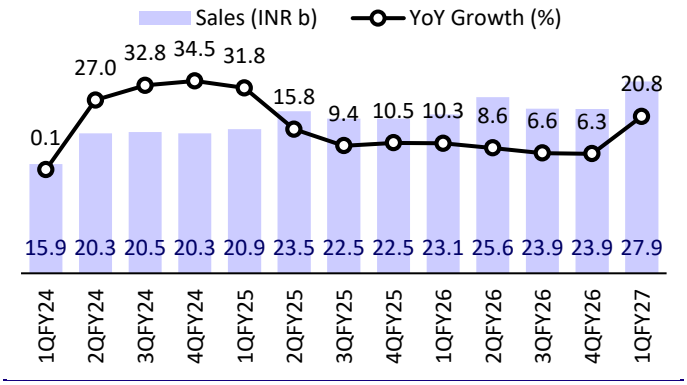
- We expect the API business to deliver ~12% revenue CAGR over FY26-28, driven by capacity additions, higher captive consumption, and increasing regulated market demand.

Valuation and view

- We raise our earnings estimates by 14%/4% for FY26/FY27, factoring in: 1) an improved outlook in export formulations as well as the API segment, and 2) better operating leverage. We value IPCA at 30x 12M forward earnings to arrive at our TP of INR2,060.
- We expect a 12%/19%/18% CAGR in revenue/EBITDA/PAT to reach INR121b/ INR28b/INR16.2b by FY28. After three years of robust earnings growth over FY24-26, we expect the momentum to sustain over FY26-28, led by industry-beating growth in DF, increased offtake in exports, and favorable currency movements. **Reiterate BUY.**

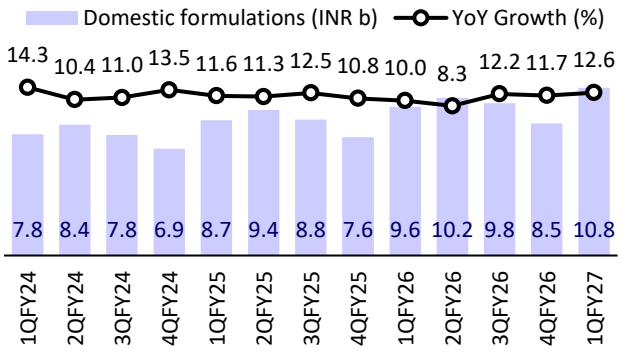
Story in charts

Exhibit 1: Total sales grew 20.8% YoY in 1QFY27



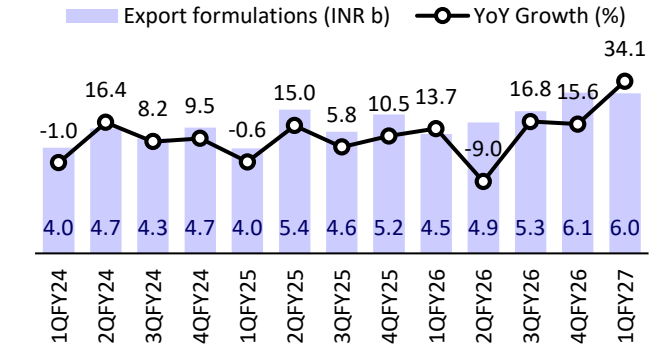
Source: Company, MOFSL

Exhibit 2: DF sales grew 12.6% YoY



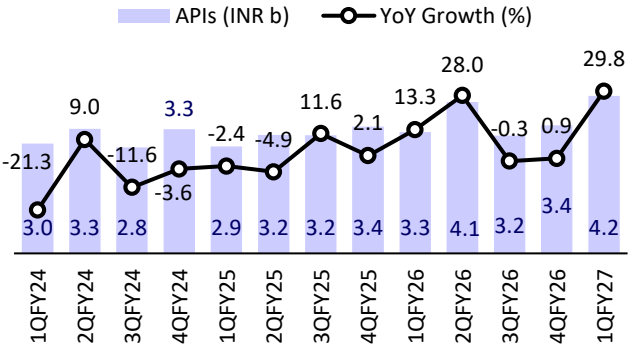
Source: Company, MOFSL

Exhibit 3: Export formulation sales grew 34.1% YoY



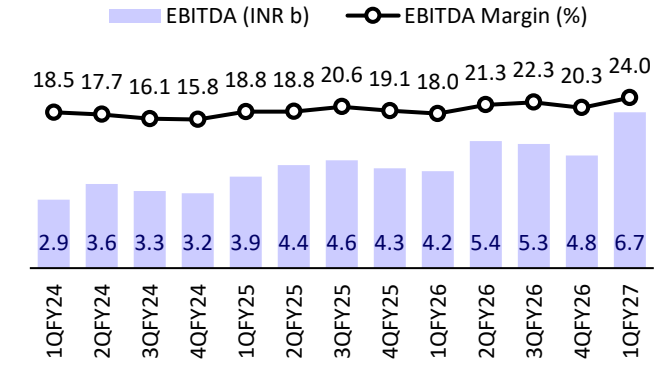
Source: Company, MOFSL

Exhibit 4: API sales grew 29.8% YoY



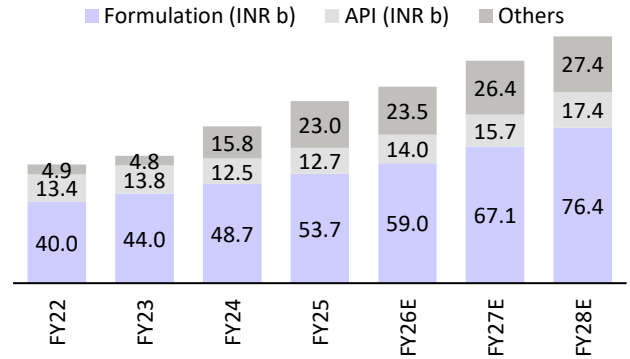
Source: Company, MOFSL

Exhibit 5: EBITDA margin expanded 600bp YoY in 1QFY27



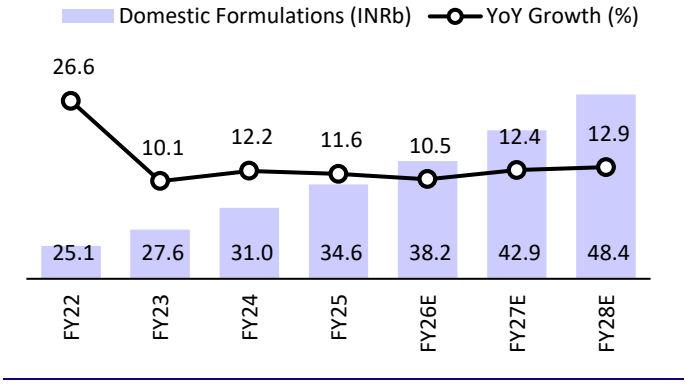
Source: Company, MOFSL

Exhibit 6: Expect 12% sales CAGR over FY26-28



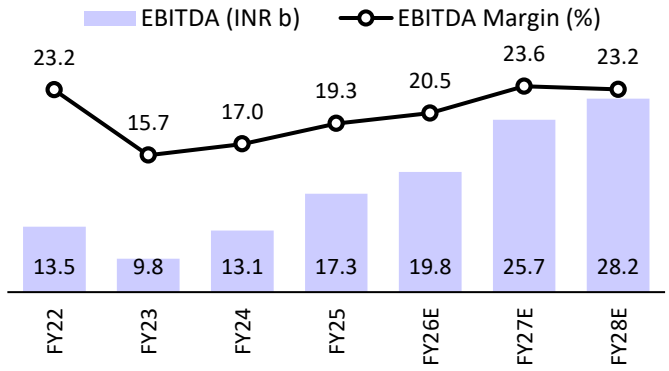
Note: Others include Subsidiaries; Source: Company, MOFSL

Exhibit 7: Expect 13% DF sales CAGR over FY26-28



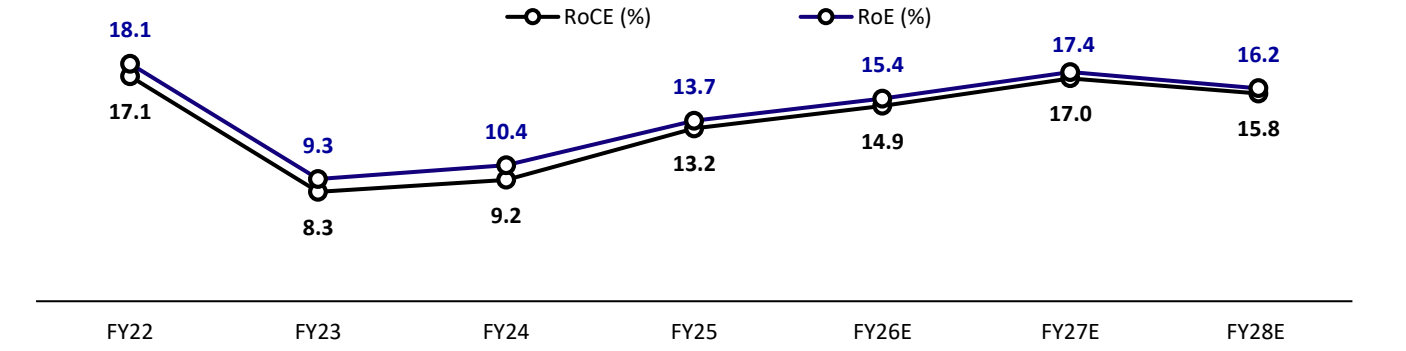
Source: Company, MOFSL

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**	**1,09,160**	**1,21,217**
Change (%)	7.6	7.3	23.2	16.0	7.9	13.2	11.0
EBITDA	**13,509**	**9,812**	**13,076**	**17,271**	**19,786**	**25,746**	**28,154**
Change (%)	-12.5	-27.4	33.3	32.1	14.6	30.1	9.4
Margin (%)	23.2	15.7	17.0	19.3	20.5	23.6	23.2
Depreciation	2,324	2,616	3,572	3,978	4,181	4,448	4,681
EBIT	**11,184**	**7,197**	**9,503**	**13,293**	**15,604**	**21,298**	**23,474**
Int. and Finance Charges	77	455	1,383	849	759	508	528
Other Income - Rec.	666	1,151	1,075	928	1,144	1,043	1,140
PBT before EO Expense	**11,773**	**7,892**	**9,195**	**13,372**	**15,989**	**21,833**	**24,085**
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**	**21,833**	**24,085**
Tax	2,248	2,532	3,135	3,436	3,812	6,127	7,442
Tax Rate (%)	19.1	32.1	34.1	25.7	23.8	28.1	30.9
Reported PAT	**9,110**	**5,047**	**5,291**	**7,885**	**11,913**	**15,706**	**16,642**
Less: Minority Interest	269	-206	984	499	503	509	350
Net Profit	**8,841**	**5,253**	**4,307**	**7,387**	**11,410**	**15,196**	**16,292**
Adj PAT	**9,218**	**5,275**	**6,304**	**9,127**	**11,580**	**15,196**	**16,292**
Adj PAT growth (%)	-18.1	-42.8	19.5	44.8	26.9	31.2	7.2

Balance Sheet							(INR m)
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	93,302	1,07,151
Net Worth	**54,920**	**58,420**	**63,322**	**69,485**	**80,638**	**93,556**	**1,07,405**
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**	**1,17,715**	**1,31,029**
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	32,267	36,948
Net Fixed Assets	**24,175**	**27,514**	**45,535**	**42,668**	**46,269**	**44,821**	**43,640**
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**	**76,466**	**93,141**
Inventory	18,580	17,434	24,713	25,604	27,310	33,196	37,527
Account Receivables	9,108	9,890	16,865	18,738	20,143	23,925	27,232
Cash and Bank Balance	6,407	18,532	2,968	3,442	5,646	10,334	18,375
Loans & Advances	5,143	5,194	8,840	10,969	7,963	9,011	10,006
Curr. Liability & Prov.	**11,147**	**10,473**	**16,364**	**17,247**	**18,104**	**19,738**	**21,919**
Account Payables	9,704	8,923	13,050	13,592	15,542	17,645	19,594
Provisions	1,443	1,550	3,314	3,655	2,562	2,093	2,325
Net Current Assets	**28,091**	**40,577**	**37,022**	**41,506**	**42,957**	**56,728**	**71,222**
Appl. of Funds	**65,222**	**75,755**	**94,607**	**1,00,189**	**1,05,392**	**1,17,715**	**1,31,029**

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**	**59.9**	**64.2**
Cash EPS	44.0	31.0	31.1	44.8	61.5	77.4	82.7
BV/Share	216.5	230.3	249.6	273.9	317.8	368.8	423.4
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	13.5	12.6
Valuation (x)							
P/E	47.6	83.1	69.5	48.0	37.9	28.8	26.9
P/BV	8.0	7.5	6.9	6.3	5.4	4.7	4.1
EV/Sales	7.5	7.0	5.7	4.9	4.6	4.0	3.6
EV/EBITDA	32.6	44.8	33.7	25.5	22.2	17.1	15.6
Dividend Yield (%)	0.5	0.2	0.2	0.2	0.3	0.5	0.5
Return Ratios (%)							
RoE	18.1	9.3	10.4	13.7	15.4	17.4	16.2
RoCE	17.1	8.3	9.2	13.2	14.9	17.0	15.8
RoIC	21.1	10.2	9.7	12.3	14.5	17.5	17.3
Working Capital Ratios							
Fixed Asset Turnover (x)	2.6	2.4	2.1	2.0	2.2	2.4	2.7
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	41.9	44.4
Debt/Equity	0.0	-0.1	0.2	0.1	0.0	0.0	-0.1

Cash Flow Statement							(INR m)
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	25,746	28,154
Interest/Dividends Recd.	666	1,151	1,075	928	1,144	1,043	1,140
Direct Taxes Paid	-2,058	-2,181	-1,928	-3,718	-4,349	-6,127	-7,442
(Inc)/Dec in WC	-2,652	-361	-12,009	-4,010	753	-9,083	-6,453
CF from Operations	**9,464**	**8,421**	**213**	**10,471**	**17,334**	**11,579**	**15,399**
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**	**11,579**	**15,399**
(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**	**8,579**	**11,899**
(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	-508	-528
Dividend Paid	-2,030	-1,015	-1,015	-1,015	-1,269	-2,030	-2,030
Others	306	-532	719	-831	2,470	1,009	1,168
CF from Fin. Activity	**4,863**	**4,681**	**11,065**	**-2,993**	**-4,972**	**-2,123**	**-1,925**
Inc/Dec of Cash	**2,238**	**12,126**	**-15,470**	**351**	**4,165**	**6,456**	**9,974**
Add: Beginning Balance	4,795	7,033	19,159	2,969	3,442	5,646	10,334
Closing Balance	**7,033**	**19,159**	**3,690**	**3,319**	**7,607**	**12,102**	**20,307**
Bank balances / Mutual fund (gain)/ loss	-627	-627	-721	123	1,961	1,768	1,932
Closing Balance	**6,407**	**18,533**	**2,969**	**3,442**	**5,646**	**10,334**	**18,375**

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NOTES

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BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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