06 November 2026
2QFY27 Results Update | Sector: Healthcare

Ipca Laboratories

Estimate change	↑
TP change	↔
Rating change	↔

Bloomberg	IPCA IN
Equity Shares (m)	254
M.Cap.(INRb)/(USDb)	494.5 / 5.2
52-Week Range (INR)	2039 / 1276
1, 6, 12 Rel. Per (%)	-9/24/55
12M Avg Val (INR M)	565

Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
Sales	96.5	111.8	124.1
EBITDA	19.8	25.9	29.9
Adjusted PAT	11.6	15.2	17.6
EBIT Margin (%)	16.2	19.2	20.4
Cons. Adj EPS (INR)	45.6	60.1	69.6
EPS Gr. (%)	26.9	31.7	15.7
BV/Sh. (INR)	317.8	368.4	427.5
Ratios			
Net D-E	0.0	0.0	-0.1
RoE (%)	15.4	17.5	17.5
RoCE (%)	14.9	17.2	17.0
Payout (%)	11.1	13.4	11.6
Valuation			
P/E (x)	42.7	32.4	28.0
EV/EBITDA (x)	25.1	19.2	16.6
Div. Yield (%)	0.3	0.4	0.4
FCF Yield (%)	1.7	1.7	3.0
EV/Sales (x)	5.1	4.4	4.0

Shareholding pattern (%)

As On	Sep-26	Jun-26	Sep-25
Promoter	44.7	44.7	44.7
DII	36.6	37.4	36.8
FII	11.5	10.7	10.4
Others	7.2	7.2	8.1

FII Includes depository receipts

CMP: INR1,950 **TP: INR2,250 (15+%)** **Buy**

Largely in-line show; formulation drive earnings

Generics, branded exports and chronic therapies keep growth on track

- Ipca Lab (IPCA) exhibited better-than-expected revenue (4% beat) in 2QFY27, led by improved performance in export formulation business. API sales also remained resilient for the second consecutive quarter.
- However, EBITDA/PAT came in largely in line with our estimate for the quarter due to higher other expenses for the quarter.
- The generics segment supported growth in export formulation segment. The growth was broad-based across geographies. The branded export segment also witnessed three consecutive quarters of high-teen YoY growth.
- The chronic segment performed better than industry, driving overall growth in domestic formulation segment. The acute therapies largely grew in line with the industry.
- We raise our earnings estimates for FY28 by 6%, factoring in a) sustainable growth in export formulation segment, b) increasing market share gain in domestic formulation segment, and c) better margins. We value IPCA at 30x 12-month forward earnings to arrive at our TP of INR2,250.
- We expect a 13%/23%/23% CAGR in revenue/EBITDA/PAT to reach INR124b/INR30b/INR17.6b by FY28. This would be driven by superior execution across domestic and export formulation and currency tailwinds. Maintain BUY

Strong revenue growth and margin expansion

- 1QFY27 sales grew 13.8% YoY to INR29.1b (beat by 4%).
- Gross margin (GM) expanded 260bp YoY to 72%.
- EBITDA margin also expanded 180bp YoY to 23.1% (miss by 50bp).
- EBITDA grew 23.6% YoY to INR6.7b (in line).
- Adjusted for exceptional item related to provision for claims, PAT grew 21% YoY to INR3.9b (in line).
- Revenue/EBITDA/PAT were in line with BBG estimates for 2QFY27.
- For 1HFY27, revenue/EBITDA/PAT grew by 17.1%/39.7%/42.4% to INR56b/INR13.4b/INR7.9b.

Exports drive formulation growth, while API remains subdued

- Formulation's sales grew 19.7% YoY to INR18.1b (62% of sales).
- Export formulation sales grew 32.5% YoY to INR6.5b (22% of total sales).
- Domestic formulation sales grew 13.6% YoY to INR11.6b (39% of total sales).
- Exports (generics formulation) grew 36% YoY to INR3.6b (56% of export sales). Exports (branded formulation) grew 18.9% YoY to INR1.7b (26% of export sales). Exports (institutional sales) grew 45.3% YoY to INR1.2b (18% of export sales).
- API sales grew 6.5% to INR4.3b (15% of sales). Export API sales declined 6.9% YoY to INR3b (69% of API sales). Domestic API sales grew 56.1% YoY to INR1.4b (31% of API sales).
- Revenue from subsidiaries grew 4% YoY to INR6.5b (23% 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 retained its FY27 revenue growth guidance of 14-16%.
- Management expects consolidated EBITDA margin to improve by 100-125bp annually, with standalone IPCA EBITDA margin expected to expand by ~150bp annually.
- Domestic formulation sales are guided to sustain full-year revenue growth of 15-16% YoY.
- Institutional generic sales for full-year FY27 are projected to exceed the earlier guidance of INR3b to reach INR3.3b to INR3.4b in FY27.
- Unichem Laboratories EBITDA margin was diluted by INR310m of incremental freight costs as air shipment share surged from 5-6% to 25% due to shipping line transit delays, reducing quarterly EBITDA by ~INR300m.

Consolidated - Quarterly Earning Model

Y/E March	FY26				FY27E				FY26	FY27E	FY27E	% Chg
INRm	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2QE	
Net Revenues (Core)	**23,089**	**25,565**	**23,925**	**23,885**	**27,881**	**29,099**	**27,965**	**26,851**	**96,463**	**1,11,796**	**27,947**	**4.1**
YoY Change (%)	10.3	8.6	6.6	6.3	20.8	13.8	16.9	12.4	7.9	15.9	9.3	
EBITDA	**4,164**	**5,449**	**5,334**	**4,839**	**6,695**	**6,735**	**6,488**	**5,961**	**19,786**	**25,879**	**6,595**	**2.1**
YoY Change (%)	6	23.2	15.2	12.8	60.8	23.6	21.6	23.2	14.6	30.8	21	
Margins (%)	18	21.3	22.3	20.3	24	23.1	23.2	22.2	20.5	23.1	23.6	
Depreciation	1,001	1,033	1,076	1,071	1,108	1,145	1,122	1,077	4,181	4,453	1,142	
EBIT	**3,164**	**4,416**	**4,258**	**3,767**	**5,587**	**5,590**	**5,366**	**4,884**	**15,604**	**21,426**	**5,453**	
YoY Change (%)	7.7	29.1	16.8	14.6	76.6	26.6	26	29.6	17.4	37.3	23.5	
Margins (%)	13.7	17.3	17.8	15.8	20	19.2	19.2	18.2	16.2	19.2	19.5	
Interest	185	196	176	202	119	126	115	134	759	494	140	
Other Income	327	279	202	337	253	250	255	260	1,144	1,018	260	
PBT before EO Expense	**3,305**	**4,498**	**4,283**	**3,902**	**5,721**	**5,714**	**5,506**	**5,009**	**15,989**	**21,950**	**5,573**	
One-off (gain)/ Expense	0	583	-177	-142	0	243	0	0	264	243	0	
PBT after EO Expense	**3,305**	**3,916**	**4,460**	**4,045**	**5,721**	**5,472**	**5,506**	**5,009**	**15,725**	**21,708**	**5,573**	
Tax	961	1,081	819	951	1,493	1,556	1,569	1,443	3,812	6,061	1,533	
Rate (%)	29.1	27.6	18.4	23.5	26.1	28.4	28.5	28.8	23.8	27.6	27.5	
Reported PAT	**2,344**	**2,835**	**3,641**	**3,094**	**4,228**	**3,915**	**3,937**	**3,567**	**11,914**	**15,647**	**4,041**	
Minority Interest	-12	-9	-378	-103	-209	-164	-100	-100	-503	-573	-100	
Adj PAT after Minority Int	**2,332**	**3,247**	**3,119**	**2,882**	**4,019**	**3,925**	**3,837**	**3,467**	**11,580**	**15,247**	**3,941**	**-0.4**
YoY Change (%)	21.3	40.9	25.7	19.2	72.3	20.9	23	20.3	26.9	31.7	21.3	
Margins (%)	10.1	12.7	13	12.1	14.4	13.5	13.7	12.9	12	13.6	14.1	



Highlights from the management commentary

- Unichem Laboratories EBITDA margin is guided to fluctuate between 11% and 13% if elevated freight and energy expenses persist, with upside potential upon logistics normalization.
- Chronic portfolio in DF segment grew 20% YoY on a MAT-Sep'26 basis, outperforming broader IPM chronic segment growth of 17%.
- Zerodol and the overall pain portfolio growth of 14-15% was driven by 8-9% volume growth and 4-4.5% price realization growth.
- Management expects the Zerodol umbrella brand and rheumatoid arthritis/osteoarthritis portfolios to sustain 14-15% annual revenue growth over the next 3 to 4 years.
- UK operations achieved a turnaround to profitability in FY27 following a loss in FY26, aided by industry-wide supply shortages and price restoration on generic products.
- Generics business delivered broad-based growth across key markets in 2QFY27, with the US growing 31%, Canada 45%, South Africa 46%, Europe 23% and Australia-New Zealand 24% YoY.

Broad-based growth momentum

DF: Chronic portfolio drive domestic outperformance

- Domestic formulations grew 13% YoY to INR22.4b in 1HFY27, with 2Q growth of 13%, ahead of the Indian pharmaceutical market. Market share improved to 2.11% in Sep'26 from 2.09% in Sep'25, while the company retained its 16th industry ranking.
- Chronic therapies remained the key growth driver, registering 20% growth versus IPM growth of 17% in MAT Sep'26. Acute therapies grew 11%, in line with the market, as weakness in anti-malarials, antibacterials and cough-and-cold products offset growth in other portfolios.
- The pain portfolio grew 14% in 1HFY27 to INR12.2b, with 2Q growth accelerating to 16% to INR6.3b. Rheumatoid arthritis and osteoarthritis portfolios, including Zerodol, continued to grow at 14-15%, with volume growth of 8-9% and price growth of 4-4.5%.
- Zerodol-SP improved its industry ranking to 8th from 11th, while the Zerodol umbrella brand crossed INR15b in sales, becoming the fourth-largest brand in IPM. Management indicated that the franchise could sustain similar growth over the next 3-4 years.
- We expect domestic formulations to deliver ~13% revenue CAGR over FY26-28, supported by sustained outperformance in chronic therapies, improving field-force productivity and continued new product launches.

Exports: Regulated markets and Unichem to support export growth

- Export formulations grew 33% YoY to INR12.6b in 1HFY27, led by generics (+71%), branded exports (+18%) and institutional sales (+31%). Institutional growth benefited partly from shipment deferments from 4QFY26.
- Generics growth remained broad-based across key markets, with Europe growing 23%, Australia/New Zealand up 24%, the US up 31%, Canada up 45% and South Africa up 46%, indicating healthy traction across regulated and other export markets.
- West Asia remained an exception, declining 3% due to shipment delays, while other geographies continued to perform well.
- Institutional sales benefited from ~INR0.25b of shipments deferred from 4QFY26 due to shipping constraints.
- The UK business has returned to profitability following improvement in pricing conditions, as unsustainable below-cost competition has resulted in product shortages and price recovery. Brazil has also turned profitable after reporting losses in the first two quarters of FY27.
- We expect export formulations to register ~19% revenue CAGR over FY26-28, supported by regulated market expansion, Europe-led growth, new launches, improving UK pricing conditions and increasing synergies from the Unichem acquisition.

Valuation and view

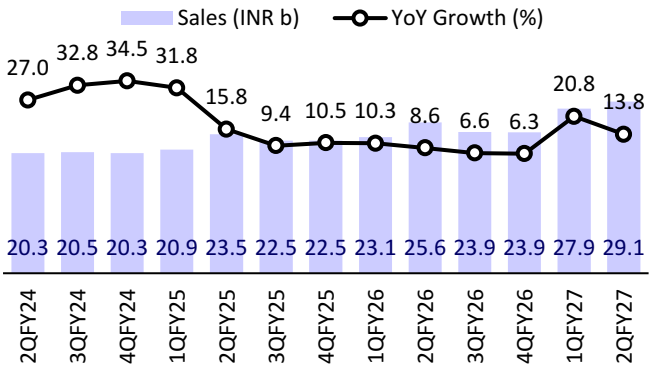
- We raise our earnings estimates for FY28 by 6%, factoring in a) sustainable growth in exports formulation segment, b) increasing market share gain in

domestic formulation segment, and c) better margins. We value IPCA at 30x 12-month forward earnings to arrive at our TP of INR2,250.

- We expect a 13%/23%/23% CAGR in revenue/EBITDA/PAT to reach INR124b/ INR30b/INR17.6b by FY28. This would be driven by superior execution across domestic and export formulation and currency tailwinds. Maintain BUY.

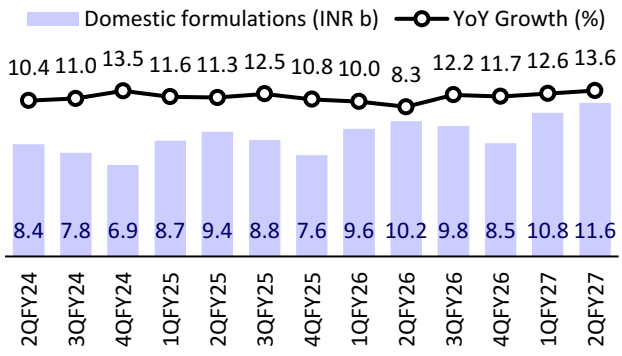
Story in charts

Exhibit 1: Total sales grew 12.8% YoY in 2QFY27



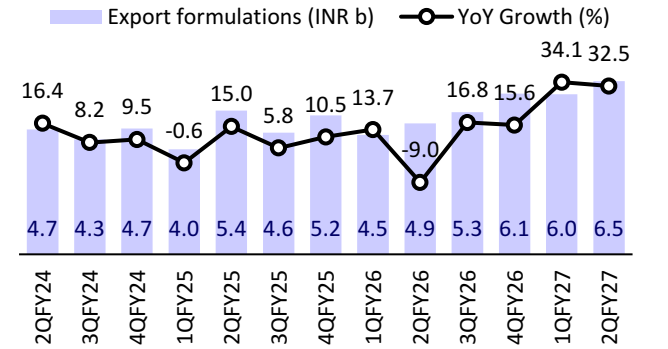
Source: Company, MOFSL

Exhibit 2: DF sales grew 13.6% YoY



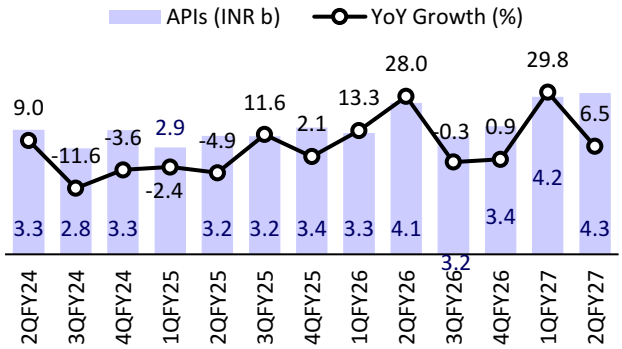
Source: Company, MOFSL

Exhibit 3: Export formulation sales grew 32.5% YoY



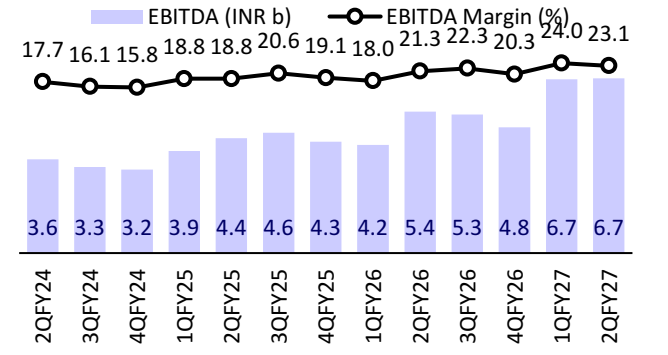
Source: Company, MOFSL

Exhibit 4: API sales grew 7.5% YoY



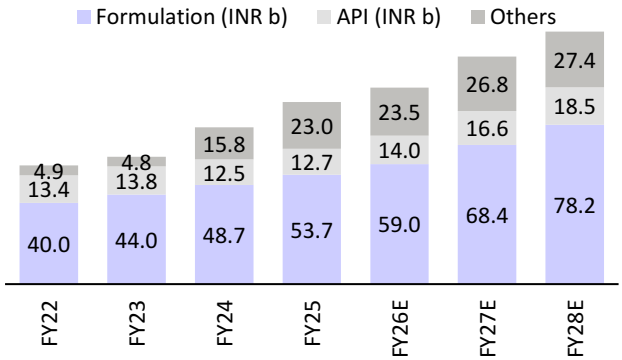
Source: Company, MOFSL

Exhibit 5: EBITDA margin expanded 23.1bp YoY



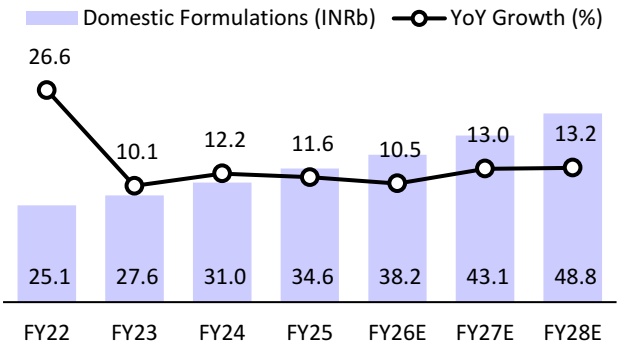
Source: Company, MOFSL

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



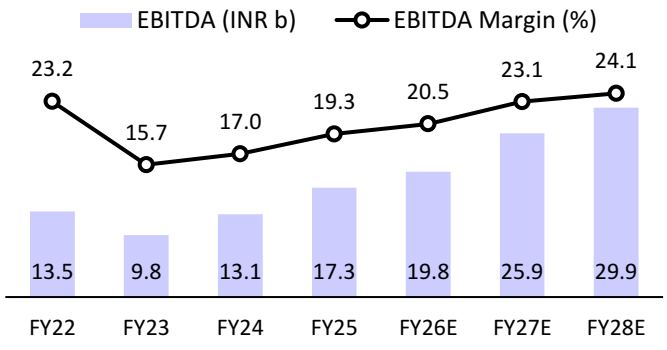
Note: Others include Subsidiaries; Source: Company, MOFSL

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



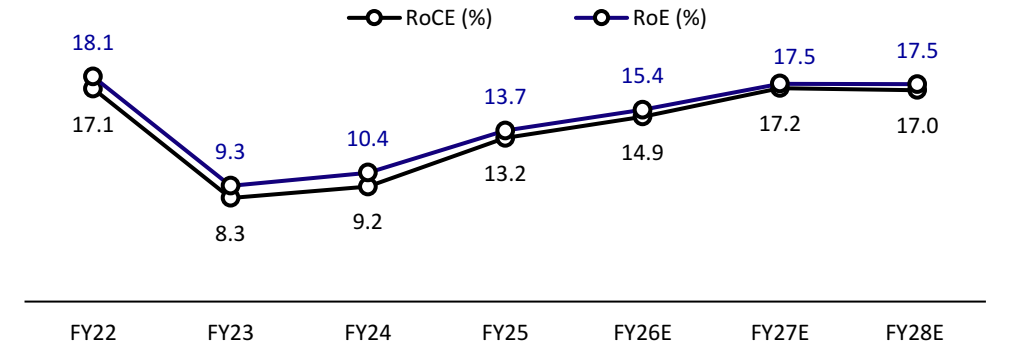
Source: Company, MOFSL

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**	**1,11,796**	**1,24,052**
Change (%)	7.6	7.3	23.2	16.0	7.9	15.9	11.0
EBITDA	**13,509**	**9,812**	**13,076**	**17,271**	**19,786**	**25,879**	**29,944**
Change (%)	-12.5	-27.4	33.3	32.1	14.6	30.8	15.7
Margin (%)	23.2	15.7	17.0	19.3	20.5	23.1	24.1
Depreciation	2,324	2,616	3,572	3,978	4,181	4,453	4,681
EBIT	**11,184**	**7,197**	**9,503**	**13,293**	**15,604**	**21,426**	**25,264**
Int. and Finance Charges	77	455	1,383	849	759	494	528
Other Income - Rec.	666	1,151	1,075	928	1,144	1,018	1,049
PBT before EO Expense	**11,773**	**7,892**	**9,195**	**13,372**	**15,989**	**21,950**	**25,784**
EO Expense/(Income)	416	314	769	2,051	264	243	0
PBT after EO Expense	**11,357**	**7,579**	**8,426**	**11,321**	**15,725**	**21,708**	**25,784**
Tax	2,248	2,532	3,135	3,436	3,812	6,061	7,787
Tax Rate (%)	19.1	32.1	34.1	25.7	23.8	27.6	30.2
Reported PAT	**9,110**	**5,047**	**5,291**	**7,885**	**11,913**	**15,646**	**17,996**
Less: Minority Interest	269	-206	984	499	503	573	350
Net Profit	**8,841**	**5,253**	**4,307**	**7,387**	**11,410**	**15,073**	**17,646**
Adj PAT	**9,218**	**5,275**	**6,304**	**9,127**	**11,580**	**15,247**	**17,647**
Adj PAT growth (%)	-18.1	-42.8	19.5	44.8	26.9	31.7	15.7

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	93,197	1,08,197
Net Worth	**54,920**	**58,420**	**63,322**	**69,485**	**80,638**	**93,451**	**1,08,451**
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**	**1,17,610**	**1,32,075**
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	32,272	36,952
Net Fixed Assets	**24,175**	**27,514**	**45,535**	**42,668**	**46,269**	**44,816**	**43,636**
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**	**76,842**	**94,704**
Inventory	18,580	17,434	24,713	25,604	27,310	33,998	38,405
Account Receivables	9,108	9,890	16,865	18,738	20,143	24,503	27,869
Cash and Bank Balance	6,407	18,532	2,968	3,442	5,646	9,112	18,190
Loans & Advances	5,143	5,194	8,840	10,969	7,963	9,228	10,240
Curr. Liability & Prov.	**11,147**	**10,473**	**16,364**	**17,247**	**18,104**	**20,215**	**22,431**
Account Payables	9,704	8,923	13,050	13,592	15,542	18,071	20,052
Provisions	1,443	1,550	3,314	3,655	2,562	2,144	2,379
Net Current Assets	**28,091**	**40,577**	**37,022**	**41,506**	**42,957**	**56,627**	**72,272**
Appl. of Funds	**65,222**	**75,755**	**94,607**	**1,00,189**	**1,05,392**	**1,17,610**	**1,32,075**

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**	**60.1**	**69.6**
Cash EPS	44.0	31.0	31.1	44.8	61.5	77.0	88.0
BV/Share	216.5	230.3	249.6	273.9	317.8	368.4	427.5
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	13.4	11.6
Valuation (x)							
P/E	53.6	93.7	78.4	54.2	42.7	32.4	28.0
P/BV	9.0	8.5	7.8	7.1	6.1	5.3	4.6
EV/Sales	8.5	7.9	6.4	5.5	5.1	4.4	4.0
EV/EBITDA	36.7	50.6	37.9	28.7	25.1	19.2	16.6
Dividend Yield (%)	0.4	0.2	0.2	0.2	0.3	0.4	0.4
Return Ratios (%)							
RoE	18.1	9.3	10.4	13.7	15.4	17.5	17.5
RoCE	17.1	8.3	9.2	13.2	14.9	17.2	17.0
RoIC	21.1	10.2	9.7	12.3	14.5	17.6	18.6
Working Capital Ratios							
Fixed Asset Turnover (x)	2.6	2.4	2.1	2.0	2.2	2.5	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	43.4	47.8
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	25,879	29,944
Interest/Dividends Recd.	666	1,151	1,075	928	1,144	1,018	1,049
Direct Taxes Paid	-2,058	-2,181	-1,928	-3,718	-4,349	-6,061	-7,787
(Inc)/Dec in WC	-2,652	-361	-12,009	-4,010	753	-10,204	-6,568
CF from Operations	**9,464**	**8,421**	**213**	**10,471**	**17,334**	**10,632**	**16,638**
Others							
EO Expense / (Income)	416	314	769	2,051	264	243	0
CF from Oper. incl EO Exp.	**9,048**	**8,107**	**-556**	**8,421**	**17,070**	**10,389**	**16,638**
(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**	**7,389**	**13,138**
(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	-494	-528
Dividend Paid	-2,030	-1,015	-1,015	-1,015	-1,269	-2,030	-2,030
Others	306	-532	719	-831	2,470	945	1,168
CF from Fin. Activity	**4,863**	**4,681**	**11,065**	**-2,993**	**-4,972**	**-2,173**	**-1,925**
Inc/Dec of Cash	**2,238**	**12,126**	**-15,470**	**351**	**4,165**	**5,216**	**11,213**
Add: Beginning Balance	4,795	7,033	19,159	2,969	3,442	5,646	9,112
Forex/ Business acquisition	0	0	0	0	0	0	0
Closing Balance	**7,033**	**19,159**	**3,690**	**3,319**	**7,607**	**10,862**	**20,325**
Bank balances / Mutual fund (gain)/ loss	-627	-627	-721	123	1,961	1,749	2,136
Closing Balance	**6,407**	**18,533**	**2,969**	**3,442**	**5,646**	**9,112**	**18,190**

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