

Ipsca Laboratories (IPCA IN)

Q4FY26 Result Update

June 02, 2026

 Estimate Change | Target | Reco.

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	Buy		Buy	
Target Price	1,800		1,800	
Sales (INR mn)	106,562	118,054	104,146	115,617
% Chng.	2.3	2.1		
EBITDA (INR mn)	23,667	27,443	22,607	26,294
% Chng.	4.7	4.4		
EPS (INR)	54.3	64.2	53.1	62.1
% Chng.	2.3	3.4		

Key Data

IPCA.BO | IPCA IN

BSE Code	524494
NSE Code	IPCALAB
52-W High / Low	INR 1,679 / INR 1,251
Face Value	1
Sensex / Nifty	74,267 / 23,383
Market Cap	INR 378 bn / \$ 3,980 mn
Shares Outstanding	253.66 mn
3M Avg. Daily Value	INR 485.51 mn

Shareholding Pattern (%)

Promoters	44.72
FIs	10.63
Mutual Funds	31.24
Domestic Institutions	6.21
Public & Others	7.20
Promoter's Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	(2.6)	(2.5)	4.9	4.6
Relative	0.8	6.7	21.0	14.7

Key Financials - Consolidated

Y/e Mar	FY25	FY26	FY27E	FY28E
Sales (INR mn)	89,396	96,463	106,562	118,054
EBITDA (INR mn)	16,931	19,990	23,667	27,443
Margin (%)	18.9	20.7	22.2	23.2
PAT (INR mn)	9,427	12,276	13,781	16,288
EV (INR mn)	394,453	387,776	381,886	374,140
Total Debt (INR mn)	13,017	7,039	4,539	2,039
C&C Eq. (INR mn)	3,442	5,646	9,613	15,568
EPS (INR)	37.2	48.4	54.3	64.2
Gr. (%)	43.9	30.2	12.3	18.2
DPS (INR)	7.0	5.0	6.0	6.0
Yield (%)	0.4	0.3	0.4	0.4
RoE (%)	14.2	16.4	15.9	16.1
RoCE (%)	16.2	18.6	20.6	21.5
EV/Sales (x)	4.4	4.0	3.6	3.2
EV/EBITDA (x)	23.3	19.4	16.1	13.6
PE (x)	40.1	30.8	27.4	23.2
P/BV (x)	5.4	4.7	4.1	3.5

Strong FY27 guidance

Quick Pointers

- Guidance of 12-13% revenue growth in FY27E.
- Unichem margins to improve from ~8% to ~12% in FY27E.

IPCA reported strong EBITDA of INR 4.9bn (up 19.6% YoY), 7% above our estimates. Company has guided strong revenue growth of 12-13% and 150 bps margin expansion in FY27. Our FY27 and FY28E EPS stand increased by 2-3% which factors in 11% revenue growth in FY27. Domestic formulation and branded generic business, which now contributes 46% of revenues and ~70% of EBITDA, continued to outperform and grow at healthy levels. We believe 1) recovery in API segment 2) higher margins ex Unichem 3) steady growth in domestic formulation are the key growth drivers. At CMP, the stock is trading at 14.5x EV/EBITDA and 23x PE on FY28E adjusted for Unichem stake. We maintain our "Buy" rating on stock with TP of INR 1,800/share; valuing at 28x P/E on FY28E.

Healthy revenue growth YoY: IPCA's revenues came in at INR 23.9bn, up 6.3% YoY. We est INR 23.2bn. Ex Unichem, revenues grew by 9% YoY. Domestic formulations growth was 12% YoY. Export formulation was up 16% YoY at INR 6.1bn above our est. Branded business was up by 14% YoY while generic business was up 38% YoY. Institutional business was down 33% YoY. API sales remained flat YoY at INR 3.4bn. Export API was down 4% YoY whereas domestic API was up 15% YoY. Revenues from subsidiaries was at INR 5.7bn.

Higher EBITDA, GMs improved ex Unichem: Consolidated gross margins improved 257bps YoY but declined 146bps QoQ to 71%. There was forex loss to the tune of INR 63mn booked under other expenses. Adj for forex; other expenses were up 7% YoY. Staff cost was up 6% YoY. EBITDA adj for forex gain came in at INR 4.9bn, up 19.6% YoY; vs our est of INR 4.6bn. OPM came in at 20.5%, up 230bps YoY. Unichem margins at 8.3% (down 600bps YoY and flat QoQ). Adj for Unichem; EBITDA growth was at 36% YoY; GMs of 77% and 24% OPM. PAT came at INR 2.9bn. Adj EPS INR 11.2/share.

Quarter Summary

Y/e Mar	Q4'26E	Q4'26A	% Var.	Q4'25A	YoY gr. (%)
Net Sales (INR mn)	23,226	23,885	3.0	22,467	6.0
EBITDA (INR mn)	4,580	4,902	7.0	4,098	20.0
Margin (%)	19.7	20.5	80 bps	18.2	230 bps
PAT (INR mn)	2,138	3,449	61.0	2,729	26.0

Source: Company, PL

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Key concall highlights:

Domestic: Key growth drivers include Pain, Cardiac, Dermatology. Price hike could be slightly higher in FY27E due to raw material inflation. 18-20 planned launches/line extensions in FY27E across divisions. Management expects 12% domestic branded growth in FY27E, with 1-2% contribution from new launches and balance from price/volume growth

Unichem: Evaluating US institutional opportunities; 4-5 products undergoing technology transfer to third-party manufacturers. Now only 4-5% shipments are moving by air, with most shifted to sea freight. Increase in Unichem's other expenses during Q4 was primarily R&D-related. incurred INR 100-120 mn additional expenditure in Q4. Ireland manufacturing facility has been shut; production shifted back to India (closure benefits INR 400-500mn annually)

US: IPCA currently markets 8 products in US and expects 6-8 commercialisations in FY27E. New US formulation facility under construction; commissioning targeted by Q4FY27E, with meaningful revenue contribution expected from FY28E. US API facility witnessing improved order inflow and expected operational improvement.

Export formulations: Key growth drives include CIS markets, Franco African region. Strong generic performance was supported by Europe, Australia, NZ. Institutional business declined due to funding constraints faced by procurement agencies. Guidance of 12-13% growth YoY for export markets.

API: Overall API margins have improved in FY26. Selling prices are being revised upward, enabling pass-through of most input cost inflation. Input costs currently running 10-12% higher than before.

Other highlights: Onyx Scientific witnessing weaker demand environment but early signs of recovery. UK formulation subsidiary incurred losses due to weak pricing environment. Krebs bio-Nellore plant has become EBITDA positive. R&D spend at 3.7% of revenues in FY26. Freight costs increased ~25% in Q4FY26 and remain elevated. EBIDTA margin guidance of 22% in FY27E.

Exhibit 1 : 4QFY26 Result Overview (INR mn): EBITDA beat aided by higher export formulations

Y/e March	Q4FY26	Q4FY25	YoY gr. (%)	Q4FY26E	% Var	Q3FY26	QoQ gr. (%)	FY26	FY25	YoY gr. (%)
Net Sales	23,885	22,467	6.3	23,226	2.8	23,925	(0.2)	96,463	89,396	7.9
Raw Material	6,916	7,083	(2.4)	6,612	4.6	6,579	5.1	28,227	27,786	1.6
% of Net Sales	29.0	31.5		28.5		27.5		29.3	31.1	
Personnel Cost	5,330	5,008	6.4	5,388	(1.1)	5,461	(2.4)	21,602	19,840	8.9
% of Net Sales	22.3	22.3		23.2		22.8		22.4	22.2	
Others	6,737	6,278	7.3	6,646	1.4	6,587	2.3	26,645	24,839	7.3
% of Net Sales	28.2	27.9		28.6		27.5		27.6	27.8	
Total Expenditure	18,983	18,369	3.3	18,646	1.8	18,626	1.9	76,474	72,464	5.5
EBITDA	4,902	4,098	19.6	4,580	7.0	5,299	(7.5)	19,990	16,932	18.1
Margin (%)	20.5	18.2		19.7		22.1		20.7	18.9	
Depreciation	1,071	1,001	7.0	1,067	0.4	1,076	(0.4)	4,181	3,978	5.1
EBIT	3,831	3,096	23.7	3,513	9.0	4,223	(9.3)	15,808	12,953	22.0
Other Income	937	258	263.1	213	340.3	202	364.3	1,745	928	88.0
Forex	(63)	191		(0)		35		(204)	330	
Interest	202	215	(6.1)	183	10.6	176	14.6	759	849	(10.6)
PBT	4,503	3,331	35.2	3,543	27.1	4,283	5.1	16,590	13,362	24.2
Extra-Ord. Inc./Exps.	458	2,051		-		(177)		864	2,051	
Total Taxes	951	622	52.8	1,046	(9.2)	819	16.0	3,812	3,436	10.9
ETR (%)	21.1	18.7		29.5		19.1		23.0	25.7	
Reported PAT	3,094	658	370.4	2,497	23.9	3,641	(15.0)	11,914	7,875	51.3
Minority Interest	(103)	20		(359)		(378)		(503)	(499)	
Total Comprehensive Income	2,991	678	341.0	2,138	39.9	3,263	(8.3)	11,411	7,377	54.7

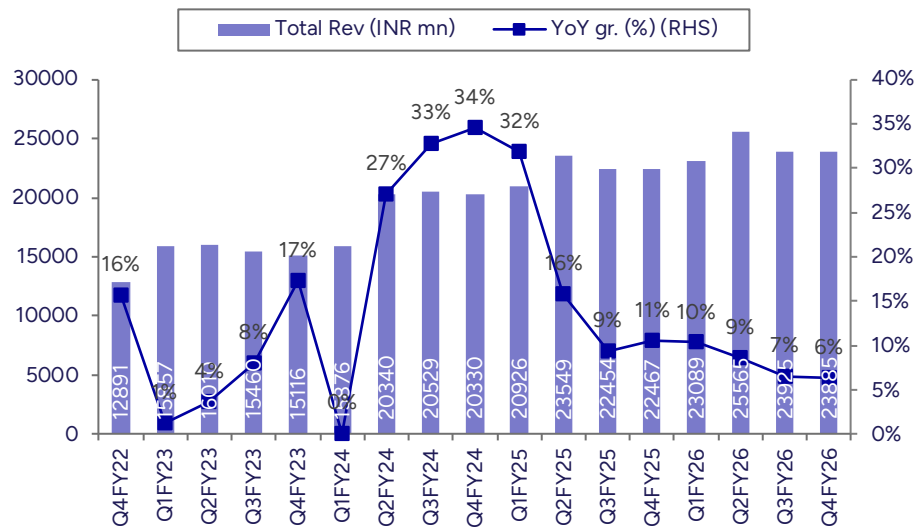
Source: Company, PL

Exhibit 2 : Strong performance driven by export formulations YoY

Major sources of revenues	Q4FY26	Q4FY25	YoY gr. (%)	Q3FY26	QoQ gr. (%)	FY26	FY25	YoY gr. (%)
Domestic	9,577	8,547	12.0	10,655	(10.1)	41,661	38,306	8.8
Formulations	8,533	7,641	11.7	9,840	(13.3)	38,172	34,551	10.5
APIs	1,043	906	15.1	815	28.0	3,489	3,755	(7.1)
Exports	8,455	7,743	9.2	7,705	9.7	31,294	28,090	11.4
Formulations	6,053	5,235	15.6	5,350	13.1	20,826	19,186	8.5
APIs	2,402	2,508	(4.2)	2,355	2.0	10,469	8,904	17.6
Subsidiaries	5,741	6,083		5,473		23,096	22,617	2.1

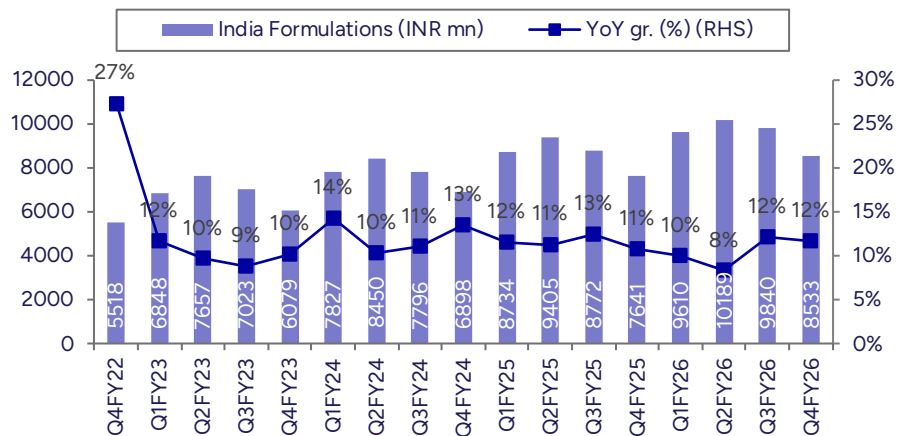
Source: Company, PL

Exhibit 3 : Improved portfolio mix aids performance



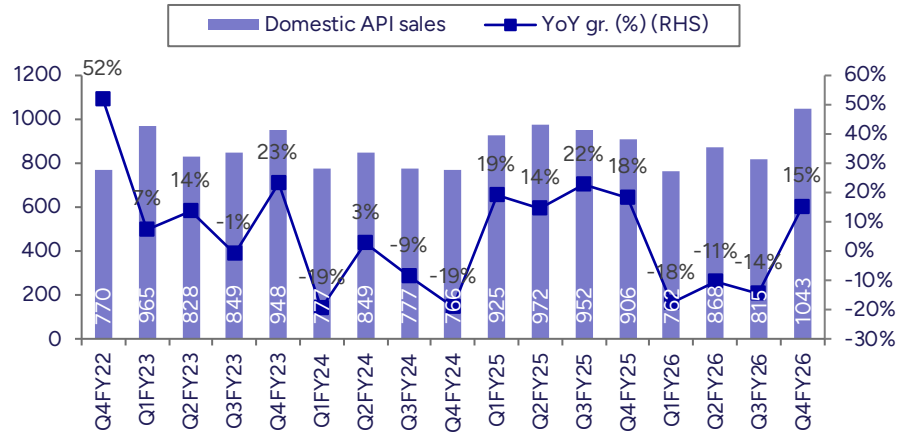
Source: Company, PL

Exhibit 4 : Healthy performance from chronic portfolio



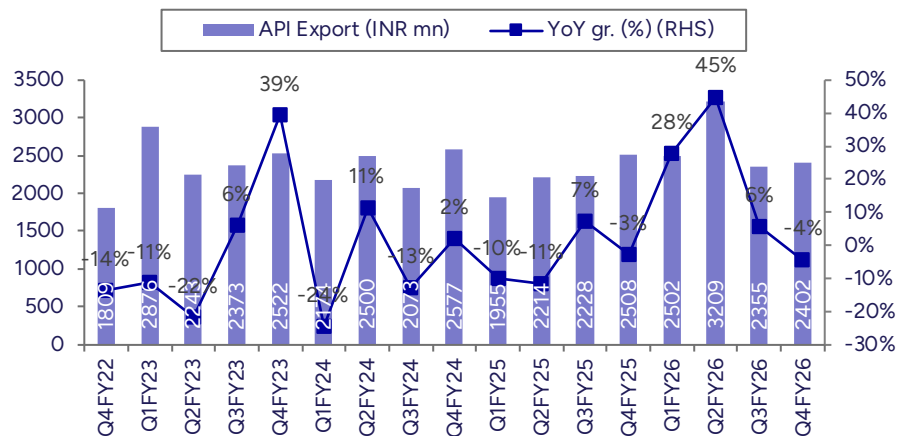
Source: Company, PL

Exhibit 5 : Recovery in business YoY



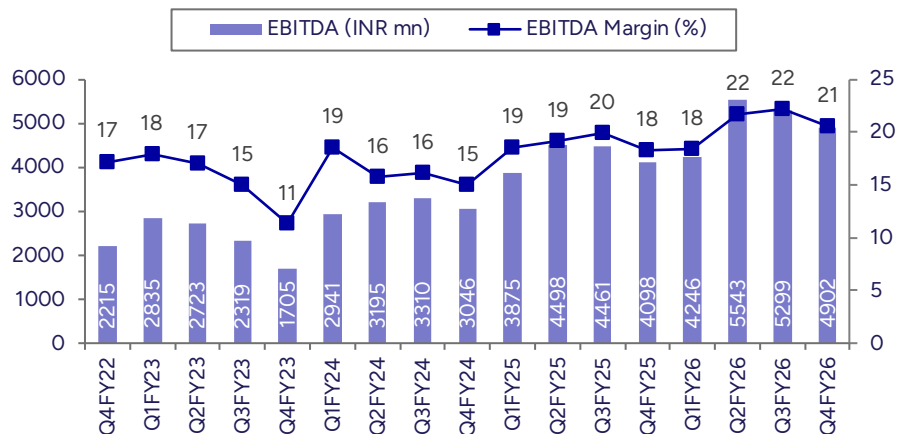
Source: Company, PL

Exhibit 6 : Muted performance YoY



Source: Company, PL

Exhibit 7 : Higher EBIDTA, beat est



Source: Company, PL

Financials

Income Statement (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Net Revenues	89,396	96,463	106,562	118,054
YoY gr. (%)	16.0	7.9	10.5	10.8
Cost of Goods Sold	33,332	34,734	37,450	41,036
Gross Profit	56,064	61,729	69,112	77,018
Margin (%)	62.7	64.0	64.9	65.2
Employee Cost	19,840	21,602	23,740	26,227
Other Expenses	19,292	20,138	21,705	23,348
EBITDA	16,931	19,990	23,667	27,443
YoY gr. (%)	31.4	18.1	18.4	16.0
Margin (%)	18.9	20.7	22.2	23.2
Depreciation and Amortization	3,978	4,181	4,599	5,059
EBIT	12,953	15,808	19,067	22,384
Margin (%)	14.5	16.4	17.9	19.0
Net Interest	849	759	700	600
Other Income	1,258	1,541	1,300	1,500
Profit Before Tax	13,362	16,590	19,667	23,284
Margin (%)	14.9	17.2	18.5	19.7
Total Tax	3,436	3,812	5,310	6,287
Effective Tax Rate (%)	25.7	23.0	27.0	27.0
Profit After Tax	9,926	12,778	14,357	16,997
Minority Interest	-	-	-	-
Share Profit from Associate	(499)	(503)	(576)	(710)
Adjusted PAT	9,427	12,276	13,781	16,288
YoY gr. (%)	43.9	30.2	12.3	18.2
Margin (%)	10.5	12.7	12.9	13.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	9,427	12,276	13,781	16,288
YoY gr. (%)	43.9	30.2	12.3	18.2
Margin (%)	10.5	12.7	12.9	13.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	9,427	12,276	13,781	16,288
Equity Shares O/s (mn)	254	254	254	254
EPS (INR)	37.2	48.4	54.3	64.2

Source: Company, PL

Balance Sheet (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Non-Current Assets				
Gross Block	65,372	73,232	81,232	89,232
Tangibles	65,372	73,232	81,232	89,232
Intangibles	-	-	-	-
Acc: Dep / Amortization	23,612	27,793	32,392	37,452
Tangibles	23,612	27,793	32,392	37,452
Intangibles	-	-	-	-
Net Fixed Assets	41,760	45,439	48,839	51,780
Tangibles	41,760	45,439	48,839	51,780
Intangibles	-	-	-	-
Capital Work In Progress	6,218	7,731	7,731	7,731
Goodwill	906	828	828	828
Non-Current Investments	253	265	265	265
Net Deferred Tax Assets	(2,781)	(2,243)	(2,243)	(2,243)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	7,634	6,334	6,334	6,334
Inventories	25,604	27,310	29,484	32,676
Trade Receivables	18,738	20,143	22,113	24,507
Cash & Bank Balance	3,442	5,646	9,613	15,568
Other Current Assets	10,746	8,206	8,206	8,206
Total Assets	117,436	123,497	135,088	149,655
Equity				
Equity Share Capital	254	254	254	254
Other Equity	69,231	80,384	92,983	108,223
Total Networth	69,485	80,638	93,237	108,476
Non-Current Liabilities				
Long Term Borrowings	5,432	1,091	1,091	1,091
Provisions	-	-	-	-
Other Non Current Liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	7,585	5,948	3,448	948
Trade Payables	8,462	9,403	10,319	11,437
Other Current Liabilities	9,295	9,571	9,571	9,571
Total Equity & Liabilities	117,437	123,497	135,089	149,655

Source: Company, PL

Cash Flow (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
PBT	13,802	16,568	19,767	22,984
Add. Depreciation	3,978	4,181	4,599	5,059
Add. Interest	(849)	(759)	(700)	(600)
Less Financial Other Income	1,258	1,541	1,300	1,500
Add. Other	1,659	(1,491)	576	710
Op. Profit before WC Changes	18,591	18,498	24,243	28,153
Net Changes-WC	(1,765)	(2,940)	(3,308)	(4,553)
Direct Tax	(3,613)	(4,140)	(5,310)	(6,287)
Net Cash from Op. Activities	13,213	11,419	15,625	17,313
Capital Expenditures	(8,275)	(6,701)	(8,000)	(8,000)
Interest / Dividend Income	-	-	-	-
Others	-	-	-	-
Net Cash from Inv. Activities	(8,275)	(6,701)	(8,000)	(8,000)
Issue of Share Cap. / Premium	-	-	-	-
Debt Changes	(933)	(6,030)	(2,500)	(2,500)
Dividend Paid	(1,015)	(524)	(1,758)	(1,758)
Interest Paid	79	985	600	900
Others	(3,476)	3,054	-	-
Net Cash from Fin. Activities	(5,344)	(2,515)	(3,658)	(3,358)
Net Change in Cash	(406)	2,204	3,967	5,955
Free Cash Flow	5,458	4,897	7,625	9,313

Source: Company, PL

Quarterly Financials (INR mn)

Y/e Mar	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Net Revenues	23,089	25,565	23,925	23,885
YoY gr. (%)	10.3	8.6	6.6	6.3
Raw Material Expenses	6,916	7,816	6,579	6,916
Gross Profit	16,173	17,749	17,346	16,969
Margin (%)	70.0	69.4	72.5	71.0
EBITDA	4,246	5,543	5,299	4,902
YoY gr. (%)	9.6	23.2	18.8	19.6
Margin (%)	18.4	21.7	22.1	20.5
Depreciation / Depletion	1,001	1,033	1,076	1,071
EBIT	3,245	4,510	4,223	3,831
Margin (%)	14.1	17.6	17.6	16.0
Net Interest	185	196	176	202
Other Income	245	185	237	874
Profit before Tax	3,305	4,498	4,283	4,503
Margin (%)	14.3	17.6	17.9	18.9
Total Tax	961	1,081	819	951
Effective Tax Rate (%)	29.1	24.0	19.1	21.1
Profit After Tax	2,344	3,418	3,464	3,552
Minority Interest	12	9	378	103
Share Profit from Associate	-	-	-	-
Adjusted PAT	2,332	3,408	3,086	3,449
YoY gr. (%)	21.3	48.5	24.4	26.4
Margin (%)	10.1	13.3	12.9	14.4
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	2,332	3,408	3,086	3,449
YoY gr. (%)	21.3	48.5	24.4	26.4
Margin (%)	10.1	13.3	12.9	14.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,332	3,408	3,086	3,449
Avg. Shares O/s (mn)	-	-	-	-
EPS (INR)	9.2	13.4	12.2	13.6

Source: Company, PL

Key Financial Metrics

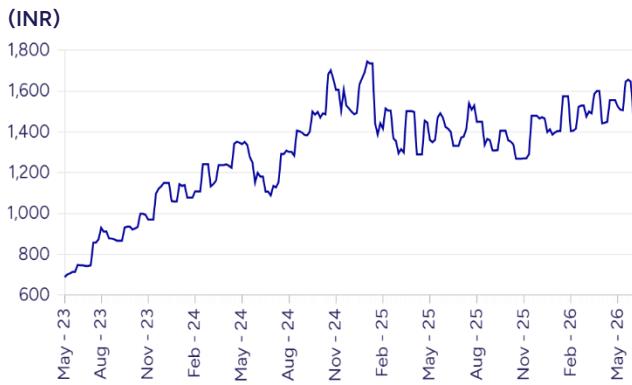
Y/e Mar	FY25	FY26	FY27E	FY28E
Per Share (INR)				
EPS	37.2	48.4	54.3	64.2
CEPS	52.8	64.9	72.4	84.1
BVPS	273.9	317.8	367.5	427.6
FCF	21.5	19.3	30.1	36.7
DPS	7.0	5.0	6.0	6.0
Return Ratio (%)				
RoCE	16.2	18.6	20.6	21.5
ROIC	12.2	14.2	16.0	17.5
RoE	14.2	16.4	15.9	16.1
Balance Sheet				
Net Debt : Equity (x)	-	-	-	-
Net Working Capital (Days)	146	144	141	141
Valuation (x)				
PER	40.1	30.8	27.4	23.2
P/B	5.4	4.6	4.0	3.4
P/CEPS	28.2	22.9	20.5	17.7
EV/EBITDA	23.2	19.3	16.1	13.6
EV/Sales	4.4	4.0	3.5	3.1
Dividend Yield (%)	0.4	0.3	0.4	0.4
FCFF Yield (%)	1.4	1.2	2.0	2.4
PEG Ratio	0.9	1.0	2.2	1.2

Source: Company, PL

Key Operating Metrics

Y/e Mar	FY25	FY26	FY27E	FY28E
Domestic Formulations	34,551	38,172	42,753	47,456
Domestic API	3,755	3,489	3,733	4,106
Export Formulations	19,186	20,826	23,815	26,687
Export API	8,904	10,469	11,515	12,667

Source: Company, PL

Price Chart

Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	09-Apr-26	Buy	1800	1445
2	06-Mar-26	BUY	1800	1501
3	17-Feb-26	BUY	1710	1491
4	08-Jan-26	BUY	1600	1514
5	14-Nov-25	BUY	1600	1302
6	08-Oct-25	Accumulate	1525	1360
7	13-Aug-25	Accumulate	1525	1377
8	08-Jul-25	Accumulate	1525	1456
9	31-May-25	Accumulate	1525	1425
10	08-Apr-25	Accumulate	1700	1316

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Ajanta Pharma	BUY	3400	2898
2	Anthem Biosciences	BUY	850	781
3	Apollo Hospitals Enterprise	BUY	9350	8309
4	Aster DM Healthcare	Buy	800	701
5	Aurobindo Pharma	Hold	1400	1464
6	Brigade Enterprises	Buy	1045	758
7	Cipla	Accumulate	1400	1328
8	Divi's Laboratories	Accumulate	6900	6887
9	Dr. Reddy's Laboratories	Accumulate	1400	1270
10	Eris Lifesciences	BUY	1750	1458
11	Fortis Healthcare	Buy	1120	970
12	Global Health	BUY	1450	1243
13	HealthCare Global Enterprises	BUY	820	650
14	Indoco Remedies	Hold	325	225
15	Ipca Laboratories	Buy	1800	1445
16	J.B. Chemicals & Pharmaceuticals	Buy	2400	2135
17	Jupiter Life Line Hospitals	Buy	1600	1331
18	Krishna Institute of Medical Sciences	Buy	800	717
19	Lupin	Accumulate	2500	2380
20	Max Healthcare Institute	Buy	1175	1023
21	Narayana Hrudayalaya	BUY	2250	1891
22	Oberoi Realty	Accumulate	1820	1635
23	Prestige Estates Projects	Buy	1800	1402
24	Rainbow Children's Medicare	Buy	1615	1350
25	Sun Pharmaceutical Industries	Buy	2070	1845
26	Sunteck Realty	Buy	520	356
27	Torrent Pharmaceuticals	Buy	5000	4573
28	Zydus Lifesciences	Accumulate	1080	1019

PL's Recommendation Nomenclature (Absolute Performance)

BUY	:	> 15%
Accumulate	:	5% to 15%
Hold	:	+5% to -5%
Reduce	:	-5% to -15%
Sell	:	< -15%
Not Rated (NR)	:	No specific call on the stock
Under Review (UR)	:	Rating likely to change shortly

ANALYST CERTIFICATION

Indian Clients

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