



**STOCK UPDATE**

Result Update - Q3FY2026

**SECTOR**

Pharmaceuticals

**COMPANY DETAILS**

|                               |                   |
|-------------------------------|-------------------|
| Market cap:                   | Rs. 38,254 cr     |
| 52-week high/low:             | Rs. 1,595 / 1,168 |
| NSE volume:<br>(No of shares) | 1.9 lakh          |
| BSE code:                     | 524494            |
| NSE code:                     | IPCALAB           |
| Free float:<br>(No of shares) | 14.0 cr           |

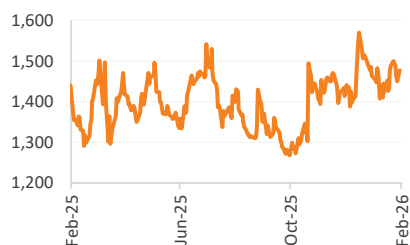
Source: NSE, BSE, Mirae Asset Sharekhan Research

**SHAREHOLDING (%)**

|           |      |
|-----------|------|
| Promoters | 44.7 |
| FII       | 10.6 |
| DII       | 37.0 |
| Others    | 7.7  |

Source: NSE, BSE, Mirae Asset Sharekhan Research

**PRICE CHART**



Source: NSE, BSE, Mirae Asset Sharekhan Research

**PRICE PERFORMANCE**

| (%)                | 1m  | 3m   | 6m  | 12m  |
|--------------------|-----|------|-----|------|
| Absolute           | 4.1 | 7.2  | 6.5 | 5.9  |
| Relative to Sensex | 3.3 | 10.4 | 4.7 | -4.5 |

Source: Mirae Asset Sharekhan Research, Bloomberg

Reco/View: **BUY**

CMP: **Rs. 1,523**

Price Target: **Rs. 1,726**

**Quick Snapshot**

- Revenue grew modestly at 6.6% YoY to Rs.2,392.50 crore, driven by domestic formulations and exports, though it dipped sequentially. Net profit surged 31% year-on-year to Rs.326.27 crore amid margin expansion.
- Domestic market is expected to outperform IPM via chronic therapies, with Semaglutide in-licensing targeting GLP-1 diabetes/obesity demand.
- Acceleration from FY27/28 through EU/RoW approvals (in 10-12 months) and US launches, with supply chain efficiencies lifting beyond initial 8-9% pace.
- We value the stock at 45x, ~10% above its 5-year avg – one yr forward rating of 41.2x, on FY28E EPS of Rs. 38.4 and retain a Buy rating with a PT of Rs. 1,726.

**Result overview**

- **Eyeing GLP-1 foray in near term:** India formulations segment is set to surpass Indian Pharmaceutical Market (IPM) growth in the coming years, supported by strong performance in premium chronic segments including pain relief, cardiovascular (CVS), anti-diabetic, central nervous system (CNS), and dermatology therapies. Ipca plans to license Semaglutide to enter India's expanding GLP-1 market for diabetes and obesity management.
- **Export formulations on steady trajectory:** Export formulations are poised for steady gains, maintaining a ~13% y-o-y growth in the short term, driven by momentum in EU/UK markets, US expansion, and consistent growth in branded generics segment. In Q3FY26, branded segments surged 28% and generics advanced 21%. We expect the formulations business to offset challenges faced by APIs in the export market.
- **Unichem integration a key driver:** Unichem is poised to grow steadily starting FY27/28, fuelled by EU and RoW product launches—currently in registration, with approvals expected in 10-12 months—alongside new US market entries. Synergies from the acquisition, such as streamlined supply chains is expected to boost contributions beyond the initial 8-9% trajectory. This makes Unichem a key long-term growth driver.

**Our Call**

While the formulations business continues to grow in both the domestic and export market, we believe the key catalyst going forward will be Unichem ramp up via EU/RoW approvals and US launches. We value the stock at 45x, ~10% above its 5-year average 1-yr forward rating of 41.2x, on FY28E EPS of Rs. 38.4 and retain a Buy rating and a target price of Rs. 1,726.

**Key Risks**

- Delay in regulatory clearances for the Pithampur and the Pipariya plants
- Adverse changes in regulatory landscape could affect profitability.

**Valuation**

| Particulars  | FY24   | FY25   | FY26E  | FY27E   | FY28E   |
|--------------|--------|--------|--------|---------|---------|
| Sales        | 7660.4 | 8939.6 | 9744.2 | 10543.2 | 12124.6 |
| EBITDA       | 1321.2 | 1731.4 | 1924.2 | 2440.6  | 2897.8  |
| EBITDA M (%) | 17.2   | 19.4   | 19.7   | 23.1    | 23.9    |
| PAT          | 622.8  | -343.3 | 1138.0 | 1323.6  | 1580.5  |
| NPM (%)      | 8.1    | -3.8   | 11.7   | 12.6    | 13.0    |
| EPS          | 21.6   | 30.1   | 25.6   | 31.4    | 38.4    |
| P/E          | 56.6   | 41.5   | 48.8   | 39.8    | 32.6    |
| P/BV         | 5.0    | 4.6    | 4.1    | 3.8     | 3.4     |
| EV/EBIDTA    | 24.5   | 18.5   | 22.2   | 15.4    | 12.1    |
| ROE (%)      | 8.1    | -      | 11.9   | 12.3    | 12.8    |
| ROCE (%)     | 12.7   | 14.4   | 10.8   | 11.9    | 13.2    |

Source: Company; Mirae Asset Sharekhan estimates

## Management commentary

- Management prioritises stability over aggressive expansion, focusing resources on higher-margin formulations.
- India formulations business rose 12% y-o-y, outpacing the IPM's 8.9% growth rate, led by chronic therapies (15% vs IPM 12%) in CVS, diabetes, pain, CNS and dermatology.
- Management eyes Semaglutide in-licensing for GLP-1 entry in the domestic market.
- Each year, the company plans to add 5-6 new products in the US from the IPCA portfolio.
- Management targets topline growth of 8-10% for Unichem and targets EBITDA margins of ~15% in the next 2-3 years.
- API segment to grow slower compared to formulations, reflecting pricing pressures, and regulatory scrutiny in key markets.

## Results

| Particulars                | Rs cr        |              |             |              |             |
|----------------------------|--------------|--------------|-------------|--------------|-------------|
|                            | Q3FY26       | Q3FY25       | Y-o-Y %     | Q2FY26       | Q-o-Q %     |
| Net Revenue                | 2,392.5      | 2,245.3      | 6.6         | 2,556.5      | -6.4        |
| Operating Expenses         | 1,859.2      | 1,782.3      | 4.3         | 2,011.6      | -7.6        |
| EBIDTA                     | 533.4        | 463.0        | 15.2        | 544.9        | -2.1        |
| Depreciation               | 107.6        | 98.5         | 9.3         | 103.3        | 4.1         |
| EBIT                       | 425.8        | 364.6        | 16.8        | 441.6        | -3.6        |
| Interest                   | 17.6         | 16.8         | 4.8         | 19.6         | -10.1       |
| EBT                        | 408          | 348          | 17.4        | 422          | -3.3        |
| <b>Reported PAT</b>        | <b>363.7</b> | <b>276.4</b> | <b>31.6</b> | <b>280.5</b> | <b>29.6</b> |
| <b>Margins</b>             |              |              | <b>bps</b>  |              | <b>bps</b>  |
| EBITDA (%)                 | 22.3%        | 20.6%        | 2           | 21.3%        | 1           |
| Reported profit margin (%) | 15.2         | 12.3         | 289         | 11.0         | 423         |

Source: Company; Mirae Asset Sharekhan Research

## Additional Data

### Top 10 shareholders

| Sr. No. | Holder Name                                  | Holding (%) |
|---------|--|-------------|
| 1       | Kaygee Investments Pvt. Ltd.                 | 25.49       |
| 2       | HDFC Mutual Fund (via HDFC Mid-Cap Fund)     | 9.57        |
| 3       | Kaygee Laboratories Private Limited          | 6.61        |
| 4       | DSP Mutual Fund (via DSP Midcap Fund)        | 6.56        |
| 5       | Kotak Mahindra Mutual Fund (via Midcap Fund) | 6.34        |
| 6       | Chandurkar Investments Pvt. Ltd.             | 5.50        |
| 7       | SBI Life Insurance Company Ltd.              | 4.08        |
| 8       | Nippon Life India Asset Management           | 2.81        |
| 9       | Premchand Godha                              | 2.29        |
| 10      | The Vanguard Group, Inc.                     | 2.27        |

Source: Bloomberg

### Key management personnel

| Name            | Designation                             |
|-----------------|---|
| Premchand Godha | Chairman and Managing Director          |
| Ajit Kumar Jain | Joint Managing Director                 |
| Harish Kamath   | Corporate Counsel and Company Secretary |

Source: Company Website

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