

## Ipca Laboratories

14 August 2026

**Operator:** Ladies and gentlemen, good day and welcome to the Ipca Laboratories Ltd. Q1 FY27 earnings conference call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing "\*" and then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Nitin Agarwal from DAM Capital. Thank you, and over to you, sir.

**Nitin Agarwal – DAM Capital:** Thank you. Good afternoon, everyone, and a very warm welcome to Ipca Laboratories Ltd.'s Q1 FY27 earnings call, hosted by DAM Capital Advisors Limited. On the call today, we have representing Ipca Laboratories Ltd.'s management, Mr. A.K. Jain, Managing Director, and Mr. Harish Kamath, Corporate Counsel and Company Secretary. I will hand over the call to Mr. Jain to make the opening comments, and then we will open the floor for questions. Please go ahead, sir.

**A.K. Jain – MD:** Thank you, Nitin and DAM Capital, for organizing this call. Today's earnings call, discussion, and answers given may include some forward-looking statements based on our current business expectations. This must be viewed in conjunction with the risks that the pharmaceutical business faces. Our actual future financial performance may differ from what is projected and perceived. You should use your own judgment regarding the information given during the call.

Our domestic formulations business for Q1 FY27 delivered growth of 13% to around 1,082 crores, as against 961 crores in Q1 FY26.

In mid-June 26, Ipca Laboratories Ltd.'s rank remained continuously around 16 as per IQVIA. Market share marginally improved to around 2.08%, as against 2.07% in mid-March 26.

The top six brands of Ipca Laboratories Ltd. continue to feature among the top 300 brands in the country. In both the chronic and acute segments, Ipca Laboratories Ltd. has outpaced the IPM. Our chronic segment growth is around 17.2%, acute growth is around 8.9%, and overall IQVIA has tracked our growth at around 11.7%.

Overall export business delivered growth of around 34% for Q1 FY27, to around 603 crores from 450 crores in Q1 FY26.

Promotional branded markets of ROW markets delivered growth of around 16%, to 143 crores from 124 crores in the first quarter of the last financial year.

Generic business, excluding tender business, delivered growth of around 27% for Q1 FY27, to around 340 crores as against 268 crores in Q1 FY26.

Institutional generic business delivered growth of around 107%, to around 111.75 crores from 58 crores in Q1 FY26. Approximately 40 crores worth of shipments that were to go in March were shipped in April, and therefore institutional business showed exceptional growth in this particular quarter.

API business in Q1 FY27 delivered growth of almost 30%, to around 424 crores as against 362 crores in FY26. Almost all businesses delivered good growth for the company in the first quarter of

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## Ipca Laboratories

14 August 2026

the current financial year.

On a consolidated basis, the overall business grew by around 21%, to 2,788 crores from 2,309 crores in FY26.

For Q1 FY27, we saw a lot of uncertainty, significant fluctuations in material prices, shipment delays, non-availability of containers, and a significant increase in logistics costs, which further increased in July and August. At some destinations, such as South America, it was very difficult to obtain containers and ship.

Overall, despite all these factors, we delivered better profitability. Overall consolidated EBITDA margins improved to 22.88% for Q1 FY27 from 18.39% for Q1 FY26. That is an improvement of almost 4.49%, and in absolute terms, the amount is around 638 crores as against 425 crores in the last financial year, an increase of almost 50%.

Standalone EBITDA margins for Ipca Laboratories Ltd. improved to 26% in Q1 FY27 from {? 23.82% ?}, with the absolute amount at around 557 crores as against 416 crores in the last financial year, an improvement of almost 34%.

Having given the broad numbers, I will now request participants to ask questions.

**Operator:** Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press "\*" and "1" on their touchtone telephone. If you wish to remove yourself from the question queue, you may press "\*" and "2". Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Participants who wish to ask a question may press "\*" and "1" now.

Participants who wish to ask a question may press "\*" and "1" on their touchtone telephone. The first question is from the line of Rashmi Shetty from Dolat Capital. Please proceed.

**Rashmi Shetty – Dolat Capital:** Thank you for the opportunity. Regarding the India business, in the acute segment, we have underperformed the market. What are the reasons for that? How are we performing overall in the India business, both in the chronic and acute segments, and what is the outlook for the India business for FY27?

**A.K. Jain – MD:** In both chronic and acute segments, we have outpaced the market. It is not that we have underperformed in acute performance. The market IPM growth was around 7.5%, and IQVIA has tracked our growth at 8.9%. However, by and large, in this market, I think our anti-malarial segment declined by almost 24% this quarter, and that is one of the reasons that the outperformance is not as strong compared to the overall market, because of the anti-malaria business in this particular period.

As far as the chronic segment is concerned, our growth tracked by IQVIA was around 17.2%, while the market growth was around 15.2%.

As far as overall business growth is concerned, our internal growth in the pain management business, which includes rheumatoid arthritis and osteoarthritis, taken together, was around 13% for the quarter. The cardiovascular and anti-diabetic segment grew by around 17%. As I mentioned

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## Ipca Laboratories

14 August 2026

earlier, malaria declined by almost 24% in this quarter, and the malaria business is now becoming almost insignificant. It is barely 1% of our overall business. Anti-bacterials delivered growth of 1%, CNS delivered growth of almost 19%, our cough and cold segment delivered growth of around 9%, dermatology delivered growth of almost 17%, the urology business delivered growth of almost 25%, ophthalmology delivered growth of around 17%, and overall business growth was almost 13%.

The overall outlook is also looking better because market growth itself has started moving up. The trend we are seeing is that chronic business growth in the market is very good, and we are also delivering growth in line with the market now.

**Rashmi Shetty – Dolat Capital:** The guidance that you gave earlier of 12–13% will remain for this year, correct?

**A.K. Jain – MD:** Yes.

**Rashmi Shetty – Dolat Capital:** In terms of the institutional business, what kind of normalized growth should we see in the subsequent quarters? Alternatively, would it be better if you could provide guidance for the entire year, and where is the pickup happening?

**A.K. Jain – MD:** As I said, the growth in this quarter was significant mainly because shipments worth 40 crores that were to go in March were shipped in April because of shipping delays. These are all nominated shipments, and it is not in our hands. We simply deliver the goods after notifying the nominee of the buyer that the goods are available, and they pick up the goods depending on the availability of shipment.

What happens sometimes is that by the time they book the ship and obtain permission to ship the freight, the ship has departed or the freight rate has gone up. They then have to restart the process, and the delivery becomes slightly later. Because of that, the shipments were delayed, and therefore there was exceptional growth.

We do not look for very high growth in the institutional business. It will remain in the single-digit range, and overall business may be around 260–300 crores. That is the range it will be in. We are not looking for very high growth from the institutional business.

**Operator:** Rashmi ma'am, you can continue with your question.

**Rashmi Shetty – Dolat Capital:** Just one last question, if I may. In the generic segment, we have seen very good growth. Earlier, we were facing some supply issues in the UK business. Have all those issues been resolved now, and is that why we are seeing a good pickup in growth? Are we seeing any traction in other geographies? If you could elaborate on that, what will be the outlook for the whole year for this segment as well as for the branded generic business?

**A.K. Jain – MD:** If you look at the generic business overall, it has been broad-based, and all markets have delivered good growth. If you look at the UK and European businesses overall, they delivered almost 70% growth, with the EU being the main growth driver. The business increased from 83 crores to 137 crores, so significant growth came from the EU. The US has delivered around...

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## Ipca Laboratories

14 August 2026

**Management:** ...8% growth. Canada has seen some minor decline. Overall, the generic business, excluding institutions, increased from around 268 crores to around 370 crores for Ipca Laboratories Ltd. as a whole. Overall business growth was very high because of institutions and the strong growth in Europe.

**Rashmi Shetty – Dolat Capital:** Are we going to upgrade our guidance for the generic business for FY27?

**Management:** At the beginning of the year, we gave business growth guidance that overall business would grow by around 12–13%. However, looking at the upside we are seeing from the overall generic business, the strong performance of the India business, and the good growth in the API business, the overall growth percentage of 12–13% may become almost 14–16% for the whole of the current financial year.

**Rashmi Shetty – Dolat Capital:** Will this 14–16% growth be mainly driven by an upgrade in the guidance for the branded market, generic market, or any other segment? Also, do you have any update on Unichem, which is also performing very well in terms of margins and showing strong revenue growth? Where do we stand there, and what kind of growth and margin guidance are we giving now?

**Management:** If you look at Unichem overall, the US business delivered growth of almost 27% in the first quarter. Unichem's own portfolio, by itself, grew by around 9%. The Ipca Laboratories Ltd. portfolio that Unichem is selling for us in the US grew very well, and that is the reason it delivered almost 27% growth. Unichem's own portfolio, by itself, delivered growth of almost 9%.

Its Europe portfolio delivered growth of almost 3%. Brazil delivered good growth, and traction in Brazil is also improving. It grew by almost 52% in the first quarter, and it is expected to continue doing well in Brazil.

The Asia business, which is its ROW market business, almost doubled during the quarter, from 8 crores to 17 crores. The API business of Unichem has also started moving up, from 33–34 crores to almost 58 crores, representing an overall improvement of almost 73% in that business.

Overall, Unichem has also performed well in terms of overall growth.

**Rashmi Shetty – Dolat Capital:** The guidance of 10% growth in the Unichem portfolio and a 13% EBITDA margin that you gave last quarter remains intact, correct?

**Management:** I am not revising the Unichem guidance right now. Let us see how it performs for some more quarters. We are working hard to deliver more growth, but let us see the performance on the ground, after which we will revise the guidance.

**Rashmi Shetty – Dolat Capital:** Thank you very much, sir. That is all from my side.

**Operator:** Thank you. The next question is from the line of Kunal from Oasis Capital. Please proceed.

**Kunal – Oasis Capital:** Good afternoon. Thank you for the opportunity. Regarding the US business, if you could give us some colour on what we can expect over the next 1–2 years, perhaps some sense

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## Ipca Laboratories

14 August 2026

of the number of launches from both the Ipca Laboratories Ltd. portfolio and the Unichem portfolio. Also, it was discussed in the past that some of Unichem's products would have their API source changed to Ipca Laboratories Ltd. Some more colour on the US business would be very helpful.

**Management:** Normally, Ipca Laboratories Ltd. will launch around 3–4 products, and Unichem will also launch a similar number of products. In a year, there will be around 7–8 launches from Ipca Laboratories Ltd. and Unichem together.

Some product approvals for source changes have already been issued, while some products are still in the pipeline. That process is continuing. They are also working very hard on cost reductions for APIs, and those have also been filed with the FDA. In some cases, it is {? CB-30 ?}, and in some cases it is the PAS basics, so it may take some more time to obtain those approvals. However, that process is continuing.

**Kunal – Oasis Capital:** Based on your current base, can we expect consistent growth of around 20–30% for the next few years?

**Management:** Growth of around 15–17% may be possible, but that is based on the current portfolio and other factors.

**Kunal – Oasis Capital:** You mentioned that material costs are going up significantly. Could you quantify the kind of gross margin impact that one can expect in the coming quarters? Is this fluctuating, or is it moving up in one direction? Some more colour would be helpful.

**Management:** Material costs went up, then came down slightly, and then increased slightly again because petroleum prices are going up, there are supply chain disruptions, and some products are declining while others are increasing.

Overall, if you look at the last financial year, we grew in terms of turnover, but Ipca Laboratories Ltd.'s overall material cost to sales declined by around 2%. In this quarter also, we grew by around 21%, and our material cost also increased by 21%.

Overall, we improved the EBITDA margin by almost 2.4%, but largely this did not come from savings in material costs. Savings in material costs were only {? 0.14% ?}. Largely, the EBITDA improvement came because turnover increased, so personnel cost to sales declined by almost 1.41%, and overall manufacturing cost to sales declined by almost 0.91%.

On a consolidated basis, material cost declined by almost 1.35%, personnel cost declined by almost 1.95%, and manufacturing and other costs declined by almost 1.19%. Overall, EBITDA improved on a consolidated basis by almost 4.49% for the quarter.

**Kunal – Oasis Capital:** My question is more about the future. You said that prices are increasing again in July and August. Do you foresee some margin pressure in the rest of the quarter?

**Management:** No, there will be no margin pressure. I would say that, compared with sales growth, material cost will come down slightly.

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## Ipca Laboratories

14 August 2026

**Kunal – Oasis Capital:** That is good to know. You also mentioned shipping, containers, and logistics costs. All of that is built into the guidance, correct?

**Management:** Yes, we have taken that into account. As you said, freight rates have increased by 50–80%. In South American markets, for example, the container freight was around 3,000 and is now almost 9,000–10,000, and availability is also difficult.

In the US, reefer containers were available at around 7,000–7,500, and they are now almost 12,500–13,000. Even European containers, which were available at 3,000, are now almost 5,500. Rates are increasing everywhere. However, we have taken that into account.

**Kunal – Oasis Capital:** Understood. Just one more question. Regarding the India business, can you share the sales force trend and your expansion plans?

**Management:** We have around 7,000 medical representatives, and the expansion plan has already been completed. That figure of 7,000 includes the expansion. Around the middle of the year, we may add another 200 people in some of the new divisions that we will launch during the current year. However, the number will not increase significantly, only by around 200 people.

**Kunal – Oasis Capital:** Very helpful, sir. Thank you, and all the best.

**Operator:** Thank you. The next question is from the line of Mohit from Oasis Capital. Please proceed. Mr. Mohit?

**Mohit – Oasis Capital:** Hello?

**Operator:** Yes, sir.

**Mohit – Oasis Capital:** My question is regarding your associate company, Lyka Labs. We invested in this company in FY22 and then invested through the primary route until FY25. The company's revenue has not grown, and even EBITDA has become negative. Are there any plans to revive this company? What is happening in the lyophilized injection business, and what are we doing there?

**Management:** They are building three different kinds of businesses. One is the animal health business. They have many injectables that go into animal health, and they have done good work in building that business.

Second, they have started the critical care business by selling directly to hospitals. Earlier, most of their business came from B2B supplies to other pharmaceutical companies. That business is declining, and their own promoted business is now increasing.

Third, they have many products relating to IVF. That part has also started doing well. They have added a significant field force over the last 2 years, and that is resulting in costs.

Some of these businesses are around break-even, while some divisions are still below break-even, and therefore those costs are also part of their overall costs. Overall, I think we are hopeful that Lyka will do well in the future. They are on the right path.

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## Ipca Laboratories

14 August 2026

**Mohit – Oasis Capital:** I have one suggestion. At the time of the results, if you could issue a press release mentioning what is happening there, it would be helpful. It is very difficult to find out what that company is doing because it is also a listed company. A press release with an update on what is happening there would be very helpful. Thank you, sir. All the best.

**Management:** I think they issued a press release this year.

**Mohit – Oasis Capital:** I could not see it. I will check on this.

**Operator:** Thank you. The next question is from the line of Shilpa from Lotus Wealth. Please proceed.

**Shilpa – Lotus Wealth:** My question is regarding Unichem. Are the gross margin improvements due to rupee depreciation driving realizations, or has the supply of API from Ipca Laboratories Ltd. started?

**Management:** Ipca Laboratories Ltd.'s supply to Unichem is hardly any because they have now placed an order for one product for which the source change has been approved. There has been no significant supply.

Their overall cost reductions have been good, particularly in their own captive API production, and that has also resulted in some margin improvement. Their European business is also doing well. That improvement in the business has improved overall margins, and the Brazil business, which was incurring losses, is now becoming profitable and is also expected to improve further.

These factors are resulting in better overall margins. They also have a complete program for filing new products in markets such as Europe, Australia, New Zealand, Canada, Chile, and others. When these registrations start coming through, the business profile of the company will also change.

Currently, the US and Brazil markets account for most of the business, and margins in those markets are always under pressure. Once the product mix and overall market mix in these markets improve, Unichem's profitability will also improve.

**Shilpa – Lotus Wealth:** The impact of rupee depreciation in this quarter is not significant, correct?

**Management:** There is also an impact from rupee depreciation. If you look at overall turnover, out of the overall 21% growth, a 5% increase is solely on account of rupee depreciation. The dollar has increased by almost 11% compared with the first quarter of last year.

However, that has also simultaneously resulted in our material cost increasing. It has helped overall margins, but material cost has also increased because many of your import contents are in dollar terms, and those costs have also moved up.

That benefit applies only to the 25% portion because material cost to sales is almost 25%. On 25% of that cost, the depreciation benefit has accrued, while the rest has come through in terms of margin.

**Shilpa – Lotus Wealth:** Thank you, sir.

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## Ipca Laboratories

**Operator:** Thank you. Before we take the next question, we would like to remind participants that you may press...

**Operator:** Thank you. Our next question is from the line of Vishal from Motilal Oswal. Please go ahead.

**Vishal – Motilal Oswal:** Thanks for the opportunity. First, what is the EBITDA margin guidance for {? FY27 }{?}

**Management:** At the beginning of the year, we gave EBITDA margin guidance of around 22% on a consolidated basis. Because of the better performance, the overall EBITDA margin for the year is now expected to be 23%. I am increasing the guidance by 1%.

**Vishal – Motilal Oswal:** While raw material fluctuations are present, rupee depreciation should be able to offset some fluctuations in raw material prices. Is it safe to assume that the benefit from rupee depreciation is much greater than the impact of raw material price fluctuations, and therefore it should result in better gross margins?

**Management:** Material cost to sales is 25%. Even within that, many Indian ingredients and other ingredients are imported. Many other costs are also denominated in dollars. Freight is denominated in dollars, and many testing materials and other items are also denominated in dollars.

There are many machine parts for imported machines, and testing equipment is also related to dollar terms. Maintenance contracts and other expenses are linked in the same way.

We have a large sales force in international markets, so their salaries are also denominated in dollars because of promotional markets and related expenses. Therefore, it is not only the material cost that is impacted; other costs are also impacted.

For promotional markets, we operate many non-trading offices in various international markets. The cost of those offices is also increasing because of the dollar.

Overall, despite the increase in costs, depreciation is contributing to our margins, and some Indian costs are not increasing. Therefore, we are seeing significant improvement in overall manufacturing and other expenses. To the extent that sales have increased, those costs have declined.

**Vishal – Motilal Oswal:** What is driving growth in the European segment itself? Is it new product launches or market share gains?

**Management:** There are also new product launches. Both the UK and European businesses have performed very well.

**Vishal – Motilal Oswal:** Has the funnel from Unichem's portfolio started reflecting in Ipca Laboratories Ltd.'s European business?

**Management:** No.

**Vishal – Motilal Oswal:** When do we think that will start happening?

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## Ipca Laboratories

14 August 2026

**Management:** It will take some time because they have started filing in those markets, but approvals are yet to be obtained. It takes almost 1.5 years after filing for approvals to come through.

However, there is a significant filing program across various markets for Unichem as well. Once those approvals start coming through, Unichem's margin profile will also start changing.

**Vishal – Motilal Oswal:** Understood. Lastly, when do we intend to start new filings for the US market apart from product transfers?

**Management:** We are already doing that. I think 4–5 filings will happen every year for Ipca Laboratories Ltd.

**Vishal – Motilal Oswal:** Got it. Thanks, sir. That is all from my side.

**Operator:** Thank you. The next question is from the line of Kartik Bahe from Bajaj Life. Please go ahead.

**Kartik Bahe – Bajaj Life:** Thank you for the opportunity. With the Indian field force expansion largely complete and profitability also improving, would incremental cash flows be deployed toward acquisitions, capacity expansion, or would the focus be more on filings and launches?

**Management:** Capacity expansion will definitely also be needed, and that is currently underway because we will need significant capacity for the European and US markets.

Right now, we are building capacity at Pithampur for controlled-release and extended-release formulations. Traditional capex is also underway.

Biotech is another area where capex is being incurred to further increase R&D investments and R&D assets. There are also capex investments at the plant level.

On the API side, we are building new plants because we are running out of capacity at Ratlam. New plants are being built at the Dewas site and at Wardha for intermediates and related products.

Some investments are also being made to convert existing intermediates into more continuous-process-type processes. Those investments are also underway.

Overall, around 700–800 crores will go toward capex during the current year.

**Kartik Bahe – Bajaj Life:** Thank you.

**Operator:** Thank you. The next question is from the line of Puja Sanghavi from InCred Asset Management. Please go ahead.

**Puja Sanghavi – InCred Asset Management:** This is Puja Sanghavi. Thank you for the opportunity. We understand that prices were contracted earlier and the rupee has now depreciated, so realizations would have increased in rupee terms.

However, based on my understanding of the past, whenever this happens, dollar prices are renegotiated lower. If that were to happen, how long do you think the currency benefit and higher

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**Ipca Laboratories**

14 August 2026

gross margin would be reflected in our statements? Would it be for another 2 quarters or another year?

**Management:** There are no such price renegotiations where prices are reduced. Rather, we are increasing prices everywhere because costs are also increasing. All other costs are also increasing. Therefore, there are no reductions; prices are generally increasing and are not declining.

**Puja Sanghavi – InCred Asset Management:** Thank you, sir.

**Operator:** Thank you. Participants who wish to ask a question, please press star and one now. The next question is a follow-up question from the line of Kartik Bahe from Bajaj Life. Please go ahead.

**Kartik Bahe – Bajaj Life:** Thank you for the opportunity again. Could I get a split between domestic growth from price, volume, and new product launches?

**Management:** Overall, volume growth is almost 5%. Price growth is another 4.5–5%, and new product launches may contribute around 2%. Overall growth is around 13%.

**Kartik Bahe – Bajaj Life:** Thank you.

**Management:** Compared with the industry, our volume growth is higher.

**Operator:** Thank you. The next question is from the line of Rashmi Shetty from Dolat Capital. Please go ahead.

**Rashmi Shetty – Dolat Capital:** Thanks for the opportunity again. I have one bookkeeping question. This quarter, we have seen a decline in interest cost quarter-on-quarter. Could you give us some thoughts on the total gross debt number and whether we have made any repayments?

**Management:** In the last financial year, we had close to \$50 million in dollar loans, which were completely repaid before March itself. In fact, before the depreciation of the dollar began, we had repaid and prepaid every dollar loan. We do not have that kind of debt in the books.

Currently, the debt may be around 193 crores in the books, which is long-term debt. We have zero working capital debt.

By the end of this year, we will have term loan debt of 70 crores outstanding, and that will be repaid completely in the next financial year. Practically, we have more cash in the books than our overall loans. Therefore, loans are currently only around 193 crores.

**Rashmi Shetty – Dolat Capital:** Out of the 193 crores, are you saying that you will also repay 70 crores?

**Management:** No, 70 crores will be the balance at the end of the year. That loan is at a much cheaper rate than current market rates. I earn more in mutual funds, so why should I repay it? I will repay it on the due dates.

**Rashmi Shetty – Dolat Capital:** We do not have any short-term borrowings?

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# Ipca Laboratories

14 August 2026

**Management:** Zero.

**Rashmi Shetty – Dolat Capital:** Interest cost is expected to decline in the subsequent quarters as well, correct?

**Management:** Yes, interest cost will be hardly anything. We will be earning more than the interest cost.

**Rashmi Shetty – Dolat Capital:** Understood, sir. Thank you. That is all from my side.

**Operator:** Thank you. The next question is from the line of Ankit Pande from Baroda BNP. Please go ahead.

**Ankit Pande – Baroda BNP:** Thank you for the opportunity. Could you give some guidance on the FY26 numbers in terms of top-line growth and EBITDA margin?

**Management:** For the current financial year, we have already given guidance of around 14–16% growth. We revised it from the earlier guidance of 12–13%. We have also revised consolidated EBITDA margin guidance upward by 1%, from 22% to 23%.

**Ankit Pande – Baroda BNP:** Sir, I was asking about FY28.

**Management:** We will give the FY28 guidance at the time of the fourth quarter.

**Ankit Pande – Baroda BNP:** Fine. That is all from my side. Thank you.

**Operator:** Thank you. Participants who wish to ask a question, please press star and one now. The next question is from the line of Shyon Mukherjee from Nomura. Please go ahead.

**Shyon Mukherjee – Nomura:** Good evening. Thank you for taking my question. I have one question on EBITDA margins for your consolidated business and for Unichem. If we factor in all the impact of Unichem synergies playing out over the next 3 years or so, along with the business scaling up in the US and other markets and strong growth in India, where do you see EBITDA margins settling from a medium- to long-term perspective for both Unichem and Ipca Laboratories Ltd. as a whole?

**Management:** Ipca Laboratories Ltd.'s margin, which is currently around 26%, could increase to almost 30%. Overall EBITDA margins may be around 25–26% on a consolidated basis 2–3 years from now because, by that time, most of the other subsidiary companies will also start performing very well.

**Shyon Mukherjee – Nomura:** Regarding investments, what are the investments in new initiatives that Ipca Laboratories Ltd. is planning to undertake over the next 2–3 years? Are there any plans or thoughts regarding inorganic or organic moves and any major investment plans?

**Management:** Right now, our investments are largely focused on the biotech side. We now have around 7 candidates in the pipeline. We are working on more candidates, and R&D now has the capacity to work on at least 3–4 products every year.

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## Ipca Laboratories

14 August 2026

We have already taken engineering batches for 2 products, and the results are completely in line with what we expected. Validations are underway, and significant investment will be made in clinical trials for all these biosimilars. We are targeting all global markets, and most of the products are {? Non-titre ?} values, which are practically double or more than those currently known in the market. Therefore, we expect to perform well, and a significant amount of further investment will be made in biotech.

In the current year, we will invest almost 100 crores more in building pilot plant facilities and making additional R&D investments in biotech. A lot of these investments are taking place now. In 1-2 years, we may need to further increase the capacities that we have built in biotech. That will require additional investment in the future.

**Shyon Mukherjee – Nomura:** Is the EBITDA guidance or EBITDA expectation that you have given factoring in these clinical trials and biotech investments?

**Management:** Yes, definitely, we are factoring them in. No revenue will come in the next 2 years because the clinical trials will take time to complete, and we are factoring all of that in.

**Shyon Mukherjee – Nomura:** Is it possible to give some colour on these products? You mentioned that your yields are much better than what is available in the market today. These 7 biosimilars, including the 2 that are probably at an advanced stage, are they old products, or are they products that will go off-patent and for which you will be present in the first wave in the market? What kind of products are you working on?

**Management:** By and large, these are old products. However, there is one product that we are targeting around the time of patent expiry itself, and that is a very large product. Most of the other products are patent-expired products.

**Shyon Mukherjee – Nomura:** Do you think we will start seeing revenue flow from biosimilars in 2 years, meaning in FY29 and FY30?

**Management:** Yes, because first we have to produce the API, then develop the formulations, validate the formulations, conduct stability studies, and proceed with clinical trials. That entire process is going on simultaneously.

**Shyon Mukherjee – Nomura:** These are global trials, and you will file in the US, Europe, and ROW markets?

**Management:** Taken together, these are global trials. We have already consulted the European authorities, the UK authorities, and the US authorities regarding all the clinical trial protocols. All the protocols are in line with the requirements of these regulatory agencies.

**Shyon Mukherjee – Nomura:** Therefore, will the filing happen next year? If you want to launch in FY30, would you make the first filing in FY28? Would that be the right assessment?

**Management:** This year, the initial validations of those products will take place. Thereafter, formulation development and stability testing will take place during this year. Around the middle of next year, the initial stability results should become available, and by that time we will have already

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**Ipca Laboratories**

14 August 2026

obtained the relevant approvals, after which we will start the clinical work.

Clinical work has now been significantly reduced. We have also received a waiver of Phase 3 from the European authorities and the US authorities. Therefore, only the PK/PD work needs to be completed.

The cost has also come down significantly because an RLD is not required for Phase 3. The cost of an RLD becomes very high. Those exemptions have already been received based on biosimilarity and other parameters, as well as the results we submitted to various regulatory agencies.

Overall, I think clinical activities will start from the next financial year.

**Shyon Mukherjee – Nomura:** Thank you, sir.

**Management:** Thank you.

**Operator:** Thank you. That was the last question for today. I now hand the conference over to the management for the closing comments. Over to you, sir.

**Management:** Thank you very much to all the participants. We can close this call, Madam.

**Operator:** Yes, sir. On behalf of DAM Capital, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

**Management:** Thank you.

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Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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