RPG Life Sciences (RPGLIF)

ICICI Direct

CMP: ₹2,790 | Target ₹ 3,340 (20%) | Target Period: 12 months | BUY

August 3, 2026

Domestic formulations in a sweet spot; focus on APIs with external investment...

About the stock RPG Life Sciences RPGLS (part of RPG Group) is a pharmaceutical company that operates in the domestic and international markets in the branded formulations, global generics and synthetic APIs space. The company produces a wide range of products such as tablets, liquids, and powders.

- Company has 3 APIs and Formulations Manufacturing Units located at Ankleshwar, Gujarat and Navi Mumbai, Maharashtra.
- Q1FY27 Revenue Mix – Domestic Formulations- 68%, International Formulations- 18%, APIs- 14%

Result performance and Investment Rationale:

- **Q1FY27 – Domestic formulations dominate performance:** Revenues grew ~16% YoY to ~₹196 crore, driven by Domestic Formulation Business, which grew 15% YoY to ₹132.5 crore, and API Business, which grew 36% YoY to ₹26.6 crore. International Formulation businesses also grew 8% YoY to ₹ 35 crore. On the operational front, EBITDA grew 22% YoY to ~₹ 43.3 crore with margins at 22.1% (up 112 bps YoY). PAT during the quarter was at ~₹31 crore.
- **Time tested approach to steer growth in the Domestic Formulations**– Performance for the quarter was better than our expectations. Domestic formulations growth was driven by strong portfolio performance across key therapy and new launches in specialty & chronic segments while API maintained its tempo owing to unit coming back after hiatus. The company has identified a systematic approach by identifying five pillars for growth - 1) Portfolio turnaround or rejuvenation by building chronic and specialty portfolio via new launches, 2) Strategic asset building through line extensions, 3) Customer coverage deepening by expanding MRs reach, 4) Augmenting MR effectiveness by enhancing productivity, and 5) Profitability improvement by controlling and optimizing expenses and maintaining sales hygiene. Going forward, improving salesforce productivity in the domestic market, coupled with increasing contribution from new launches—particularly in specialty and chronic segments — are expected to support continued traction in the domestic formulations.
- **Restructuring of API Business to extend strategic focus:** The company, in an important development, has secured a strategic investment of ₹243 crore from InvAscent for a 40% stake in its demerged API business, implying a valuation of ~₹607.5 crore (~4.5x FY28E sales, pre-Actis acquisition). Additionally, InvAscent and RPG Life Sciences have committed to infuse ~₹700 crore to drive organic and inorganic expansion. To strengthen its API portfolio, the company has acquired Actis Generics for ₹80 crore, adding a business with ~₹48 crore FY25 revenues and a complementary expertise in high-value, low-volume, complex chemistry APIs, a segment characterized by lower competition and limited price erosion. The company has also added experienced leadership team for the API division. With these steps, we believe the company is trying to position the API business as a key medium-term growth driver besides a possibility of value unlocking.

Rating and Target Price: We maintain BUY with a target of ₹3340/ share based on 34x FY28E EPS(Ex-Actis). Premium valuation (in line with Pharma MNCs) is justified as it remains a compelling play in the domestic formulations business.

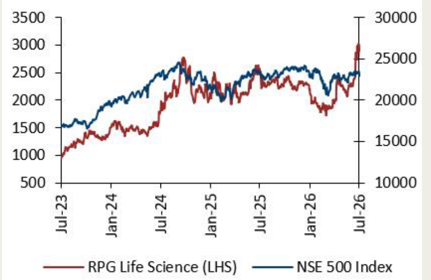
Particulars

Particular	₹ crore
Market Capitalization	₹ 4614 crore
Total Debt (FY26)	₹ 20 crore
Cash & Invests (FY26)	₹ 150 crore
EV	₹ 4484 crore
52-week H/L (₹)	3082/1731
Equity capital (₹)	₹ 13 crore
Face value (₹)	₹ 8

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	72.95%	72.95%	72.95%	72.95%
FII	1.11%	1.00%	0.87%	95.00%
DII	6.70%	7.04%	7.45%	8.65%
Other	19.24%	19.01%	18.73%	18.78%

Price Chart



Key risks

- Higher than expected competition in top brands
- Delay in traction from new launches

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Result Update

ICICI Securities – Retail Equity Research

Key Financial Summary

Particulars (₹ Crore)	FY23	FY24	FY25	FY26	CAGR FY23-26 (%)	FY27E	FY28E	CAGR FY26-28E (%)
Revenues	512.8	582.1	653.4	707.5	11%	816.6	923.7	14%
EBITDA	102.7	128.2	159.7	147.1	13%	184.3	228.9	25%
EBITDA Margins (%)	20.0	22.0	24.4	20.8		22.6	24.8	
Net Profit	67.6	87.7	183.2	107.4	17%	131.5	162.4	23%
EPS (Adjusted)	40.9	53.0	60.9	67.3		79.5	98.2	
PE (x)	68.2	52.6	25.2	40.1		35.1	28.4	
EV to EBITDA (x)	44.1	35.1	27.9	29.9		23.6	18.6	
RoCE (%)	29.1	31.0	28.1	23.7		24.2	25.4	
RoE (%)	22.0	23.4	19.0	18.4		18.5	19.3	

Source: Company, ICICI Direct Research

Exhibit 1: Quarterly summary

(₹ crore)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	YoY (%)	QoQ (%)
Sales	165.4	172.2	172.7	143.1	168.9	181.7	180.0	176.9	195.7	15.8	10.6
Raw Material Expenses	55.0	54.2	56.1	48.7	60.0	66.6	64.9	60.6	68.2	13.5	12.5
% of Revenue	33.3	31.5	32.5	34.0	35.5	36.6	36.0	34.3	34.8	-71 bps	57 bps
Gross Profit	110.4	118.0	116.6	94.4	108.9	115.1	115.1	116.3	127.5	17.1	9.7
GPM (%)	66.7	68.5	67.5	66.0	64.5	63.4	64.0	65.7	65.2	71 bps	-57 bps
Employee Expenses	32.7	33.1	28.7	31.6	33.7	36.2	35.3	36.3	37.8	12.0	4.0
% of Revenue	19.8	19.2	16.6	22.1	20.0	19.9	19.6	20.5	19.3	-65 bps	-123 bps
Other Expenditure	38.6	39.0	38.7	37.3	39.7	39.9	40.1	47.2	46.5	17.0	-1.4
% of Revenue	23.3	22.7	22.4	26.1	23.5	22.0	22.2	26.7	23.8	24 bps	-291 bps
Total Expenditure	126.4	126.3	123.6	117.6	133.5	142.7	140.3	144.1	152.4	14.2	5.8
% of Revenue	76.4	73.3	71.5	82.2	79.0	78.5	77.9	81.4	77.9	-112 bps	-356 bps
EBITDA	39.1	45.9	49.2	25.5	35.5	39.0	39.8	32.8	43.3	22.0	31.9
EBITDA Margin (%)	23.6	26.7	28.5	17.8	21.0	21.5	22.1	18.6	22.1	112 bps	356 bps
Other Income	2.4	1.9	3.3	5.1	5.2	4.5	3.4	12.4	4.7	-10.1	-62.1
Interest	0.2	0.2	0.1	0.2	0.1	0.1	0.3	0.4	0.6	384.6	61.5
Depreciation	5.3	5.3	5.5	5.4	5.1	5.2	5.4	5.7	5.9	14.8	2.8
Exceptional Items	0.0	-27.3	0.0	109.9	0.0	11.2	-8.4	1.1	0.0		
PBT	36.0	15.1	46.9	134.9	35.4	49.5	29.1	40.2	41.5	17.0	3.1
Total Tax	9.2	10.9	12.0	17.6	9.1	12.6	7.0	10.3	10.7	17.1	3.9
Tax rate (%)	25.7	72.2	25.5	13.0	25.8	25.5	24.0	25.6	25.8	1 bps	19 bps
PAT	26.8	4.2	34.9	117.4	26.3	36.9	22.1	29.9	30.8	17.0	2.9
PAT Margin (%)	16.2	2.4	20.2	82.0	15.6	20.3	12.3	16.9	15.7	16 bps	-118 bps

Source: Company, ICICI Direct Research

Financial summary

Exhibit 2: Profit and loss statement ₹ crore

Year end March	FY25	FY26	FY27E	FY28E
Total Operating Income	**653.4**	**707.5**	**816.6**	**923.7**
Growth (%)	12.3	8.3	15.4	13.1
Raw Material Expenses	214.0	252.1	281.9	307.1
Gross Profit	439.4	455.4	534.7	616.6
Gross Profit Margins (%)	67.2	64.4	65.5	66.8
Employee Expenses	126.1	141.5	160.8	183.3
Other Expenditure	153.6	166.9	189.7	204.4
Total Operating Expenditure	493.8	560.4	632.3	694.8
EBITDA	**159.7**	**147.1**	**184.3**	**228.9**
Growth (%)	24.6	-7.9	25.3	24.2
Interest	0.6	0.9	2.5	2.5
Depreciation	21.4	21.5	23.6	27.2
Other Income	12.7	25.6	19.7	20.3
PBT before except. Ite	150.3	150.3	177.8	219.5
Exceptional Items	82.6	3.9	0.0	0.0
PBT after Except. Items	232.9	146.4	177.8	219.5
Total Tax	49.6	39.0	46.3	57.2
PAT before MI	183.2	107.4	131.5	162.4
PAT	**183.2**	**107.4**	**131.5**	**162.4**
Growth (%)	109.0	-41.4	22.5	23.5
EPS (Adjusted)	**60.9**	**67.3**	**79.5**	**98.2**
Other income as % of (Cash+inves.)	8%	11%	7%	5%

Source: Company, ICICI Direct Research

Exhibit 3: Cash flow statement ₹ crore

Year end March	FY25	FY26	FY27E	FY28E
Profit/(Loss) after taxation	180.1	117.0	131.5	162.4
Add: Depreciation & Amortization	21.4	21.5	23.6	27.2
Net Increase in CA	-29.5	-60.5	-38.7	-38.2
Net Increase in CL	14.0	31.8	16.1	15.9
Others	-108.2	-53.3	2.5	0.6
CF from Operating acti.	**77.9**	**56.5**	**135.0**	**167.9**
Investments	-123.0	118.3	0.0	0.0
(Purchase)/Sale of Fixed Assets	73.4	-65.4	-50.0	-50.0
Others	7.7	32.9	-0.1	-0.1
CF from Investing acti.	**-41.8**	**85.8**	**-50.1**	**-50.1**
(inc)/Dec in Loan	0.0	20.0	0.0	0.0
Dividend & Dividend tax	-26.5	-39.7	-26.3	-32.4
Other	-0.6	-0.8	-2.5	-0.6
CF from Financing acti.	**-27.1**	**-20.5**	**-28.8**	**-33.0**
Net Cash Flow	**9.0**	**121.8**	**56.1**	**84.7**
Cash and Cash Equivalent	19.7	28.7	150.5	206.6
Cash	28.7	150.5	206.6	291.3
Free Cash Flow	**151.3**	**-8.9**	**85.0**	**117.9**

Source: Company, ICICI Direct Research

Exhibit 4: Balance sheet ₹ crore

Year end March	FY25	FY26	FY27E	FY28E
Equity Capital	13.2	13.2	13.2	13.2
Reserve and Surplus	517.3	592.1	697.4	827.3
Total funds	530.5	605.4	710.6	840.6
Total Debt	0.0	20.0	20.0	20.0
Deferred Tax Liability	0.0	3.1	3.1	3.2
Long-Term Provisions	4.5	7.4	7.4	7.4
Other Non-Current Liabilities	2.9	3.4	3.4	3.4
Source of Funds	**538.0**	**639.3**	**744.6**	**874.6**
Gross Block - Fixed Assets	254.8	301.0	351.0	401.0
Accumulated Depreciation	83.0	104.5	128.1	155.3
Net Block	171.8	196.5	222.9	245.7
Capital WIP	16.1	23.3	23.3	23.3
Fixed Assets	187.9	219.8	246.2	269.0
Investments	126.9	84.9	84.9	84.9
Other Non Cur-Assets	0.9	7.4	7.6	7.7
Inventory	93.0	123.8	142.9	161.7
Debtors	86.8	116.7	134.7	152.3
Other Current Assets	132.5	89.9	91.7	93.5
Cash	28.7	150.5	206.6	291.3
Total Current Assets	340.9	480.9	575.9	698.8
Creditors	79.4	97.3	112.2	127.0
Provisions	16.1	29.1	29.7	30.3
Other Current Liabilities	24.3	27.5	28.1	28.7
Total Current Liabilities	119.8	153.9	170.0	185.9
Net Current Assets	221.1	327.0	405.9	512.9
Application of Funds	**536.8**	**639.1**	**744.6**	**874.6**

Source: Company, ICICI Direct Research

Exhibit 5: Key ratios

Year end March	FY25	FY26	FY27E	FY28E
Per share data (₹)				
Reported EPS	110.8	69.6	79.5	98.2
Cash EPS	46.3	43.7	63.6	78.6
BV per share	320.8	366.0	429.7	508.3
Cash per Share	17.4	91.0	124.9	176.2
Dividend per share	14.5	23.6	15.9	19.6
Operating Ratios (%)				
Gross Profit Margins	67.2	64.4	65.5	66.8
EBITDA margins	24.4	20.8	22.6	24.8
PAT Margins	15.4	15.7	16.1	17.6
Cash Conversion Cycle	56.1	73.9	73.9	73.9
Asset Turnover	2.6	2.4	2.3	2.3
EBITDA conversion Rate	48.8	38.4	73.3	73.3
Return Ratios (%)				
RoE	19.0	18.4	18.5	19.3
RoCE	28.1	23.7	24.2	25.4
RoIC	37.7	32.9	37.3	42.4
Valuation Ratios (x)				
P/E	25.2	40.1	35.1	28.4
EV / EBITDA	27.9	29.9	23.6	18.6
EV / Net Sales	6.8	6.2	5.3	4.6
Market Cap / Sales	7.1	6.5	5.7	5.0
Price to Book Value	8.7	7.6	6.5	5.5
Solvency Ratios				
Debt / EBITDA	0.0	0.1	0.1	0.1
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	2.6	2.1	2.2	2.2
Quick Ratio	1.8	1.3	1.3	1.3
Inventory days	51.9	63.9	63.9	63.9
Debtor days	48.5	60.2	60.2	60.2
Creditor days	44.3	50.2	50.2	50.2

Source: Company, ICICI Direct Research

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Reduce: -15% to -5%;

Sell: <-15%

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