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IPCA Laboratories

Steady India growth, exports rely on Unichem synergy

INSTITUTIONAL RESEARCH

IPCA Laboratories

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IPCA Labs' (IPCA) brand-building strength is poised to drive outperformance against IPM growth, with synergies from Unichem integration further accelerating earnings. Our positive outlook is based on several key factors: First, IPCA's brand-building and new product launches will support sustained sales growth. Additionally, the company's strong positioning in acute and chronic therapies (CVS, anti-diabetics, CNS, and urology)—will enable it to outperform IPM growth. Second, the synergies from Unichem's acquisition are set to revitalise IPCA's export business, leveraging Unichem's US network for new launches and IPCA's EU network for Unichem's 80+ registered products. This cross-synergy will boost international expansion. Third, expansion into other export markets will act as a further growth driver, while IPCA's in-house API manufacturing capabilities will improve operating performance and cost efficiency. Fourth, the continued growth of the API business—with IPCA's leadership in sartans API and scale-up of new and Unichem's API plants—will strengthen the company's market position. Lastly, IPCA's focus on its India business combined with Unichem synergies will ensure steady margin improvement and enhanced return ratios, driving EPS growth over the next few years. Over the past 12 months, IPCA's stock has re-rated from ~25x to ~35x one-year forward earnings (consensus estimates). Based on our projections, the stock trades at 43.5x/31.1x/24.5x FY25/26/27 EPS. We believe IPCA will trade at a premium to its historical range led by strong visibility of earnings growth acceleration (38% CAGR over FY24-27E vs ~5% over FY19-24), which we expect to remain sustainable beyond FY27E. We initiate coverage with a BUY rating and a target price of INR 1,800, based on 31x Q3FY27E EPS.

Focus on brand-building in India: IPCA's steady growth is attributed to strong growth in pain management as it is the market leader in the rheumatoid arthritis segment (top brands –Zerodol, HCQS) and has steady growth in CNS, Derma and anti-infectives. This growth is expected to continue given the focus on brand building (top 10 brands amount to 39% of total India sales) and streamlining operations through separate divisions in its power brands. It will continue to focus on replicating its brand-building capabilities to create more mega brands in select categories such as CVS, Derma, Gastro, and Urology. We project a 12% India formulation sales CAGR over FY24-27E.

Unichem integration remains key: Unichem acquisition to accelerate exports for IPCA with multi-level synergies such as integration of API supplies from IPCA, higher revenues from registration and sales of products in new markets and lowering overhead expenses as operations are integrated with IPCA. Moreover, IPCA expects 5-6 new launches in the US (each IPCA and Unichem) and is looking to leverage 80+ Unichem's products in the EU/UK market through its network.

API business to recover from FY26: IPCA is looking to consolidate its sartan API and strategic tie-ups, introduce new pipeline products in key countries, and increase its presence in emerging markets (LATAM, CIS, and China). Moreover, scale-up in the Dewas plant will support the growth momentum.

Financial Summary

YE March (INR bn)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
India sales (INR bn)	19.8	25.1	27.6	31.0	34.7	38.9	43.5
Net Sales	54.2	58.3	62.4	77.1	89.7	100.8	113.8
EBITDA	15.0	12.8	9.6	12.9	16.9	20.9	25.0
APAT	11.1	8.6	4.9	5.9	8.8	12.2	15.6
Diluted EPS (INR)	43.6	33.9	19.4	23.4	34.5	48.2	61.3
P/E (x)	34.5	44.4	77.5	64.1	43.5	31.1	24.5
EV / EBITDA (x)	25.0	29.4	39.1	31.1	23.5	18.7	15.2
RoCE (%)	29	19	12	12	14	17	20

Source: Company, HSIE Research

BUY

CMP *(as on 3 Dec 24)*	**INR 1,503**
Target Price	**INR 1,800**
NIFTY	**24,457**

KEY STOCK DATA	
Bloomberg code	IPCA IN
No. of Shares (mn)	254
MCap (INR bn) / ($ mn)	381/4,500
6m avg traded value (INR mn)	710
52 Week high / low	INR 1,709/1,041

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	7.4	33.3	30.7
Relative (%)	9.5	27.6	10.9

SHAREHOLDING PATTERN (%)	Jun-24	Sep-24
Promoters	46.3	46.3
FIs & Local MFs	33.78	34.23
FPIs	10.85	10.83
Public & Others	9.07	8.64
Pledged Shares	-	-

Source : BSE

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Outlook and valuation: We expect the company to see 14/ 25/ 38% sales/ EBITDA/ PAT CAGRs over FY24-27E (13/ 22/ 33% sales/ EBITDA/ PAT CAGRs over FY25-27E), on steady India growth (improve market share in key therapies, field force expansion - 2,000+ in the last 18 months) and integration of Unichem business. Given the visibility of steady growth and improving margins (to 22% in FY27E from 16.7% in FY24), we are initiating coverage with a BUY and a TP of INR 1,800 based on 31x Q3FY27E EPS (implied EV/EBITDA of 18x Q3FY27E).

Exhibit 1: Revenue, EBITDA and PAT assumptions

(INR mn)	% of FY24 sales	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
India formulations	**40**	**19,126**	**19,817**	**25,083**	**27,607**	**30,972**	**34,688**	**38,851**	**43,513**
% growth		**16**	**4**	**27**	**10**	**12**	**12**	**12**	**12**
- Branded generics exports	7	3,815	4,034	4,160	5,048	5,267	5,425	6,130	6,988
% growth		6	6	3	21	4	3	13	14
- Institutional generics exports	3	1,763	3,854	3,186	3,330	2,670	3,925	4,042	4,123
% growth		7	119	(17)	5	(20)	47	3	2
- Generics exports	13	6,637	8,084	7,522	8,014	9,816	10,700	12,412	14,646
% growth		27	22	(7)	7	22	9	16	18
Total formulation exports	**23**	**12,216**	**15,972**	**14,867**	**16,392**	**17,753**	**20,050**	**22,584**	**25,758**
% growth		**17**	**31**	**(7)**	**10**	**8**	**13**	**13**	**14**
Total formulation business	**63**	**31,342**	**35,789**	**39,950**	**43,999**	**48,725**	**54,738**	**61,435**	**69,271**
% growth		**16**	**14**	**12**	**10**	**11**	**12**	**12**	**13**
- APIs domestic	4	2,509	3,863	3,587	3,731	3,169	3,771	4,262	4,816
% growth		24	54	(7)	4	(15)	19	13	13
- APIs exports	12	9,222	11,200	10,214	10,042	9,324	8,858	10,098	11,410
% growth		35	21	(9)	(2)	(7)	(5)	14	13
Total API	**16**	**11,731**	**15,063**	**13,801**	**13,773**	**12,493**	**12,629**	**14,359**	**16,226**
% growth		**33**	**28**	**(8)**	**(0)**	**(9)**	**1**	**14**	**13**
Other Operating Income	1	601	540	632	374	447	451	587	675
% growth		12	(10)	17	(41)	19	1	30	15
IPCA standalone revenue	**80**	**43,674**	**51,392**	**54,383**	**58,146**	**61,665**	**67,818**	**76,381**	**86,171**
% growth		**20**	**18**	**6**	**7**	**6**	**10**	**13**	**13**
Revenue from subsidiaries	5	2,813	2,808	3,915	4,297	4,020	3,296	3,336	3,937
% growth		101	(0)	39	10	(6)	(18)	1	18
Revenue from Unichem	15	-	-	-	-	11,366	18,625	21,062	23,695
% growth							64	13	13
Total IPCA consol revenue		**46,487**	**54,200**	**58,298**	**62,443**	**77,050**	**89,740**	**1,00,780**	**1,13,803**
% growth		**23**	**17**	**8**	**7**	**23**	**16**	**12**	**13**
Gross profit		30,046	36,917	38,149	39,378	51,293	61,113	69,034	78,296
% growth		19	23	3	3	30	19	13	13
Gross margin %		**64.6%**	**68.1%**	**65.4%**	**63.1%**	**66.6%**	**68.1%**	**68.5%**	**68.8%**
EBITDA		**9,218**	**15,031**	**12,785**	**9,583**	**12,882**	**16,871**	**20,861**	**25,037**
% growth		30	63	(15)	(25)	34	31	24	20
EBITDA margin %		**19.8%**	**27.7%**	**21.9%**	**15.3%**	**16.7%**	**18.8%**	**20.7%**	**22.0%**
Adjusted PAT		**6,187**	**11,059**	**8,594**	**4,921**	**5,943**	**8,755**	**12,240**	**15,564**
% growth		35	79	(22)	(43)	21	47	40	27
PAT margin %		**13.3%**	**20.4%**	**14.7%**	**7.9%**	**7.7%**	**9.8%**	**12.1%**	**13.7%**

Source: Company, HSIE Research, EBITDA/ PAT adjusted for forex and one-offs, Unichem effective from Q2FY24.

IPCA's strategic focus

India formulation business

- **Strong brand building**: IPCA's focus on creating mega-brand franchisees for the last two decades vs. introducing new products/molecules in the Indian market has played out well for the company. This is evident from IPCA's success in creating market leadership in the rheumatoid arthritis segment with its top brands such as Zerodol and HCQS in the last few years. It will continue to focus on replicating its brand-building capabilities to create more mega brands in select categories such as CVS (CTD-T brand has entered in the top 300 brands in IPM), CNS, Derma, Gastro, and Urology.
- **Focus on expanding chronic presence**: Over the last few years, the company's chronic share has remained stagnant at ~33-34% of sales. Going ahead, it plans to scale up in various chronic therapeutic areas such as anti-diabetic, CVS, neuro/CNS, Urology, and respiratory segments.
- **New product introduction**: IPCA is looking to leverage its leadership in pain management to launch new products. Moreover, it is looking to introduce combination formulations in the cardio-diabetic segment as well as products like pantoprazole and combinations in the gastro segment. It is also looking at new launches like liraglutide and other products in chronic therapies.
- **Focus on M&As and in-licensing opportunities**: The company is not looking for any major M&As in the near term, given its focus on the integration of the Unichem business. However, IPCA will continue to look to acquire a brand portfolio to strengthen the business in the promoted therapies or in-licensing opportunities to fill portfolio gaps. It expects to see good traction in its in-licensed drug Diulcus (for the treatment of Diabetic Foot Ulcer) and is targeting to generate INR 1 bn sales over the next 3-5 years.
- **India formulation outlook**: IPCA expects to outperform IPM by 200-300 bps which will be largely led by the 5-6% price growth (to be muted for NLEM coverage products which stands at 20-22% for IPCA), 2-3% volume as well as new launch led growth. We estimate the India formulation business will continue to maintain steady growth momentum and clock ~12% CAGR over FY24-27E.

Other businesses

- **Improvement in Unichem business**: IPCA has started to achieve cost synergies (procurement, rationalizing vendors, and utility costs), which is reflected in H1FY25 performance for Unichem (H1FY25 EBITDA margin was at 11.1% vs 4.4% in H1FY24; 9.7% in Q1FY25 and 12.4% in Q2FY25 vs 6.6% in Q1FY24 and 2.1% in Q2FY24). IPCA sees synergies in key markets like the US and EU. It expects Unichem to see revenues of ~INR 18.5-19 bn, steady improvement in the gross margin and EBITDA of ~INR 2.2+ bn, implying an EBITDA margin of ~12+%.
- **Revival in the US business:** IPCA's US business is likely to see gradual scale-up after the resolution at its key plants (formations at Silvassa and Pithampur, and Ratlam API plant) on the back of re-launch of approved products as well as new launches from recently approved ANDAs. Unichem's US business is expected to see steady traction on the back of moderation in price erosion and new launches.
- **Scale-up in generic business**: IPCA expects steady growth visibility with its 50+ generic formulation dossiers (registered in Europe), 61+ APIs (obtained Certificate of Suitability) and Unichem with ~80 formulation product approvals in EU (markets just 5-6 products). IPCA is looking to scale up the business by registering dossiers developed by the company approved in the UK to select EU countries, focus on improving profitability by changing material sourcing to in-house APIs, and exploring CDMO opportunities.

- **Branded generic business:** IPCA is focusing on (1) strong brand-building in its key therapeutic segments such as pain/allergic management, CVS, CNS, anti-infectives, and anti-malaria, (2) deeper penetration in its existing covered markets/ countries through deployment of addition field force, (3) introducing new products as it has identified multiple products for registration across the countries from its exiting developed formulations, and (4) expansion in business operations like institutions and distributors.
- **API business:** The company is focusing on consolidating the sartan API, looking for strategic tie-ups with major South America/EU, introducing new pipeline products, increasing the presence in emerging markets (LATAM, CIS, and China), and utilising its plant to support in-house API requirements for formulation products in generic markets like the US and EU.

Financial Outlook

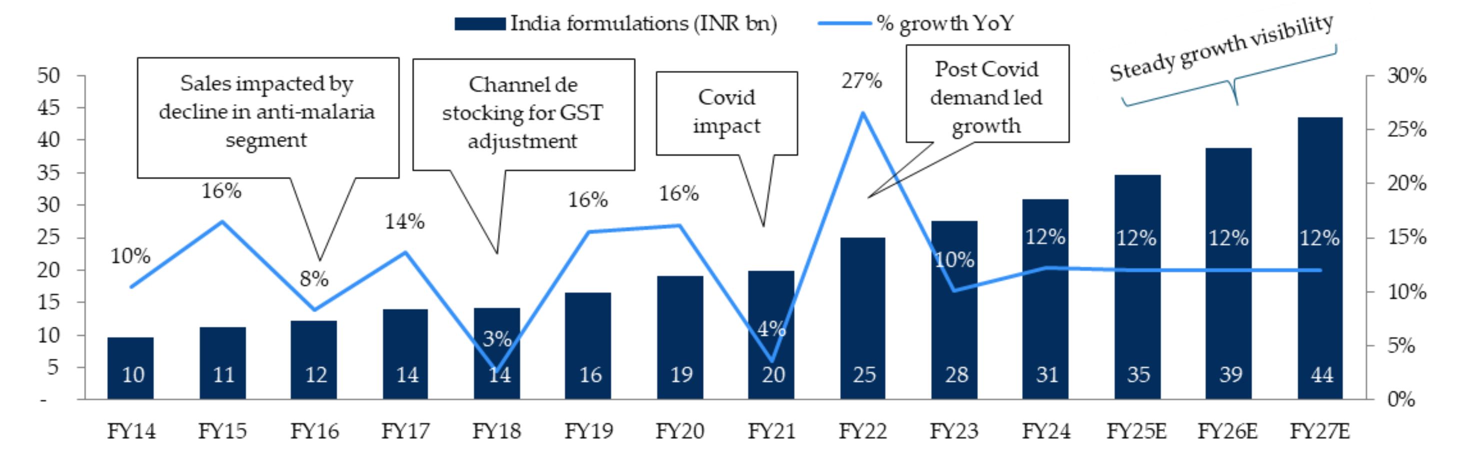
- **Steady revenue growth:** The company's expectations for FY25 are: high single-digit growth in its ex-Unichem business on the back of 11-12% growth in India formulations, low single-digit growth in generics and branded generics formulation business, strong growth in the institutional business (it expects sales to remain steady at INR 3.5-4 bn over the next few years), and muted growth in its API business. For Unichem, the company guides for sales of ~INR 18.5-19 bn (we assumed sales of INR 18.6 bn in FY25E). Moreover, we believe (1) the company can sustain IPM beating performance in the domestic formulation business (we assumed ~12% CAGR over FY24-27E), (2) its branded generics and generics formulation will see growth recovery from FY26 on the back of geographical expansion/new product launches (branded generics), and scale-up in existing products/new launches in the US as well as EU markets (generics formulation) – we have assumed 10/14% CAGR over FY24-27E for branded generics/ generics formulations, (3) its API business will see steady 11-12% growth from FY26 (on muted FY25 base for export APIs) onwards on the back of scale-up in Ratlam plant and new plant (Dewas) – we have assumed 9% CAGR over FY24-27E. Overall we expect IPCA, ex-Unichem, to see ~11% CAGR over FY24-27E (~13% CAGR over FY25-27E) and Unichem to sustain 12-13% growth from FY25-27E.
- **EBITDA margin to improve:** The company has guided for 18.5-19+% margin in FY25 on the back of cost controls and lower input cost benefits. It expects to expand the margin by 100-150 bps over the next few years. It aspires to reach the standalone margin (ex-Unichem) at 23-24% in near-term. We assumed 100-150 bps of margin expansion over FY24-27E to reach margin of 22% in FY27E (from 16.7% in FY24). The synergy benefits (cost optimisation, change in sourcing of input materials, scale-up in sales) will help improve the margin for the Unichem business as IPCA guides for ~12+% EBITDA margin in FY25 and continues to see improvement over the next few years.

India formulation business to be a leading growth driver

IPCA has improved its rank to 16th in FY24 from 21st in FY19 in the Indian Pharma market (IPM) with its market share jumping to ~2.0% as of FY24 (from ~1.5% in FY19; H1FY25 market share improved further to 2.2%, as per IQVIA). This was largely led by outperformance in the acute segment (by 1.8x) and strong scale-up in the chronic segment (outperformed IPM by 1.4x) in therapies like CVS, Antineoplast, CNS and anti-diabetics, given strong brand-building capabilities, marketing division expansion (21 in FY24 from 15 in FY19), and field force addition (~2,140+ added over FY19-24; MRs strength stands at 6,365 as of FY24; 6,577 as of Sep'24).

IPCA's India (~40% of FY24 sales) business is well-placed to leverage its pan-India presence and strong brand equity. IPCA had a steady growth in Indian business, largely led by steady growth in the acute segment and supported by strong scale-up in the chronic growth. With strong performance in its key therapies (pain, CVS, anti-infectives, antineoplastics) on the back of strong traction in leading brands such as Zerodol franchisee, HCQS, Folitrax etc. This has led to a steady 13% sales CAGR over FY19-24 in India formulations business led by its strong brand-building capabilities, scale-up in key therapies, new launches, and MR addition. The company expects to outperform IPM by 300-400 bps which will be largely led by the 5-6% price growth (to be muted for NLEM coverage products that stand at 20-22% for IPCA), 2-3% volume as well as new launch-led growth. We see the India business continuing to maintain steady growth momentum and clocking ~12% CAGR over FY24-27E.

Exhibit 2: Steady growth visibility over the next few years



Source: Company, HSIE Research

IPCA outperforms IPM on steady price-volume-led growth

IPCA has consistently outperformed the IPM as well as a few of its peers over the last few years, led by strong traction in key therapies. It has outperformed IPM by 1.6x over FY19-24, driven by strong traction in the acute business (~67% of FY24 sales), which is a 1.8x beat to IPM, and steady scale-up in the chronic therapies (steady share at 33% in FY24, 1.4x beat to the IPM).

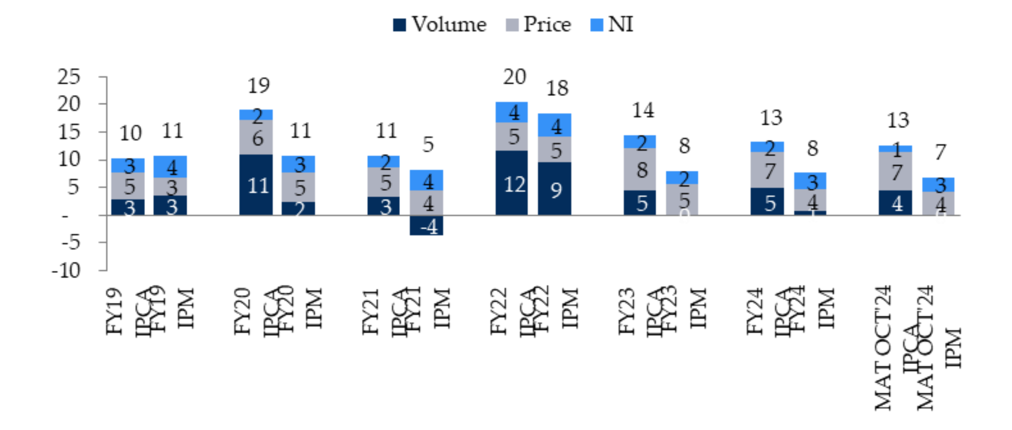
Exhibit 3: IPCA has outperformed IPM over the last few years

Value YoY growth %	FY20	FY21	FY22	FY23	FY24	Q1'25	Q2'25
India Pharma							
Alkem	17	0	28	13	6	6	6
Alembic Pharma	6	1	23	8	4	5	1
Cipla	8	11	14	7	8	7	7
Dr Reddy's	7	3	22	3	7	9	10
Eris Life	7	11	10	8	8	8	4
Glenmark	15	14	26	(4)	9	16	12
IPCA	19	11	22	14	13	15	13
Lupin	10	3	15	6	6	10	9
Sun Pharma	10	5	16	11	9	9	10
Torrent Pharma	8	8	11	14	8	8	10
Zydus	8	5	15	7	6	9	11
Aristo Pharma	20	6	25	7	9	5	4
Ajanta Pharma	13	7	18	16	9	11	12
Emcure	12	4	22	5	5	6	5
Intas Pharma	14	6	18	16	12	11	13
JB Chemical	15	23	25	21	10	12	14
Macleods	10	(0)	25	12	9	12	3
Mankind	13	11	18	11	8	11	9
Micro Labs	13	(2)	37	4	2	4	5
USV	10	10	13	9	8	6	7
MNC Pharma							
Abbott	8	3	14	10	8	8	10
GSK Pharma	6	(1)	14	7	1	3	1
IPM	**11**	**5**	**18**	**8**	**8**	**9**	**8**

Source: IQVIA, HSIE Research

IPCA's growth over the last few years was led by a well-balanced price and volume growth. It has outperformed the IPM volume growth over the last few years as it has grown faster than the market in its key therapies (Pain, CVS, and anti-infectives). Going ahead, with anticipation of volume recovery in IPM, IPCA is expecting to continue to outperform IPM. Also, price growth in its leading therapies and visibility of new launches will support growth.

Exhibit 4: IPCA saw steady volume and price growth



Source: IQVIA, HSIE Research

IPCA's steady growth trajectory is supported by its decent pan-India presence (4,000+ wholesalers), field force (6,500+), and strong presence in non-metro and class-I cities (~59% of India sales vs IPM average at 35% as of MAT Mar'24, as per IQVIA). This has helped the company expand its overall market share in the IPM – (1) value share in IPM has increased to ~2.0% in FY24 from ~1.5% in FY19 and (2) volume share has increased to ~2% in FY24 from ~1.8% in FY19.

Exhibit 5: Value share increasing over the last few years

Market share (value)	FY24 Rank	FY19	FY20	FY21	FY22	FY23	FY24	Q1'25	Q2'25	FY20-FY24 (bps)
Gained market share										
Intas Pharma*	7	3.1%	3.2%	3.2%	3.2%	3.4%	3.6%	3.6%	3.7%	40
Mankind	4	4.0%	4.1%	4.3%	4.3%	4.4%	4.4%	4.4%	4.4%	38
Ipca Labs	16	1.5%	1.6%	1.7%	1.8%	1.9%	2.0%	2.2%	2.1%	36
Jb Pharma*	22	0.8%	0.8%	0.9%	1.0%	1.1%	1.1%	1.2%	1.2%	33
Alkem*	5	3.6%	3.8%	3.6%	3.9%	4.1%	4.0%	3.8%	4.1%	26
Aristo Pharma*	10	2.5%	2.7%	2.8%	2.9%	2.9%	2.9%	2.7%	3.0%	19
Sun*	1	7.6%	7.5%	7.6%	7.4%	7.7%	7.8%	7.9%	7.8%	22
Macleods Pharma	9	3.2%	3.1%	3.0%	3.2%	3.3%	3.4%	3.3%	3.3%	22
Torrent Pharma*	8	3.4%	3.3%	3.4%	3.2%	3.4%	3.4%	3.5%	3.4%	9
Cipla	3	5.5%	5.3%	5.7%	5.5%	5.4%	5.4%	5.2%	5.2%	9
Glenmark Pharma	14	1.9%	2.0%	2.2%	2.3%	2.0%	2.1%	2.0%	2.1%	8
Micro Labs*	19	1.6%	1.6%	1.5%	1.8%	1.7%	1.6%	1.5%	1.6%	(1)
Ajanta Pharma	26	0.7%	0.7%	0.7%	0.7%	0.7%	0.8%	0.8%	0.8%	8
U S V	17	1.9%	1.9%	2.0%	1.9%	1.9%	1.9%	2.0%	1.8%	2
Lost market share										
Eris Lifesciences*	23	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.4%	1.3%	(1)
Alembic	21	1.6%	1.5%	1.5%	1.5%	1.5%	1.5%	1.4%	1.4%	(4)
Emcure*	15	2.0%	2.0%	2.0%	2.1%	2.0%	2.0%	2.2%	2.2%	(6)
Dr Reddys Labs	11	3.1%	3.0%	3.0%	3.0%	2.9%	2.9%	3.1%	3.1%	(11)
Zydus Cadila*	12	3.0%	3.0%	3.0%	2.9%	2.9%	2.8%	2.9%	2.9%	(14)
Abbott*	2	6.6%	6.4%	6.3%	6.0%	6.2%	6.2%	6.3%	6.2%	(16)
Lupin Limited	6	3.7%	3.7%	3.6%	3.5%	3.5%	3.4%	3.5%	3.4%	(25)
Glaxosmithkline*	13	3.0%	2.9%	2.7%	2.6%	2.5%	2.4%	2.2%	2.3%	(46)

Source: IQVIA, HSIE Research, * represents corporate

Exhibit 6: Volume share has increased over the last few years

Market share (Unit)	FY24 Rank	FY19	FY20	FY21	FY22	FY23	FY24	Q1'25	Q2'25	FY20-FY24 (bps)
Gained market share										
Cipla	3	6.9%	7.1%	6.6%	7.0%	7.5%	7.8%	6.8%	7.2%	72
Mankind	4	5.1%	5.2%	5.7%	5.5%	5.7%	5.8%	6.1%	5.9%	63
Macleods Pharma	9	2.9%	2.9%	2.8%	3.0%	3.2%	3.3%	3.1%	3.2%	37
Alkem*	5	3.2%	3.4%	3.3%	3.6%	3.7%	3.6%	3.6%	3.9%	28
Ipca Labs	16	1.8%	1.8%	1.9%	1.9%	1.9%	2.0%	2.2%	2.2%	21
Aristo Pharma*	10	3.2%	3.5%	3.6%	3.9%	3.7%	3.7%	3.4%	3.8%	18
U S V	17	2.5%	2.5%	2.8%	2.6%	2.6%	2.7%	2.8%	2.6%	17
Sun*	1	5.8%	5.7%	5.8%	5.5%	5.7%	5.9%	5.9%	5.9%	17
Micro Labs*	19	1.6%	1.7%	1.7%	2.1%	2.0%	1.8%	1.7%	1.8%	16
Glenmark Pharma	14	1.0%	1.1%	1.1%	1.1%	1.2%	1.3%	1.2%	1.2%	15
Intas Pharma*	7	2.3%	2.1%	2.2%	2.2%	2.2%	2.2%	2.2%	2.3%	6
Ajanta Pharma	26	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	3
Lost market share										
Alembic	21	1.2%	1.1%	1.0%	1.1%	1.1%	1.1%	1.0%	1.0%	(3)
Dr Reddys Labs	11	2.6%	2.4%	2.4%	2.5%	2.4%	2.4%	2.4%	2.4%	(4)
Jb Pharma*	22	1.5%	1.6%	1.6%	1.5%	1.5%	1.5%	1.5%	1.4%	(6)
Eris Lifesciences*	23	0.8%	0.8%	0.9%	0.8%	0.8%	0.7%	0.9%	0.8%	(8)
Emcure*	15	1.1%	1.1%	1.1%	1.1%	1.1%	1.0%	1.2%	1.2%	(12)
Abbott*	2	4.7%	4.5%	4.5%	4.4%	4.3%	4.3%	4.3%	4.4%	(22)
Lupin Limited	6	2.7%	2.6%	2.4%	2.4%	2.3%	2.4%	2.4%	2.4%	(22)
Torrent Pharma*	8	3.1%	2.9%	3.0%	2.7%	2.7%	2.7%	2.7%	2.6%	(23)
Zydus Cadila*	12	4.0%	3.9%	3.8%	3.8%	3.5%	3.4%	3.3%	3.3%	(50)
Glaxosmithkline*	13	4.9%	4.6%	4.2%	4.1%	3.8%	3.6%	3.3%	3.3%	(100)

Source: IQVIA, HSIE Research, * represents corporate

The gain in market share (both value and volume) and steady growth in key therapies have helped IPCA to improve its rank in the IPM. Over the last 10 years, the company has improved its rank from 21st to 16th in FY24 (in terms of value, as per IQVIA). It has expanded its presence through MR addition and expanding domestic divisions.

Scale-up in the key therapies to drive value growth

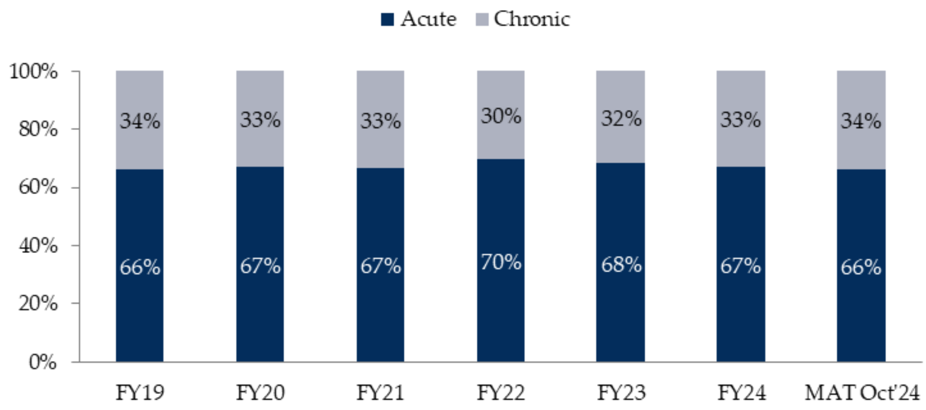
IPCA's sales of its leading therapy pain management, which accounted for 39% of domestic sales in FY24 (source: IQVIA), has demonstrated a notable CAGR of approximately 20% over FY19-24, a 1.9 times beat to the IPM. This growth can be attributed to the expansion of sales channels through the introduction of new divisions, including new product launches, and strong brand building around the Zerodol franchisee and others in the pain category. Going ahead, the company plans to scale up its core therapies as well as various chronic therapies such as anti-diabetic, cardiovascular, neuro/CNS, and respiratory segments.

Exhibit 7: Strong growth in key therapies like pain, CVS and derma

IPCA therapy YoY %	% of FY24 sales	FY20	FY21	FY22	FY23	FY24	Q1'25	Q2'25
Pain / Analgesics	39%	19%	22%	23%	21%	14%	13%	12%
Cardiac	13%	10%	12%	4%	12%	14%	18%	16%
Anti-Infectives	8%	41%	-7%	47%	2%	4%	10%	8%
Derma	6%	42%	14%	41%	23%	23%	18%	19%
Antineoplastic/Immunomodulator	5%	39%	10%	0%	29%	19%	18%	11%
Gastro Intestinal	5%	8%	10%	16%	11%	3%	15%	11%
Respiratory	5%	18%	-11%	67%	23%	4%	-3%	4%
Anti Malarias	4%	8%	-19%	34%	-17%	7%	4%	15%
Urology	4%	23%	11%	31%	40%	27%	38%	38%
Neuro / Cns	4%	26%	17%	25%	24%	12%	13%	16%
IPCA total	**100%**	**19%**	**11%**	**22%**	**14%**	**13%**	**15%**	**13%**

Source: IQVIA, HSIE Research

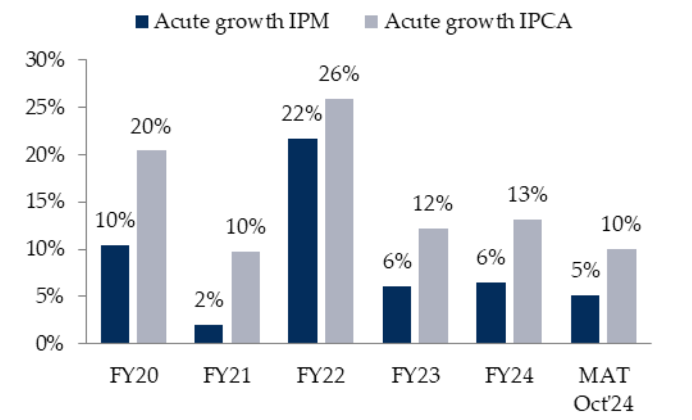
Exhibit 8: Chronic-acute split evening gradually



Source: IQVIA, HSIE Research

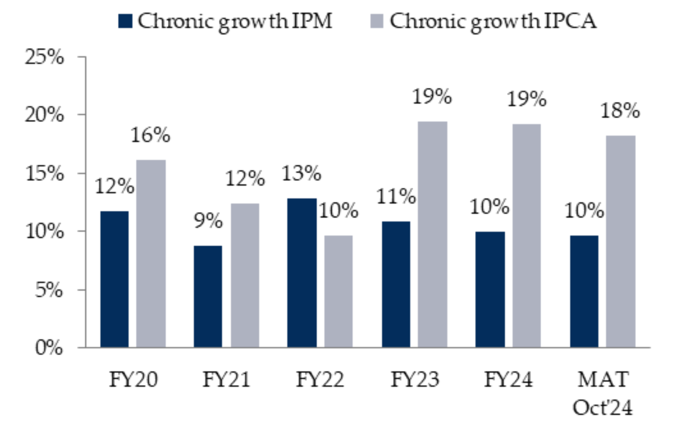
IPCA has outperformed IPM across its key therapeutic segments, including pain management, derma, and urology as well as in the CVS segment in the last two years. Anti-infective growth was at par with the IPM.

Exhibit 9: IPCA has outperformed IPM in acute…



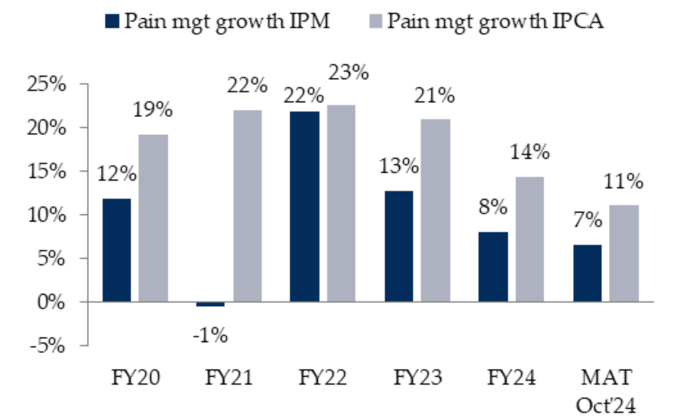
Source: IQVIA, HSIE Research

Exhibit 10: …as well as in chronic segment over FY20-24



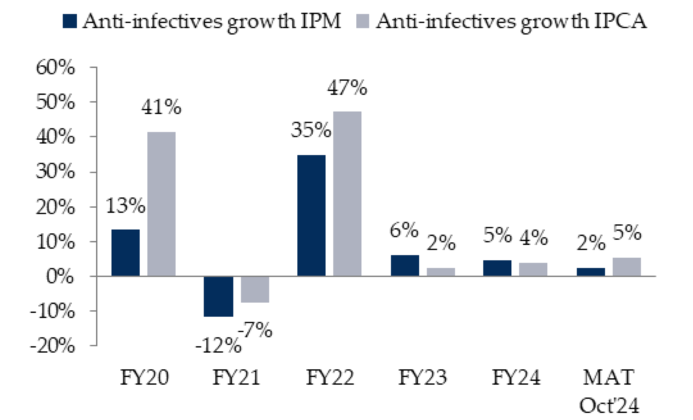
Source: IQVIA, HSIE Research

Exhibit 11: IPCA consistently grew faster in pain management



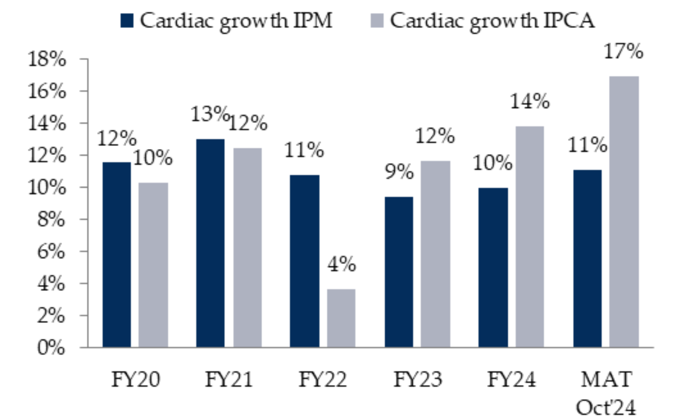
Source: IQVIA, HSIE Research

Exhibit 12: Anti-infective growth was at par with IPM



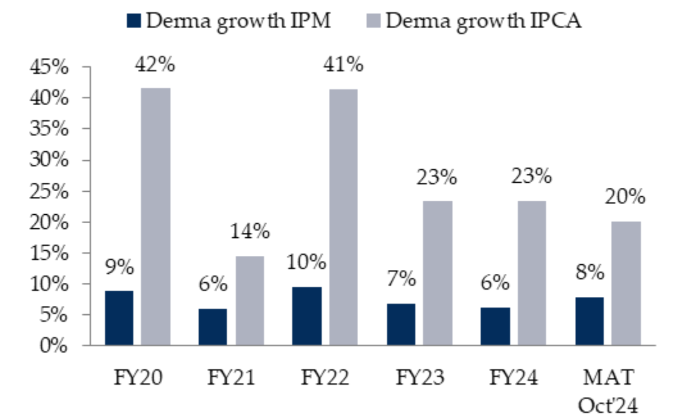
Source: IQVIA, HSIE Research

Exhibit 13: CVS segment scaling up in last two years



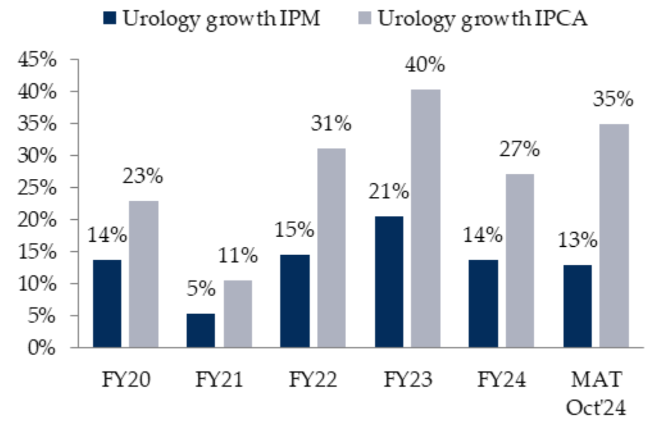
Source: IQVIA, HSIE Research

Exhibit 14: Derma segment saw strong growth momentum



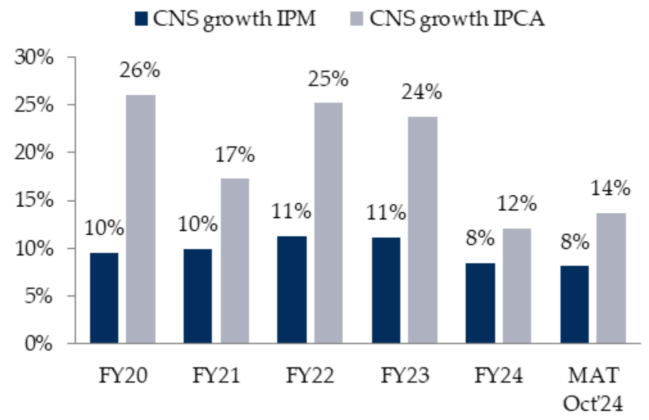
Source: IQVIA, HSIE Research

Exhibit 15: Strong scale-up in Urology and…



Source: IQVIA, HSIE Research

Exhibit 16: …CNS led to Chronic segment growth



Source: IQVIA, HSIE Research

IPCA has significantly expanded its market share across various therapeutic areas in the past 3-4 years, resulting in a gain of approximately 47 bps over FY19-24. Its leading therapies have seen notable shifts:

- Pain management – The market share increased by around 321 bps over FY19-24 to 9.7% by FY24, further rising to 10.5% in H1FY25, driven by strong traction in Zerodol franchisee and new launches.
- Anti-infectives – The market share grew by ~36 bps over FY19-24 to 1.3% by FY24, further increasing to 1.4% in H1FY25, led by strong scale-up in key brands like Lactagard, Rapiclav, and Azibact.
- Derma – The segment gained around 94 bps in market share over FY19-24 to 1.6% by FY24, further increasing to 1.7% in H1FY25, led by healthy market share gain in its Acne-UV brand over the last few years.
- Urology – Market share increased by ~153 bps over FY19-24 to 3.8% by FY24, further increasing to 4.5% in H1FY25, largely due to steady traction in its leading brand Rapilif-D.
- While CVS and anti-diabetic market share was stagnant at ~2% and 0.8% in FY24, CNS saw a market share improvement of ~50 bps over FY19-24 to 1.3% in FY24. A few recent launches in CVS and the anti-diabetic segment like Bisoprolol (CVS) and Dapagliflozin and sitagliptin combinations (anti-diabetics) to help improve growth momentum.

Exhibit 17: Gaining share across leading therapies

IPCA therapy MS %	% of FY24 sales	FY19	FY20	FY21	FY22	FY23	FY24	Q1'25	Q2'25
Pain / Analgesics	39%	6.5	7.0	8.5	8.6	9.2	9.7	10.7	10.2
Cardiac	13%	2.1	2.0	2.0	1.9	1.9	2.0	2.3	2.1
Anti-Infectives	8%	1.0	1.2	1.3	1.4	1.4	1.3	1.4	1.4
Derma	5%	0.7	0.9	0.9	1.2	1.4	1.6	1.8	1.7
Antineoplastic/Immunomodulator	5%	4.3	5.1	5.1	4.3	4.4	4.2	4.5	4.2
Gastro Intestinal	5%	1.0	0.9	1.0	1.0	1.0	0.9	1.0	1.0
Respiratory	6%	0.8	0.9	0.8	1.0	1.1	1.1	1.1	1.2
Anti Malarias	4%	39.5	40.2	42.7	45.0	46.3	45.5	48.1	45.3
Urology	4%	2.2	2.4	2.5	2.9	3.4	3.8	4.6	4.5
Neuro / Cns	4%	0.8	1.0	1.0	1.2	1.3	1.3	1.5	1.4
IPCA total	100%	**1.5**	**1.6**	**1.7**	**1.8**	**1.9**	**2.0**	**2.2**	**2.1**

Source: IQVIA, HSIE Research

Brand-building capabilities are the key differentiator

IPCA has established its strong foothold in the domestic market on the back of its ability to build a strong brand, as it has 6 brands amongst the top 300 brands (Zerodol-SP, Zerodol-P, HCQS, Folitrax, Zerodol-TH, and CTD-T was the latest addition) in the IPM as of FY24. It has expanded its field forces over the last 4-5 years and coupled with an extensive network of stockists and a nationwide presence, the company has effectively transformed its brands into mega brands.

Exhibit 18: Steady growth in the leading brands

IPCA brands YoY	Therapy	% of FY24 sales	FY24 sales (Rs bn)	FY20	FY21	FY22	FY23	FY24	Q1'25	Q2'25
Zerodol-Sp	Pain / Analgesics	13%	5.4	26%	33%	25%	23%	21%	16%	13%
Zerodol-P	Pain / Analgesics	7%	2.8	19%	24%	19%	12%	8%	6%	11%
Hcqs	Pain / Analgesics	4%	1.8	23%	27%	-2%	14%	0%	16%	7%
Folitrax	Antineoplast/Immunomodulator	3%	1.3	16%	20%	8%	22%	15%	17%	10%
Zerodol-Th	Pain / Analgesics	3%	1.2	23%	27%	15%	19%	9%	12%	12%
Ctd-T	Cardiac	2%	1.0	28%	14%	12%	21%	26%	33%	18%
Solvin Cold	Respiratory	2%	0.9	18%	-8%	59%	23%	1%	-4%	6%
Ctd	Cardiac	2%	0.7	16%	12%	5%	8%	6%	11%	14%
Tfct-Nib	Pain / Analgesics	2%	0.7	NA	NA	463%	67%	28%	26%	32%
Pacimol	Pain / Analgesics	2%	0.7	55%	-9%	45%	5%	13%	9%	17%
Top 10 brands		**39%**	**16.5**	**23%**	**16%**	**20%**	**19%**	**13%**	**14%**	**12%**
11-25 brands		**19%**	**8.3**	**26%**	**19%**	**20%**	**14%**	**15%**	**12%**	**11%**
26-50 brands		**17%**	**7.2**	**14%**	**-2%**	**27%**	**5%**	**12%**	**19%**	**16%**
Above 50 brands		**25%**	**10.7**	**13%**	**8%**	**24%**	**16%**	**13%**	**15%**	**15%**
IPCA total		**100%**	**42.7**	**19%**	**11%**	**22%**	**14%**	**13%**	**15%**	**13%**

Source: IQVIA, HSIE Research

The growth of IPCA's top 10 brands (which contribute ~39% of India sales, as per IQVIA) has been driven by both steady volume and pricing over the last few years. Overall, IPCA has seen ~10-11% price-led growth in the last 3-4 years and volume was in the low-single-digit. Most top brands like Zerodol-Sp, Zerodol-P, Zerodol-Th, Ctd-T, Ctd, and Tfct-Nib have seen steady double-digit price growth despite moderate volume growth. On the other hand, Hcqs has seen moderate price and volume growth post the Covid-led strong performance in FY21. Other key brands like Folitrax and Pacimol had moderate price and volume growth.

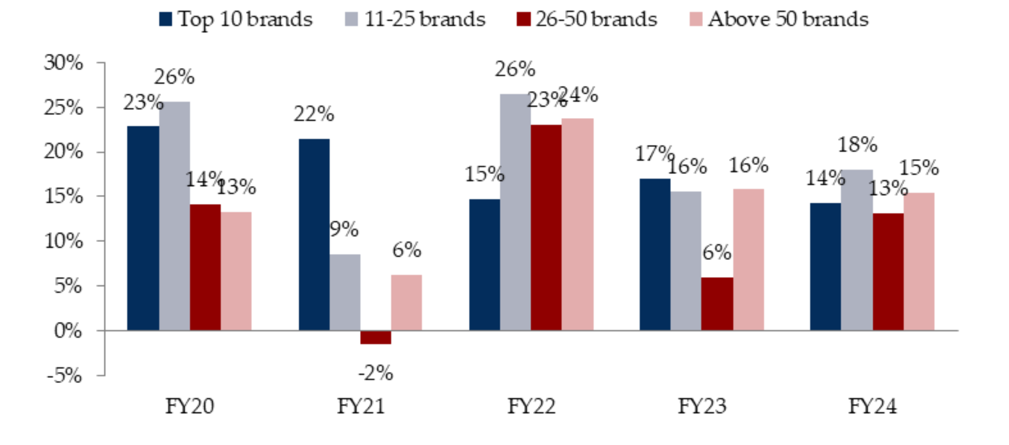
Exhibit 19: Strong growth in key therapies like pain, CVS and derma

Brands/ YoY growth %	FY20	FY21	FY22	FY23	FY24
Value					
Zerodol-Sp	26	33	25	23	21
Zerodol-P	19	24	19	12	8
Hcqs	23	27	(2)	14	0
Folitrax	16	20	8	22	15
Zerodol-Th	23	27	15	19	9
Ctd-T	28	14	12	21	26
Solvin Cold	18	(8)	59	23	1
Ctd	16	12	5	8	6
Tfct-Nib	NA	NA	463	67	28
Pacimol	55	(9)	45	5	13
IPCA - Total	**19**	**11**	**22**	**14**	**13**
Pricing					
Zerodol-Sp	9	10	9	9	13
Zerodol-P	8	11	7	10	10
Hcqs	6	4	1	10	(1)
Folitrax	10	11	5	13	7
Zerodol-Th	8	6	9	8	9
Ctd-T	8	2	7	13	17
Solvin Cold	10	6	13	12	9
Ctd	6	7	8	7	10
Tfct-Nib	NA	NA	(0)	13	19
Pacimol	36	(1)	2	2	5
IPCA - Total	**11**	**11**	**11**	**13**	**10**
Unit					
Zerodol-Sp	17	23	16	14	7
Zerodol-P	11	14	12	2	(1)
Hcqs	16	23	(3)	3	2
Folitrax	6	9	4	10	8
Zerodol-Th	16	20	6	10	0
Ctd-T	20	11	6	8	9
Solvin Cold	8	(14)	46	11	(9)
Ctd	10	5	(2)	1	(4)
Tfct-Nib	NA	NA	463	54	9
Pacimol	19	(8)	42	4	8
IPCA - Total	**8**	**(0)**	**12**	**1**	**4**

Source: IQVIA, HSIE Research

IPCA's top 10 brands (which contribute ~39% of India sales, as per IQVIA) are its key growth drivers over the last 3-4 years, growing in the mid-teen to the high-teen range. Its tier 2 brands (11-25; contributing ~19% of sales) have seen a similar growth trend but tier 3 brands (26-50; contributing ~17% of sales) had a mix single digit to mid-teen growth. Strong brand-building capability and focus on new launches will help sustain steady growth momentum.

Exhibit 20: Brand tier-wise growth trend



Source: IQVIA, HSIE Research

Over the last few years, IPCA has created a strong positioning in the pain/analgesics management category with its leading molecule Aceclofenac. It has built up a strong franchise through line extensions (Aceclofenac and its combinations). IPCA was able to gain market share and outperformed the addressable market in the Aceclofenac category (Exhibit 21 to 25). Moreover, IPCA has market leadership in other key brands like HCQS (Exhibit 26). It has also expanded its presence in other key therapies like anti-infectives (leading brand – Lactagard; Exhibit 30), antineoplastic (leading brand – Folitrax; Exhibit 27), CVS (leading brand – CTD T; Exhibit 28), anti-diabetic (leading brand – Glycinorm-M; Exhibit 31), and respiratory (leading brand – Solvin Cold; Exhibit 29) and continues expanding its market share and growing either at par or ahead of the addressable markets – leveraging its strong brand building capabilities.

The company has been able to maintain its leadership position in Rheumatoid arthritis indication with ~60% market share (as per the company). This became possible on the back of scale-up in its key brands such as Zerodol franchisee and HCQS.

Exhibit 21: Zerodol-SP (Aceclofenac + Paracetamol + Serratiopeptidase) witnessing strong performance

Top tier brands (INR cr)	Company	Therapy	FY21	FY22	FY23	FY24	CAGR
Zerodol-Sp	IPCA	Pain / Analgesics	291	364	447	540	23%
Signoflam	Lupin	Pain / Analgesics	61	68	78	87	13%
Hifenac-D	Intas	Pain / Analgesics	17	18	20	13	-9%
Dolostat-Sp	Blue cross	Pain / Analgesics	11	12	12	13	6%
Total Addressable Market			**518**	**618**	**757**	**886**	**20%**

Market Share %	Company	Therapy	FY21	FY22	FY23	FY24	CAGR bps
Zerodol-Sp	IPCA	Pain / Analgesics	56.1%	58.9%	59.0%	60.9%	482
Signoflam	Lupin	Pain / Analgesics	11.7%	11.0%	10.3%	9.8%	(192)
Hifenac-D	Intas	Pain / Analgesics	3.3%	2.8%	2.6%	1.5%	(184)
Dolostat-Sp	Blue cross	Pain / Analgesics	2.2%	2.0%	1.6%	1.5%	(64)

Source: IQVIA, HSIE Research

Exhibit 22: Zerodol-P (Drotaverine + Aceclofenac) saw steady performance

Top tier brands (INR cr)	Company	Therapy	FY21	FY22	FY23	FY24	CAGR
Zerodol-P	IPCA	Pain / Analgesics	195	232	259	281	13%
Hifenac-P	Intas	Pain / Analgesics	56	65	75	73	9%
Dolokind Plus	Mankind	Pain / Analgesics	23	22	28	26	4%
Aceclo Plus	Aristo	Pain / Analgesics	22	25	27	26	5%
Acenac-P	Medley	Pain / Analgesics	19	21	24	20	1%
Total Addressable Market			**418**	**496**	**530**	**568**	**11%**

Market Share %	Company	Therapy	FY21	FY22	FY23	FY24	CAGR bps
Zerodol-P	IPCA	Pain / Analgesics	46.6%	46.7%	48.9%	49.4%	279
Hifenac-P	Intas	Pain / Analgesics	13.4%	13.1%	14.1%	12.9%	(52)
Dolokind Plus	Mankind	Pain / Analgesics	5.4%	4.5%	5.2%	4.5%	(89)
Aceclo Plus	Aristo	Pain / Analgesics	5.4%	5.0%	5.2%	4.6%	(79)
Acenac-P	Medley	Pain / Analgesics	4.6%	4.2%	4.5%	3.5%	(107)

Source: IQVIA, HSIE Research

Exhibit 23: Zerodol- MR (Aceclofenac + Tizanidine) maintained its leadership and growing at par with the market

Top tier brands (INR cr)	Company	Therapy	FY21	FY22	FY23	FY24	CAGR
Zerodol-Mr	IPCA	Pain / Analgesics	39	44	52	58	14%
Tizanac-Ac	MDC Pharma	Pain / Analgesics	0.0	0.0	0.1	0.1	35%
Total Addressable Market			**40**	**45**	**53**	**59**	**14%**

Market Share %	Company	Therapy	FY21	FY22	FY23	FY24	CAGR bps
Zerodol-Mr	IPCA	Pain / Analgesics	98.7%	98.7%	98.9%	98.7%	4
Tizanac-Ac	MDC Pharma	Pain / Analgesics	0.1%	0.1%	0.1%	0.1%	4

Source: IQVIA, HSIE Research

Exhibit 24: Zerodol (Aceclofenac) overall market growing in low single digit

Top tier brands (INR cr)	Company	Therapy	FY21	FY22	FY23	FY24	CAGR
Zerodol	IPCA	Pain / Analgesics	40	43	47	48	6%
Hifenac	Intas	Pain / Analgesics	15	15	15	16	3%
Dolokind	Mankind	Pain / Analgesics	10	10	9	8	-8%
Aceclo	Aristo	Pain / Analgesics	7	8	7	7	-2%
Topnac	Systopic	Pain / Analgesics	2	2	2	3	4%
Total Addressable Market			**85**	**87**	**91**	**93**	**3%**

Market Share %	Company	Therapy	FY21	FY22	FY23	FY24	CAGR bps
Zerodol	IPCA	Pain / Analgesics	47.7%	49.0%	51.0%	52.0%	432
Hifenac	Intas	Pain / Analgesics	17.7%	17.1%	16.4%	17.4%	(23)
Dolokind	Mankind	Pain / Analgesics	12.0%	11.5%	9.9%	8.5%	(349)
Aceclo	Aristo	Pain / Analgesics	8.7%	8.8%	8.1%	7.5%	(117)
Topnac	Systopic	Pain / Analgesics	2.6%	2.6%	2.6%	2.7%	6

Source: IQVIA, HSIE Research

Exhibit 25: Zerodol- SPAS (Drotaverine + Aceclofenac) outperformed the market growth and gaining market share

Top tier brands (INR cr)	Company	Therapy	FY21	FY22	FY23	FY24	CAGR
Zerodol-Spas	IPCA	Gastro Intestinal	25	30	38	43	20%
Drotin-A	Martin Harris	Gastro Intestinal	5	6	7	8	15%
Hifenac-Spas	Intas	Gastro Intestinal	4	4	5	6	17%
Aceclo Spas	Aristo	Gastro Intestinal	4	5	5	5	3%
Dvn-A	Overseas	Gastro Intestinal	2	3	3	4	25%
Total Addressable Market			**54**	**63**	**78**	**85**	**17%**

Market Share %	Company	Therapy	FY21	FY22	FY23	FY24	CAGR bps
Zerodol-Spas	IPCA	Gastro Intestinal	46.3%	46.9%	48.7%	50.1%	380
Drotin-A	Martin Harris	Gastro Intestinal	9.9%	9.2%	9.0%	9.3%	(53)
Hifenac-Spas	Intas	Gastro Intestinal	7.3%	6.0%	6.5%	7.4%	12
Aceclo Spas	Aristo	Gastro Intestinal	8.2%	7.4%	5.8%	5.6%	(252)
Dvn-A	Overseas	Gastro Intestinal	4.1%	4.2%	4.2%	5.0%	94

Source: IQVIA, HSIE Research

Exhibit 26: HCQS growing bit higher than the market; market share improving

Top tier brands (INR cr)	Company	Therapy	FY21	FY22	FY23	FY24	CAGR
Hcqs	IPCA	Pain / Analgesics	162	159	181	182	4%
Zy-Q	Zydus Life	Pain / Analgesics	11	13	10	9	-7%
Oxcq	Wallace	Pain / Analgesics	8	8	8	7	-4%
Cartiquin	Overseas	Pain / Analgesics	4	4	6	7	26%
Hqtor	Torrent Pharma	Pain / Analgesics	5	3	4	4	-6%
Total Addressable Market			**201**	**195**	**216**	**219**	**3%**

Market Share %	Company	Therapy	FY21	FY22	FY23	FY24	CAGR bps
Hcqs	IPCA	Pain / Analgesics	80.7%	81.6%	83.9%	82.8%	213
Zy-Q	Zydus Life	Pain / Analgesics	5.3%	6.7%	4.8%	4.0%	(135)
Oxcq	Wallace	Pain / Analgesics	3.9%	4.0%	3.5%	3.2%	(69)
Cartiquin	Overseas	Pain / Analgesics	1.8%	2.3%	2.6%	3.3%	151
Hqtor	Torrent Pharma	Pain / Analgesics	2.6%	1.6%	1.8%	2.0%	(62)

Source: IQVIA, HSIE Research

IPCA has also created market leadership in Folitrax, which is a life-long dosing regime that acts as a disease modifying agent—prescribed once daily.

Exhibit 27: Folitrax growing at par with the market but losing out market share to peers

Top tier brands (INR cr)	Company	Therapy	FY21	FY22	FY23	FY24	CAGR
Folitrax	IPCA	Antineoplast/Immunomodulator	84	91	111	128	15%
Biotrexate	Zydus Life	Antineoplast/Immunomodulator	1	1	2	2	27%
Mexate	Zydus Life	Antineoplast/Immunomodulator	3	3	3	3	4%
Mext	Wallace	Antineoplast/Immunomodulator	3	3	3	4	7%
Trexjoy	Intas	Antineoplast/Immunomodulator	2	1	1	1	-10%
Total Addressable Market			**98**	**108**	**130**	**150**	**15%**

Market Share %	Company	Therapy	FY21	FY22	FY23	FY24	CAGR bps
Folitrax	IPCA	Antineoplast/Immunomodulator	85.4%	84.3%	85.2%	85.1%	(28)
Biotrexate	Zydus Life	Antineoplast/Immunomodulator	0.9%	1.3%	1.2%	1.2%	32
Mexate	Zydus Life	Antineoplast/Immunomodulator	2.8%	2.8%	2.3%	2.0%	(72)
Mext	Wallace	Antineoplast/Immunomodulator	3.2%	3.0%	2.6%	2.5%	(64)
Trexjoy	Intas	Antineoplast/Immunomodulator	1.9%	1.1%	1.0%	0.9%	(100)

Source: IQVIA, HSIE Research

IPCA is creating CTD franchisee in the cardiac segment as the next mega-brand after the Zerodol franchisee. However, the overall cardiac market base is smaller than pain management as CTD is prescribed by specialized cardiologists compared to its pain management category which gets prescriptions from specialized as well as GPs (general practitioners). IPCA's USP in CTD is their 6.25 mg dose, which is proven to be better through clinical trials and it offers better nighttime protection or 24-hour protection (compared to 12 hour protection window of the competing brands). IPCA's CTD-T was their sixth brand to enter the top 300 in IPM. It is looking to add one additional division into its CVS segment in CY25.

Exhibit 28: Leading CVS brand outperforming the market growth and gaining market share

Top tier brands (INR cr)	Company	Therapy	FY21	FY22	FY23	FY24	CAGR
Ctd-T	IPCA	Cardiac	59	66	79	100	19%
Telma Ct	Glenmark	Cardiac	49	61	77	91	23%
Tazloc-Ct	USV	Cardiac	44	49	54	57	9%
Telpres-Ct	Abbott	Cardiac	26	30	31	37	12%
Eritel Ch	Eris	Cardiac	40	38	37	39	-1%
Total Addressable Market			**378**	**412**	**464**	**529**	**12%**

Market Share %	Company	Therapy	FY21	FY22	FY23	FY24	CAGR bps
Ctd-T	IPCA	Cardiac	15.5%	15.9%	17.1%	18.9%	339
Telma Ct	Glenmark	Cardiac	13.0%	14.7%	16.5%	17.1%	416
Tazloc-Ct	USV	Cardiac	11.6%	11.9%	11.6%	10.8%	(75)
Telpres-Ct	Abbott	Cardiac	6.8%	7.4%	6.8%	6.9%	8
Eritel Ch	Eris	Cardiac	10.6%	9.3%	7.9%	7.4%	(319)

Source: IQVIA, HSIE Research

Exhibit 29: Respiratory brand outperformed the market growth and gaining market share

Top tier brands (INR cr)	Company	Therapy	FY21	FY22	FY23	FY24	CAGR
Solvin Cold	IPCA	Respiratory	28	46	60	60	29%
Sinarest	Centaur	Respiratory	90	90	130	154	20%
Febrex Plus	Indoco	Respiratory	119	91	127	126	2%
Wikoryl	Alembic	Respiratory	49	76	85	79	18%
Maxtra-P	Emcure	Respiratory	27	44	51	45	18%
Total Addressable Market			**531**	**848**	**985**	**904**	**19%**

Market Share %	Company	Therapy	FY21	FY22	FY23	FY24	CAGR bps
Solvin Cold	IPCA	Respiratory	5.2%	5.4%	6.1%	6.6%	136
Sinarest	Centaur	Respiratory	16.9%	10.6%	13.2%	17.0%	9
Febrex Plus	Indoco	Respiratory	22.5%	10.7%	12.9%	13.9%	(858)
Wikoryl	Alembic	Respiratory	9.2%	8.9%	8.6%	8.8%	(39)
Maxtra-P	Emcure	Respiratory	5.1%	5.2%	5.2%	4.9%	(11)

Source: IQVIA, HSIE Research

Exhibit 30: Anti-infective brand had strong growth over FY21-24 and expanded market share

Top tier brands (INR cr)	Company	Therapy	FY21	FY22	FY23	FY24	CAGR
Lactagard	IPCA	Anti-Infectives	35	44	45	63	22%
Magnex	Pfizer	Anti-Infectives	182	143	176	200	3%
Zostum	Emcure	Anti-Infectives	93	117	138	182	25%
Zonamax-Es	Macleods	Anti-Infectives	10	9	23	32	48%
3Cef Novo	Alkem	Anti-Infectives	11	11	16	17	16%
Total Addressable Market			**431**	**557**	**614**	**628**	**13%**

Market Share %	Company	Therapy	FY21	FY22	FY23	FY24	CAGR bps
Lactagard	IPCA	Anti-Infectives	8.1%	7.9%	7.3%	10.0%	195
Magnex	Pfizer	Anti-Infectives	42.3%	25.7%	28.6%	31.9%	(1,032)
Zostum	Emcure	Anti-Infectives	21.5%	21.1%	22.5%	29.0%	755
Zonamax-Es	Macleods	Anti-Infectives	2.3%	1.6%	3.7%	5.1%	283
3Cef Novo	Alkem	Anti-Infectives	2.5%	2.0%	2.6%	2.7%	19

Source: IQVIA, HSIE Research

Exhibit 31: Anti-diabetic brand saw muted growth with steady market share

Top tier brands (INR cr)	Company	Therapy	FY21	FY22	FY23	FY24	CAGR
Glycinorm-M	IPCA	Anti Diabetic	53	49	50	63	6%
Reclimet	Dr Reddy's	Anti Diabetic	75	90	102	101	10%
Glizid-M	Mankind	Anti Diabetic	60	60	62	86	13%
Diamicron Mex	Serdia	Anti Diabetic	34	36	37	45	10%
Euclide-M	Alkem	Anti Diabetic	10	12	14	13	10%
Total Addressable Market			**445**	**465**	**486**	**537**	**7%**

Market Share %	Company	Therapy	FY21	FY22	FY23	FY24	CAGR bps
Glycinorm-M	IPCA	Anti Diabetic	11.9%	10.6%	10.3%	11.7%	(16)
Reclimet	Dr Reddy's	Anti Diabetic	17.0%	19.5%	21.0%	18.8%	187
Glizid-M	Mankind	Anti Diabetic	13.5%	13.0%	12.9%	16.0%	246
Diamicron Mex	Serdia	Anti Diabetic	7.6%	7.8%	7.6%	8.3%	73
Euclide-M	Alkem	Anti Diabetic	2.2%	2.6%	2.8%	2.4%	21

Source: IQVIA, HSIE Research

In-licensing of Diulcus to strengthen IPCA's derma business in India

In Aug'24, IPCA entered a partnership with NovaLead and launched its patented drug brand Diulcus (Esmolol Hydrochloride) in India. Diulcus tropical gel 15 mg strength is indicated for the treatment of Diabetic Foot Ulcer (DFU). As part of the licensing agreement, IPCA has agreed to pay INR 130 mn upfront as a licensing fee to NovaLead, and royalty payment on sales as well as other milestone-linked payments.

IPCA successfully launched the product in August 2024 and has priced Diulcus 15mg gel at INR 1,365 per pack across its pan-India network of 4,000+ distributors. The gel is expected to require 6-7 tubes for a complete treatment course, which can last anywhere between 12 and 24 weeks.

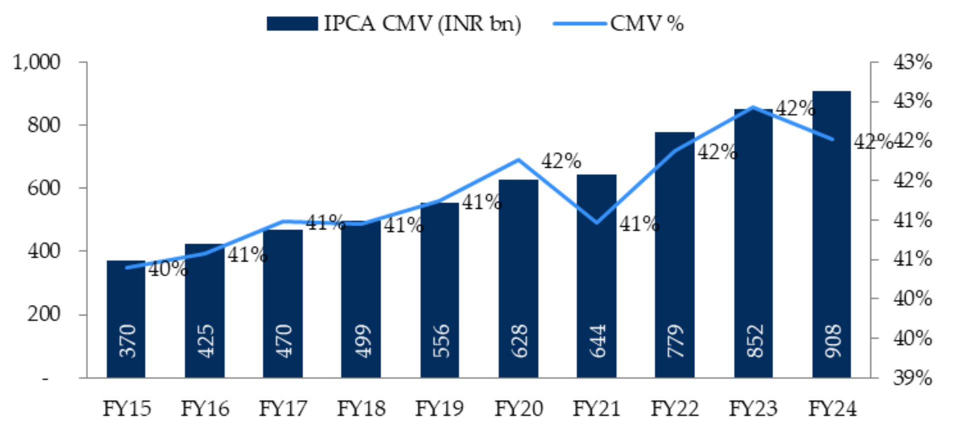
IPCA expects to gain a competitive advantage over existing brands for DFU treatment, including **Xoban** (Ajanta), **Cadomer** (J.B. Chem), **Cadress** (Cipla), and **Addex** (Franco) in the drug segment, as well as **Diulcus** (IPCA) and **Plermin** (Dr. Reddy's) in the gel segment, and **Woxheal** (Centaur) in the solution segment. These are primarily DFU maintenance drugs that do not aid in curing the wounds (ulcers) caused by diabetes. IPCA's **Diulcus** is supported by clinical trial data demonstrating a 60.3% ulcer closure rate within three months of treatment, further improving to 77.2% after six months, even when treatment was discontinued at three months.

With the rising prevalence of diabetes in India, where 100 mn individuals are currently diagnosed and another 136 mn are affected by pre-diabetes, diabetic foot ulcers (DFUs) have become a significant complication. DFUs impact approximately 15% of diabetic patients, leading to an estimated 100,000 foot amputations annually in India. IPCA has identified ~2,500 specialized doctors as potential prescribers, with 550 experts already on board to prescribe **Diulcus** for DFU treatment. IPCA anticipates a strong scale-up over the next 3–4 years and aims to achieve an annual sales run rate of ~INR 1 bn within the next three years.

IPCA expanding the covered market

Over the last few years, the company has expanded its covered market by 1.5x, reaching ~INR 908 bn (~42% of the IPM) in FY24, up from INR 367 bn in FY15. The focus remains on deepening its presence in existing markets while enabling entry into new markets and therapy areas through new launches, line extensions, and scaling up in emerging therapies such as dermatology (hair care, acne, and cosmetic segments), antineoplastics, respiratory, urology, and CNS. The company is also targeting the near-term launch of new products, including Liraglutide and other combination drugs.

Exhibit 32: The company focus to expand market coverage

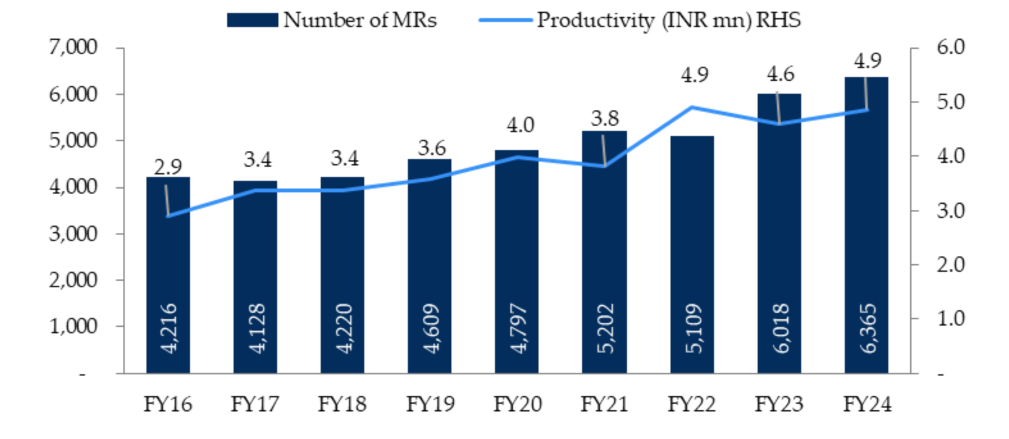


Source: Company, IQVIA, HSIE Research

IPCA's focus on improving productivity

IPCA has expanded its field force over the last few years to approximately 6,365 (including field managers; 6,577 as of Sep'24) in FY24, up from around 4,216 in FY16 — adding about 2,150 MRs over the last 9-10 years. This expansion was in sync with the growth of its marketing division, which increased to 21 in FY24 from 16 in FY16/17. Furthermore, with increasing market coverage, expansion in metro and class I cities, a scale-up in new launches, and strong brand-building capabilities, the company has seen an improvement in productivity, rising to ~INR 4.9 mn in FY24 from INR 2.9 mn in FY16. The company plans to expand its field force to approximately 7,000 over the next 12-18 months to improve market coverage, aligning with the expansion of its divisions — aiming to add 3-5 new divisions during the same period.

Exhibit 33: MR addition and productivity improvement over the last few years



Source: Company, HSIE Research, Productivity = India formulation sales / Number of MRs

Unichem integration remains key to accelerate export growth

In April 2024, IPCA signed a definitive Share Purchase Agreement (SPA) to acquire a 33.38% stake in Unichem Labs from the promoter, Dr. Prakash Amrut Mody (46.2%), at a price of INR 440 per share, totalling INR 9.45 bn. Additionally, IPCA acquired a 19.29% stake through an open offer for INR 5.97 bn. The total consideration for the deal was INR 15.43 bn, at a valuation of 2.3x EV/sales and 36.6x EV/EBITDA for FY22 (on FY24, the implied valuations are 1.7x EV/sales and 29.2x EV/EBITDA). The key rationale for the acquisition was to enhance the export business.

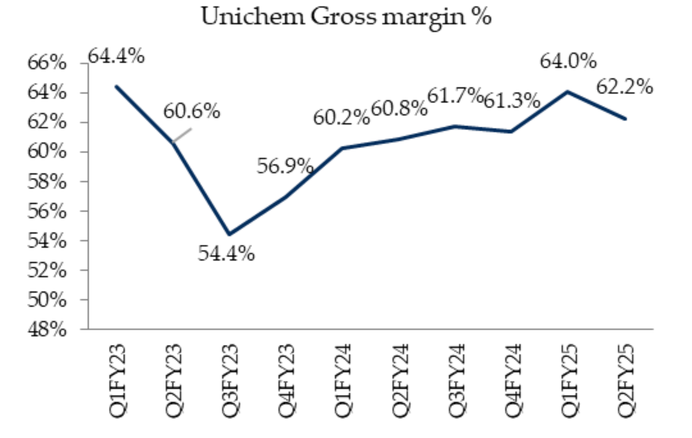
The company expects to have synergies:

- Initially, the company achieved cost synergies from a few low-hanging fruits, such as procurement, rationalizing vendors/utility costs, and improving production efficiency.
- Going forward, the company targets other factors, such as changing the sourcing of raw materials and APIs from external to in-house facilities—leveraging the API manufacturing capabilities of IPCA—as well as improving capacity utilization at Unichem's facilities. IPCA is also looking to rationalize a few fixed assets.
- In the US business, Unichem has approximately 75 ANDA filings and 60+ approvals, of which it has launched 50+ products. IPCA plans to leverage its 43 filed ANDAs and 30 approved ones to expand in the US market. The company expects to launch 5–6 products from the Unichem portfolio and 5–6 launches from IPCA's portfolio in FY25. It expects to sustain similar launch momentum over the next few years.
- Unichem has around 80 formulation product approvals in the EU/ other market, and IPCA is looking to leverage its own presence in the EU and UK markets to scale up launches.

- IPCA expects Unichem to achieve revenues of approximately INR 18.5-19 bn, with steady improvement in gross margin and EBITDA of ~INR 2.2+ bn, implying an EBITDA margin of ~12+%. Margin expansion is anticipated to be driven by the integration of procurement processes, rationalization of utility costs, control of other overhead costs, and improvements in operational efficiencies at Unichem's API plant.

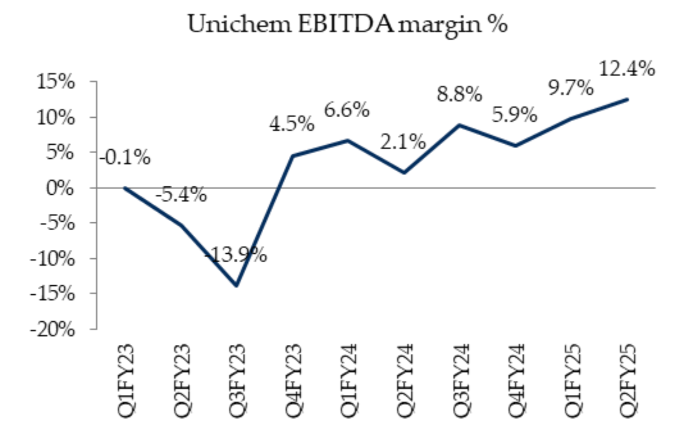
The integration synergies between IPCA and Unichem have already begun to reflect in Unichem's performance, with steady growth and sharp improvements in gross margin and EBITDA margin in H1FY25. Going forward, the EBITDA margin for Unichem is expected to improve, driven by cost synergies and a scale-up in key markets such as the US and EU.

Exhibit 34: Unichem's improved gross margin led to…



Source: Company, HSIE Research

Exhibit 35… improvement in EBITDA margin



Source: Company, USFDA, HSIE Research

Exhibit 36: Unichem revenue mix—formulation business to see steady growth

Unichem revenue mix (INR mn)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
India formulations	292	371	413	322	410	451	496	545
YoY growth		27%	11%	-22%	27%	10%	10%	10%
% of sales	3%	3%	3%	2%	2%	2%	2%	2%
US formulations	6,377	7,076	7,343	7,856	10,057	11,088	12,750	14,450
YoY growth		11%	4%	7%	28%	10%	15%	13%
% of sales	58%	57%	58%	58%	59%	60%	61%	61%
US formulations (USD mn)	90	95	99	98	121	132	150	170
YoY growth		6%	3%	-1%	24%	9%	14%	13%
Other countries formulations	2,689	3,080	3,213	3,405	4,731	5,157	5,775	6,526
YoY growth		15%	4%	6%	39%	9%	12%	13%
% of sales	24%	25%	25%	25%	28%	28%	27%	28%
Total formulations	**9,358**	**10,526**	**10,969**	**11,582**	**15,198**	**16,695**	**19,021**	**21,522**
YoY growth		**12%**	**4%**	**6%**	**31%**	**10%**	**14%**	**13%**
% of sales	85%	85%	86%	86%	89%	90%	90%	91%
Total API	1,138	1,373	1,511	1,442	1,376	1,431	1,517	1,624
YoY growth		21%	10%	-5%	-5%	4%	6%	7%
% of sales	10%	11%	12%	11%	8%	8%	7%	7%
Total revenues	**11,037**	**12,351**	**12,698**	**13,430**	**17,049**	**18,625**	**21,062**	**23,695**
YoY growth		**12%**	**3%**	**6%**	**27%**	**9%**	**13%**	**13%**

Source: Company, HSIE Research

Scale-up in the US and EU generics business to leverage Unichem acquisition

Unichem has ~75 ANDA filings and 60+ approvals, of which it has launched 50+ products in the market, generating revenue of ~USD 121 mn in FY24. It has a well-established front-end presence in the US market, and IPCA is looking to leverage its 43 filed ANDAs and 30 approved ones to expand in the US market. Moreover, IPCA will integrate Bayshore (its US-based subsidiary) with Unichem. The company expects to launch 5-6 products from the Unichem portfolio and 5-6 launches from IPCA's portfolio in FY25. Additionally, it targets to launch 5-6 products from IPCA, as well as a few products from the Unichem portfolio, in FY26. Furthermore, IPCA's plant clearance by the USFDA will support scaling up the filing process and normalizing API supplies from the Ratlam plant over the next 1-2 years. This coupled with improvement in utilisation for Unichem's plant at Goa (~20% utilization; for the US market) and Baddi plant (30-35% utilisation; for ex-US market) to support the growth and margin over the next few years.

Exhibit 37: Unichem's USFDA approved facilities

Type	Location	Installed capacity (mn p.a.)/ details	Regulatory approvals
Formulation	Goa	Tablets: 7,000	USFDA, EMA (EU), MHRA (UK), TGA (Aus), WHO - GMP, TFDA (Tanzania), SAHPRA (SA), ANVISA (Brazil), NDA (Uganda), Russia, Zimbabwe
		Capsules: 200	
	Ghaziabad (UP)	Tablets: 2,750	USFDA, MHRA (UK), WHO-GMP, Health Canada, SAPHRA (SA), ANVISA (Brazil), TGA (Aus), Russia, Ukraine, Zimbabwe, Food safety and drug administration (Uttar Pradesh)
		Capsules: 250	
	Baddi (HP)	Tablets: 103	MHRA (UK), WHO - GMP, ANVISA (Brazil), South Africa, others
		Capsules: 235	
		Dry syrup: 6.7	
API	Roha (MH)	8 plants with 4 multi-purposes	USFDA, WHO GMP, TGA, EDQM, PMDA, Ireland, ISO 14001, ISO 45001
	Pithampur (MP)	9 multi-purpose plants and 1 common solvent recovery	USFDA, COFEPRIS, WHO-GMP, KFDA, ISO 14001, ISO 45001
	Kolhapur (MH)	3 multi-purpose plants	USFDA, WHO – GMP

Source: Company, HSIE Research

Exhibit 38: Inspection status for Unichem and IPCA plants

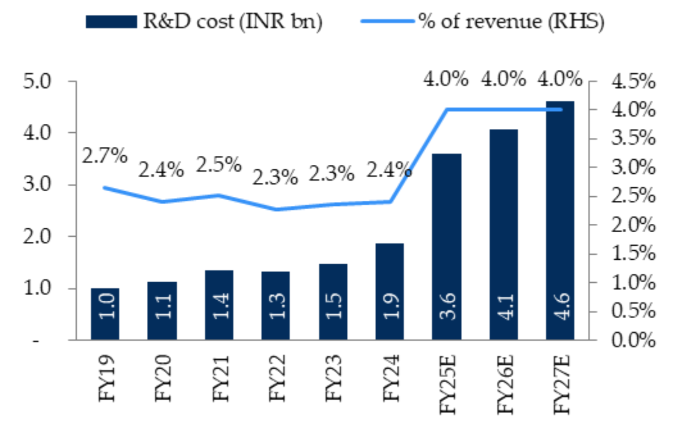
Company	Inspection Date	Facility	No. of observations	Facility Status
IPCA	Jul-24	Unichem, Goa	5	EIR + VAI (Sep'24)
	Feb-24	Unichem Ghaziabad (UP) formulation facility	0	-
	Jun-23	Pithampur (form.)	8	EIR + VAI (Oct'23)
	Jun-23	Ratlam (API)	11	EIR + VAI (Oct'23)
	Apr'23	Silvassa (Piparia)	3	VAI (Aug'23)
	Aug'19	Ratlam (API), Silvassa and Pithampur (Formulations)	3	Import Alert since Mar-15 (Ratlam in Jan-15); Silvassa OAI in Nov'19; Exempted for HCQS in Mar'20

Source: Company, HSIE Research

After receiving clearance for its plants at Pithampur (formulation), Ratlam (API), and Silvassa, Piparia (formulation), IPCA expects to scale up its US formulation business by re-launching certain viable products from its ~18 already approved ANDAs, such as gPlaquenil (Hydroxychloroquine), gUltram (Tramadol HCL), gHyzaar (Losartan Potassium and HCTZ), gCozaar (Losartan Potassium), and gZofran (Ondansetron HCL), among others.

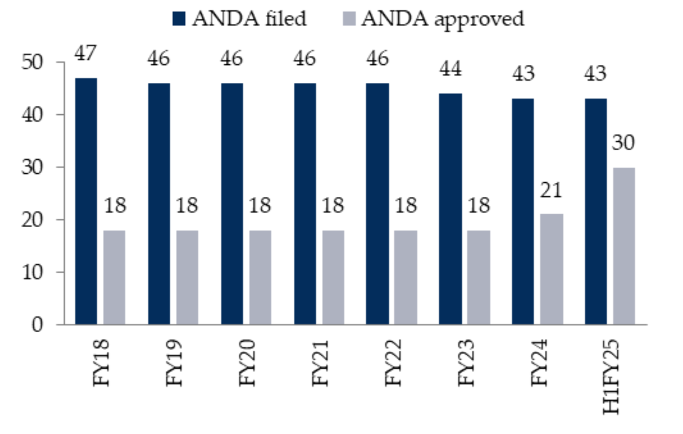
Furthermore, following plant clearance, the company has received approval for 10–12 ANDAs, including gZofran ODT (US market size: ~USD 95 mn), gLunesta (~USD 120mn), gNeurontin capsules and tablets (~USD 140mn), gLodine (~USD 76 mn), and gFosamax. This provides visibility to scale up IPCA's US business over the next few years, supported by the Unichem integration, which has recently received approval for a few promising opportunities such as gEffient (~USD 200 mn), gCardura (~USD 180 mn), gDetrol LA (~USD 140 mn), gVimpat (~USD 250+ mn), and gIntuniv XR (~USD 300+ mn). Unichem also has final approval for its para IV filing of gOtezla (Apremilast tablets; USD 1.88 bn), with launch visibility in FY28/29. Key drivers for IPCA's growth in the US generic business include scaling up strategic tie-ups, leveraging Unichem's network to improve traction for new launches over the next few years, and exploring CDMO opportunities as a critical growth avenue.

Exhibit 39: Steady R&D for the combined entity



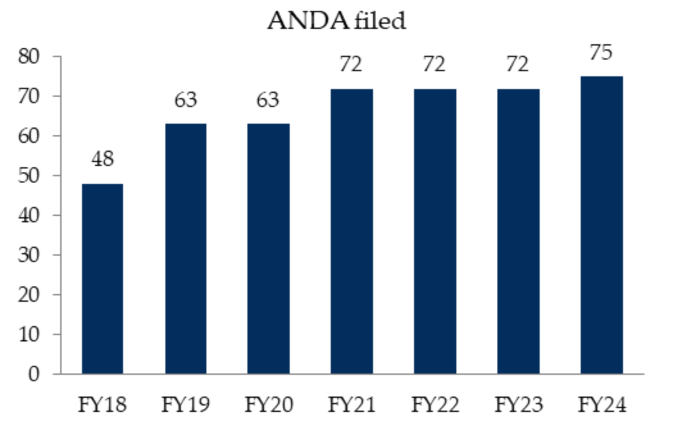
Source: Company, HSIE Research

Exhibit 40: ANDA filing/ approval to improve for IPCA



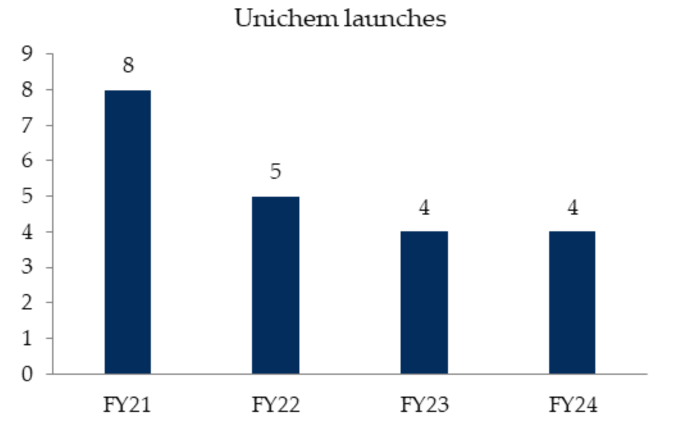
Source: Company, USFDA, HSIE Research

Exhibit 41: Unichem filing to pick up from FY26



Source: Company, USFDA, HSIE Research

Exhibit 42: Unichem has 50+ launch and expects 5-6 p.a launches



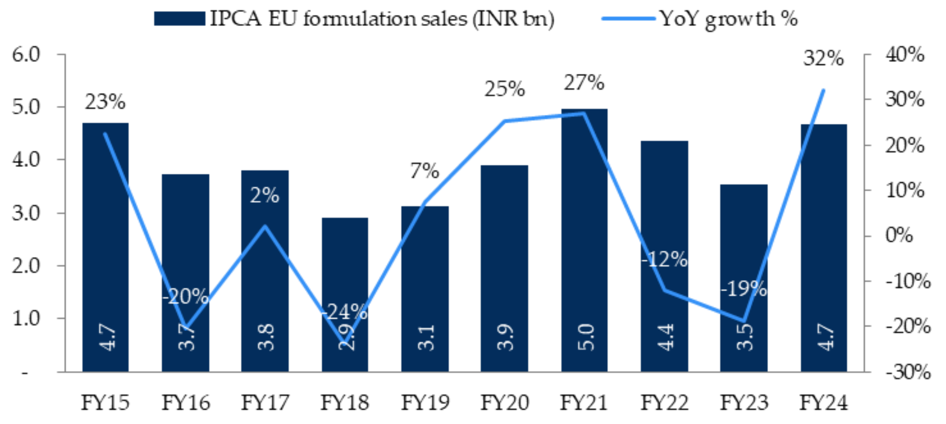
Source: Company, USFDA, HSIE Research

IPCA's formulation business in Europe has seen steady growth over the last few years, driven by new launches and market expansion. However, growth was impacted in FY17/18 due to regulatory actions against one of the company's major customers in FY18 and the effects of currency devaluation following Brexit. Additionally, in FY22/23, sales growth was affected by the high Covid-led base of FY21 and a change in the business operation model from distributor-led to its own front-end. In FY24, growth recovered, supported by strong traction in its UK business and a scale-up in new launches.

The company has developed and submitted 55 generic formulation dossiers for registration in Europe, of which 50 dossiers are registered. It has also obtained Certificates of Suitability (COS) for 64 APIs from the European Directorate for Quality Medicines (EDQM). The company has begun marketing generic formulations in the UK under its own label, and this business is expected to see steady growth, with several more generic formulations lined up for commercialization.

Unichem has approximately 80 formulation product approvals in the EU/ other markets but currently markets very few products. IPCA is looking to leverage its own presence (currently marketing 50–60 products) in the EU and UK markets to scale up launches. IPCA plans to expand the business by registering company-developed dossiers approved in the UK in select EU countries, focusing on improving profitability by shifting material sourcing to in-house APIs, and exploring CDMO opportunities.

Exhibit 43: Europe formulation business to remain on steady growth path



Source: Company, HSIE Research

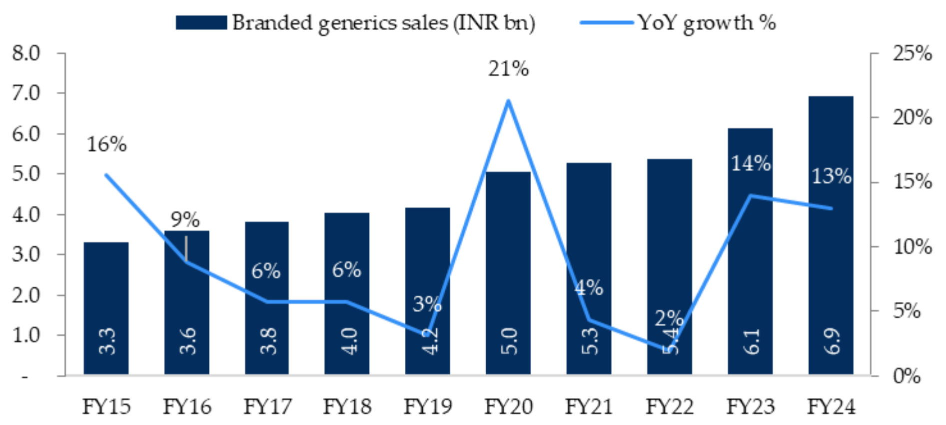
IPCA is also looking to expand the presence in the emerging markets as the company has filed its first product in Chile – which is largely a tender market and Chile accepts the USFDA-approved products without additional trials/studies for the registration. The company aims to register 10-13 products in Chile.

Branded generic and institutional business to see steady growth

IPCA has emerged as one of the stronger players in the branded generics business across key markets of (1) the African regions like south Africa and Nigeria, (2) Asian countries like Nepal, Sri Lanka, Myanmar, Philippines, and Vietnam, and (3) CIS region in countries like Russia, Kazakhstan, and Belarus – through its own field force and leading brands.

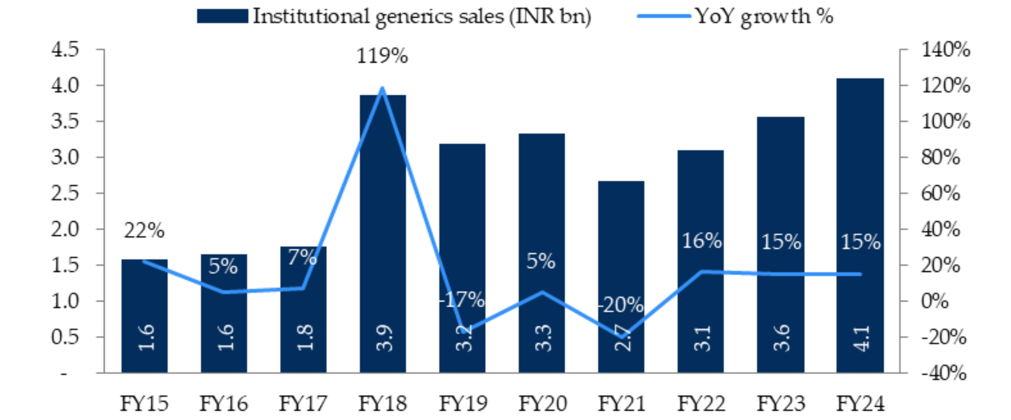
Moreover, it has a strong presence in the institutional supply business for its anti-malaria products for the Global Fund pooled procurement and private sector co-payment mechanics. It has already secured approval and started supplies of key products like Artemether + Lumefantrine dispersible tablet and Artesunate injectables.

Exhibit 44: Branded generics –muted in FY25; recovery in FY26 and steady in FY27



Source: Company, HSIE Research

Exhibit 45: Institution business towards steady growth momentum



Source: Company, HSIE Research

Going ahead, the company is focusing on (1) strong brand-building in its key therapeutic segments such as pain/allergic management, CVS, CNS, anti-infectives, and anti-malaria, (2) deeper penetration in its existing covered markets/ countries through deployment of addition field force, (3) introducing new products as it has identified multiple products for registration across the countries from its existing developed formulations, and (4) expansion in business operations like institutions and distributors. IPCA is also developing a temperature regulated products for Russia and Africa markets.

Its institutional business had an adverse impact in FY19-21, largely due to lower demand, Covid, as well as Ratlam plant upgradation during FY19; post which it has seen steady recovery in the business and expects to sustain growth momentum on the back of the visibility of order book for tender supplies.

API business (16% of sales) to be a steady growth lever

IPCA is one of the largest API manufactures globally with ~55 DMFs filed with the USFDA, 60+ Certificates of Suitability (COS) in Europe and multiple dossiers in RoW markets. The company has nine API dedicated plants spread across India and two plants outside India - one in the UK (Onyx Scientific) and another in the US (Pisgah Labs). IPCA has leadership position in few of the key molecules such as sartans (Losartan – one of largest capacity globally, Telmisartan, Valsartan), Apixaban, Rivaroxaban, Hydroxychloroquine, Metoprolol succinate, etc.

Exhibit 46: IPCA's API plant and location

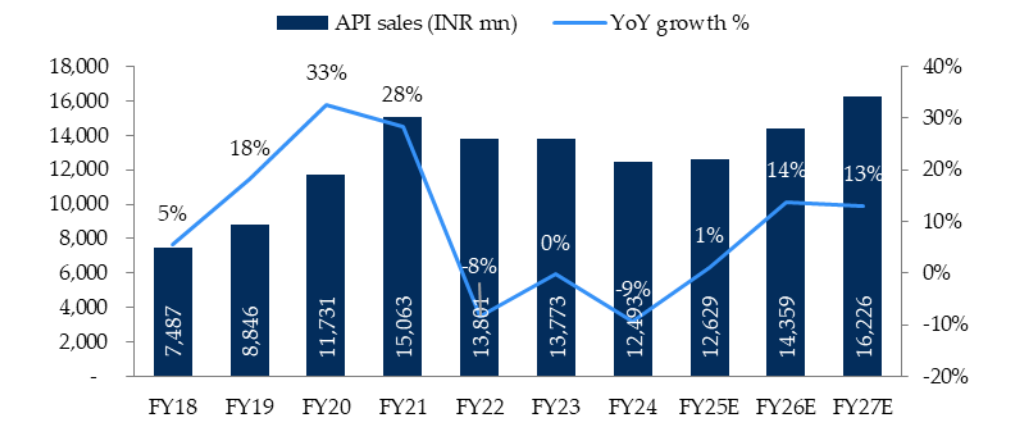
API plant location	Approvals by Agencies
Ratlam (Madhya Pradesh)	Australia, Brazil, Canada, EDQM, EU, India, Japan, Korea, Mexico, Russia, Slovenia, USA, WHO
Indore (Madhya Pradesh)	India, EU, WHO
Dewas (Madhya Pradesh)	India
Ankleshwar (Gujarat)	EU, India, Japan, Mexico
Nandesari (Gujarat)	EU, India
Aurangabad (Maharashtra)	EU, India, MFDS, Russia, TGA, USA, Japan
Mahad (Maharashtra)	State FDA
Ranu (TalukaPadra) (Gujarat)	EU, India, Mexico
Tarapur, Boisar (Maharashtra)	EU, India, USA

Source: Company, HSIE Research

IPCA's API business saw steady growth in the past, largely driven by its leadership position in 10-12 key API molecules (Losartan, Valsartan, Hydroxychloroquine, etc.). The company registered robust performance in FY21 (India grew 54% YoY and exports grew 35% YoY), driven by higher demand for Hydroxychloroquine Sulphate and Chloroquine Phosphate, as these molecules were considered useful in the treatment of Covid-19 in the initial period of the coronavirus outbreak (leading to a one-off sales gain of ~INR 1.8bn).

However, the following three years were marked by multiple constraints, which led to muted performance in the API business: (1) in FY22, the high base impact and capacity constraints led to a decline in sales, (2) in FY23, sales were impacted by supply challenges and Azido as well as Nitrosamine impurity-related issues, which were rectified in H2FY23 with new processes and filings — this led to muted growth in FY23, and (3) in FY24, a correction in API prices and lower demand for anti-malaria APIs led to a 9% YoY decline.

Exhibit 47: API business to remain on steady growth path

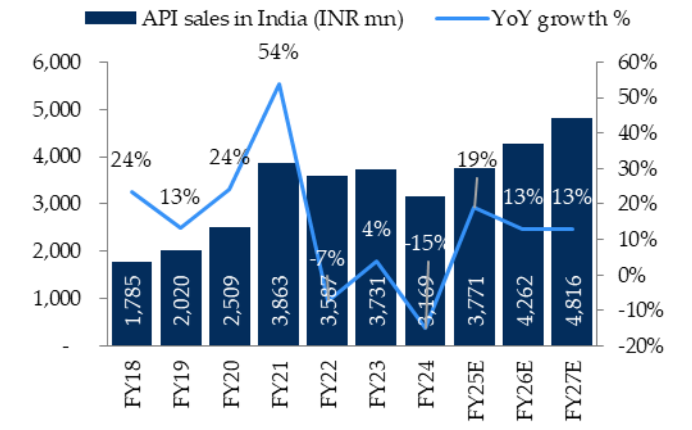


Source: Company, HSIE Research

Going forward, the API business is expected to see steady recovery, driven by the scale-up of the Dewas plant (commissioned in FY23), new product launches, normalization in demand for sartan molecules, and ramp-up at the Ratlam plant following USFDA clearance (which has already begun shipments and aims to start supplies for 5-6 products in the US in the near term). While growth in FY25 is expected to remain in the low-single digits due to supply chain issues in the export business, recovery is anticipated from FY26, supported by new launches, demand, and supply chain normalization, as well as the integration of Unichem and its 77 DMF filings. The company plans to upgrade Unichem's API business and plants to improve scale and profitability over the next few years.

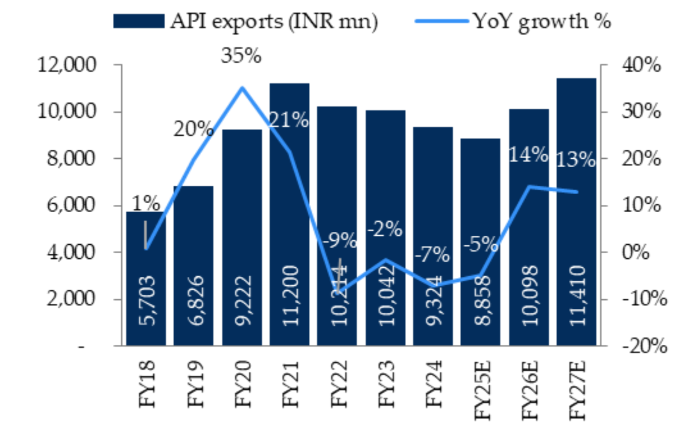
IPCA is focusing on (1) consolidating its sartan API business globally, (2) pursuing long-term strategic tie-ups with major formulation companies based in South America and Europe, (3) leveraging its strong customer base of over 1,000 customers across 90 countries to introduce new pipeline products, (4) increasing its presence in emerging markets such as LATAM, CIS, and China, (5) exploring strategic business relationships with smaller API manufacturers to expand its product portfolio, and (6) utilizing its plants to support in-house API requirements for its formulation products in generic markets like the US and EU.

Exhibit 48: India API business to see steady growth



Source: IQVIA, HSIE Research

Exhibit 49: Export API to recover from FY26



Source: IQVIA, HSIE Research

Exhibit 50: API export – geographical split

API export break-up (INR mn)	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Europe	2,058	2,209	2,445	2,606	2,328	2,735	3,153
YoY growth	-7%	7%	11%	7%	-11%	18%	15%
Africa	210	395	340	558	620	551	427
YoY growth	-7%	88%	-14%	64%	11%	-11%	-22%
Americas	1,543	2,068	3,122	3,985	3,405	2,978	2,555
YoY growth	13%	34%	51%	28%	-15%	-13%	-14%
Asia	1,728	2,003	3,096	3,697	3,575	3,415	2,671
YoY growth	1%	16%	55%	19%	-3%	-4%	-22%
CIS	119	92	172	250	257	325	459
YoY growth	31%	-22%	86%	45%	3%	26%	41%
Australasia	44	59	47	105	29	38	60
YoY growth	-6%	32%	-20%	124%	-72%	31%	56%
Total APIs exports	**5,703**	**6,826**	**9,222**	**11,200**	**10,214**	**10,042**	**9,324**
YoY growth	**1%**	**20%**	**35%**	**21%**	**-9%**	**-2%**	**-7%**

Source: IQVIA, HSIE Research

The focus is on inorganic growth—M&As and in-licensing opportunities

IPCA, being financially strong with a consistent track record of generating free cash flow (except for FY24, which was impacted by the Unichem deal), and with a focus on backward integration, has undertaken multiple acquisitions over the last 5–10 years. In the past, the company has explored opportunities in API-CDMO through the acquisition of Onyx Research (2011), Avik Pharma (2013), and Pisgah Labs (2018). For complex fermentation-based API baskets and intermediates, it acquired a stake in Krebs Biochem (2015). The focus on APIs and intermediates continued with the acquisition of Ramdev Chemicals (2019) and Noble Explochem (2020). The most recent acquisition of a controlling stake in Unichem, aimed at expanding the international business, marked the largest M&A in IPCA's history.

Although the company is not aggressively pursuing major M&As in the near term, given its primary focus on integrating and turning around the Unichem business, it remains open to small brand acquisitions or in-licensing opportunities. These efforts are aimed at introducing differentiated molecules and filling portfolio gaps.

Exhibit 51: IPCA's M&As focused on strengthening backward integration and creating a front-end presence

Date	Region	Company	Product portfolio	Acquisition value
Aug-11	EU	Onyx Research	Chemistry solutions provider	INR 340 mn (All Cash)
Nov-13	India	Avik Pharma	APIs and intermediates	INR 65.1 mn (50% stake)
Feb-15	India	Krebs Biochem	Contract manufacturing and API manufacturing	INR 95.4 mn (19.8% stake)
Jan-18	US	Pisgah Labs	Contract manufacturer and developer of APIs and intermediates	USD 9.7 mn (All cash)
Oct-18	US	Bayshore Pharma	9 generics ANDA	USD 13.3 mn (All Cash)
Apr-19	India	Ramdev Chemicals	APIs and intermediates	INR 1.1 bn (All cash)
Jan-20	India	Noble Explochem	APIs and intermediates	INR 690 mn (All Cash)
Jun-21	India	Trophic Wellness	Nutraceuticals	INR 212 mn (addnl. 13.09% stake)
Nov-21	India	Lyka Labs	injectables, lyophilized injectables and topical formulations	INR 979 mn (26.6% stake)
Apr-23	Exports/ India	Unichem Labs	US generics, Branded generics, and API	INR 9.45 bn (33.38% stake) INR 5.98 bn (19.29% stake in open offer)

Source: Company, HSIE Research

Exhibit 52: Key subsidiaries financials – Onyx continues to maintain profitability; Bayshore margin can improve post integration with Unichem's US business

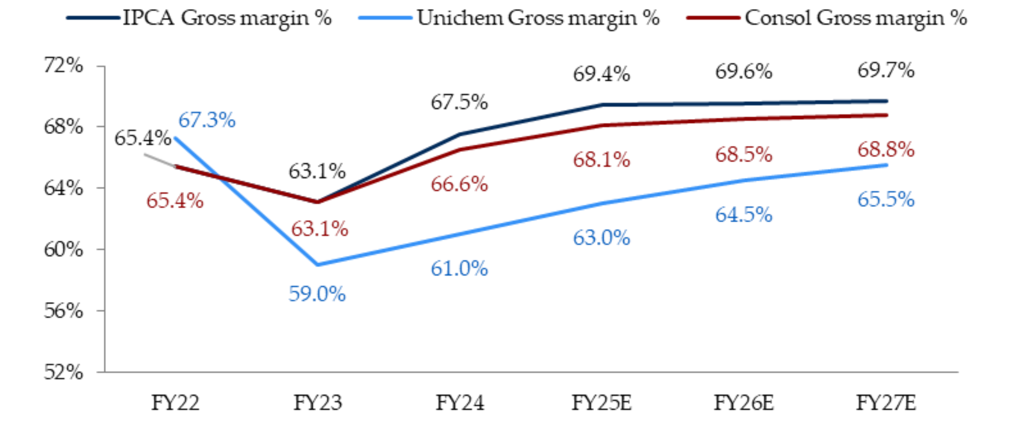
Key subsidiaries (INR mn)	% stake	FY20	FY21	FY22	FY23	FY24
Revenues						
Bayshore Pharmaceuticals LLC, USA	100%	1,558	1,641	1,548	1,503	1,351
YoY growth		127%	5%	-6%	-3%	-10%
Pisgah Laboratories Inc., USA	100%	28	14	59	182	154
YoY growth		33%	-52%	339%	206%	-15%
Onyx Scientific Ltd., UK	100%	780	969	1,301	1,390	1,467
YoY growth		20%	24%	34%	7%	6%
Gross profit and margin						
Bayshore Pharmaceuticals LLC, USA	100%	189	353	128	120	146
Gross margin %		12.1%	21.5%	8.2%	8.0%	10.8%
Pisgah Laboratories Inc., USA	100%	39	11	51	146	163
Gross margin %		139.8%	83.6%	85.5%	80.1%	106.2%
Onyx Scientific Ltd., UK	100%	434	544	688	719	807
Gross margin %		55.7%	56.1%	52.9%	51.7%	55.0%
EBITDA and margin						
Bayshore Pharmaceuticals LLC, USA	100%	26	171	(82)	(249)	(171)
EBITDA margin %		1.6%	10.4%	-5.3%	-16.6%	-12.7%
Pisgah Laboratories Inc., USA	100%	(115)	(148)	(122)	(63)	(192)
EBITDA margin %		-409.3%	-1094.5%	-205.3%	-34.5%	-125.2%
Onyx Scientific Ltd., UK	100%	218	263	321	262	254
EBITDA margin %		50.1%	48.4%	46.6%	36.5%	31.5%
PAT						
Bayshore Pharmaceuticals LLC, USA	100%	(138)	56	(179)	(401)	(363)
PAT margin %		-8.9%	3.4%	-11.6%	-26.7%	-26.9%
Pisgah Laboratories Inc., USA	100%	(450)	(177)	(148)	(90)	(226)
PAT margin %		-1607.7%	-1307.2%	-248.4%	-49.3%	-146.6%
Onyx Scientific Ltd., UK	100%	179	227	264	223	168
PAT margin %		22.9%	23.4%	20.3%	16.0%	11.4%

Source: Company, HSIE Research

Unichem synergies will ensure steady margin improvement

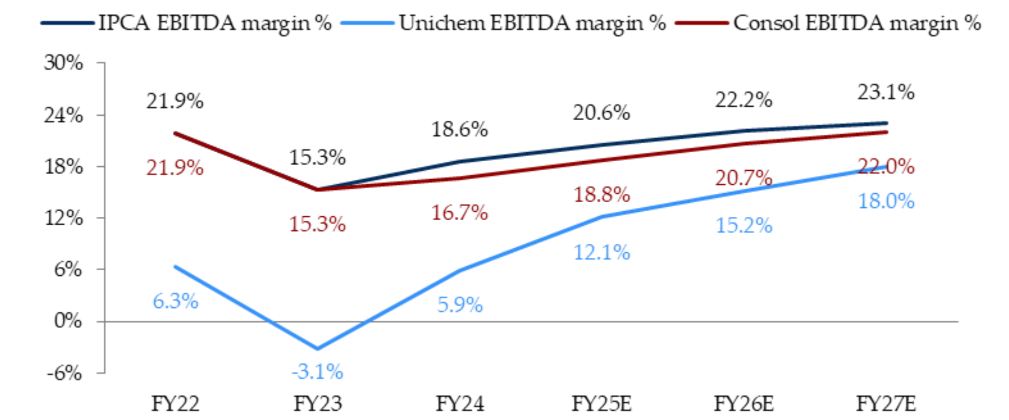
The company has guided for 18.5-19+% margin in FY25 on the back of cost controls and lower input cost benefits. The synergy benefits (cost optimisation, change in sourcing of input materials, scale-up in sales) will help improve the margin for the Unichem business as IPCA guides for ~12+% EBITDA margin in FY25 and continues to see improvement over the next few years. It expects to expand the margin by 100-150 bps over the next few years. It aspires to reach the standalone margin (ex-Unichem) at 23-24% in near-term. We assumed 100-150 bps of margin expansion over FY24-27E to reach margin of 22% in FY27E (from 16.7% in FY24).

Exhibit 53: Steady gross margin expansion for both IPCA and Unichem



Source: Company, HSIE Research

Exhibit 54: Cost synergy to help expand margin for Unichem and IPCA



Source: Company, HSIE Research

Capex outlay to de-risk the supplies

In FY23 (commenced trial production in September 2022), the company commissioned a greenfield plant at Dewas for API manufacturing. This plant recently completed a Russia inspection and anticipates inspections from Brazil, Mexico, and the US in FY26. Currently, the plant is incurring an operating loss of INR 40–45 mn per month. The company has initiated product filings, including sartans.

IPCA expects a capex of ~INR 10 bn (excluding Unichem) over the next 2-3 years, allocated as follows:

1. **Biosimilar manufacturing plant**: ~INR 2 bn, expected to be commissioned by March 2025.
2. **API plant at Nagpur**: ~INR 2 bn, intended to de-risk its API plant at Indore, which now falls under a pollution control zone and has received regulatory notices for relocation.
3. **De-risking domestic formulation operations**: Relocation from the Sikkim plant to a new plant at Dewas, with a capex of ~INR 3 bn on a 23-acre site.

Investment in biosimilars to create long-term growth drivers, unlock value

IPCA, with a vision to create long-term growth drivers, has invested in biosimilars as well as a few NDDS projects to build a niche portfolio. The company set up a state-of-the-art R&D center in 2015 for mammalian-based mAbs (Monoclonal Antibodies) and possesses in-house capabilities for development from clone to commercialization. It is further investing in a single-use cGMP bio-manufacturing facility (drug substance + drug product + quality control) at Pithampur, with a capex outlay of ~INR 2 bn. This facility is expected to be ready by March 2025. Of its total scientist pool of 625+, the company has over 100 scientific and technical staff dedicated to biosimilar projects.

The company is focusing on creating a strong biosimilar pipeline with seven mAbs molecules (at various stages of development) in the oncology, anti-inflammatory, and ophthalmic segments, and one non-mAbs is under development stage. It plans to target the India, UK, HC, EU, and ROW markets initially, followed by the US.

In March 2024, the company signed an out-licensing agreement for a potential mAbs technology (up to 50L) with Omexa Formulary. Under this technology transfer agreement, IPCA granted Omexa a non-exclusive right to research, develop, manufacture, and market an oncology biosimilar for the global market. IPCA remains open to collaborations and out-licensing opportunities for its technology or molecules (covering both drug substance and drug product).

As shown in the exhibit below, the company has already sought scientific advice from EMA and MHRA-UK for mAb1 and mAb2. Additionally, it has submitted a dossier for mAb2 to the USFDA for scientific advice.

Exhibit 55: IPCA's biosimilar pipeline status

Molecules	Stages of Development			
	Development	Pre-clinical	Clinical Trials	MAA/ Launch (UK/ HC/ IN/ EU)
mAb1	→	→	FY26	FY27
mAb2	→	→	FY26	FY27
mAb3	→	→	FY27	FY28
mAb4	FY25	FY26	FY28	FY29
mAb5	FY25	FY26	FY28	FY29
mAb6	FY25	FY27	-	-
mAb7	FY26	-	-	-
Non-mAb1	FY25	-	-	-

Source: Company, HSIE Research

Outlook and valuation

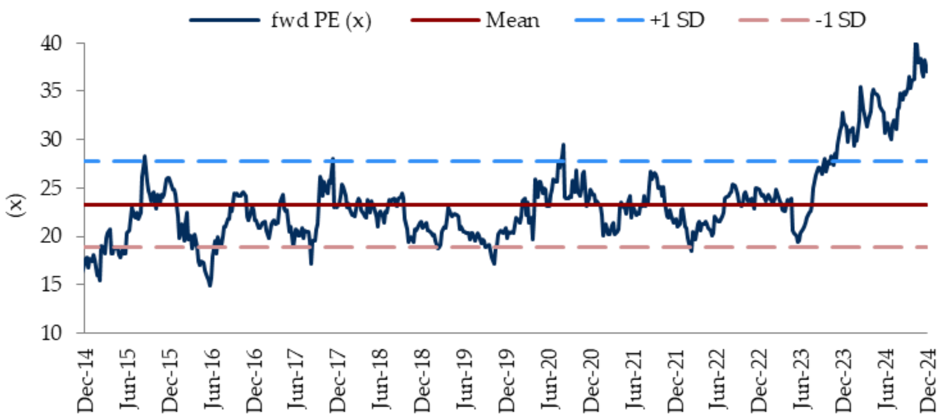
We initiate coverage with a BUY rating and a target price of INR 1,800, based on 31x Q3FY27E EPS (implied EV/EBITDA of 18x Q3FY27E).

Our positive outlook is based on several key factors:

1. IPCA's brand-building and new product launches will support sustained sales growth. Additionally, the company's strong positioning in acute and chronic therapies (CVS, anti-diabetics, CNS, and urology)—will enable it to outperform IPM growth.
2. The synergies from Unichem's acquisition are set to revitalise IPCA's export business, leveraging Unichem's US network for new launches and IPCA's EU network for Unichem's 80+ registered products. This cross-synergy will boost international expansion.
3. Expansion into other export markets will act as a further growth driver, while IPCA's in-house API manufacturing capabilities will improve operating performance and cost efficiency.
4. The continued growth of the API business—with IPCA's leadership in sartans API and scale-up of new and Unichem's API plants—will strengthen the company's market position.
5. IPCA's focus on its India business combined with Unichem synergies will ensure steady margin improvement and enhanced return ratios, driving EPS growth over the next few years.

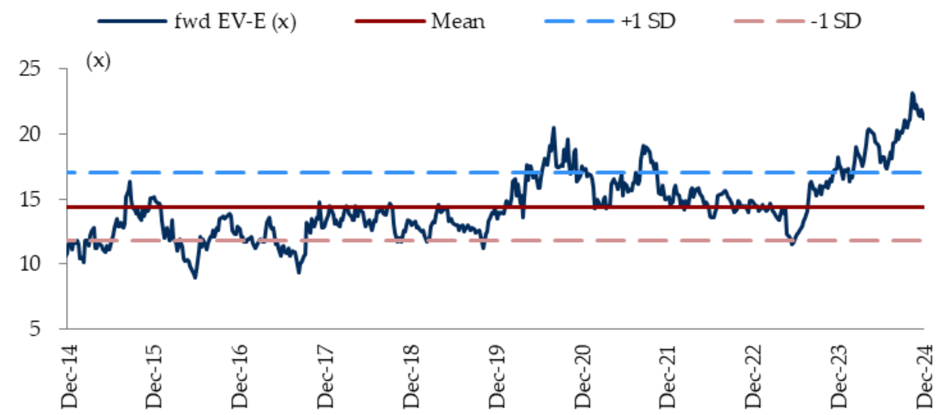
We expect the company to see 14/25/38% sales/EBITDA/PAT CAGRs over FY24-27E, on steady India growth (improve market share in key therapies, field force expansion - 2,000+ in the last 18 months) and integration of Unichem business. Over the past 12 months, IPCA's stock has re-rated from ~25x to ~35x one-year forward earnings (consensus estimates). Based on our projections, the stock trades at 43.5x/ 31.1x/ 24.5x FY25/26/27E EPS. We believe IPCA will trade at a premium to its historical range due to strong visibility of earnings growth acceleration (38% CAGR over FY24-27E vs ~5% over FY19-24), which we expect to remain sustainable beyond FY27E.

Exhibit 56: PE chart



Source: Bloomberg, HSIE Research

Exhibit 57: EV/ EBITDA chart



Source: Bloomberg, HSIE Research

Exhibit 58: Peer comparison

Companies	Mcap (USD bn)	Sales CAGR		EBITDA CAGR		PAT CAGR		P/E (x)				EV/EBITDA (x)			
		FY21-24	FY24-27E	FY21-24	FY24-27E	FY21-24	FY24-27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E
IPCA Labs	4.5	12	14	-5	25	-19	38	64.1	43.5	31.1	24.5	31.1	23.5	18.7	15.2
India Formulation Peers															
Alkem Labs	8.0	13	9	5	15	4	16	37.6	30.3	26.9	24.2	29.3	25.7	22.5	19.5
Torrent Pharma	13.4	10	13	11	16	10	24	68.7	56.6	43.3	36.0	34.3	29.7	25.6	22.1
Eris Lifescience	2.4	19	25	16	28	3	23	51.1	52.3	36.1	27.5	34.0	21.8	18.8	16.3
Mankind Pharma	12.1	18	17	-4	18	15	17	53.6	47.7	41.6	33.4	35.0	31.2	25.1	21.2
Emcure Pharma	3.1	10	13	-2	17	8	31	50.0	35.0	27.9	23.3	22.1	17.9	15.5	13.6
India Formulation Wtg Average								**55.1**	**46.5**	**37.8**	**31.3**	**32.5**	**28.0**	**23.6**	**20.2**
India Generics Peers															
Lupin Ltd	11.2	10	10	14	17	16	28	49.5	30.9	25.0	24.5	25.1	19.2	16.1	15.5
Cipla Ltd	14.6	10	8	14	7	20	9	30.1	26.4	23.7	23.3	19.0	17.3	15.6	15.3
Dr Reddy'S Labs	12.1	14	7	27	-1	43	-5	18.3	18.4	17.1	21.0	12.8	11.5	10.9	13.1
Zydus Life	11.7	10	10	15	6	22	4	25.8	22.2	21.4	22.6	18.6	14.9	14.6	15.5
Glenmark Pharma	5.2	2	14	-16	42	-38	111	-29.3	30.4	24.7	19.9	35.1	17.1	14.7	12.3
India Generics Peers Wtg Average								**24.9**	**25.0**	**22.1**	**22.6**	**20.3**	**15.9**	**14.4**	**14.6**
Api/ Other Peers															
Laurus Labs	3.7	2	14	-22	34	-45	73	194.8	91.4	51.9	37.6	45.4	31.7	23.2	18.7
Glenmark Life	1.6	7	12	4	11	10	11	28.2	28.5	23.9	20.7	19.1	19.3	16.1	14.0
Suven Pharma	3.9	1	18	-3	23	-6	24	109.4	86.6	62.4	51.1	79.4	77.2	50.2	42.3
Concord Biotech	2.7	17	22	10	24	9	26	74.5	61.7	47.3	37.1	52.5	44.4	34.5	27.2
Api/ Other Peers Wtg Average								**117.3**	**74.7**	**50.6**	**39.7**	**54.7**	**47.8**	**33.7**	**27.7**

Source: Company, HSIE Research, Bloomberg, Price as of 3 December 2024

Financials (Consolidated)

Profit & loss (INR mn)

March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net sales	**45,884**	**53,660**	**57,665**	**62,069**	**76,224**	**89,288**	**1,00,193**	**1,13,128**
Other operating income	603	540	633	375	826	451	587	675
Total operating income	**46,487**	**54,200**	**58,298**	**62,443**	**77,050**	**89,740**	**1,00,780**	**1,13,803**
Cost of goods sold	-16,441	-17,283	-20,149	-23,065	-25,758	-28,627	-31,746	-35,506
Gross profit	30,046	36,917	38,149	39,378	51,293	61,113	69,034	78,296
Gross margin (%)	64.6	68.1	65.4	63.1	66.6	68.1	68.5	68.8
Total operating expenses	-20,828	-21,886	-25,365	-29,795	-38,411	-44,242	-48,173	-53,260
EBITDA	**9,218**	**15,031**	**12,785**	**9,583**	**12,882**	**16,871**	**20,861**	**25,037**
EBITDA margin (%)	19.8	27.7	21.9	15.3	16.7	18.8	20.7	22.0
Depreciation	-2,105	-2,092	-2,324	-2,616	-3,572	-4,018	-4,207	-4,445
EBIT	**7,113**	**12,939**	**10,461**	**6,967**	**9,310**	**12,853**	**16,655**	**20,591**
Net interest	-165	-90	-77	-455	-1,383	-864	-463	-223
Other income	670	628	666	1,256	1,248	1,046	1,411	1,898
Profit before tax	**7,467**	**13,890**	**11,357**	**7,453**	**8,427**	**13,004**	**17,603**	**22,266**
Total taxation	-1,353	-2,401	-2,248	-2,534	-3,135	-3,901	-4,753	-5,789
Tax rate (%)	18	17	20	34	37	30	27	26
Profit after tax	6,114	11,488	9,110	4,919	5,292	9,103	12,850	16,477
Minorities	28	-11	-57	-77	244	-385	-628	-934
Profit/ Loss associate co(s)	-78	-77	-212	-129	-63	15	18	22
Adjusted net profit	**6,187**	**11,059**	**8,594**	**4,921**	**5,943**	**8,755**	**12,240**	**15,564**
Adj. PAT margin (%)	13	21	15	8	8	10	12	14
Net non-recurring items	-123	342	247	-208	-470	-22	0	0
Reported net profit	**6,063**	**11,400**	**8,841**	**4,713**	**5,474**	**8,733**	**12,240**	**15,564**

Balance sheet (INR mn)

March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Paid-up capital	253	254	254	254	254	254	254	254
Reserves & surplus	36,022	46,763	54,395	58,167	63,068	70,928	81,944	95,951
Net worth	36,411	47,162	55,418	59,153	77,270	85,514	97,159	1,12,101
Borrowing	4,328	2,654	8,072	14,813	14,384	12,004	7,709	3,713
Other non-current liabilities	1,441	1,357	1,665	1,894	3,115	3,238	3,271	3,305
Total liabilities	**52,598**	**60,684**	**76,235**	**86,264**	**1,11,013**	**1,18,839**	**1,28,435**	**1,42,266**
Gross fixed assets	29,811	30,382	37,104	43,265	69,301	74,671	80,011	84,851
Less: Depreciation	-9,848	-10,123	-13,471	-16,133	-24,673	-28,524	-32,431	-36,443
Net fixed assets	19,963	20,258	23,634	27,132	44,628	46,147	47,580	48,407
Add: Capital WIP	1,333	2,348	3,064	1,404	3,429	4,957	4,604	4,604
Total fixed assets	21,296	22,607	26,698	28,537	48,057	51,103	52,184	53,011
Total Investment	3,096	5,053	9,892	6,260	8,622	9,441	9,460	9,480
Inventory	13,232	15,948	18,580	17,434	24,696	25,426	27,994	31,296
Debtors	8,952	8,118	9,108	9,890	16,865	18,446	20,436	22,761
Cash & bank	1,809	3,651	6,407	18,532	2,968	5,040	8,038	14,433
Loans & advances	1,024	826	817	1,191	980	820	932	1,062
Current liabilities	10,418	9,511	11,081	10,404	16,245	18,082	20,296	23,147
Total current assets	27,169	31,245	38,093	49,819	50,691	53,799	61,756	74,121
Net current assets	16,750	21,734	27,012	39,415	34,446	35,716	41,460	50,974
Other non-current assets	414	1,314	1,165	1,268	2,738	3,591	4,129	4,749
Total assets	**52,598**	**60,684**	**76,235**	**86,264**	**1,11,013**	**1,18,839**	**1,28,435**	**1,42,266**

Source: Company, HSIE Research

Cash flow (INR mn)

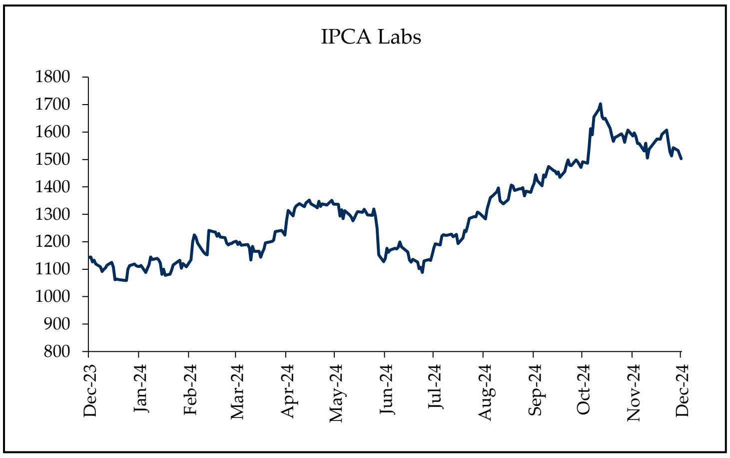
March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Profit before tax	7,467	13,890	11,357	7,453	8,427	13,004	17,603	22,266
Depreciation & Amortisation	-2,105	-2,092	-2,324	-2,616	-3,572	-4,018	-4,207	-4,445
Chg in working capital	-2,637	-2,363	-2,727	490	-916	-612	-3,731	-4,707
CF from operations	**5,704**	**10,901**	**8,561**	**8,058**	**9,447**	**12,403**	**12,461**	**14,627**
Capital expenditure	-4,644	-4,093	-7,198	-5,504	-19,793	-5,370	-5,340	-4,840
CF from investing	**-5,097**	**-5,207**	**-8,551**	**-7,250**	**-12,918**	**-3,023**	**-5,673**	**-4,820**
Equity raised/ (repaid)	119	358	0	0	0	0	0	0
Debt raised/ (repaid)	913	-1,604	1,933	2,943	-3,038	-2,379	-4,295	-3,995
Dividend paid	-1,219	-1,015	-1,015	-1,015	-507	-873	-1,224	-1,556
CF from financing	**-1,365**	**-3,058**	**4,268**	**5,072**	**-5,526**	**-4,117**	**-5,982**	**-5,775**
Net chg in cash	-758	2,636	4,278	5,881	-8,997	5,263	806	4,032

Key ratios

March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
OPERATIONAL								
FDEPS (Rs)	24.4	43.6	33.9	19.4	23.4	34.5	48.2	61.3
CEPS (Rs)	32.2	53.2	44.0	28.9	35.7	50.3	64.8	78.9
DPS (Rs)	4.8	4.0	4.0	4.0	2.0	3.4	4.8	6.1
Dividend payout ratio (%)	20.1	8.9	11.5	21.5	9.3	10.0	10.0	10.0
GROWTH								
Net sales (%)	23.4	16.9	7.5	7.6	22.8	17.1	12.2	12.9
EBITDA (%)	29.7	63.1	(14.9)	(25.0)	34.4	31.0	23.7	20.0
Adj net profit (%)	34.5	78.8	(22.3)	(42.7)	20.8	47.3	39.8	27.2
FDEPS (%)	34.5	78.8	(22.3)	(42.7)	20.8	47.3	39.8	27.2
PERFORMANCE								
RoE (%)	17.1	26.6	16.9	8.7	9.8	13.0	16.0	17.4
RoCE (%)	18.5	29.1	19.1	11.7	12.4	14.2	17.3	19.8
EFFICIENCY								
Asset turnover (x)	1.6	1.8	1.7	1.5	1.4	1.2	1.3	1.4
Sales/ total assets (x)	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8
Working capital/ sales (x)	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Receivable days	71	55	58	58	81	75	74	73
Inventory days	130	149	149	120	140	127	128	129
Payable days	60	62	45	36	44	46	49	51
FINANCIAL STABILITY								
Total debt/ equity (x)	0.1	0.1	0.2	0.3	0.2	0.1	0.1	0.0
Net debt/ equity (x)	0.0	(0.1)	(0.1)	(0.1)	0.1	0.0	(0.1)	(0.2)
Current ratio (x)	2.6	3.3	3.4	4.8	3.1	3.0	3.0	3.2
Interest cover (x)	43.1	143.1	136.0	15.3	6.7	14.9	36.0	92.4
VALUATION								
PE (x)	61.6	34.5	44.4	77.5	64.1	43.5	31.1	24.5
EV/ EBITDA (x)	41.4	25.0	29.4	39.1	31.1	23.5	18.7	15.2
EV/ Net sales (x)	8.3	7.0	6.5	6.0	5.3	4.4	3.9	3.4
PB (x)	10.5	8.1	7.0	6.5	6.0	5.4	4.6	4.0
Dividend yield (%)	0.3	0.3	0.3	0.3	0.1	0.2	0.3	0.4
Free cash flow yield (%)	0.3	1.8	0.4	0.7	(2.7)	1.8	1.9	2.6

Source: Company, HSIE Research

1 Yr Price Movement



Rating Criteria

BUY:	>+15% return potential
ADD:	+5% to +15% return potential
REDUCE:	-10% to +5% return potential
SELL:	> 10% Downside return potential

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