

July 25, 2025

Q1FY26 Result Update

█ Change in Estimates | █ Target | █ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	325		325	
Sales (Rs. m)	18,320	20,452	18,310	21,065
% Chng.	0.1	(2.9)		
EBITDA (Rs. m)	1,456	2,672	1,586	2,995
% Chng.	(8.2)	(10.8)		
EPS (Rs.)	(5.7)	5.7	(1.6)	9.6
% Chng.	-456	(40.8)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	18,173	16,649	18,320	20,452
EBITDA (Rs. m)	2,443	993	1,456	2,672
Margin (%)	13.4	6.0	7.9	13.1
PAT (Rs. m)	855	(789)	(528)	526
EPS (Rs.)	9.3	(8.6)	(5.7)	5.7
Gr. (%)	(39.9)	(192.2)	(33.2)	(199.8)
DPS (Rs.)	1.5	0.2	0.2	0.2
Yield (%)	0.5	0.1	0.1	0.1
RoE (%)	8.0	(7.4)	(5.3)	5.3
RoCE (%)	9.8	(0.8)	1.6	6.9
EV/Sales (x)	2.0	2.4	2.2	2.0
EV/EBITDA (x)	14.7	39.6	27.9	15.2
PE (x)	34.7	(37.6)	(56.3)	56.4
P/BV (x)	2.7	2.9	3.1	2.9

Key Data

INRM.BO | INDR IN

52-W High / Low	Rs.388 / Rs.190
Sensex / Nifty	82,184 / 25,062
Market Cap	Rs.30bn / \$ 344m
Shares Outstanding	92m
3M Avg. Daily Value	Rs.23.23m

Shareholding Pattern (%)

Promoter's	58.90
Foreign	1.22
Domestic Institution	18.96
Public & Others	20.92
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	12.9	11.7	(0.1)
Relative	12.8	3.6	(2.5)

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Cost pressure persists

Quick Pointers:

- Remediation cost was at Rs40m while forex related cost was at Rs60mn in Q1
- Partial recovery with 2 of 4 lines reinstated in US.

Indoco Remedies' (INDR) Q1FY26 EBITDA was largely in line. Though margins and regulated sales have recovered QoQ but they are still below its historical run-rate given elevated expenses and ongoing FDA issues. The warning letter issued for both units has restricted growth, however USFDA has allowed to resume supplies from 2 out of 4 lines. The company cited other expenses to remain elevated in the near term. Our FY26/FY27E EBITDA has been cut by 8-11% to factor in low margins. At CMP, the stock is trading at 3.9x EV/domestic sales based on FY26E indicating limited downside from current levels. We maintain our 'Hold' rating with TP of Rs325 valuing at 15x FY27E EV/EBITDA. Timely resolution of Goa facility Unit 2 is a key for re-rating.

- Weak revenues YoY:** Consolidated revenues (ex-other operating income) remained flat YoY to Rs4.3bn Domestic formulations sales grew 5% YoY to Rs2.34bn, below our estimate. Key therapies like Anti infectives, Respiratory and VMS reported healthy growth YoY, whereas stomatologicals delivered single-digit growth YoY. Regulated market continued to recover QoQ (up 17% QoQ) to Rs919mn. EM sales increased by 12.7% YoY whereas US sales remained impacted QoQ (down 30%). Overall, API sales increased by 17% YoY. CRO sales were down 12% YoY.
- Margins recover partially, below historical levels:** EBITDA (incl other operating income) stood at Rs175mn against loss in the previous quarter. Other operating income came at Rs 88mn vs Rs 72mn YoY. Reported OPM stood at 4%, turned positive QoQ but still down YoY and below its historical run-rate of 13-15%. Employee expense increased 10% YoY. Gross margins (excl other operating income) came in at 68.5% up 188bps YoY but down 385bps QoQ. Other expenses remain elevated given ongoing remediation cost up 30% YoY at Rs1.6bn. R&D cost stood at Rs 217mn 5% of sales, up 12% YoY.
- Key concall takeaways: Domestic Formulations:** Key therapy areas such as Anti infectives, Respiratory and VMS reported healthy growth YoY, whereas stomatologicals delivered single-digit growth YoY. However gastro delivered muted growth on YoY basis. Major brands like Cyclopam and Cital disappointed with its performance, down YoY. Oxipod, ATM and Methycal achieved double-digit growth YoY. 30-35% of the portfolio was impacted due to seasonality. Launched 3 new products (a) Rinseoff MW (b) Vopanza 20 tab (c) Hyperlact Cap. PCPM remained between Rs 0.3-0.4mn. Sales growth in OTC business has shown improvement, up 46%, Rs 316mn in Q1FY26. **International markets:** Phase 1 of master manufacturing plan (MMP) rollout led to sequential improvement in international formulations. USFDA allowed resumption of supplies from 2 of 4 lines. Received approval for Allopurinol 200mg during the quarter. Plans to launch 4-5 products for US markets in

FY26. Successfully launched Ticagrelor 90 mg in the UK through Indoco UK and Clarity Pharma. The company has received approval for sterile product supply to European markets. Performance is likely to bounce back from Q3FY26. **Other:** Remediation cost for the quarter was Rs 40mn. Anticipates final phase of remediation activities in August 2025. Forex cost during the quarter stood at Rs 55-60mn. Guided for R&D spend at 5-5.5% of revenues in FY26. Debt as on June 2025 stood at Rs 9.5bn, repaid Rs 210mn in Q1FY26. Targets additional loan repayment of Rs 680mn in FY26.

Exhibit 1: 1QFY26 Result Overview (Rs mn): In line numbers, expenses remain elevated

Y/e March	Q1FY26	Q1FY25	YoY gr. (%)	Q1FY26E	% Var	Q4FY25	QoQ gr. (%)	FY26E	FY25	YoY gr. (%)
Net Sales	4,378	4,315	1.5	3,979	10.0	3,902	12.2	18,320	16,649	10.0
Raw Material	1,350	1,415	(4.6)	1,175	14.9	1,060	27.4	5,516	4,982	10.7
% of Net Sales	30.8	32.8		29.5		27.2		30.1	29.9	
Personnel Cost	1,070	973	10.0	1,070	0.0	1,064	0.6	4,335	3,941	10.0
% of Net Sales	24.4	22.5		26.9		27.3		23.7	23.7	
Others	1,784	1,450	23.0	1,630	9.4	1,787	(0.2)	7,015	6,734	4.2
% of Net Sales	40.7	33.6		41.0		45.8		38.3	40.4	
Total Expenditure	4,204	3,837	9.5	3,875	8.5	3,910	7.5	16,865	15,657	7.7
EBITDA	175	478	(63.5)	104	67.2	(8)	(2,337.2)	1,456	993	46.6
Margin (%)	4.0	11.1		2.6		(0.2)		7.9	6.0	
Depreciation	297	275	7.9	290	2.4	288	3.2	1,132	1,138	(0.6)
EBIT	(122)	202	(160.5)	(186)	(34.0)	(296)	(58.6)	323	(146)	(322.0)
Other Income	16	10	58.3	15	8.7	20	(19.3)	80	55	46.8
Interest	261	143	82.5	186	40.6	180	45.3	959	662	44.8
PBT	(367)	70	(627.1)	(356)	3.1	(455)	(19.3)	(555)	(753)	(26.3)
Extra-Ord. Inc./Exps.	-	-		-		-				
Total Taxes	(3)	52	(106.0)	(32)	(90.3)	(42)	(92.6)	(28)	36	(177.6)
ETR (%)	0.8	73.9		9.0		9.2		5.0	(4.8)	
Minority Interest	(6)	(8)		(4)	40.0	(10)				
Reported PAT	(359)	26	(1,469.1)	(320)	12.0	(404)	(11.2)	(528)	(789)	(33.2)

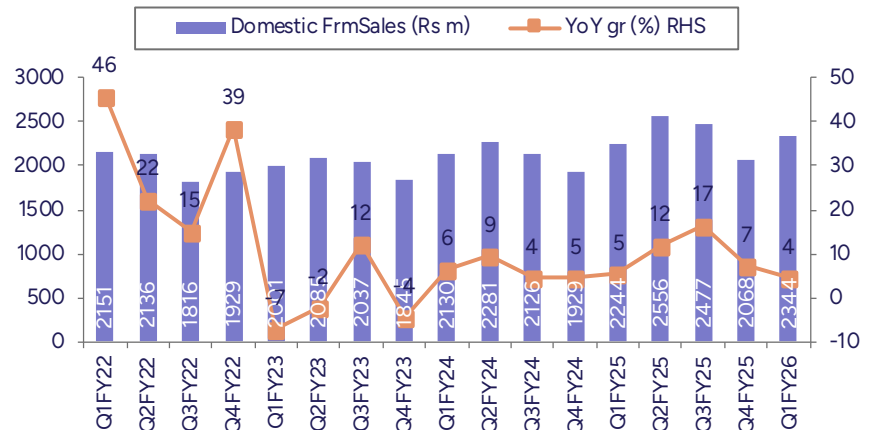
Source: Company, PL

Exhibit 2: Muted growth YoY across regulated markets

Major sources of revenues	Q1FY26	Q1FY25	YoY gr. (%)	Q4FY25	QoQ gr. (%)	FY26E	FY25	YoY gr. (%)
Domestic	2,344	2,345	(0.0)	2,336	0.3	10,880	9,891	10.0
Formulations	2,344	2,270	3.3	2,068	13.3	10,308	9,371	10.0
APIs	-	75	(100.0)	268	(100.0)	572	520	10.0
Exports	1,393	1,808	(23.0)	1,245	11.9	6,717	5,791	16.0
Formulations	1,393	1,571	(11.3)	1,104	26.2	5,859	5,011	16.9
Reg mkt	919	1,273	(27.8)	786	17.0	4,289	3,609	18.8
Non-reg mkt (Emerging mkt)	474	298	58.9	318	48.9	1,570	1,402	12.0
APIs	-	237	(100.0)	141	(100.0)	858	780	10.0
CRO	50	57	(12.3)	47	6.4	216	196	10.0
Net Revenues	3,787	4,210	(10.0)	3,628	4.4	17,813	15,878	12.2

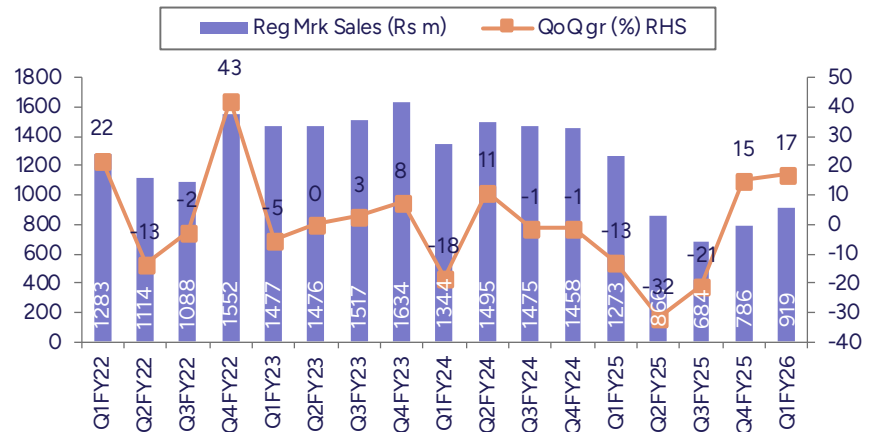
Source: Company, PL

Exhibit 3: Muted domestic performance YoY



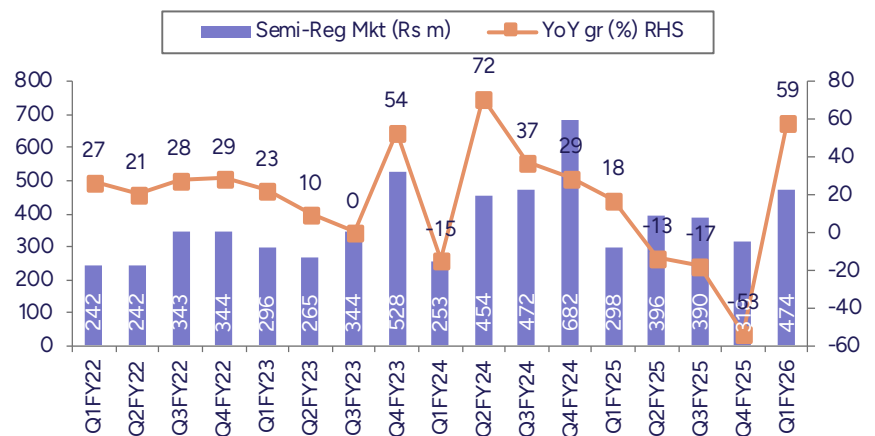
Source: Company, PL

Exhibit 4: Lower US revenues dents performance



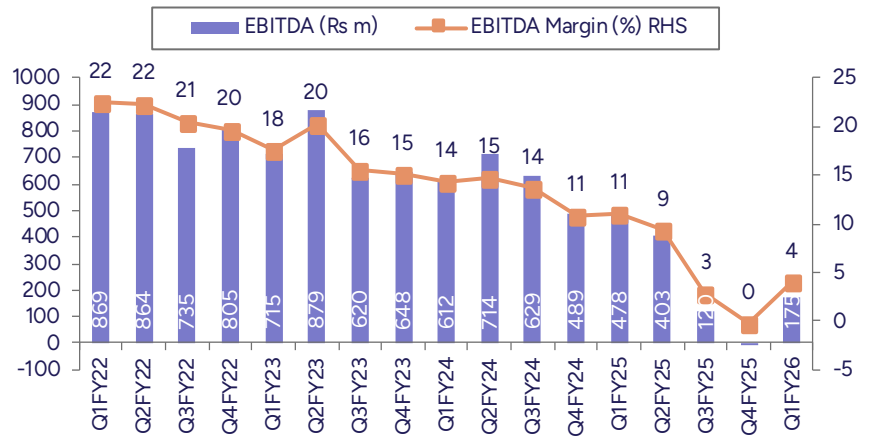
Source: Company, PL

Exhibit 5: Recovery in EMs performance YoY



Source: Company, PL

Exhibit 6: Contraction due to soft exports and elevated other expenses



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	18,173	16,649	18,320	20,452
YoY gr. (%)	8.9	(8.4)	10.0	11.6
Cost of Goods Sold	5,592	4,982	5,516	6,166
Gross Profit	12,581	11,668	12,805	14,286
Margin (%)	69.2	70.1	69.9	69.9
Employee Cost	3,619	3,941	4,335	4,768
Other Expenses	6,519	6,734	7,015	6,847
EBITDA	2,443	993	1,456	2,672
YoY gr. (%)	(14.6)	(59.4)	46.6	83.6
Margin (%)	13.4	6.0	7.9	13.1
Depreciation and Amortization	919	1,138	1,132	1,212
EBIT	1,524	(146)	323	1,460
Margin (%)	8.4	(0.9)	1.8	7.1
Net Interest	380	662	959	902
Other Income	99	55	80	100
Profit Before Tax	1,243	(753)	(555)	658
Margin (%)	6.8	(4.5)	(3.0)	3.2
Total Tax	388	36	(28)	132
Effective tax rate (%)	31.2	(4.8)	5.0	20.0
Profit after tax	855	(789)	(528)	526
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	855	(789)	(528)	526
YoY gr. (%)	(39.9)	(192.3)	(33.2)	(199.8)
Margin (%)	4.7	(4.7)	(2.9)	2.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	855	(789)	(528)	526
YoY gr. (%)	(39.9)	(192.3)	(33.2)	(199.8)
Margin (%)	4.7	(4.7)	(2.9)	2.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	855	(789)	(528)	526
Equity Shares O/s (m)	92	92	92	92
EPS (Rs)	9.3	(8.6)	(5.7)	5.7

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	18,071	19,860	21,360	22,860
Tangibles	18,071	19,860	21,360	22,860
Intangibles	-	-	-	-
Acc: Dep / Amortization	8,524	9,662	10,794	12,006
Tangibles	8,524	9,662	10,794	12,006
Intangibles	-	-	-	-
Net fixed assets	9,547	10,198	10,566	10,854
Tangibles	9,547	10,198	10,566	10,854
Intangibles	-	-	-	-
Capital Work In Progress	1,029	2,761	2,761	2,761
Goodwill	215	215	215	215
Non-Current Investments	15	15	15	15
Net Deferred tax assets	(118)	(134)	(134)	(134)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	3,531	4,194	3,614	4,034
Trade receivables	4,062	3,524	4,063	4,320
Cash & Bank Balance	243	171	391	268
Other Current Assets	2,670	2,969	2,820	2,679
Total Assets	21,357	24,115	24,513	25,217
Equity				
Equity Share Capital	184	185	185	185
Other Equity	10,915	10,036	9,509	10,037
Total Networth	11,099	10,220	9,694	10,222
Non-Current Liabilities				
Long Term borrowings	3,517	5,332	5,332	5,332
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	3,034	4,448	5,948	5,948
Trade payables	1,536	2,081	1,506	1,681
Other current liabilities	2,046	1,936	1,936	1,936
Total Equity & Liabilities	21,357	24,115	24,513	25,217

Source: Company Data, PL Research



Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	1,243	(754)	(555)	658
Add. Depreciation	919	1,138	1,132	1,212
Add. Interest	380	662	959	902
Less Financial Other Income	99	55	80	100
Add. Other	193	(210)	(60)	(80)
Op. profit before WC changes	2,734	837	1,476	2,692
Net Changes-WC	(872)	(28)	(386)	(362)
Direct tax	(295)	(171)	28	(132)
Net cash from Op. activities	1,567	638	1,117	2,199
Capital expenditures	(4,273)	(3,562)	(1,500)	(1,500)
Interest / Dividend Income	-	-	-	-
Others	-	-	-	-
Net Cash from Invst. activities	(4,273)	(3,562)	(1,500)	(1,500)
Issue of share cap. / premium	-	-	-	-
Debt changes	3,404	3,229	1,500	-
Dividend paid	(138)	(18)	(18)	(18)
Interest paid	(380)	(662)	(959)	(902)
Others	(72)	(8)	80	100
Net cash from Fin. activities	2,813	2,540	603	(821)
Net change in cash	107	(383)	220	(122)
Free Cash Flow	(2,706)	(2,923)	(383)	699

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	9.3	(8.6)	(5.7)	5.7
CEPS	19.2	3.8	6.6	18.8
BVPS	120.4	110.8	105.1	110.8
FCF	(29.4)	(31.7)	(4.1)	7.6
DPS	1.5	0.2	0.2	0.2
Return Ratio(%)				
RoCE	9.8	(0.8)	1.6	6.9
ROIC	7.2	(0.6)	1.3	5.9
RoE	8.0	(7.4)	(5.3)	5.3
Balance Sheet				
Net Debt : Equity (x)	0.6	0.9	1.1	1.1
Net Working Capital (Days)	122	124	123	119
Valuation(x)				
PER	34.7	(37.6)	(56.3)	56.4
P/B	2.7	2.9	3.1	2.9
P/CEPS	16.7	85.0	49.1	17.1
EV/EBITDA	14.7	39.6	27.9	15.2
EV/Sales	2.0	2.4	2.2	2.0
Dividend Yield (%)	0.5	0.1	0.1	0.1

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	4,327	4,106	3,902	4,378
YoY gr. (%)	(10.2)	(10.6)	(13.2)	1.5
Raw Material Expenses	1,368	1,139	1,060	1,350
Gross Profit	2,959	2,966	2,842	3,028
Margin (%)	68.4	72.3	72.8	69.2
EBITDA	403	120	(8)	175
YoY gr. (%)	(43.6)	(80.9)	(101.6)	(63.5)
Margin (%)	9.3	2.9	(0.2)	4.0
Depreciation / Depletion	288	287	288	297
EBIT	114	(167)	(296)	(122)
Margin (%)	2.6	(4.1)	(7.6)	(2.8)
Net Interest	178	161	180	261
Other Income	16	9	20	16
Profit before Tax	(48)	(320)	(455)	(367)
Margin (%)	(1.1)	(7.8)	(11.7)	(8.4)
Total Tax	52	(26)	(42)	(3)
Effective tax rate (%)	(106.8)	8.0	9.2	0.8
Profit after Tax	(100)	(294)	(413)	(364)
Minority interest	4	20	10	6
Share Profit from Associates	-	-	-	-
Adjusted PAT	(104)	(314)	(423)	(370)
YoY gr. (%)	(129.7)	(232.2)	(2,694.5)	(3,726.5)
Margin (%)	(2.4)	(7.6)	(10.8)	(8.4)
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	(104)	(314)	(423)	(370)
YoY gr. (%)	(129.7)	(232.2)	(2,694.5)	(3,726.5)
Margin (%)	(2.4)	(7.6)	(10.8)	(8.4)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	(104)	(314)	(423)	(370)
Avg. Shares O/s (m)	92	92	92	92
EPS (Rs)	(1.0)	(2.9)	(4.4)	(3.9)

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Domestic Formulations	8,448	9,371	10,027	10,929
Export Formulations	7,649	5,011	6,111	7,176
APIs	1,265	1,300	1,430	1,573

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jul-25	Hold	325	330
2	08-Apr-25	Hold	325	233
3	22-Jan-25	Hold	325	343
4	08-Jan-25	Accumulate	320	337
5	25-Oct-24	Accumulate	320	315
6	07-Oct-24	Accumulate	320	335

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Apollo Hospitals Enterprise	BUY	8,350	7,616
2	Aster DM Healthcare	BUY	620	622
3	Aurobindo Pharma	BUY	1,440	1,185
4	Cipla	BUY	1,730	1,511
5	Divi's Laboratories	Accumulate	6,800	6,889
6	Dr. Reddy's Laboratories	Reduce	1,270	1,247
7	Eris Lifesciences	BUY	1,740	1,734
8	Fortis Healthcare	BUY	785	806
9	HealthCare Global Enterprises	BUY	620	560
10	Indoco Remedies	Hold	325	330
11	Ipca Laboratories	Accumulate	1,525	1,456
12	J.B. Chemicals & Pharmaceuticals	BUY	2,030	1,633
13	Jupiter Life Line Hospitals	BUY	1,720	1,531
14	Krishna Institute of Medical Sciences	BUY	725	695
15	Lupin	BUY	2,400	1,979
16	Max Healthcare Institute	BUY	1,300	1,300
17	Narayana Hrudayalaya	BUY	1,950	1,990
18	Rainbow Children's Medicare	BUY	1,725	1,573
19	Sun Pharmaceutical Industries	BUY	2,000	1,680
20	Suntech Realty	BUY	650	427
21	Torrent Pharmaceuticals	Accumulate	3,850	3,354
22	Zydus Lifesciences	Accumulate	970	999

PL's Recommendation Nomenclature (Absolute Performance)

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

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