

IPCA Labs Ltd

Ipca is a fully-integrated Indian pharmaceutical company manufacturing over 350 formulations and 80 APIs for various therapeutic segments. Ipca is a therapy leader in India for anti-malarials with a market-share of over 34% with a fast expanding presence in the international market as well. It also leads in DMARDs (Disease Modifying Anti-Rheumatic Drugs) treatment for rheumatoid arthritis.

During the 9MFY20, net profit registered a growth of 50% over the previous year, mainly due to domestic formulations AND API. With approval of Injectable plant, it expects pre-qualification from WHO in near future and expects both the products to boost its revenues and margin in FY20, without execution of the Global Fund order book.. Contribution from Global Fund tenders, new anti-malaria products (injection and dispersible tabs), strong API pricing/demand, Bayshore acquisition and likely pick-up in UK revenues are the key drivers.

Further the company has reduced its debt dependency to 0.2x from 0.4x in FY14. Cash flow is also steadily increasing. **Hence Buy.**

BUY

CMP ₹1,456

Stock Info

| | |
|--------------------|-----------------|
| Sector | Pharmaceuticals |
| Market Cap (₹ cr) | 18,399 |
| Beta | 0.4 |
| 52 Week High / Low | 1508/784 |
| Avg. Daily Volume | 16,211 |
| Face Value (₹) | 2 |
| BSE Sensex | 41,170 |
| Nifty | 11,993 |
| Reuters Code | IPCA.BO |
| Bloomberg Code | IPCA IN |

Shareholding Pattern (%)

| | |
|-------------------------|------|
| Promoters | 46.1 |
| MF / Banks / Indian FIs | 25.9 |
| FII / NRIs / OCBs | 14.0 |
| Indian Public / Others | 14.0 |

| Abs. (%) | 3m | 1yr | 3yr |
|----------|------|------|-------|
| Sensex | 1.5 | 15.1 | 43.1 |
| IPCALAB | 30.0 | 81.7 | 163.0 |

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Disclosure of Interest Statement

Ipca Labs

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| 1. Financial interest of research analyst or Angel or his Associate or his relative | No |
| 2. Ownership of 1% or more of the stock by research analyst or Angel or associates or relatives | No |
| 3. Served as an officer, director or employee of the company covered under Research | No |
| 4. Broking relationship with company covered under Research | No |

Ratings (Based on expected returns over 12 months investment period):

Buy (> 15%)

Accumulate (5% to 15%)
Reduce (-5% to -15%)

Neutral (-5 to 5%)
Sell (< -15)