

Indoco Remedies Sells Eye Unit for ₹110 Cr Amid Financial Strain

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Overview

Indoco Remedies is selling its ophthalmic division to Sunways (India) for ₹110 crore. The deal helps the company reduce losses and debt by focusing on its main business. The ophthalmic unit made up only 3.2% of FY25 revenue. The sale should finish in about three months.

Indoco Remedies Sells Eye Unit to Address Financial Strain

Indoco Remedies Ltd is divesting its ophthalmic division to Sunways (India) Private Limited for ₹110 crore in a slump sale. This strategic move aims to tackle the company's financial challenges, including persistent net losses and increasing debt. By selling the smaller ophthalmic business, Indoco seeks to free up capital to concentrate on its core operations and improve its financial health.

Deal Details and Ophthalmic Unit's Role

The agreement with Sunways (India) Private Limited involves the transfer of Indoco's domestic ophthalmic division and related operations in several African territories for ₹110 crore. Structured as a slump sale, the transaction is expected to conclude within approximately three months, pending necessary approvals. Sunways, an eyecare specialist founded in 1953, reported FY25 standalone revenues of ₹137.42 crore, making it a focused player in the ophthalmic space. For the fiscal year ending March 31, 2025, Indoco's ophthalmic unit generated ₹47.79 crore in revenue, accounting for a modest 3.2% of Indoco's total standalone revenue. The market's muted reaction, with shares closing down 0.072% at ₹209.05 on April 30, 2026, suggests the segment was considered non-core by investors.

Indoco Faces Financial Headwinds Amidst Sector Growth

Indoco Remedies is navigating a difficult financial period. The company has reported net losses for at least four consecutive quarters, with a loss of ₹29.79 crore in the third quarter of FY26. As of December 2025, its trailing twelve-month revenue was approximately ₹1,630 crore (\$197 million), accompanied by a net loss of about ₹1,070 crore (\$13 million). Total debt has climbed significantly, reaching around ₹900 crore to ₹960 crore by March 2025, against a market capitalization of roughly ₹1,900-₹1,950 crore. This high leverage, combined with declining revenues and operating margins, led to a credit rating downgrade by ICRA to [ICRA]A+ (Negative)/[ICRA]A1 in January 2025. Indoco's stock has also seen negative returns, ranging from -8.46% to -18% over the past year, and exhibits a high beta of 1.35, indicating greater volatility. The company's P/E ratio is negative, contrasting sharply with profitable Indian pharmaceutical peers like Sun Pharma, Cipla, and Dr. Reddy's Laboratories, which trade at much higher market capitalizations. Despite Indoco's struggles, the broader Indian pharmaceutical sector is a growth engine, projected to expand at 7-9% in FY2026, driven by domestic demand and exports. However, Indoco's standalone performance has lagged, with a year-on-year revenue decline of 14.60% to ₹1,536.67 crore in FY2025. Analyst sentiment is mixed, with a consensus 'HOLD' rating and some recent downgrades, suggesting caution among market watchers.

Looking Ahead: Capital Deployment and Core Business Focus

The ₹110 crore injection from the sale is intended for strategic redeployment, according to management. Indoco's future performance will depend on how effectively it uses this capital for operational improvements, reducing debt, or investing in more profitable areas. Investors will be watching the upcoming Q4 FY26 results, due in May 2026, for updates on revenue trends, profit margins, and the company's outlook for FY27. Revitalizing its core formulation business in domestic and export markets, particularly after facing operational challenges, will be crucial for Indoco to show a clear path back to profitability.

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