



MANAGEMENT DISCUSSION & ANALYSIS

for the Third Quarter FY21

February 09, 2021

Financials (Stand-alone)

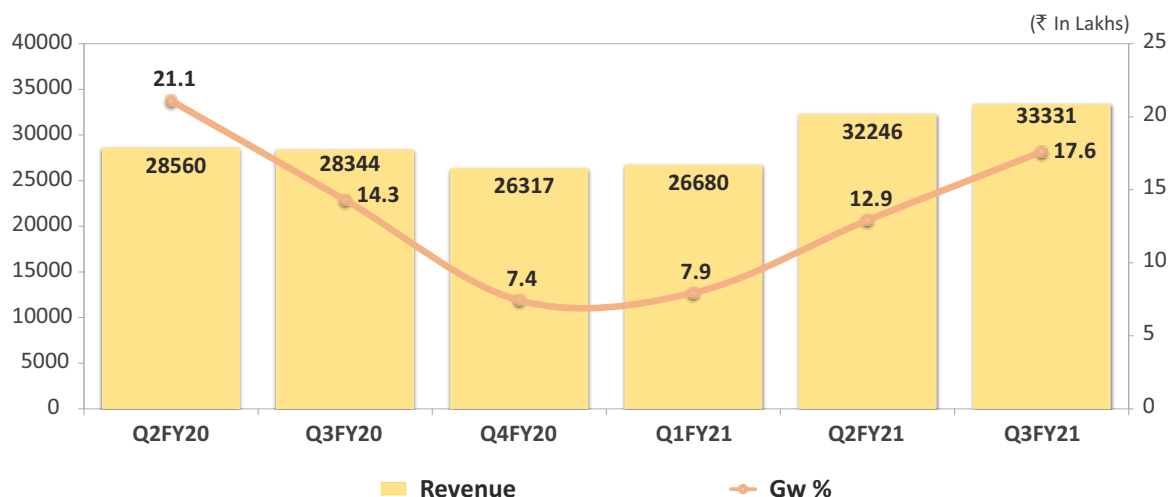
(₹ In Lakhs)

Particulars	Unaudited				Unaudited			Audited
	Quarter Ended				Year to Date			Year Ended
	Oct'20- Dec'20	Jul'20- Sept'20	Oct'19- Dec'19	Gw%	Apr'20- Dec'20	Apr'19- Dec'19	Gw%	Apr. 19- Mar. 20
Gross Sales								
Formulation:								
- Domestic	15756	17469	17836	(11.7)	47975	52624	(8.8)	68624
- Export								
Regulated Market:	11688	10136	6275	86.3	29472	15757	87.0	21754
Emerging Market:	2680	2004	2052	30.6	6581	5915	11.3	7872
Export Total	14368	12140	8327	72.6	36053	21673	66.4	29626
Formulation...(A)	30124	29609	26163	15.1	84029	74297	13.1	98250
API:								
- Domestic	1698	938	592	186.9	3476	2081	67.1	2858
- Export	1206	1346	1278	(5.6)	3931	4497	(12.6)	5743
API...(B)	2904	2284	1869	55.3	7406	6577	12.6	8601
CRO & Analytical Services(C)	304	353	312	(2.6)	822	748	9.9	1088
Gross Sales (A+B+C)	33331	32246	28344	17.6	92257	81622	13.0	107939
Other Operating Income	(137)	519	590	(123.2)	1288	1776	(27.5)	2661
Income from Operations	33194	32765	28934	14.7	93545	83398	12.2	110600
EBIDTA	5996	6018	3511	70.8	16900	9000	87.8	12334
Operating Profit	5441	5138	2351	131.4	14003	5464	156.3	7598
Profit Before Tax	3742	3624	1132	230.6	9790	2091	368.2	2871
Profit After Tax	2514	2511	934	169.2	6748	1885	258.0	2425

Revenue of the Company grew in double digits by 17.6 % YoY. For the 9-month period ended Dec'20, the revenue grew by 13.0 % at ₹ 922.6 crores, as against ₹ 816.2 crores for the same period last year.

OVERALL REVENUE

(Q3 YoY Gwth 17.6%)



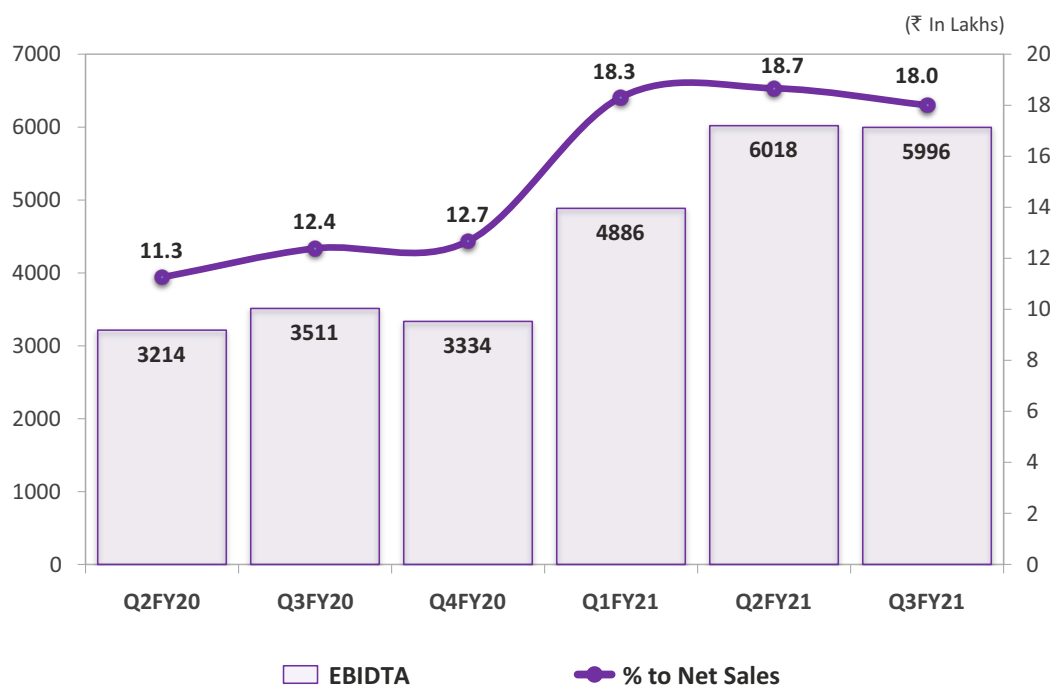
The financial ratios for the Third quarter and Nine-month period are as follows:

Particulars	Quarter Ended			Nine-Month Ended		Year Ended
	31.12.2020 (Unaudited)	30.09.2020 (Unaudited)	31.12.2019 (Unaudited)	31.12.2020 (Unaudited)	31.12.2019 (Unaudited)	31.03.2020 (Audited)
Material Cost (%)	28.3	28.0	29.2	28.9	31.6	30.6
Employee Benefits Expense (%)	21.8	23.2	24.0	23.1	23.6	23.7
Depreciation (%)	5.1	5.8	6.2	5.9	6.4	6.6
R&D Expenses (%)	5.2	4.9	4.6	4.7	4.4	4.6
Other Expenditure (%)	26.3	26.9	32.0	26.5	31.6	32.2
Finance Cost (%)	1.8	1.8	2.4	1.9	2.3	2.4
Tax (Curr. & Deferred- Before MAT ent.) to PBT (%)	32.8	30.7	36.1	31.1	19.9	29.0
Profit Before Tax (%)	11.2	11.2	4.0	10.6	2.6	2.7
EBIDTA (₹ In Lakhs)	5996	6018	3511	16900	9000	12334
EBIDTA (%)	18.0	18.7	12.4	18.3	11.0	11.4
Operating Profit (₹ In Lakhs)	5441	5138	2351	14003	5464	7598
Operating Profit (%)	16.3	15.9	8.3	15.2	6.7	7.0

EBIDTA grew by 70.8 % YoY. For the 9-month period ended Dec'20, the EBIDTA grew by 87.8 % at ₹ 169.0 crores, compared to ₹ 90.0 crores for the same period last year.

EBIDTA

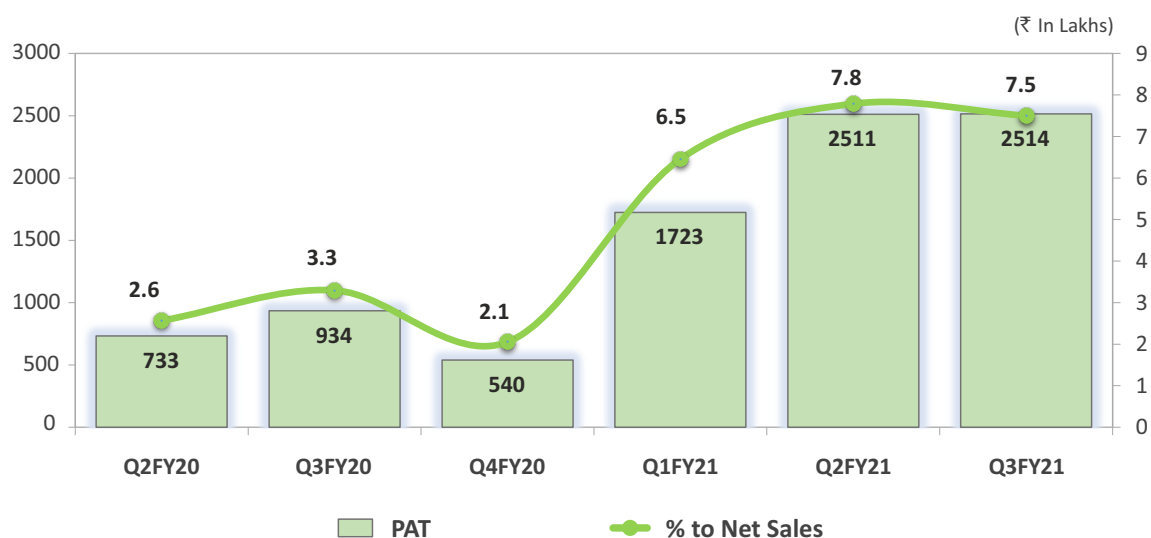
(Q3 YoY - As % to Sales 18%)



PAT grew by 169.2% YoY. For the 9-month period ended Dec'20, the PAT grew by 258.0 % at ₹ 67.5 crores, compared to ₹ 18.8 crores for the same period last year.

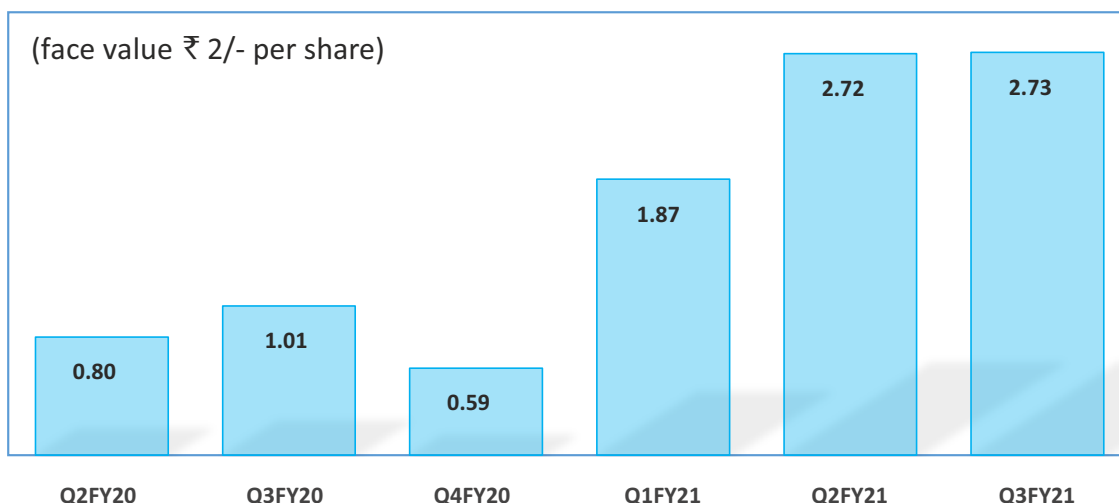
PAT

(Q3 YoY - As % to Sales 7.5%)



Earnings Per Share (EPS) for the quarter is ₹ 2.73 compared to ₹ 1.01 for the same quarter last year. For the 9-month period ended Dec'20, EPS is ₹ 7.32, compared to ₹ 2.05, same period last year.

EPS ₹
(YoY Gwth 170.3%)



CREDIT RATING

The Company's working capital facilities are rated as [ICRA] 'A1' and long term borrowings are rated as [ICRA] 'A+'.

Short term [ICRA] 'A1' rating instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.

Long term [ICRA] 'A+' rating instruments are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.

FINISHED DOSAGES

Indian Pharma Market (IPM)

As per the AWACS Dec'20 data, IPM stands at ₹ 39484 crores with a growth of 6.4% during the quarter and ₹ 109086 crores with a growth of 0.9% during the nine-month period FY21. Indoco ranks 29th in the IPM, with market share of 0.63% (Source: AWACS).

As per SMSRC, the number of drug prescriptions for the period Nov-Dec'20 for the IPM has de-grown by 13% compared to the same period last year. Indoco ranks 24th with a prescription share of 0.74% for the same period.

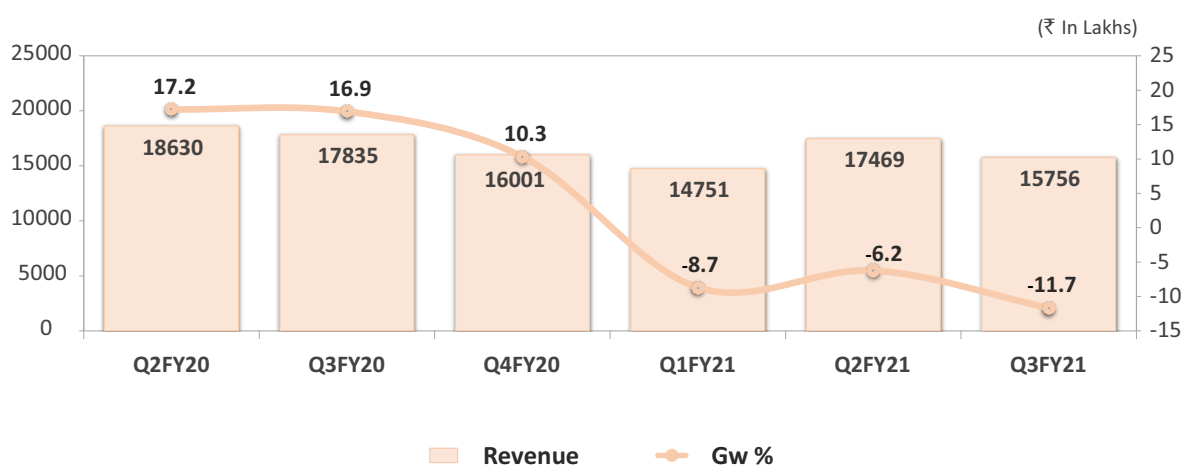
DOMESTIC FORMULATIONS BUSINESS:

Revenue from Domestic formulations business for the quarter de-grew by 11.7% YoY. For the 9-month period ended Dec'20, revenue de-grew by 8.8 % at ₹ 479.7 crores, as against ₹ 526.2 crores for the same period last year.

At the Pediatrics Conference and Awards 2020 organized by CIMS Medica India, the Company's brand Kidodent received the '**Most Trusted Pediatric Toothpaste for Regular Use**' award. The virtual event was held on 21st Nov'20 and was attended by key dignitaries from the Medical Fraternity.

Domestic Formulation Business Revenue

(Q3 YoY Gwth -11.7%)



Details of revenue from major therapies are as follows:

(₹ In Lakhs)

THERAPY	Q3FY21	Q3FY20	GW %
Stomatologicals	3076	3221	-4.5
Respiratory	2955	3606	-18.1
Anti-Infectives	2165	2759	-21.5
Gastro-Intestinal	1800	2134	-15.7
Vitamins / Minerals / Nutrients	1157	1192	-2.9
Ophthal / Otological	880	1026	-14.2
Gynaec.	741	822	-9.9

Details of revenue from major brands are as follows:

(₹ In Lakhs)

BRANDS	Q3FY21	Q3FY20	GW %
Cyclopam	1306	1583	-17.5
Karvol Plus	1305	918	42.1
Febrex Plus	1287	1991	-35.4
ATM	1021	1005	1.5
Sensodent K	957	1031	-7.2
Cital	816	955	-14.5
Oxipod	598	1053	-43.2
Rexidin	524	500	4.9
Sensoform	461	520	-11.4
Cloben G	461	498	-7.5

NEW PRODUCTS:

During the quarter, three products were launched, namely viz., FEVINDO 800 Tablets (Molecule: Favipiravir), Poviclean Gargle 150 ml (Molecule: Povidone Iodine) and ZMUN CD Tablets 15s (Multi-Vitamin).

INTERNATIONAL FORMULATIONS BUSINESS:

Revenue from International formulations business posted robust growth of 72.6% for the 3rd Quarter. For the 9-month period ended Dec'20, revenue grew by 66.4% at ₹ 360.5 crores, as against ₹ 216.7 crores for the same period last year.

International Formulation Business Revenue

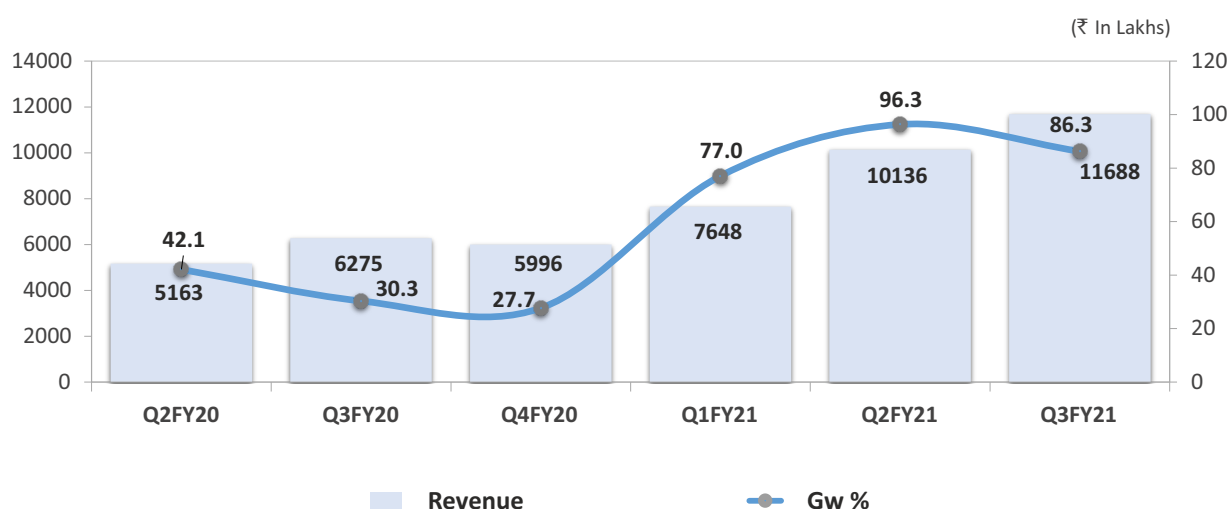
(Q3 YoY Gwth 72.6%)



REGULATED MARKETS

Revenue from Regulated Markets grew by 86.3% YoY. For the 9-month period ended Dec'20, the revenue grew by 87.0% at ₹ 294.7 crores, as against ₹ 157.6 crores for the same period last year.

Regulated Markets Revenue (Q3 YoY Gwth 86.3%)



USA

Revenue from US business for the quarter grew by 178.8% at ₹ 44.8 crores, as against ₹ 16.1 crores for the same quarter last year. For the 9-month period ended Dec'20, the revenue grew by 287.3% at ₹ 115.1 crores, as against ₹ 29.7 crores for the same period last year.

The Company has despatched the launch quantities of one Ophthalmic and two injectables to US during the quarter. Indoco has also received USFDA approval for an injectable ANDA and the launch quantity of the same will be shipped soon.

EUROPE

Revenue from Europe for the quarter grew by 45.1% at ₹ 65.9 crores, as against ₹ 45.4 crores for the same quarter last year. For the 9-month period ended Dec'20, the revenue grew by 38.7% at ₹ 169.9 crores, as against ₹ 122.5 crores for the same period last year.

The Company won major tenders in Germany, including AOK for Allopurinol Tablets worth ₹ 140 crores. The revenue expected from this business is ₹ 70 crores per annum. The Company is vertically integrated for Allopurinol API, the captive consumption of which will be equivalent to 100 metric tons per annum for supplies against these tenders.

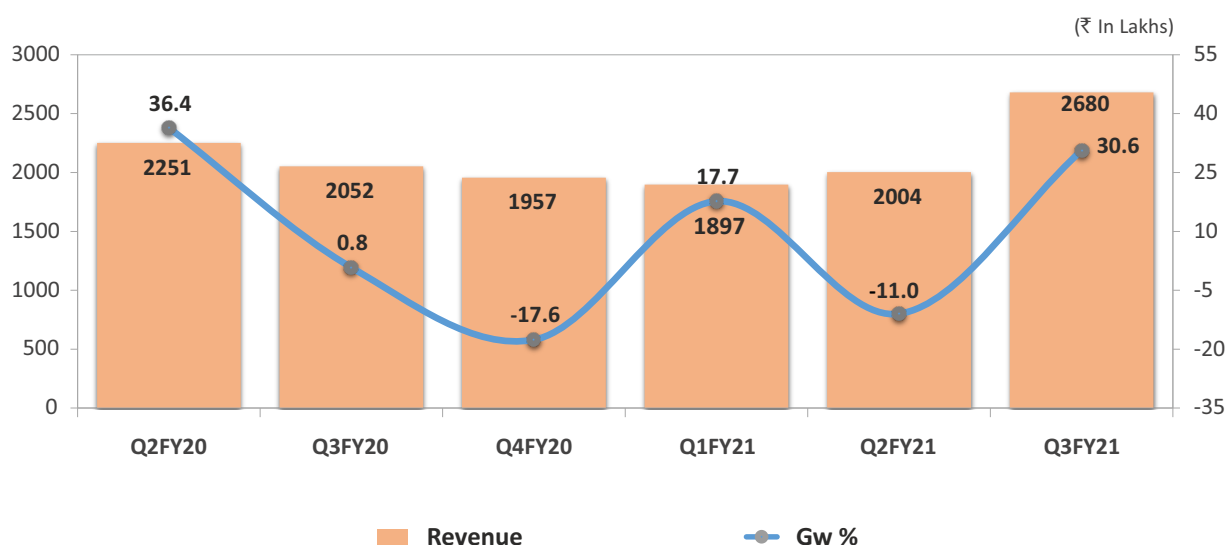
SOUTH AFRICA, AUSTRALIA AND NEW ZEALAND

Revenue from SAANZ for the quarter grew by 380.9% at ₹ 6.2 crores, as against ₹ 1.3 crores for the same quarter last year. For the 9-month period ended Dec'20, revenue grew by 80.7% at ₹ 9.7 crores, as against ₹ 5.4 crores for the same period last year.

EMERGING MARKETS

Revenue from Emerging Markets for the quarter grew by 30.6% at ₹ 26.8 crores, as against ₹ 20.5 crores for the same quarter last year. For the 9-month period ended Dec'20, the revenue grew by 11.3% at ₹ 65.8 crores, as against ₹ 59.1 crores for the same period last year.

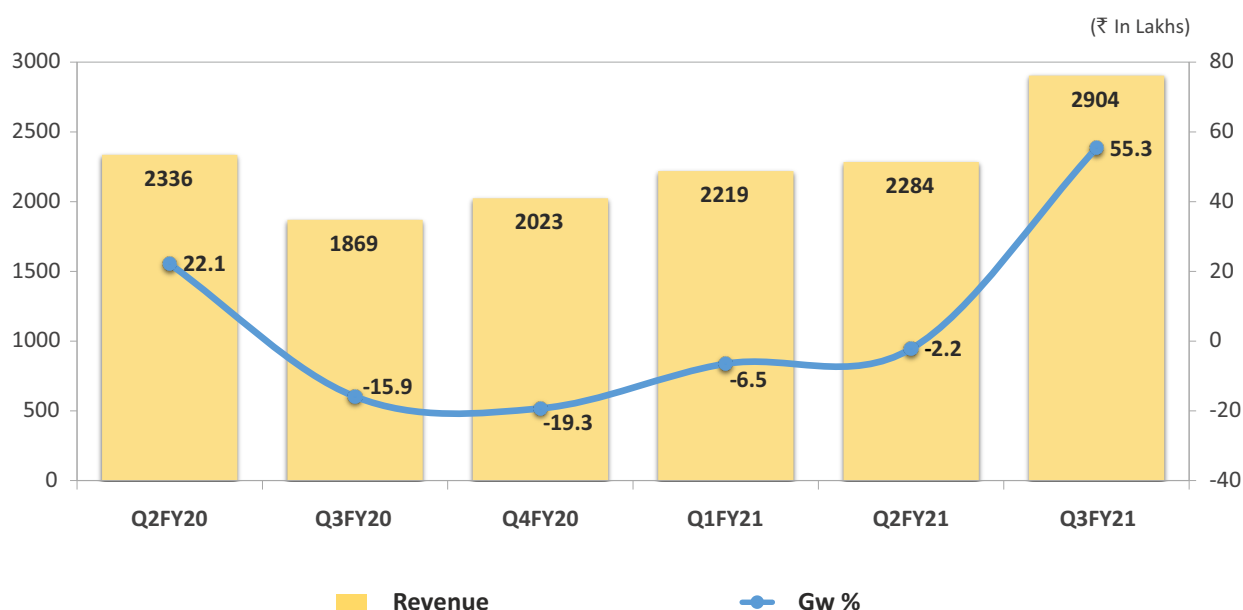
Emerging Markets Revenue (Q3 YoY Gwth 30.6%)



ACTIVE PHARMACEUTICAL INGREDIENTS (APIs)

During the quarter, revenue from API Business grew by 55.3% YoY. For the 9-month period ended Dec'20, the revenue grew by 12.6% at ₹ 74.1 crores, as against ₹ 65.8 crores for the same period last year.

API Business Revenue (Q3 YoY Gwth 55.3%)



CRO AND ANALYTICAL SERVICES

Revenue from CRO and Analytical Services for the quarter was flat at ₹ 3.0 crores, as against ₹ 3.1 crores, for the same quarter last year. For the 9-month period ended Dec'20, the revenue grew by 10.0 % at ₹ 8.2 crores, as against ₹ 7.5 crores for the same period last year.

PATENT AWARDS

The Indian Patent Office granted two patents for Indoco's Formulation manufacturing processes:

1. 'A Novel Organogel Composition for Orobuccal Drug' - Indoco is currently using this novel process in the manufacturing of two of its brands, viz., Rexidin-M Forte Gel and Duestom.
2. 'A Stable Gel Forming Solution of Timolol Maleate' - Indoco intends to use this formulation in the Domestic and ROW Markets.

With grant of this patents, the Company has 38 granted process patents, out of which 21 are for API manufacturing process and 17 are for formulations.

FUTURE OUTLOOK

The Company's Domestic business continues to focus on brand building, thrust on chronic and sub-chronic segment, as well as, penetration in the North and East Region. The Company will selectively launch new products in the Speciality segment to boost growth. With well-known legacy brands, Doctors loyalty over 7 decades, highly motivated field force, distribution network across India and presence in growing segments, including Stomatologicals and Ophthalmology will help the Domestic business to grow on sustainable basis.

On International front, the Company's US business is expected to grow as ANDAs are being commercialized at regular intervals and USFDA's approvals have started flowing in. Reinstatement of the EU-GMP compliance certificate for Goa Plant-I and the EU-GMP approval of solid dosages manufacturing facility at Baddi (Plant-III) will boost the EU business, with availability of larger manufacturing capacity. Indoco is also consolidating its position in the Emerging Markets through active brand promotion in select markets. Robust pipeline in speciality dosages, viz., Ophthalmics and Injectables, will enable the Company to have an upper edge over its competitors in the International business.

The recent capacity expansion at the Company's API manufacturing facility at Patalganga will augment the captive requirements and boost external sale of APIs.

Expertise in Research & Development, backward integration with own APIs, a full-fledged CRO set-up, excellence in finished dosages manufacturing and a strong customer base makes the Company, a preferred partner, offering complete solutions to generic companies worldwide.

SAFE HARBOUR

Statements made in this Management Discussion and Analysis (MDA) describing the Company's objective, projections, estimates and expectations may be 'Forward-looking statements' within the meaning of applicable securities laws & regulations. Actual results could differ from those expressed or implied due to risks, uncertainties and inaccurate assumptions.

STAY HEALTHY, STAY SAFE!

*Thank
you*