



*Respectfully Indian at Heart, Global in Vision*

# MANAGEMENT DISCUSSION & ANALYSIS

for the Third Quarter FY22

February 01, 2022



## Financials (Stand-alone)

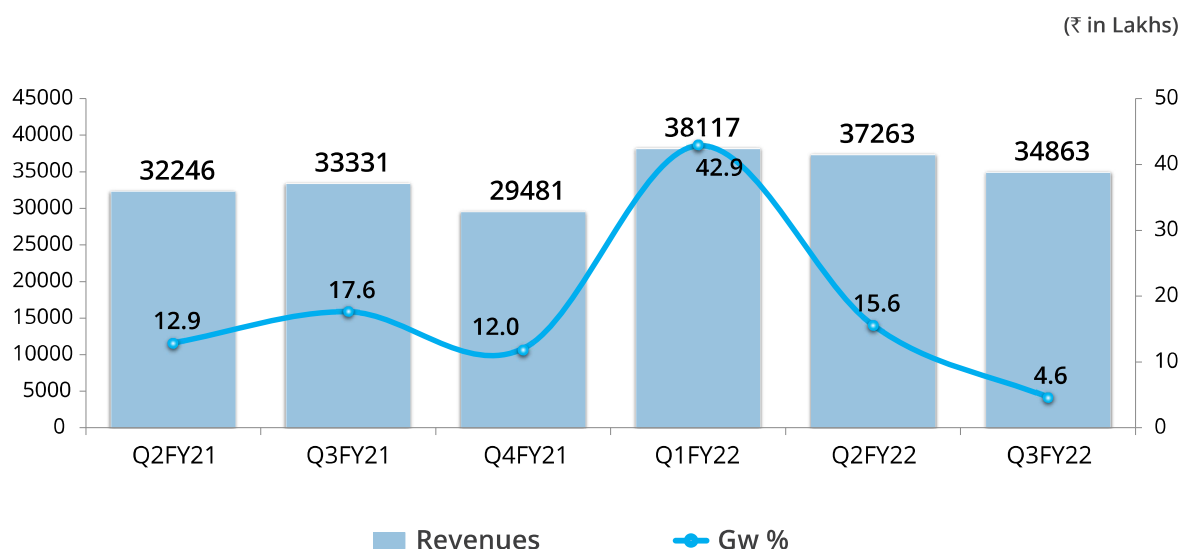
(₹ In Lakhs)

Particulars	Quarter Ended				For the Nine Month Ended			Year Ended
	Oct'21- Dec'21	Jul'21- Sep'21	Oct'20 - Dec'20	Gw%	Apr'21- Dec'21	Apr'20- Dec'20	Gw%	Apr'20 - Mar'21
<b>Gross Sales</b>								
<b>Formulation:</b>								
- Domestic	18155	21362	15756	15.2	61022	47975	27.2	61898
- Export								
Regulated Market:	10875	11136	11688	(7.0)	34840	29472	18.2	39985
Emerging Market:	3429	2417	2680	27.9	8261	6581	25.5	9251
<b>Export Total</b>	<b>14304</b>	<b>13553</b>	<b>14368</b>	<b>(0.4)</b>	<b>43101</b>	<b>36053</b>	<b>19.5</b>	<b>49235</b>
<b>Formulation...(A)</b>	<b>32459</b>	<b>34915</b>	<b>30124</b>	<b>7.8</b>	<b>104123</b>	<b>84029</b>	<b>23.9</b>	<b>111134</b>
<b>API:</b>								
- Domestic	580	503	1698	(65.8)	1499	3476	(56.9)	4393
- Export	1389	1470	1206	15.2	3530	3931	(10.2)	5005
<b>API...(B)</b>	<b>1969</b>	<b>1973</b>	<b>2904</b>	<b>(32.2)</b>	<b>5029</b>	<b>7406</b>	<b>(32.1)</b>	<b>9398</b>
<b>Anacipher CRO &amp; Indoco Analytical Solutions (IAS)...(C)</b>	<b>436</b>	<b>375</b>	<b>304</b>	<b>43.4</b>	<b>1091</b>	<b>822</b>	<b>32.7</b>	<b>1207</b>
<b>Gross Sales (A+B+C)</b>	<b>34863</b>	<b>37263</b>	<b>33331</b>	<b>4.6</b>	<b>110243</b>	<b>92257</b>	<b>19.5</b>	<b>121738</b>
Other Operating Income	913	1396	(137)	766.4	2841	1288	120.6	2292
<b>Income from Operations</b>	<b>35776</b>	<b>38659</b>	<b>33194</b>	<b>7.8</b>	<b>113084</b>	<b>93545</b>	<b>20.9</b>	<b>124030</b>
EBIDTA	7340	8632	5996	22.4	24653	16900	45.9	22357
Operating Profit	6748	8512	5441	24.0	22949	14003	63.9	18793
Profit /(Loss) Before Tax	5053	6481	3742	35.0	17655	9790	80.3	13135
Profit /(Loss) After Tax	3297	4157	2514	31.1	11415	6748	69.2	9239

Revenues of the Company grew by 4.6 % YoY. For the 9-month period ended Dec'21, the revenues grew by 19.5 % at ₹ 1102 crores, as against ₹ 922.6 crores for the same period last year.

## OVERALL REVENUES

Q3 YoY Gw 4.6 %

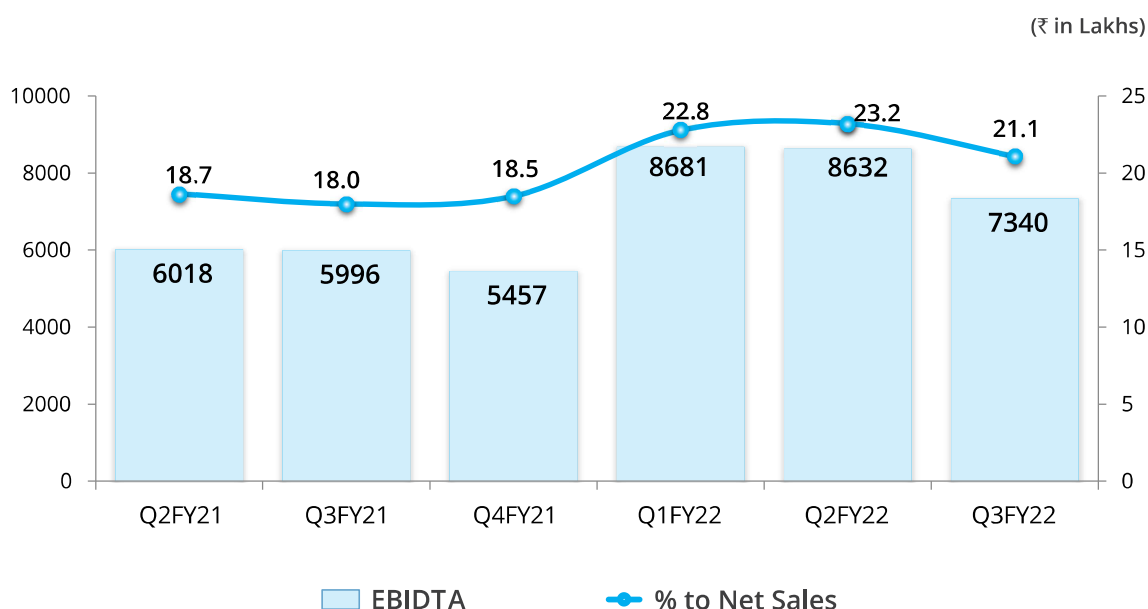


The financial ratios for the Third Quarter and YTD are as follows:

Particulars	Quarter Ended			9-Month Ended		Year Ended
	31.12.2021 (Unaudited)	30.09.2021 (Audited)	31.12.2020 (Unaudited)	31.12.2021 (Unaudited)	31.12.2020 (Unaudited)	31.03.2021 (Audited)
Material Cost (%)	31.2	28.5	28.3	29.5	28.9	29.1
Employee Benefits Expense (%)	20.4	19.8	21.8	19.9	23.1	22.4
R&D Expenses (%)	4.9	5.7	5.2	5.0	4.7	4.9
Finance Cost (%)	1.1	0.8	1.8	1.0	1.9	1.8
Depreciation (%)	5.5	5.2	5.1	5.5	5.9	6.0
Other Expenditure (%)	25.1	26.5	26.3	25.8	26.5	27.1
Profit Before Tax (%)	14.5	17.4	11.2	16.0	10.6	10.8
Tax (Curr. & Deferred- After MAT ent.) to PBT (%)	34.8	35.9	32.8	35.3	31.1	29.7
Profit After Tax (%)	9.5	11.2	7.5	10.4	7.3	7.6
EBIDTA (₹ In Lakhs)	7340	8632	5996	24653	16900	22357
EBIDTA (%)	21.1	23.2	18.0	22.4	18.3	18.4
Operating Profit (₹ In Lakhs)	6748	8512	5441	22949	14003	18793
Operating Profit (%)	19.4	22.8	16.3	20.8	15.2	15.4

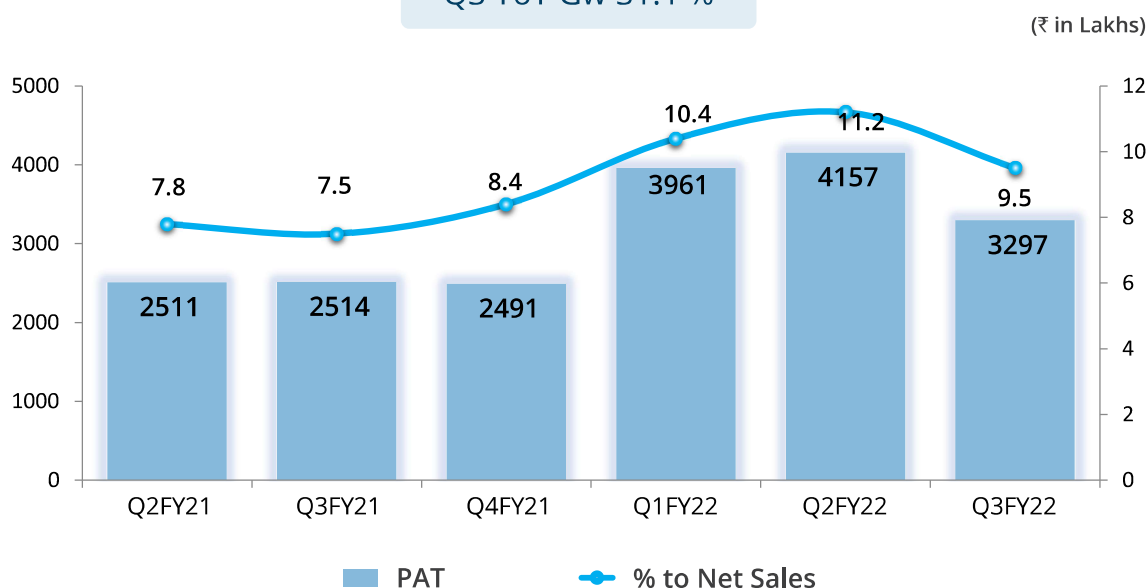
EBIDTA for the quarter grew by 22.4 % YoY. For the 9-month period ended Dec'21, the EBIDTA grew by 45.9 % at ₹ 246.5 crores, compared to ₹ 169.0 crores for the same period last year.

### EBIDTA Q3 YoY Gw 22.4 %



PAT for the quarter grew by 31.1 % YoY. For the 9-month period ended Dec'21, the PAT grew by 69.2 % at ₹ 114.1 crores, compared to ₹ 67.5 crores for the same period last year.

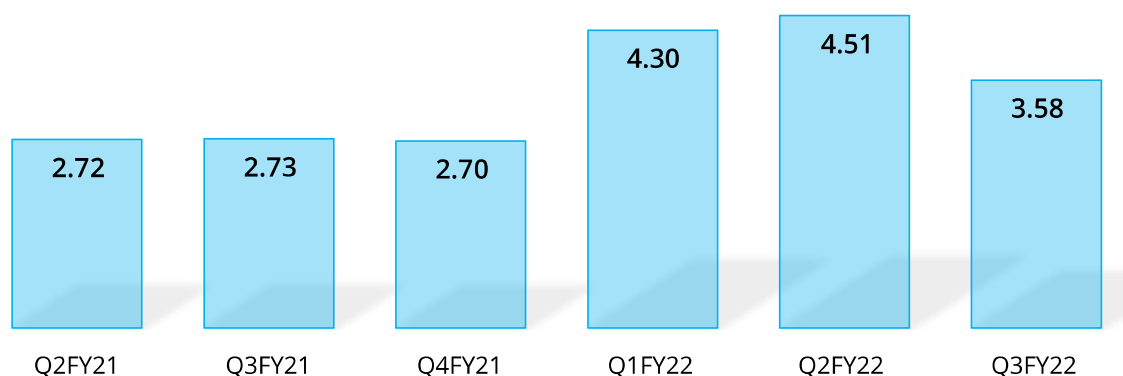
### PAT Q3 YoY Gw 31.1 %



Earnings Per Share (EPS) for the quarter is ₹ 3.58, compared to ₹ 2.73 for the same quarter last year. EPS for the 9-month period ended Dec'21 is ₹ 12.39, compared to ₹ 7.32, for the same period last year.

## EPS

(face value ₹ 2/- per share)



## FINISHED DOSAGES

### Indian Pharma Market (IPM)

IPM value trend line indicates a gradual normalisation of the sales trend.

The sales registered for Q3FY22 are ₹ 41770 crores with a growth of 5.7 %. The Respiratory segment is showing strong growth. For the 9-month period ended Dec'21, IPM sales were at ₹ 128925 crores with the growth of 18.7%.

The Company ranks at 26<sup>th</sup> position in IPM, with market share of 0.67% (Apr-Dec'21).  
(Source: AWACS data)

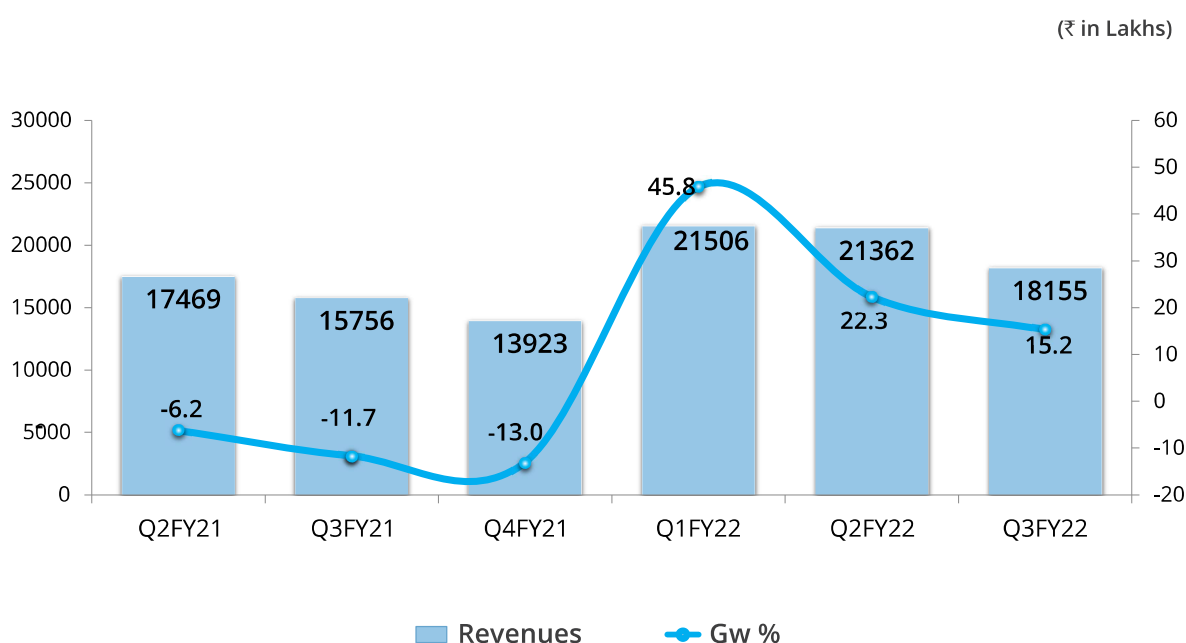
## DOMESTIC FORMULATIONS BUSINESS

Revenues from Domestic formulations business for the quarter grew by 15.2 % YoY. Major therapeutic segments, viz., Anti-infectives, Gastrointestinal, Urological and Respiratory performed well during the quarter, as compared to the previous corresponding quarter of the last financial year.

For the 9-month period ended Dec'21, revenues grew by 27.2 % at ₹ 610.2 crores, as against ₹ 479.7 crores for the same period last year.

### Domestic Formulations Business Revenues

Q3 YoY Gw 15.2 %



### NEW PRODUCTS

During the quarter, Dropizin Syrup 100 ml (Molecule: Levodropropizine, Chlorpheniramine Maleate) was launched under the Respiratory segment.

Details of revenues from major therapies are as follows:

(₹ In Lakhs)

THERAPY	Q3FY22	Q3FY21	GW %
Respiratory	3518	2955	19.0
Stomatologicals	3453	3076	12.3
Anti-infectives	2816	2165	30.0
Gastrointestinal	2333	1800	29.7
Vitamins / Minerals / Nutrients	1113	1157	-3.8
Ophthal / Otological	1014	880	15.3
Gynaec.	905	741	22.1
Pain / Analgesics	727	666	9.1
Dermatology	711	670	6.1
Anti-Diabetic	708	684	3.5

Details of revenues from major brands are as follows:

(₹ In Lakhs)

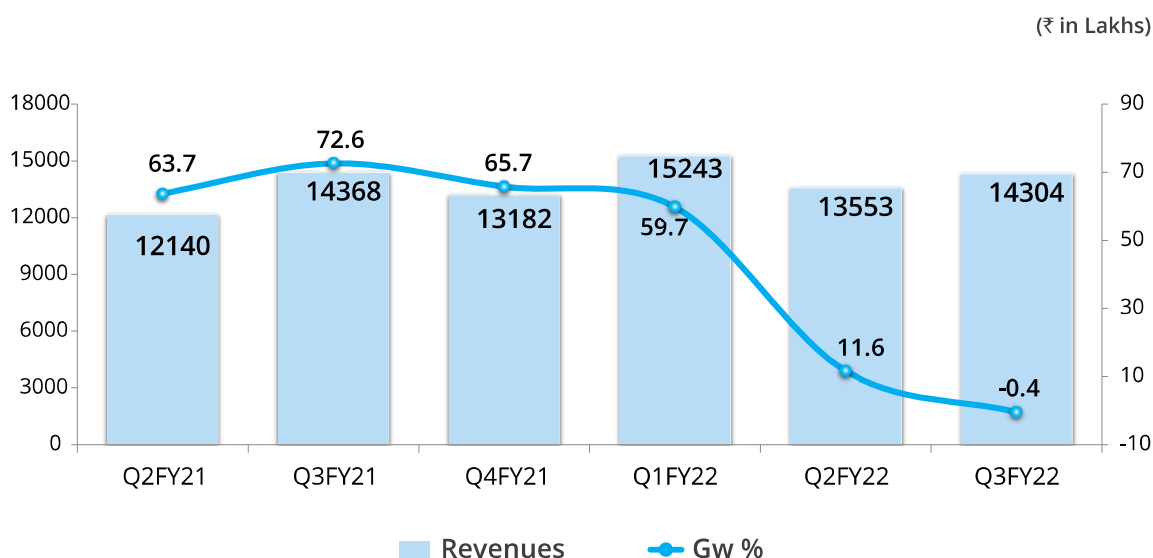
BRANDS	Q3FY22	Q3FY21	GW %
Febrex Plus	1993	1287	54.8
Cyclopam	1895	1306	45.1
ATM	1246	1021	22.1
Cital	1161	816	42.2
Oxipod	1133	598	89.4
Sensodent K	1119	957	16.9
Karvol Plus	863	1305	-33.8
Sensodent KF	586	453	29.3
Rexidin	526	524	0.4
Sensoform	504	461	9.3

## INTERNATIONAL FORMULATIONS BUSINESS

Revenues from International formulations business witnessed a growth of 5.5% QoQ. For the 9-month period ended Dec'21, revenues grew by 19.5% at ₹ 431.0 crores, as against ₹ 360.5 crores for the same period last year. YoY revenue growth was flat.

### International Formulations Business Revenues

Q3 QoQ Gw 5.5 %

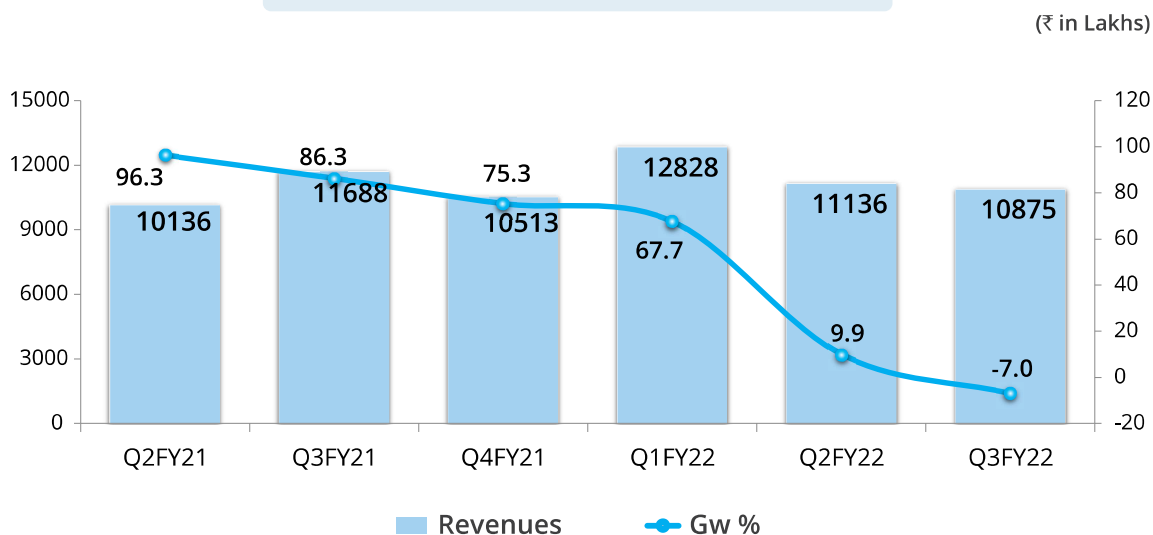


## REGULATED MARKETS

Revenues from Regulated Markets for the 9-month period ended Dec'21, grew by 18.2 % at ₹ 348.4 crores, as against ₹ 294.7 crores for the same period last year. QoQ revenues de-grew by 2.3 %.

### Regulated Markets Revenues

Q3 QoQ de-grew by 2.3 %





## USA

Revenues from US business for the quarter grew by 9.6 % at ₹ 49.1 crores, as against ₹ 44.8 crores for the same quarter last year. For the 9-month period ended Dec'21, the revenues grew by 24.3 % at ₹ 143.1 crores, as against ₹ 115.1 crores for the same period last year.

## EUROPE

Europe business has registered a growth of 13.7% for a 9-month period of current fiscal year at ₹ 193.1 crores, over the same period last year at ₹ 169.9 crores. QoQ sales have de-grown by 9.1% at ₹ 54.3 crores, over previous quarter of the current year, which stood at ₹ 59.7 crores.

## SOUTH AFRICA, AUSTRALIA AND NEW ZEALAND

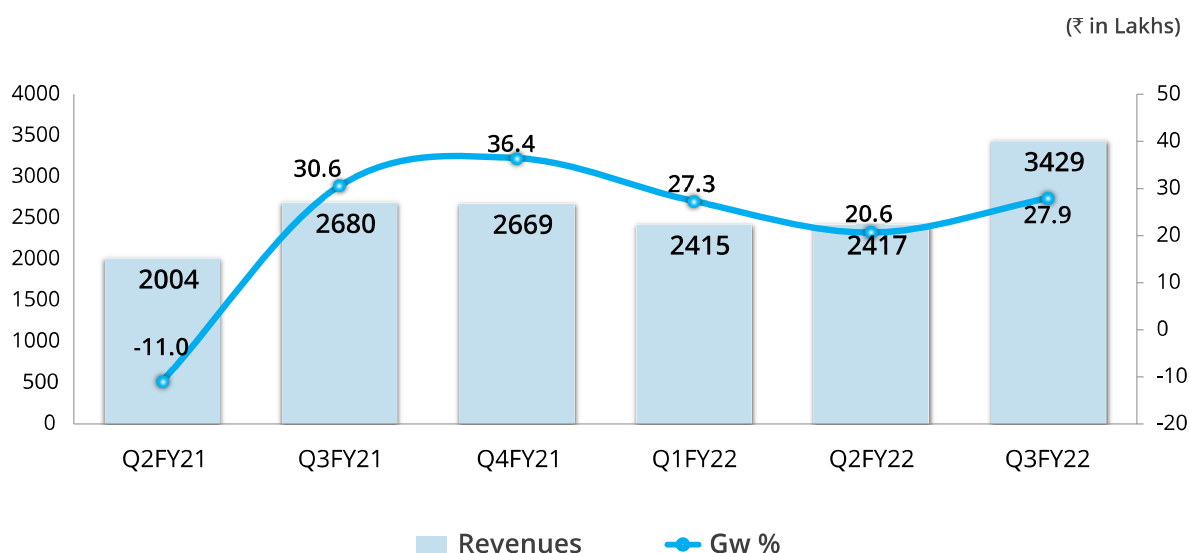
South Africa, Australia and New Zealand business has registered a growth of 25.0 % for a 9-month period of the current fiscal year at ₹ 12.1 crores. Over similar period, revenues of the last fiscal year were at ₹ 9.7 crores. QoQ sales grew by 41.5% at ₹ 5.4 crores in the previous quarter of the current fiscal year, which stood at ₹ 3.8 crores.

## EMERGING MARKETS

Revenues from Emerging Markets for the quarter grew by 27.9% at ₹ 34.3 crores, as against ₹ 26.8 crores for the same quarter last year. For the 9-month period ended Dec'21, the revenues grew by 25.5 % at ₹ 82.6 crores, as against ₹ 65.8 crores for the same period last year.

### Emerging Markets Revenues

Q3 YoY Gw 27.9 %

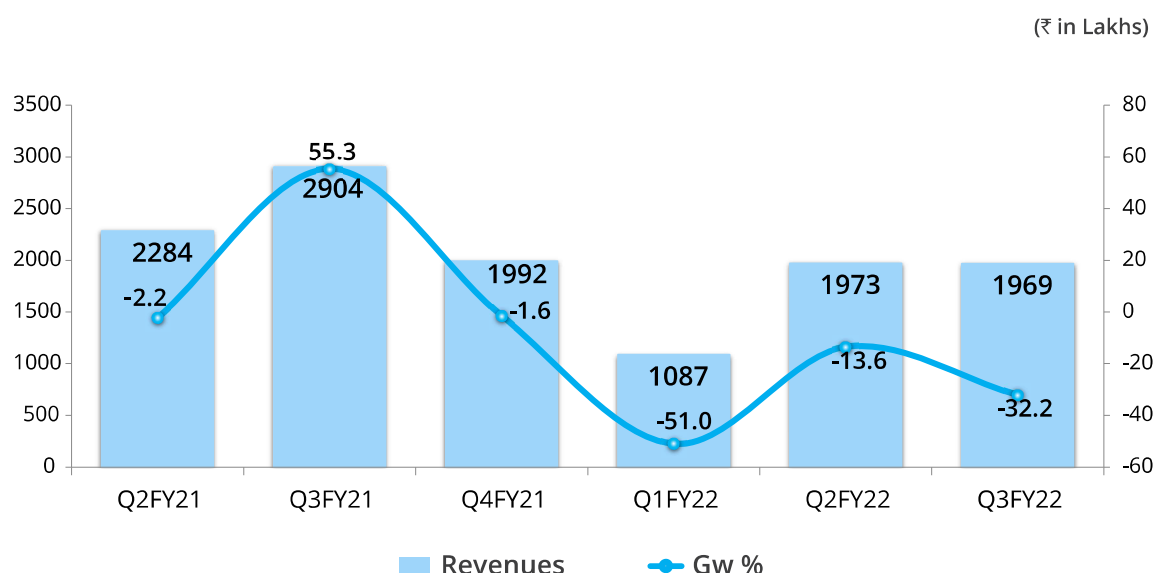


## ACTIVE PHARMACEUTICAL INGREDIENTS (APIs)

API sales growth remained flat at ₹ 19.69 crores in Q3FY22, over ₹ 19.73 crores in the immediately preceding quarter Q2FY22. During the 9-month period of the current fiscal year FY22, the API business recorded sales of ₹ 50.3 crores.

### API Business Revenues

Q3 QoQ sales remained flat



## ANACIPHER CRO AND INDOCO ANALYTICAL SOLUTIONS (IAS)

Revenues from AnaCipher CRO & Indoco Analytical Solutions (IAS) for the quarter grew by 43.4 % at ₹ 4.4 crores as against ₹ 3.0 crores, same quarter last year. For the 9-month period ended Dec'21, the revenues grew by 32.7% at ₹ 10.9 crores, as against ₹ 8.2 crores for the same period last year.

## CREDIT RATING

The Company's working capital facilities are rated as [ICRA] 'A1+' and long term borrowings are rated as [ICRA] 'AA-' with stable outlook.

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] 'AA-' Rating instruments are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

## FUTURE OUTLOOK

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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 selectively launches new products in the specialty segment to boost growth. 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 a sustainable basis.

On International front, the Company's US business is expected to grow as ANDAs are being commercialized at regular intervals as USFDA approvals have started flowing in. EU-GMP compliance certificate for Goa Plant-I and 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 promotion of its brands 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 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 and 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 its customers worldwide.

## SAFE HARBOUR

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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 and regulations. Actual results could differ from those expressed or implied due to risks, uncertainties and inaccurate assumptions.

**STAY HEALTHY, STAY SAFE!**

*Thank  
you*