



# MANAGEMENT DISCUSSION & ANALYSIS

for the Second Quarter FY21

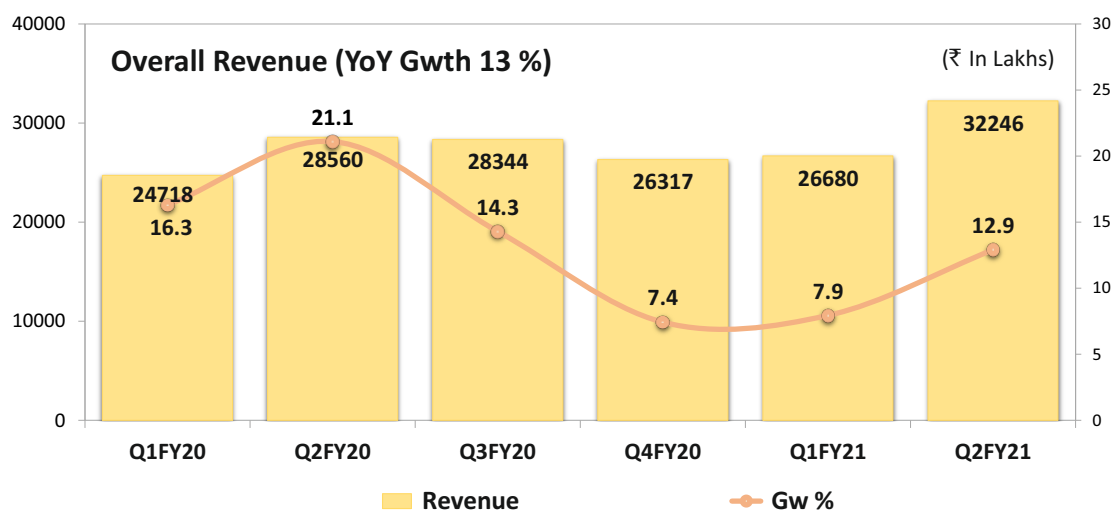
November 06, 2020

## Financials (Stand-alone)

(₹ In Lakhs)

Particulars	Unaudited				Unaudited			Audited
	Quarter Ended				Half Year Ended			Year Ended
	Jul'20-Sep'20	Apr'20-Jun'20	Jul'19-Sep'19	GW%	Apr'20-Sept'20	Apr'19-Sept'19	GW%	Apr. 19-Mar. 20
<b>Gross Sales</b>								
<b>Formulation:</b>								
- Domestic	17469	14751	18630	(6.2)	32220	34788	(7.4)	68624
- Export								
Regulated Market:	10136	7648	5163	96.3	17784	9482	87.6	21754
Emerging Market:	2004	1897	2251	(11.0)	3901	3864	1.0	7872
<b>Export Total</b>	<b>12140</b>	<b>9545</b>	<b>7414</b>	<b>63.7</b>	<b>21685</b>	<b>13346</b>	<b>62.5</b>	<b>29626</b>
<b>Formulation...(A)</b>	<b>29609</b>	<b>24297</b>	<b>26044</b>	<b>13.7</b>	<b>53905</b>	<b>48134</b>	<b>12.0</b>	<b>98250</b>
<b>API:</b>								
- Domestic	938	840	625	50.1	1778	1489	19.4	2858
- Export	1346	1379	1711	(21.3)	2725	3219	(15.4)	5743
<b>API...(B)</b>	<b>2284</b>	<b>2219</b>	<b>2336</b>	<b>(2.2)</b>	<b>4503</b>	<b>4708</b>	<b>(4.4)</b>	<b>8601</b>
<b>CRO &amp; Analytical Services(C)</b>	<b>354</b>	<b>165</b>	<b>180</b>	<b>96.5</b>	<b>518</b>	<b>436</b>	<b>18.8</b>	<b>1088</b>
<b>Gross Sales (A+B+C)</b>	<b>32246</b>	<b>26680</b>	<b>28560</b>	<b>12.9</b>	<b>58926</b>	<b>53278</b>	<b>10.6</b>	<b>107939</b>
Other Operating Income	519	906	637	(18.5)	1425	1186	20.2	2661
<b>Income from Operations</b>	<b>32765</b>	<b>27586</b>	<b>29197</b>	<b>12.2</b>	<b>60351</b>	<b>54464</b>	<b>10.8</b>	<b>110600</b>
EBIDTA	6018	4886	3214	87.2	10904	5489	98.7	12334
Operating Profit	5138	3424	2037	152.2	8562	3113	175.0	7598
Profit Before Tax	3624	2424	931	289.3	6048	959	530.7	2871
Profit After Tax	2511	1723	733	242.6	4234	951	345.2	2425

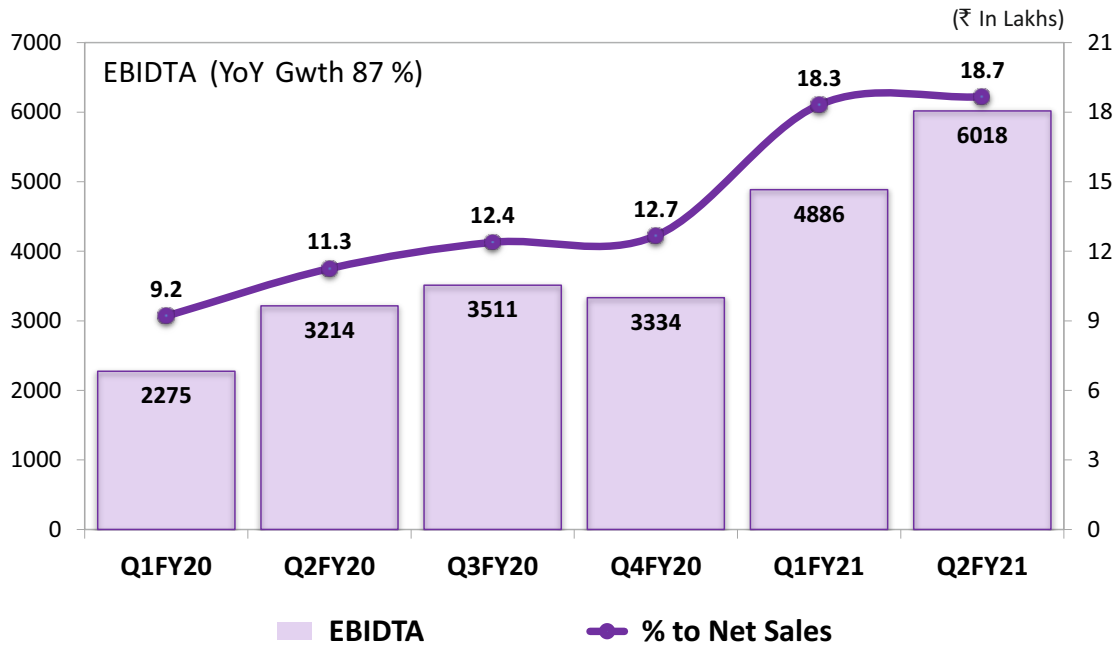
For the quarter, the revenue of the Company grew in double digit by 12.9 % YoY. In the first half of the year, revenue grew by 10.6 % at ₹ 589.3 crores, as against ₹ 532.8 crores for the same period last year.



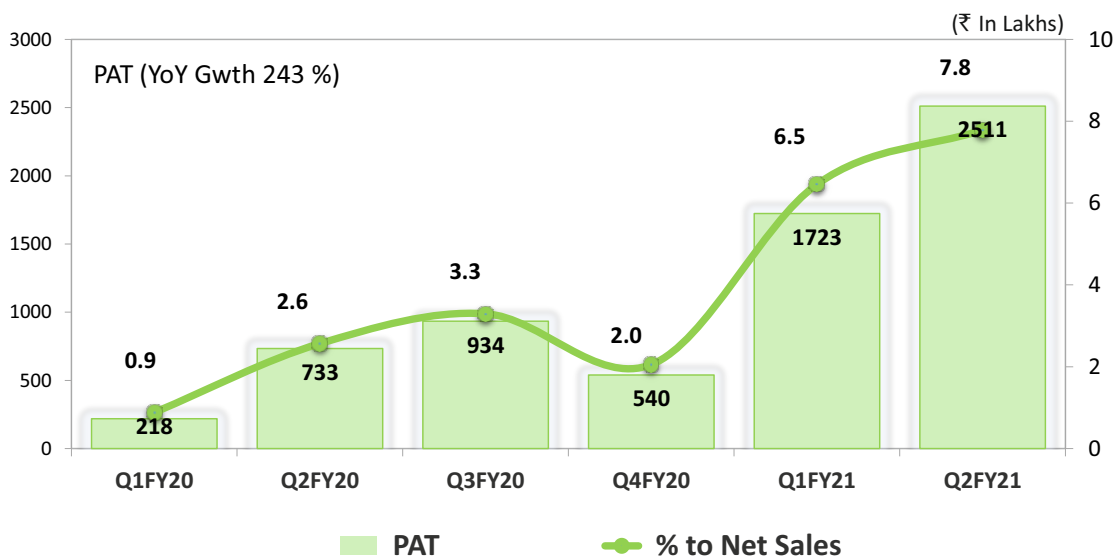
**The financial ratios for the second quarter and YTD are as follows:**

Particulars	Q2FY21 (Unaudited)	Q1FY21 (Unaudited)	Q2FY20 (Unaudited)	H1FY21 (Unaudited)	H1FY20 (Unaudited)	Year ended 31.03.2020 (Unaudited)
Material Cost	28.0%	30.6%	31.4%	29.2%	32.9%	30.6%
Employee Benefits Expense	23.2%	24.6%	22.4%	23.8%	23.4%	23.7%
Depreciation	5.8%	7.2%	6.3%	6.4%	6.6%	6.6%
R&D Expenses	4.9%	3.8%	4.1%	4.4%	4.3%	4.6%
Other Expenditure	26.9%	26.1%	33.2%	26.5%	31.4%	32.2%
Finance Cost	1.8%	2.2%	1.9%	2.0%	2.2%	2.4%
Tax (Curr.& Deferred- Before MAT ent.) to PBT	30.7%	28.9%	21.3%	30.0%	0.8%	29.0%
Profit Before Tax	11.2%	9.1%	3.3%	10.3%	1.8%	2.7%
EBIDTA	6018	4886	3214	10904	5489	12334
EBIDTA (%)	18.7%	18.3%	11.3%	18.5%	10.3%	11.4%
Operating Profit	5138	3424	2037	8562	3113	7598
Operating Profit (%)	15.9%	12.8%	7.1%	14.5%	5.8%	7.0%

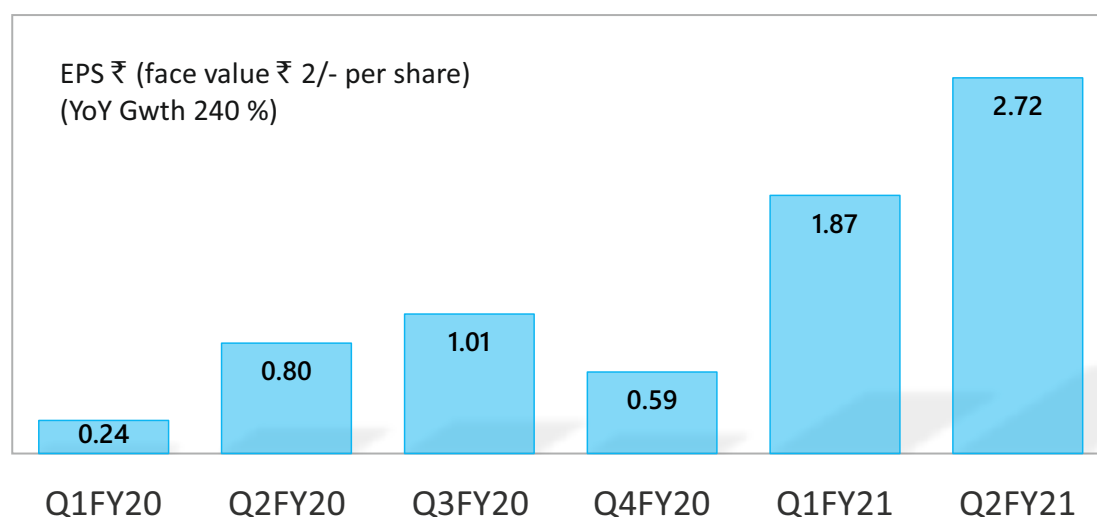
EBIDTA to net sales for the quarter is 18.7 % YoY. EBIDTA to net sales for the first half is 18.5 % at ₹ 109.0 crores, compared to 10.3 % ₹ 54.9 crores for the same period last year.



PAT to net sales for the quarter is 7.8 % YoY. PAT to net sales for the first half is 7.2 % at ₹ 42.3 crores, compared to 1.8 % at ₹ 9.5 crores, same period last year.



Earnings Per Share (EPS) for the quarter is ₹ 2.72, compared to ₹ 0.80 for the same quarter last year. EPS for the first half is ₹ 4.59, compared to ₹ 1.04, same period last year.



## CREDIT RATING

ICRA upgraded Indoco's rating and revised the outlook from negative to stable. The Company's working capital facilities are now 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

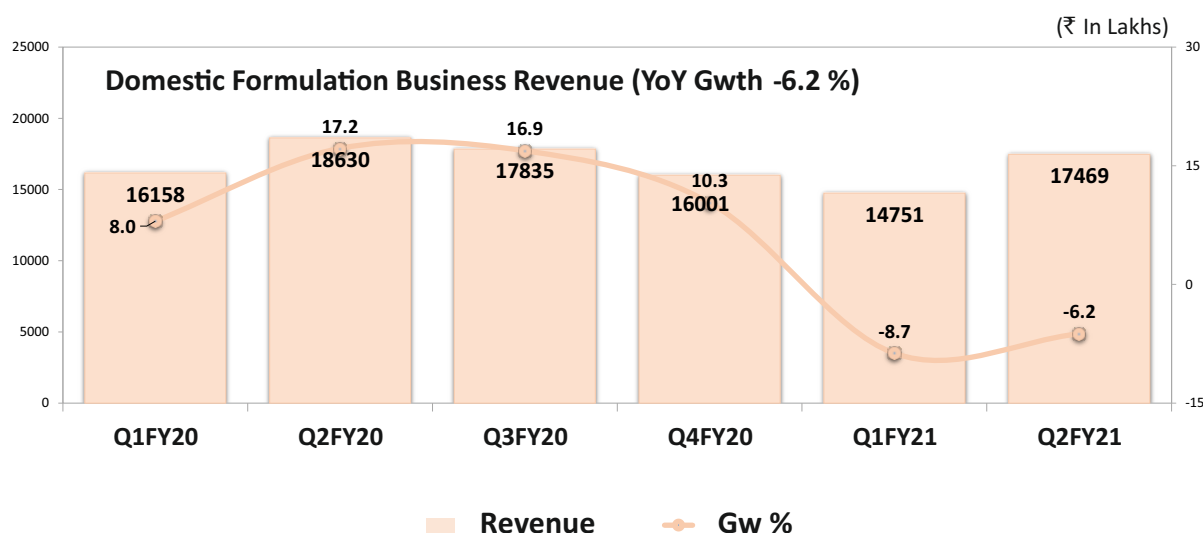
### Indian Pharma Market (IPM)

IPM for the first time has bounced back after months of Covid-19 crisis and registered growth of 4.5% in September 2020, giving a positive growth for Q2. Indoco ranks 29<sup>th</sup> in the IPM, with market share of 0.62 %. (Source: AWACS)

In terms of prescription generation, Indoco's rank is maintained at 23<sup>rd</sup> in pre-Covid and during the Covid period, with market share of 0.7 % (Source: SMSRC R<sub>x</sub> data July-Aug'20).

## DOMESTIC FORMULATIONS BUSINESS:

Revenue from Domestic formulations business for the quarter de-grew by 6.2 % YoY. For the first half, revenue de-grew by 7.4 % at ₹ 322.2 crores, as against ₹ 347.9 crores for the same period last year. Sequentially, revenue for the quarter were higher by 18.4 % at ₹ 174.7 crores, as against ₹ 147.5 crores of the preceding quarter.



### Details of revenue from major therapies are as follows:

(₹ In Lakhs)

Therapy	Q2FY21	Q2FY20	Gw %
Stomatologicals	3807	3291	15.7
Respiratory	3134	3176	-1.3
Anti-Infectives	2831	3427	-17.4
Gastro Intestinal	2087	2683	-22.2
Vitamins / Minerals / Nutrients	999	1134	-11.9
Dermatology	912	843	8.2
Gynaec.	872	878	-0.7

### Details of revenue from major brands are as follows:

(₹ In Lakhs)

Brands	Q2FY21	Q2FY20	Gw %
ATM	1739	1165	49.2
Karvol Plus	1708	520	228.5
Cyclopam	1556	2096	-25.7
Sensodent K	1302	1093	19.1
Febrex Plus	1101	1979	-44.3
Cital	1049	1067	-1.7
Cloben G	669	580	15.3
Sensodent KF	668	505	32.3
Sensoform	639	553	15.5
Oxipod	540	1361	-60.3
Rexidin SRS	452	498	-9.1
Kidodent	409	295	38.8

## NEW PRODUCTS :

During the quarter, FEVINDO 400 was launched for the treatment of mild to moderate Covid-19 cases.

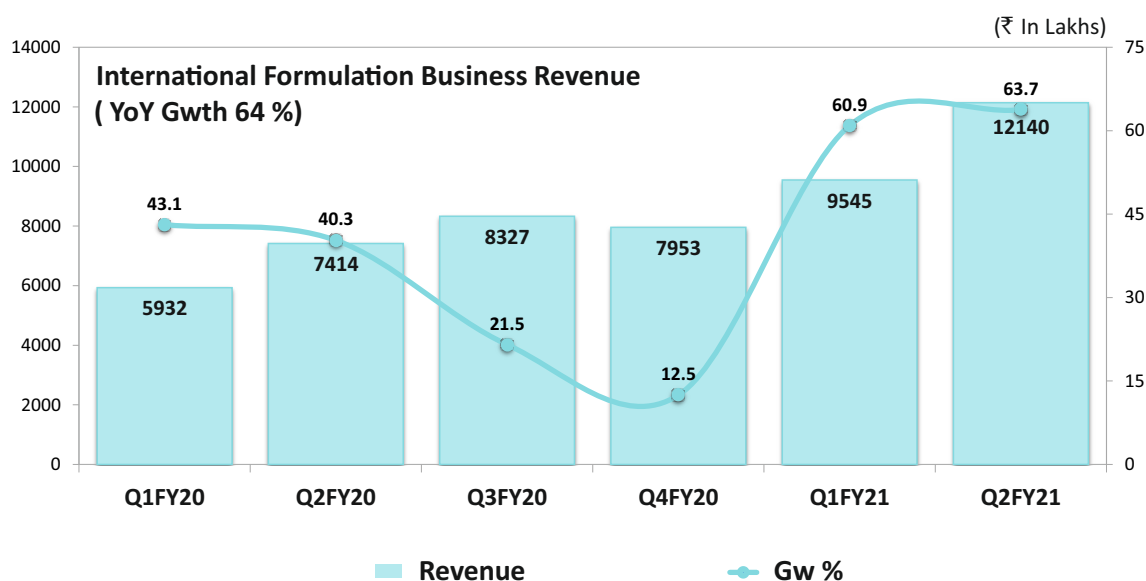
FEVINDO 400 (Favipiravir) is an antiviral drug, effective against the RNA based influenza virus. The drug has been approved by DCGI in the treatment of Covid-19. FEVINDO 400 reduces pill burden by 50% and ensures convenient dosing and better patient compliance.

The Company's brands, viz., Karvol Plus, ATM, Febrex Plus and Rexidin SRS Mouthwash are being used in the prevention of Covid-19. With the launch of FEVINDO, the Company has moved to the next step from prevention to treatment of Covid-19.

Apixabid (Apixaban) was launched in December'19 and withdrawn subsequently due to ad-interim injunction order passed by the Delhi High Court (DHC). Hearing in Indoco's appeal challenging the injunction order is further delayed as the DHC has extended restricted functioning. Given the uncertainties, it is not possible to indicate the exact time of the litigation outcome. However, Indoco is positive about its defense strategy.

## INTERNATIONAL FORMULATIONS BUSINESS

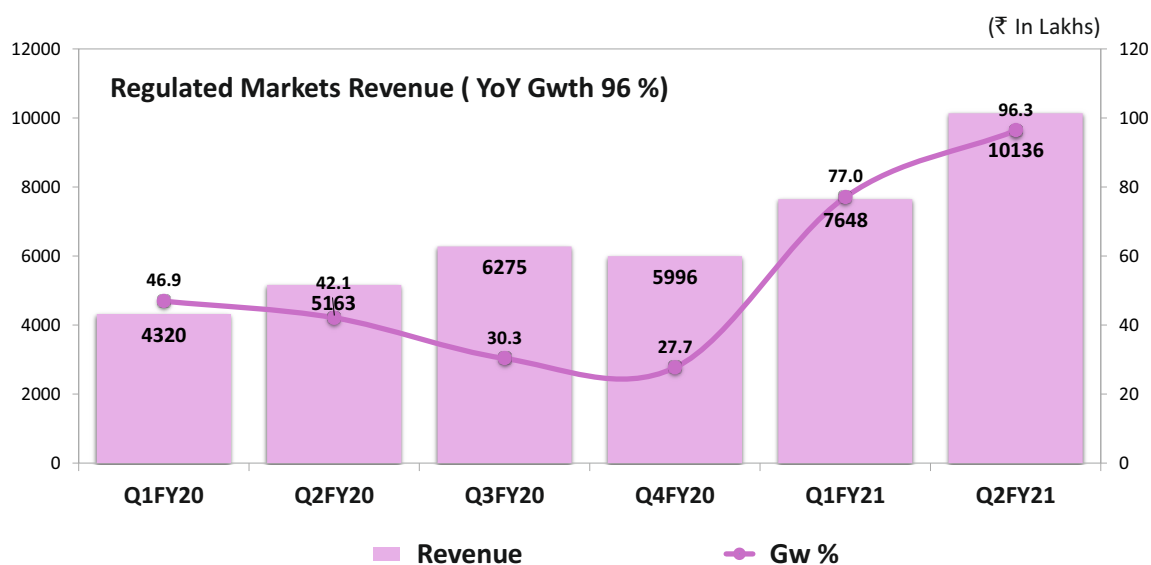
During the quarter, revenue from International formulations business grew by 63.7 % YoY. For the first half, revenue grew by 62.5 % at ₹ 216.8 crores, as against ₹ 133.5 crores for the same period last year.





## REGULATED MARKETS

During the quarter, revenue from Regulated Markets grew by 96.3 % YoY. For the first half, revenue grew by 87.6 % at ₹ 177.8 crores, as against ₹ 94.8 crores for the same period last year.



## USA

During the quarter, revenue from USA business grew by 294.7 % at ₹ 43.4 crores, as against ₹ 11.0 crores for the same quarter last year. For the first half, revenue grew by 415.0 % at ₹ 70.3 crores, as against ₹ 13.6 crores for the same period last year.

In September 2020, Indoco received the approval of its ANDA for Apixaban 2.5 mg and 5mg Tablets. Apixaban is an anticoagulant / blood thinner and is used for patients with health problems caused by blood clot.

During the quarter, the Company dispatched four products to USA for launch by partners. The products include 3 injectables viz., Phenylephrine, Palonosetron, Zoledronic acid and one solid dosage viz., Febuxostat Tablet.

The Company received repeat orders and encouraging forecast for the products shipped in the first quarter FY21.

## EUROPE

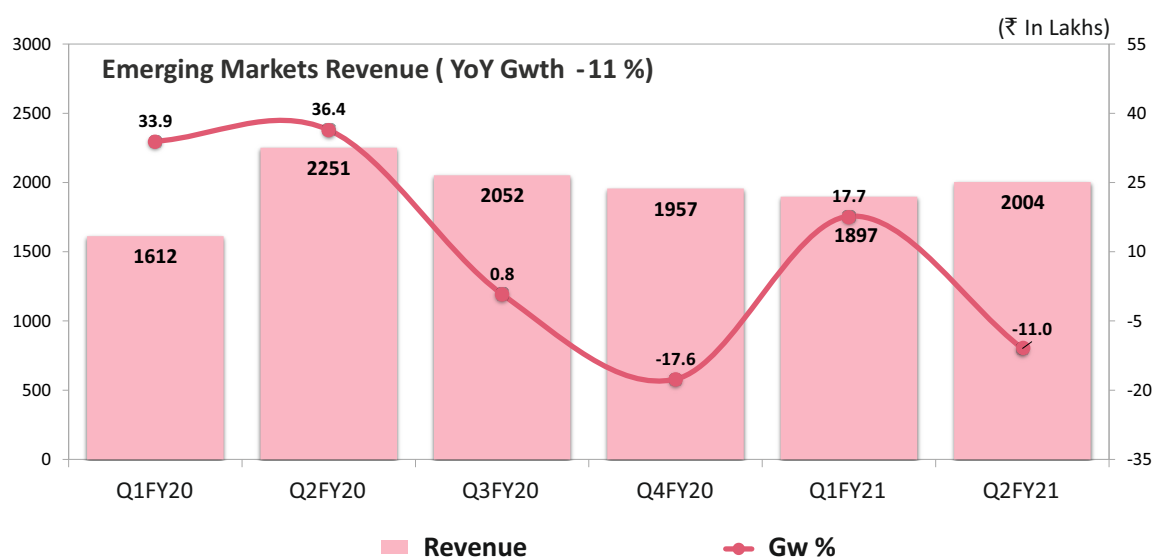
During the quarter, revenue from Europe business grew by 42.7 % at ₹ 56.1 crores, compared to ₹ 39.3 crores for the same quarter last year. For the first half, revenue grew by 34.9 % at ₹ 104.0 crores, as against ₹ 77.1 crores for the same period last year.

## SOUTH AFRICA, AUSTRALIA & NEW ZEALAND

Revenue for the quarter were at ₹ 1.8 crores, compared to ₹ 1.3 crores for the same quarter last year. For the first half, revenue were at ₹ 3.5 crores, as against ₹ 4.1 crores for the same period last year.

## EMERGING MARKETS

Revenue for the quarter were at ₹ 20.0 crores, compared to ₹ 22.5 crores for the same quarter last year. For the first half, revenue were at ₹ 39.0 crores, as against ₹ 38.6 crores for the same period last year.

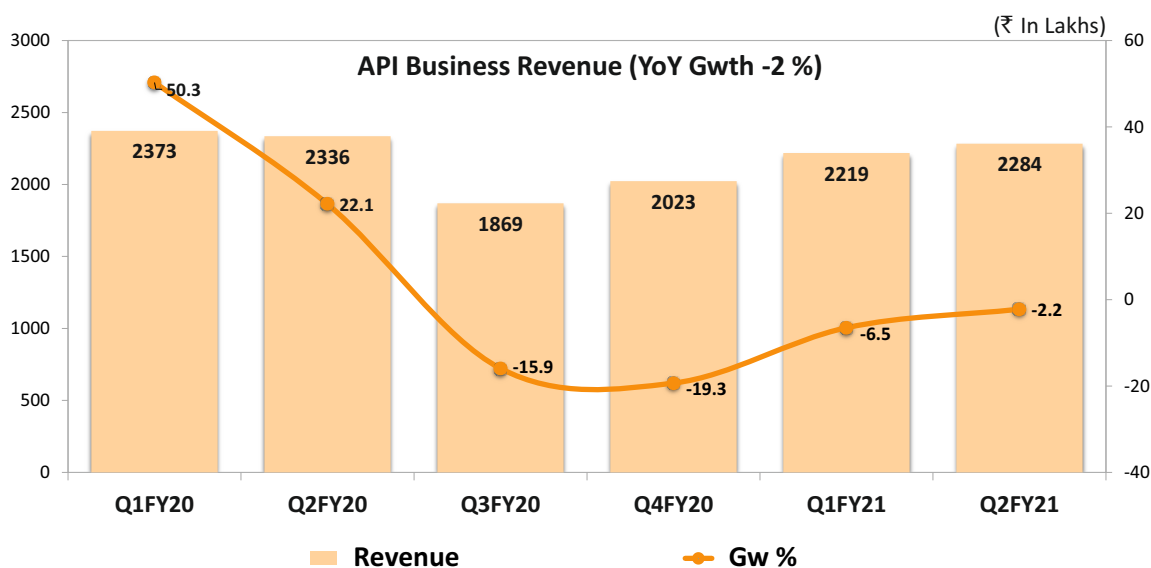


## REGULATORY UPDATE ON GOA PLANT I

Compliance updates have been submitted to the USFDA Agency with respect to Goa Plant I. An inspection of the site by the US health regulators (virtually or on-site) is anticipated to be scheduled.

## ACTIVE PHARMACEUTICAL INGREDIENTS (APIs)

Revenue for the quarter were at ₹ 22.8 crores, compared to ₹ 23.4 crores for the same quarter last year. For the first half, revenue were at ₹ 45.0 crores, as against ₹ 47.1 crores for the same period last year.



## CRO & ANALYTICAL SERVICES

During the quarter, revenue from CRO and Analytical Services business grew by 96.5 % at ₹ 3.5 crores, compared to ₹ 1.8 crores for the same quarter last year. For the first half, revenue grew by 18.8 % at ₹ 5.2 crores, compared to ₹ 4.4 crores for the same period last year.

## 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 Specialty 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, US business is expected to grow as newly approved ANDAs are being commercialized at regular intervals. Reinstatement of the EU-GMP compliance certificate for Goa Plant-I and first time 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 specialty dosages, viz., Ophthalmics & 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.

*Wishing you A Happy Diwali!*

*Stay Healthy, Stay Safe!*

*Thank You!*