Ipca Laboratories Ltd.

Corporate Presentation

November 2011

Company Overview

Incorporation	:	1949
Present Management	:	Since 1975
Total income F. Y. 2010-2011	:	₹ 18.89 Bn / US$ 0.415 Bn
Exports F. Y. 2010-2011	:	₹ 10.25 Bn / US$ 0.225 Bn
Number of Employees	:	Over 10,000
Business Model	:	Fully integrated pharmaceutical company producing Branded and Generics Formulations, APIs and Intermediates

Manufacturing Facilities

Formulations

Manufacturing Facilities
Formulations

Location	Dosage Form	Approvals / Inspections
Athal, Silvassa	Tablets & Capsules	UK-MHRA, TGA-Australia, MCC-South Africa, HPB-Canada, WHO-Geneva
Ratlam, Madhya Pradesh	Tablets, Liquids & Injectables	MCC-South Africa
Kandla, Gujarat	Betalactum – Tablets, Capsules & Dry Syrups	UK-MHRA, MCC-South Africa
Silvassa	Tablets & Capsules	UK-MHRA, US-FDA, TGA-Australia, HPB-Canada

Manufacturing Facilities
Formulations

Location	Dosage Form	Approvals / Inspections
Dehradun, Uttaranchal	Tablets & Cephalosporin Injectables	WHO-GMP
Indore (SEZ), Madhya Pradesh	Tablets & Capsules	UK-MHRA

Manufacturing Facilities

Active Pharmaceutical Ingredients (APIs)

Manufacturing Facilities
APIs

Location	Approvals / Inspections
Ratlam, Madhya Pradesh	US-FDA ,TGA-Australia EDQM, Danish Regulatory Authority, PMDA-Japan, WHO-Geneva
Indore, Madhya Pradesh	WHO-GMP
Aurangabad, Maharashtra	WHO-GMP

The company has taken effective steps for setting up a new green field API manufacturing facility at **Vadodara, Gujarat.**

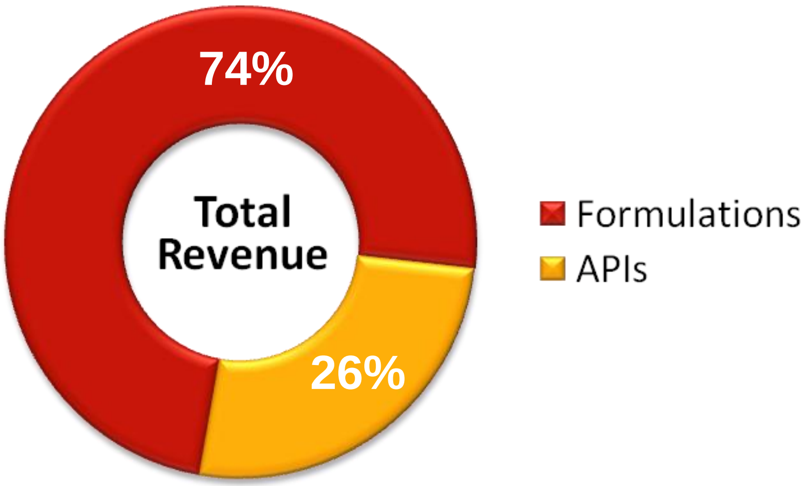
Projects Under Implementation

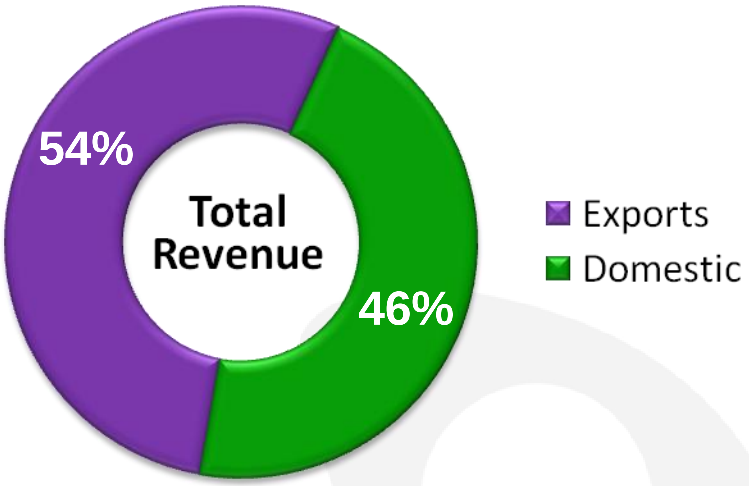
Location	Dosage Form
Sikkim	Tablets & Capsules

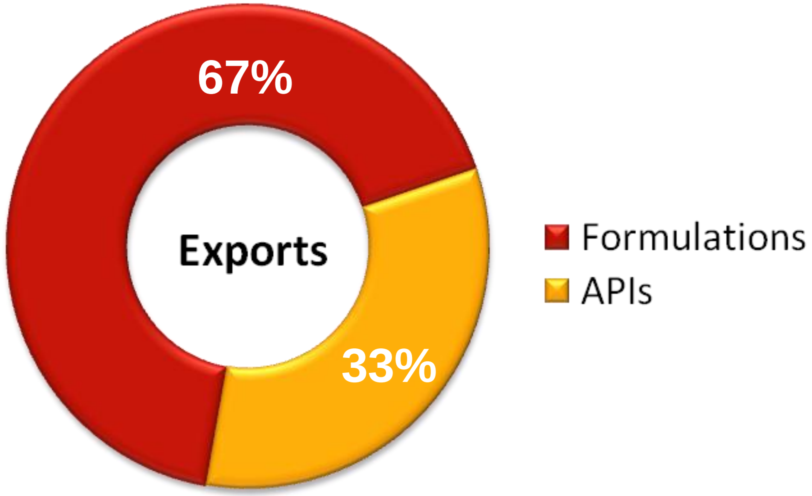
Sikkim formulations manufacturing plant started commercial production in July 2011.

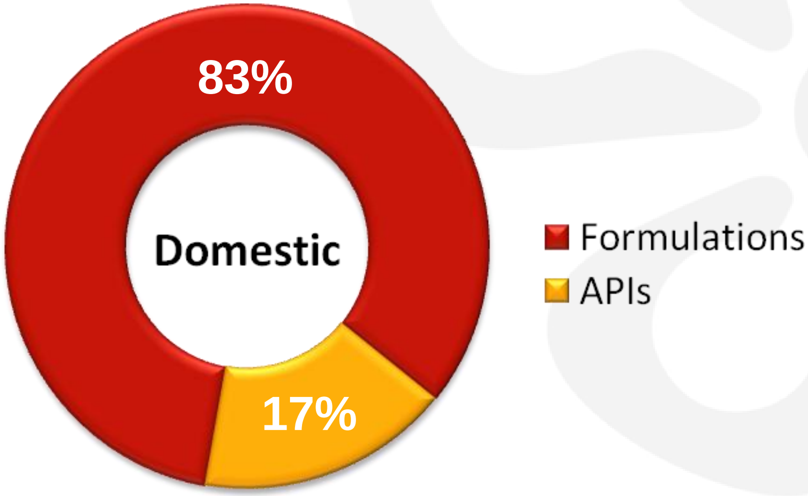
Revenue Break-up

Revenue Break-up
2010 - 2011









Revenue Break-up

₹ Bn	2010 - 2011		
	Domestic	Exports	Total
Branded Formulations	6.964	1.558	8.522
Generic Formulations		5.359	5.359
Total Formulations	6.964	6.917	13.881
API / Intermediates	1.443	3.335	4.778
Others	0.236		0.236
Total Income	8.643	10.252	18.895
Growth	**13.7%**	**27.2%**	**20.7%**

2009 - 2010			Growth
Domestic	Exports	Total	
5.898	1.298	7.196	**18.4%**
0.08	3.594	3.674	**45.9%**
5.978	4.892	10.870	**27.7%**
1.416	3.169	4.585	**4.2%**
0.2		0.2	
7.594	8.061	15.655	**20.7%**

Financials

Financials

	F.Y. 2010 - 2011		F.Y. 2009 - 2010		
	₹ Bn	US$ Bn	₹ Bn	US$ Bn	% Growth
Total Income	18.895	0.415	15.655	0.343	20.7%
EBIDT	3.785	0.083	3.319	0.073	14.0%
EBIDT %	20.12%		21.37%		
PBT #	3.437	0.075	2.717	0.060	26.5%
PBT %	18.27%		17.50%		
PAT #	2.554	0.056	2.092	0.046	22.1%
PAT %	13.58%		13.47%		

Profitability to Net Income	FY 2010-2011	FY 2009-2010	FY2008-2009
PBIDT	20.12%	21.37%	21.03%
PBT	18.27%	17.50%	9.79%
PAT (Before exceptional items)	14.11%	13.47%	7.96%
Net Profit (After exceptional items)	13.58%	13.47%	7.16%

ipca
A dose of life

Financials

Business Characteristics	FY 2010-2011	FY 2009-2010	FY2008-2009
Return on Capital Employed % (PBIT / Capital Employed)	26.14%	24.82%	16.35%
Return on Net Worth % (PAT / Net Worth)	25.18%	23.91%	15.88%
Fixed Asset Turnover Ratio (Total Income / Net Fixed Assets)	2.33	2.32	2.20
Capital Employed Turnover Ratio (Total Income / Capital Employed)	1.35	1.33	1.36
Asset Coverage Ratio (to term loan) (Net Fixed Assets / Long Term Loans)	3.04	3.07	2.51
Long Term Debt Equity Ratio (Long Term Loan / Net Worth)	0.25	0.25	0.36
Debtors Turnover Ratio (Days) (Debtors / Turnover) x 365	91	93	99
Creditors Turnover Ratio (Days) (Creditors / Purchases) x 365	56	60	62
Inventory Turnover Ratio (Days) (Inventory / Turnover) x 365	90	88	86

Financials

Growth	FY 2010-2011	FY 2009-2010	FY2008-2009
Total Income	20.7%	22.7%	20.4%
Domestic Sales	13.7%	26.4%	15.6%
Export Sales	27.2%	18.5%	26.9%
PBIDT	14.0%	23.9%	45.8%
PBT	26.5%	118.0%	-29.5%
PAT (Before exceptional items)	26.8%	106.3%	-28.1%
Net Profit (After exceptional items)	22.1%	129.3%	-35.4%

Financials

	Q1 2011 - 2012		Q1 2010 - 2011		
	₹ Bn	US$ Bn	₹ Bn	US$ Bn	% Growth
Total Income	5.326	0.117	4.205	0.092	26.7%
EBIDT	0.952	0.021	0.712	0.016	33.7%
EBIDT %	17.96%		17.04%		
PBT #	0.832	0.018	0.511	0.011	62.8%
PBT %	15.62%		12.15%		
PAT #	0.617	0.014	0.388	0.009	59.0%
PAT %	11.58%		9.22%		

After forex gain of ₹ 0.091 Bn as against forex loss of ₹ 0.029 Bn for previous year.

Financials

	Q1 2011 - 2012		Q1 2010 - 2011		
	₹ Bn	US$ Bn	₹ Bn	US$ Bn	% Growth
Total Income	6.261	0.137	5.210	0.114	20.2%
EBIDT	1.580	0.035	1.180	0.026	33.9%
EBIDT %	25.35%		22.77%		
PBT #	1.042	0.023	1.277	0.028	-18.4%
PBT %	16.64%		24.51%		
PAT #	0.780	0.017	0.940	0.021	-17.0%
PAT %	12.46%		18.04%		

After forex loss of ₹ 0.272 Bn as against forex gain of ₹ 0.288 Bn for previous year.

Financials

	H1 2011 - 2012		H1 2010 - 2011		
	₹ Mio	US$ Mio	₹ Mio	US$ Mio	% Growth
Total Income	11.587	0.254	9.415	0.207	23.1%
EBIDT	2.532	0.056	1.892	0.042	33.8%
EBIDT %	21.95%		20.21%		
PBT #	1.874	0.041	1.789	0.039	4.8%
PBT %	16.17%		19.00%		
PAT #	1.396	0.031	1.329	0.029	5.0%
PAT %	12.05%		14.12%		

After forex loss of ₹ 0.181 Bn as against forex gain of ₹ 0.259 Bn for previous year.

Financials

Contribution of Therapeutic Groups

2009 - 2010		Therapeutic Segment	2010 - 2011	
Exports	Domestic		Exports	Domestic
41%	28%	Cardiovasculars & Anti-Diabetics	41%	27%
21%	26%	Non Steroidal Anti-Inflammatory Drugs (NSAID)	20%	28%
7%	17%	Anti-Malarials	19%	17%
19%	9%	Anti-Bacterials	11%	8%
2%	7%	Gastro-Intestinal (GI) Products	1%	6%
1%	4%	Neuro Psychiatry	3%	4%
1%	4%	Cough Preparations	1%	4%
-	4%	Dermatology	-	4%
-	-	Nutraceuticals	-	1%
8%	1%	Others	4%	1%
100%	100%	Total	100%	100%

Branded Formulations

India

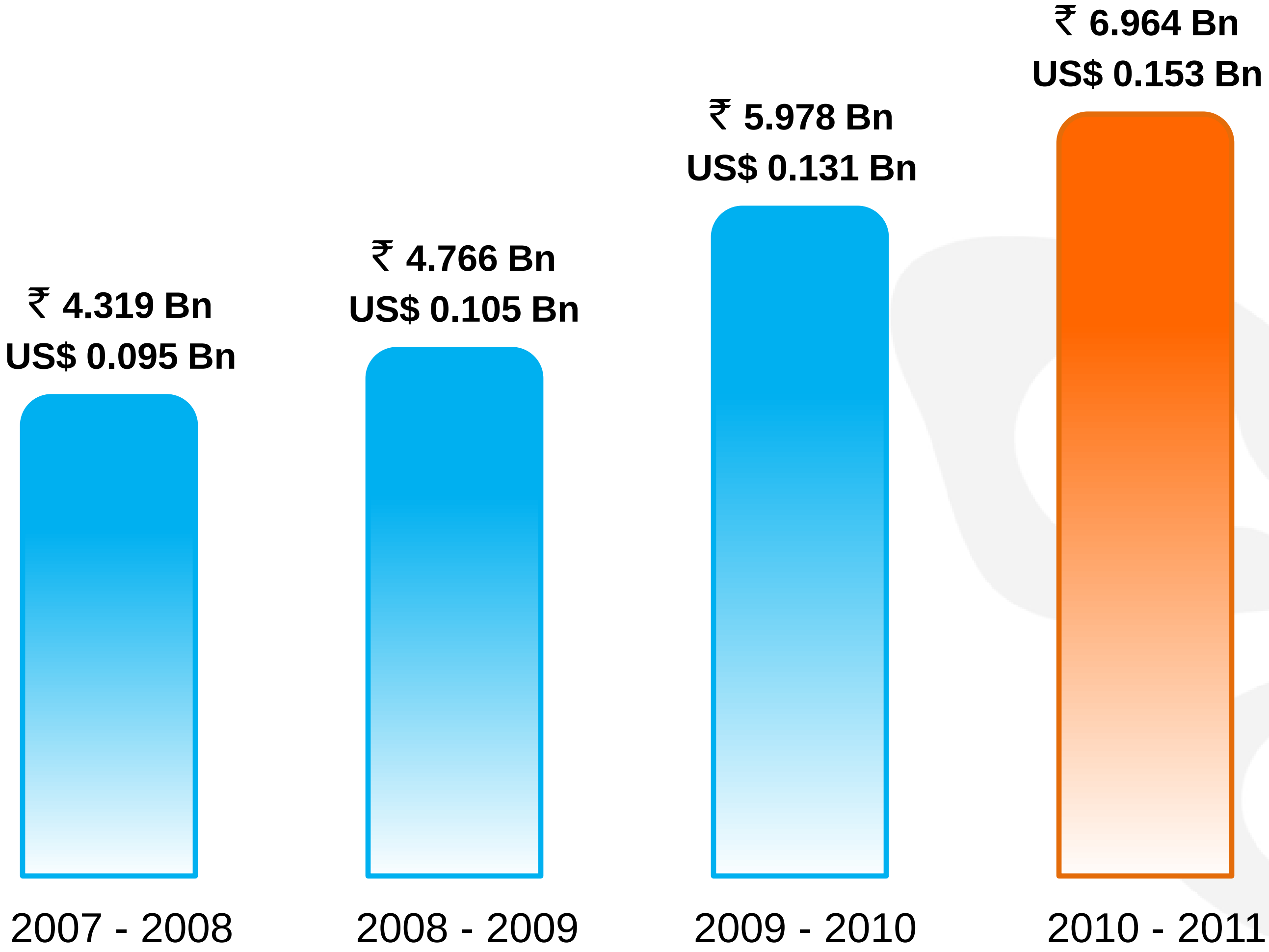
Branded Formulations

India

- All India rank ORG-IMS: 25th (MAT September 2011)
- 24 depots & 2 C&F agents
- 13 Therapy-focused marketing divisions including 2 new divisions – Ipca Pain Management and Ipca Dynamix
- Field strength – 4031
- 2000 wholesalers
- 3 brands among top 300 brands (HCQS, Lariago and Rapither)
- Market leaders in Anti-malarials and Rheumatoid Arthritis

Branded Formulations
India

CAGR = 17%



Sales

Branded Formulations
India

New Product Sales		
Year of Launch	**Value - ₹ Bn**	**% Contribution**
Before 2006 -2007	5.827	86%
2006 - 2007	0.203	3%
2007 - 2008	0.433	6%
2008 - 2009	0.104	2%
2009 - 2010	0.098	1%
2010 - 2011	0.149	2%
New products launched in last 5 years	0.987	14%
Grand Total	6.814	100%

Future Growth Drivers

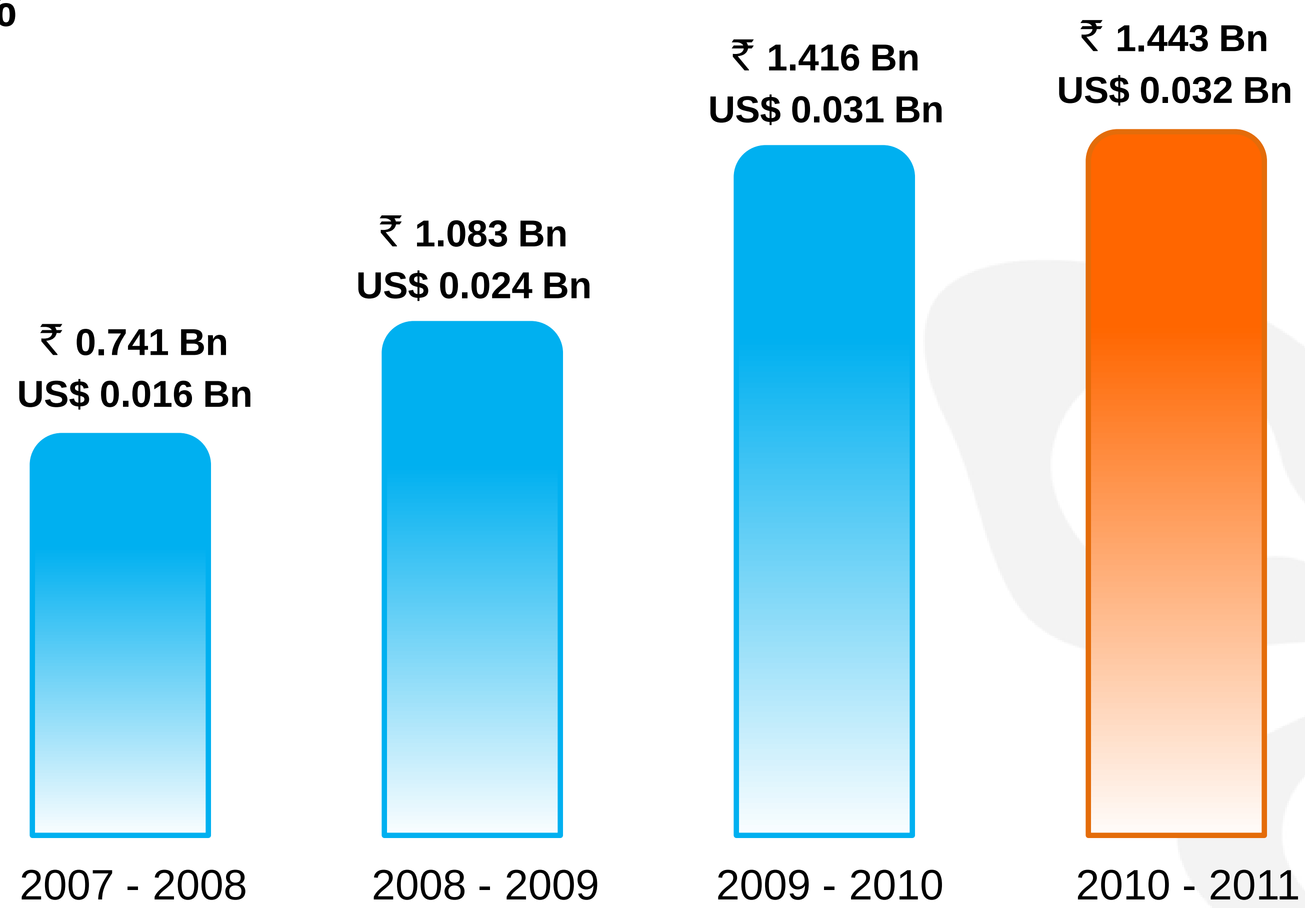
- The company introduced 25 new brands in the Indian market during 2010-11
- Increased penetration through field force expansion
- Clinical research as a tool to launch innovative combination formulations / NDDS
- Strong brand building with focused promotion
- In licensing / out licensing to build business in the promoted therapy
- Portfolio optimization, strategies to identify need gaps to build, enter, maintain and exit approach

APIs (Active Pharmaceutical Ingredients)

India

CAGR = 25%

Sales



API sales does not include captive consumption (FY 2010 – 2011 ₹ 2.271 Bn / US$0.050 Bn)

International Business

International Business

- Exports to over 110 countries
- Recognized trading house
- Among top 10 pharmaceutical exporters from India
- 54% sales from exports
- Field-force to promote brands in 40 countries of CIS, South East Asia, Middle East, Latin America and Africa

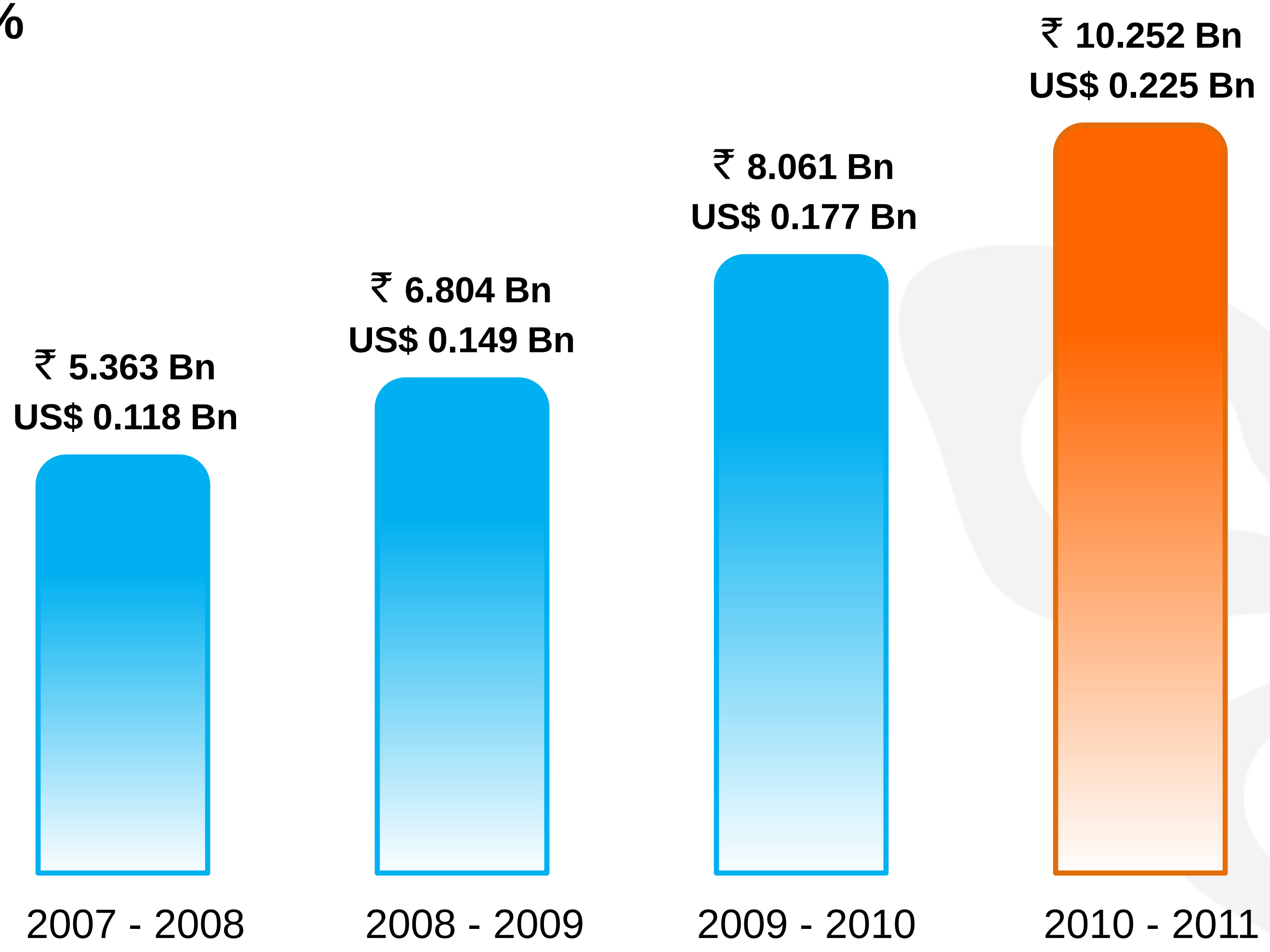
International Business

- Marketing offices in Russia, Ukraine, Vietnam, Philippines, Kenya, Columbia, Sri Lanka, Malaysia and Nigeria (subsidiary company)
- Formulation dossiers for branded formulations registered in 70 countries
- The company's wholly owned subsidiary M/s. Ipca Laboratories U.K. Ltd acquired 100% share holding of M/s. Onyx Research Chemicals Ltd., UK, holding company of M/s. Onyx Scientific Ltd., UK
- Forbes Asia has selected Ipca for 3 consecutive years - 2003, 2004, 2005 as one of the best under a billion companies outside US
- Forbes Inc. selected Ipca as one of the 'Best under a Billion Forbes Global 200 Best Small Companies' in 2007

International Business

CAGR = 24%

Sales



Continent-wise Exports 2010 – 2011 (₹ Bn)				
Continent	**Formulations**	**Bulk Drugs / Intermediates**	**Total**	**% Contribution**
Europe	2.800	1.080	3.880	38%
Africa	1.716	0.329	2.045	20%
Asia	0.258	0.858	1.116	11%
CIS	0.742	0.038	0.780	8%
Americas	1.159	0.951	2.110	20%
Australasia	0.242	0.079	0.321	3%
Total	6.917	3.335	10.252	100%

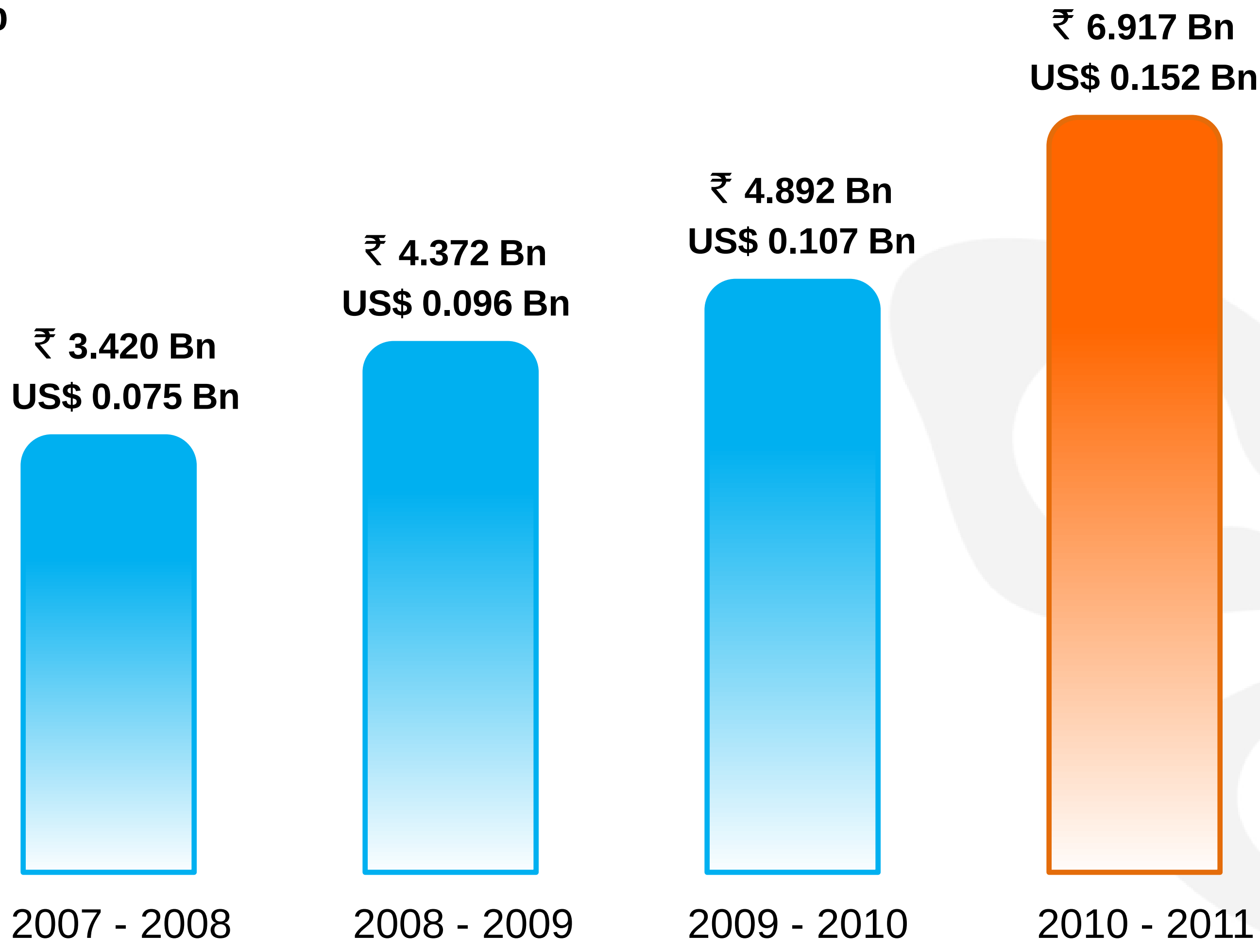
International

Formulations

International Formulations

CAGR = 27%

Sales

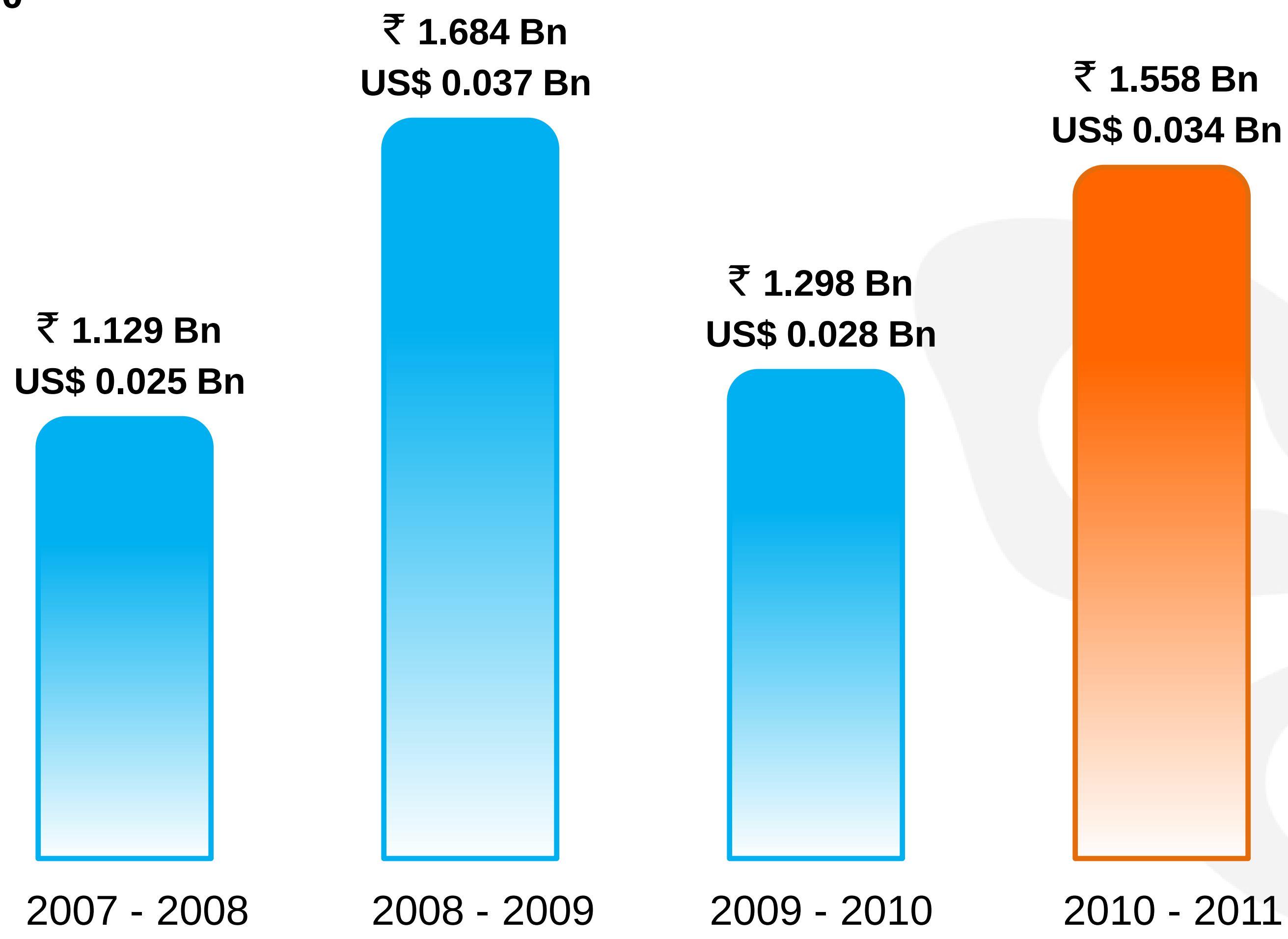


International

Branded Formulations

International
Branded Formulations

CAGR = 12%



Sales

Future Growth Drivers

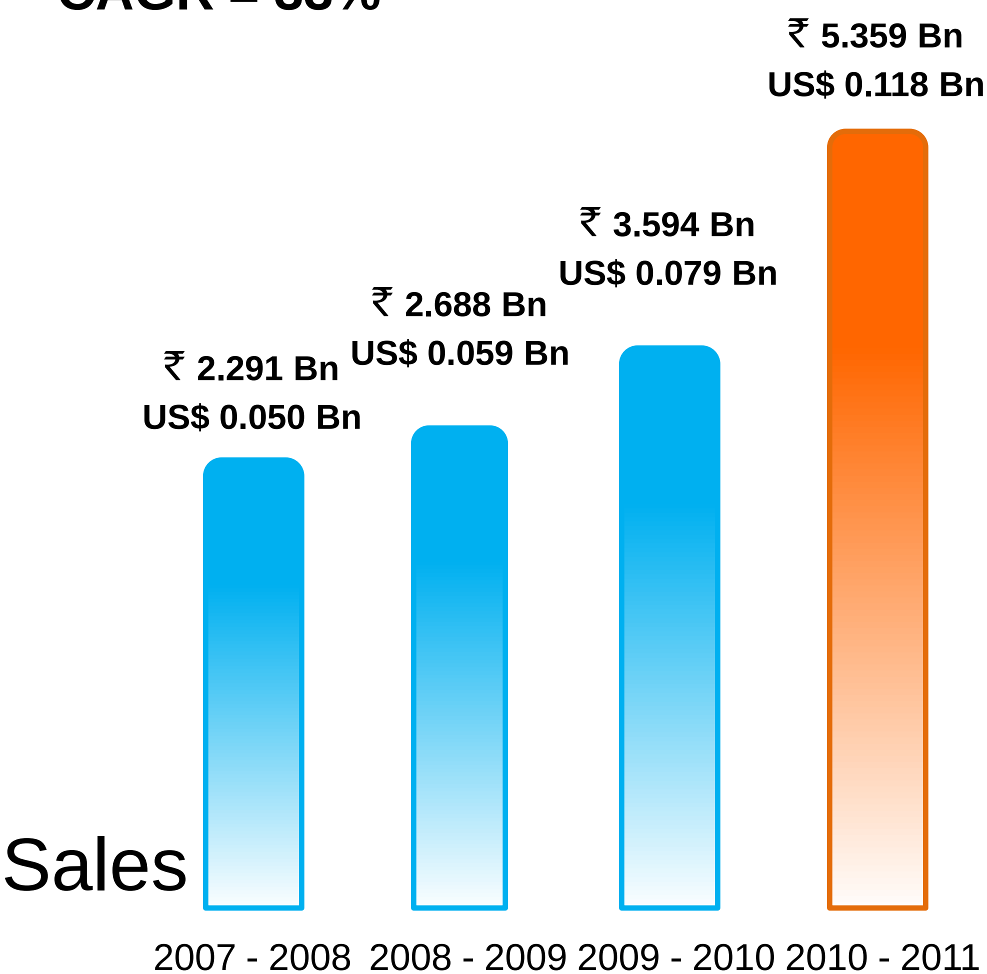
- Thrust on brand building in Pain, CVS, CNS, Anti-infective and Anti-malarial segments
- Geographical expansion in covered countries through additional field force
- New geographies – South & Central American and West African countries
- Expansion in business lines - Institutions and Distributors
- Introduction of new products - about 50 existing developed formulations are identified for registration and launch across all continents
- The company's wholly owned subsidiary in Mexico has started activities of filing the formulation dossiers for registration in the said country
- The company has started marketing its branded formulations in Venezuela, Colombia and Peru in the Latin American market

International

Generics

International Generics

CAGR = 33%



Country	Products Registered	Products Under Registration
United Kingdom / Europe	44	11
Australia / New Zealand	30	8
South Africa	40	8
United States / Canada	14	15

Future Growth Drivers

- Dossiers developed by company approved in UK are being taken for MRP registration in other EU countries
- Own dossier filings in Portugal
- Most formulations registered to be backed by own API
- Sale of generic dossiers with or without supply agreements
- Contract manufacturing arrangements
- Focus on institutional business especially for anti-malarials
- Approval for anti-malarial finished dose combination formulation – Artemether + Lumefantrine under WHO's Prequalification Programme. Ipca is the 4th company in the world to have prequalification for this product.

Future Growth Drivers – North America

- Strategic tie up with Ranbaxy Inc. to market around 25 Generic formulations in US. The company has signed agreements with 3 marketing partners for sale/distribution of Generic formulations.
- 24 ANDAs filed of which 12 ANDAs are approved
- 10 to 12 ANDAs targeted for filing every year for next 3 years
- US Generic business commenced from September 2008
- Many Generic products in pipeline for potential tie-ups
- Exploring contract development and manufacturing opportunities
- Marketing arrangements signed for Canada
- Generics export to Canada commenced in FY 2011-12

Future Growth Drivers – United States

- Most ANDAs to be backed by own APIs
- Formulations manufacturing facility at SEZ Indore commercialized and awaiting US-FDA inspection

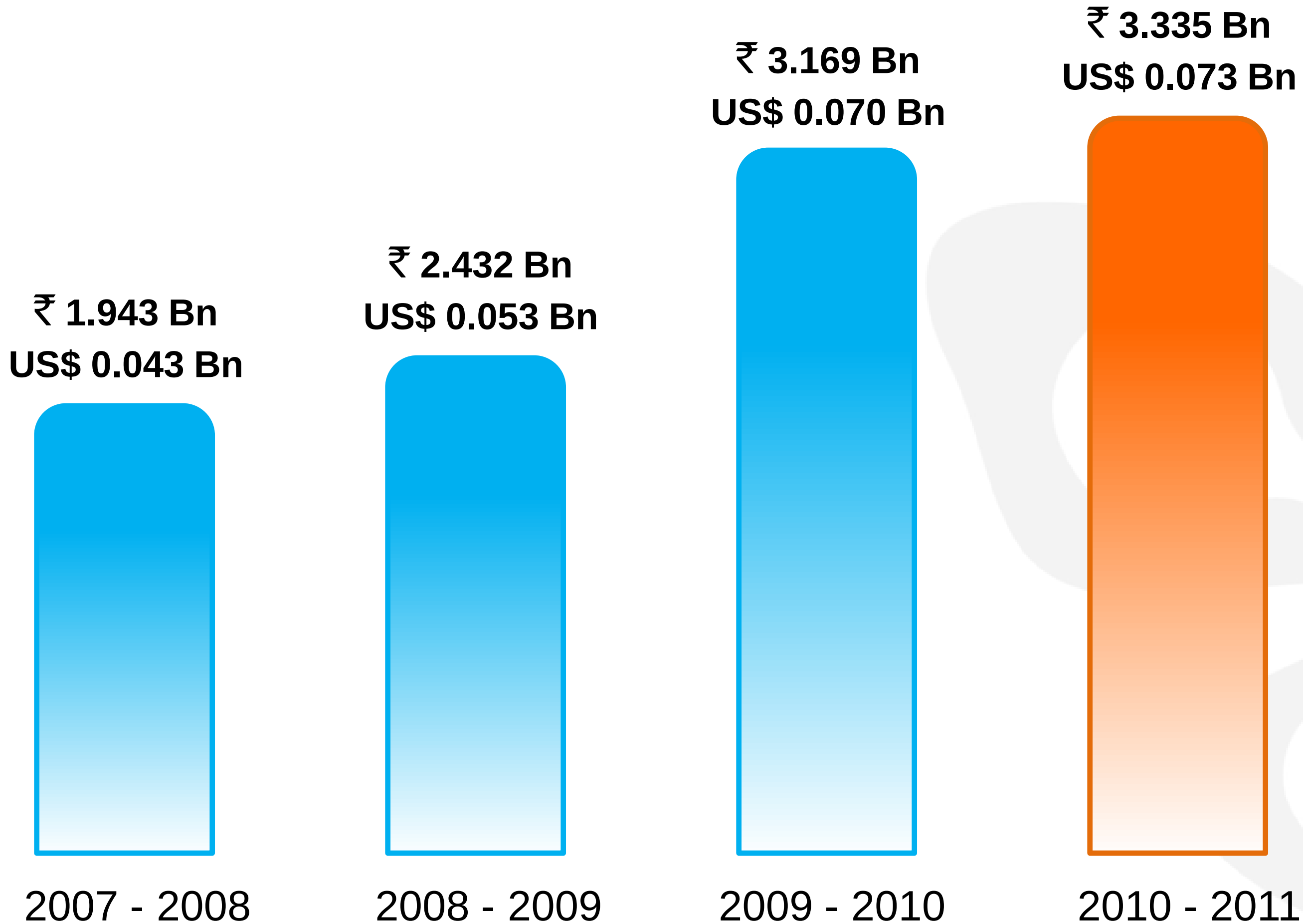
International

APIs

International
APIs

CAGR = 20%

Sales



International
APIs – Drug Master Files

Sr. No.	API Name	US-FDA	UK-MHRA	Canada -HPFB	WHO	Japan-PMDA	TGA-Australia	EDQM-Europe
1	Atenolol	✓	✓	✓		✓	✓	✓
2	Artemether	✓			✓			
3	Artesunate	✓			✓			
4	Amodiaquine HCl	✓			✓			
5	Amlodipine Besylate	✓						✓
6	Allopurinol	✓		✓				✓
7	Balsalazide Disodium Dihydrate	✓						
8	Bendroflumethiazide	✓						✓
9	Bisoprolol Fumarate	✓						
10	Carvedilol	✓		✓				✓
11	Cetrizine Dihydrochloride	✓	✓					✓
12	Chloroquine Phosphate	✓	✓					✓
13	Chloroquine Sulphate		✓					
14	Chlorthalidone	✓		✓				✓

International
APIs – Drug Master Files

Sr. No.	API Name	US-FDA	UK-MHRA	Canada -HPFB	WHO	Japan-PMDA	TGA-Australia	EDQM-Europe
15	Cilostazole	✓						
16	Citalopram HBR	✓						
17	Clopidogrel Bisulfate	✓						
18	Etodolac	✓						✓
19	Fenofibrate	✓						✓
20	Fluconazole	✓						✓
21	Flumequine							✓
22	Furosemide	✓	✓	✓		✓	✓	✓
23	Glimeperide	✓						✓
24	Hydrochlorothiazide	✓	✓	✓		✓	✓	✓
25	Hydroxyzene DiHCl	✓						
26	Hydroxychloroquine Sulphate	✓	✓	✓			✓	
27	Indapamide	✓					✓	✓
28	Isotretinoin	✓						✓

International

APIs – Drug Master Files

Sr. No.	API Name	US-FDA	UK-MHRA	Canada -HPFB	WHO	Japan-PMDA	TGA-Australia	EDQM-Europe
29	Losartan Potassium	✓	✓	✓		✓		✓
30	Lumefantrine	✓			✓			
31	Methylphenidate	✓		✓				✓
32	Mesalamine/Mesalazine	✓						✓
33	Metformin HCl	✓						✓
34	Metoclopramide HCl	✓	✓	✓		✓		✓
35	Metoprolol Succinate	✓						✓
36	Metoprolol Tartrate	✓		✓		✓	✓	✓
37	Nabumetone	✓						✓
38	Ondansetron Hydrochloride	✓					✓	✓
39	Ondansetron Base	✓						
40	Pantoprazole Sodium Sesquihydrate	✓						
41	Paroxetine HCl	✓						
42	Perindopril	✓						

Sr. No.	API Name	US-FDA	UK-MHRA	Canada -HPFB	WHO	Japan-PMDA	TGA-Australia	EDQM-Europe
43	Primaquine Phosphate	✓					✓	
44	Probenecid	✓						
45	Proguanil Hydrochloride	✓						✓
46	Propranolol HCl	✓		✓		✓		✓
47	Pyrantel Pamoate	✓	✓			✓	✓	✓
48	Pyrantel Tartrate	✓						
49	Pyrimethamine HCl	✓						✓
50	Quetiapine Fumarate	✓						
51	Resperidone	✓		✓				
52	Resindronate Sodium	✓						
53	Sodium Alendronate	✓						✓
54	Sulfadoxine	✓	✓					
55	Torsemide	✓						
56	Tramadol Hydrochloride	✓		✓				✓

International
APIs – Drug Master Files

Sr. No.	API Name	US-FDA	UK-MHRA	Canada -HPFB	WHO	Japan-PMDA	TGA-Australia	EDQM-Europe
57	Trimethoprim	✔	✔	✔		✔	✔	✔
58	Triamterene	✔						
59	Triclabendazole		✔					
60	Valsartan	✔		✔				✔
61	Warfarin Sodium Clathrate	✔						✔
62	Warfarin Sodium	✔						✔
63	Zoledronic Acid	✔						
Total		**60**	**13**	**16**	**4**	**9**	**10**	**36**

Future Growth Drivers

- 17 new APIs were commercialized in 2010-11
- Aggressively pursuing MNC tie-ups for supply agreements
- API source change / ANDA approvals of major US customers based on our APIs – Atenolol, Furosemide, Propranolol, Hydroxychloroquine Sulphate, Balsalazide, Hydrochlorthiazide to add nearly USD 10 Mio - Business in next 2 years
- Non-infringing process Patent filed for APIs – Losartan, Clopidogrel form 1, Metoprolol Succinate, Valsartan, Glimepride, Carvedilol, Isotretinoin and Perindopril
- Targeting 1 DMF filing per month

Future Growth Drivers

- Own API manufacturing to back formulations, especially for the Generic market.
- Exploring strategic business relationship with smaller API manufacturers for increasing product basket.
- Subject to necessary approvals, the Board has decided to merge M/s Tonira Pharma Ltd. with the Company w.e.f. 1st April, 2011.
  It is an export oriented API company with US-FDA approved manufacturing facility which was acquired in May 2008.

Research & Development

APIs & Formulations

Research & Development
APIs & Formulations

R & D Spending		
Year	₹ Bn	% to Sales
2006 – 2007	0.328	4%
2007 – 2008	0.429	4%
2008 – 2009	0.502	4%
2009 – 2010	0.573	4%
2010 – 2011	0.713	4%

Research & Development
APIs & Formulations

- Current scientist manpower of over 350
- Research focus on developing APIs with non-infringing process and development of finished dosage forms
- Development of NDDS for domestic and international market
- 196 patent applications filed
- 75 patents granted (Indian - 58, US PTO - 11, EU- 6)

Future Strategy

- Working out strategy to start drug discovery program and to build infrastructure
- Bio-tech / fermentation research laboratory established
- The company has subscribed to the capital of a newly incorporated subsidiary company Prayas Bio Lifescience Limited which will be engaged in Research and Development of Biotech/Recombinant DNA Technology products
- 2 in licensing arrangements with CSIR labs - NCE 97 / 78 CDRI compound now entering into phase 1 clinical trial
- Pursuing relationship and technical collaboration with CSIR Labs like CDRI, CIMAP & Universities like BITS Pilani. Working for more tie-ups with academic institutions.
- Undertaking contract research activities for APIs & Formulations for international clients.

Thank you

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