

Ipca Laboratories Ltd.

Corporate Presentation

June 2020

Company Overview

- **Incorporation** : 1949
- **Present Management** : Since 1975
- **Total income FY 2019-20** : ₹4432.12 Crs / US\$ 626 Mn (Standalone)
₹4715.71 Crs / US\$ 666 Mn (Consolidated)
- **Exports FY 2019-20** : ₹2143.75 Crs / US\$ 303 Mn
- **Business Model** : Integrated pharmaceutical company
producing Branded and Generics
Formulations, APIs and Intermediates

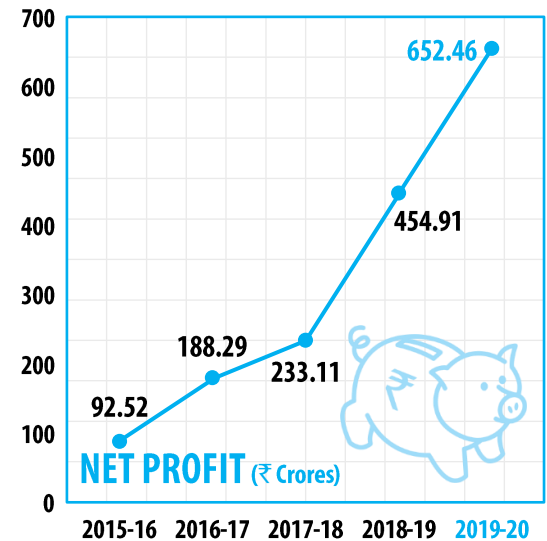
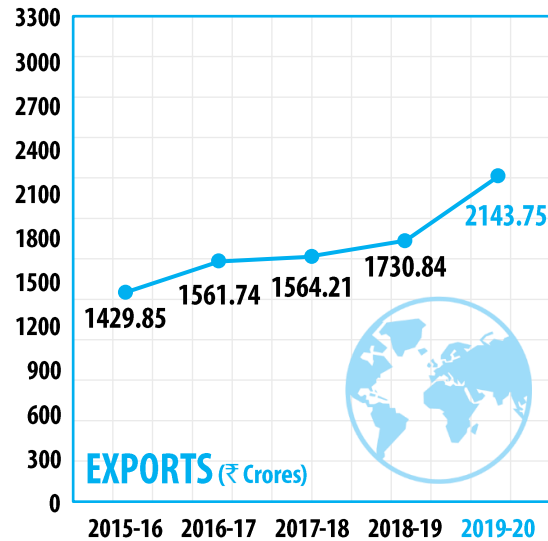
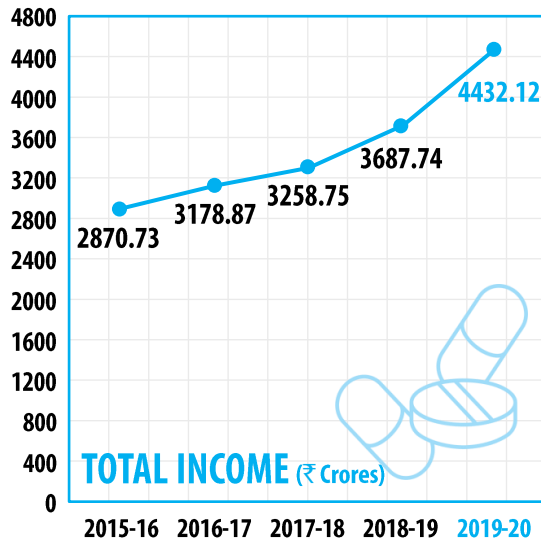
Five Years Highlights Standalone

	2015-16	2016-17	2017-18	2018-19	2019-20
• Domestic Income (₹ Crs)	1440.88	1617.13	1694.54	1956.90	2288.37
• Domestic Income (US\$ Mn)	203.40	228.28	239.21	276.24	323.03
• Export Income (₹ Crs)	1429.85	1561.74	1564.21	1730.84	2143.75
• Export Income (US\$ Mn)	201.84	220.46	220.81	244.33	302.62
• Total Income (₹ Crs)	2870.73	3178.87	3258.75	3687.74	4432.12
• Total Income (US\$ Mn)	405.24	448.74	460.02	520.57	625.65
• Net Profit After Tax (₹ Crs)	92.52	188.29	233.11	454.91	652.46
• Net Profit After Tax (US\$ Mn)	13.06	26.58	32.91	64.22	92.10

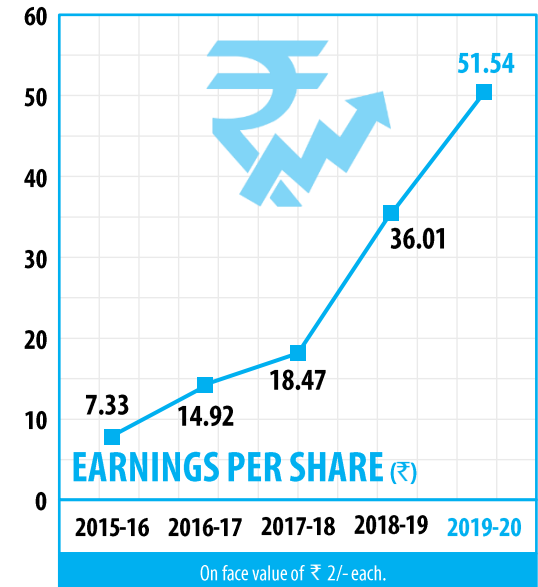
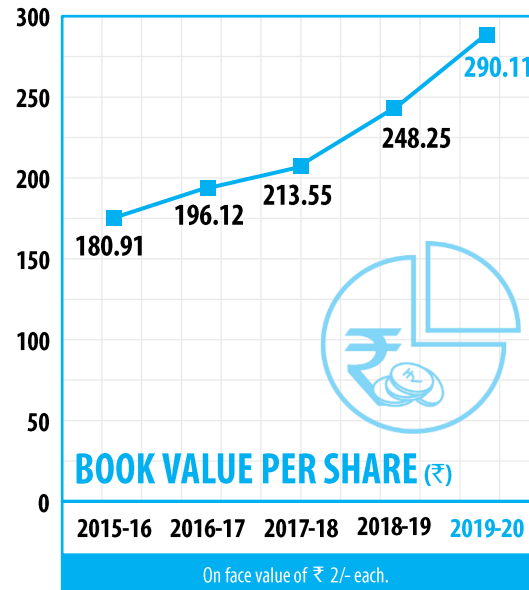
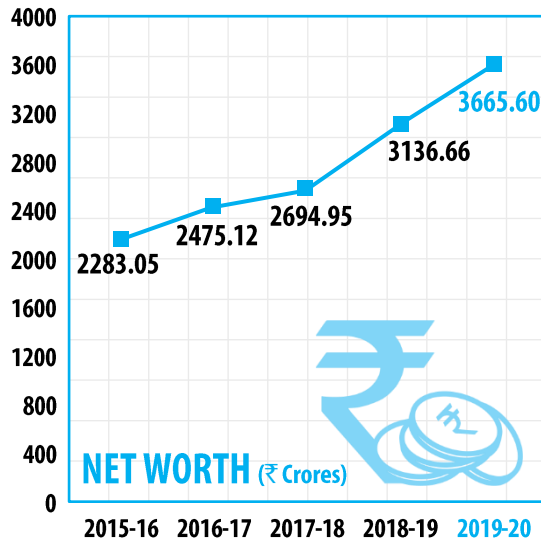
Five Years Highlights Consolidated

	2015-16	2016-17	2017-18	2018-19	2019-20
• Domestic Income (₹ Crs)	1440.88	1617.13	1694.54	1956.90	2326.10
• Domestic Income (US\$ Mn)	203.40	228.28	239.23	276.24	328.36
• Export Income (₹ Crs)	1487.85	1616.08	1630.69	1873.96	2389.61
• Export Income (US\$ Mn)	210.03	228.13	230.19	264.53	337.32
• Total Income (₹ Crs)	2928.73	3233.21	3325.37	3830.86	4715.71
• Total Income (US\$ Mn)	413.43	456.41	469.42	540.77	665.68
• Net Profit After Tax (₹ Crs)	93.14	194.54	239.42	442.22	603.56
• Net Profit After Tax (US\$ Mn)	13.15	27.46	33.80	62.43	85.20

Five Years Highlights

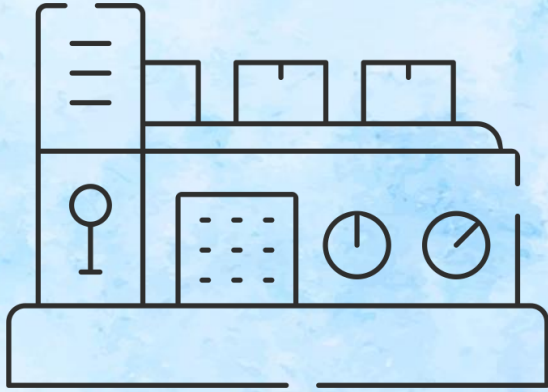


Five Years Highlights



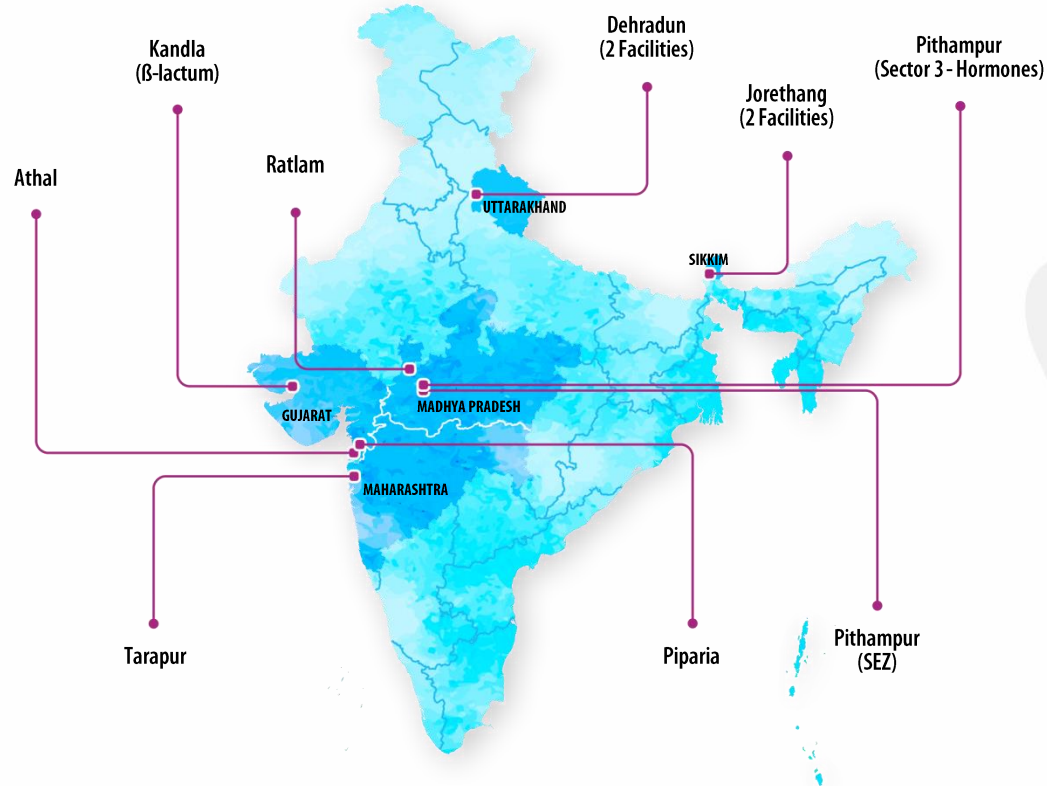
Manufacturing Facilities

Formulations



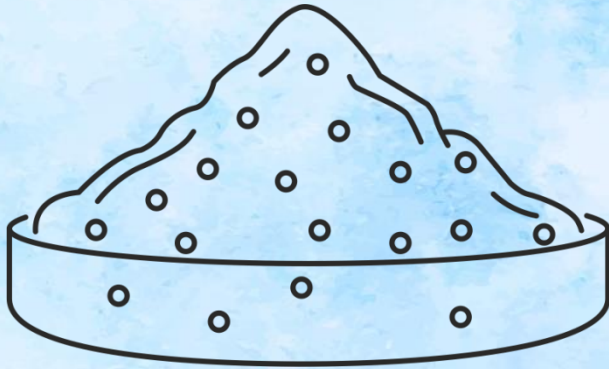
Manufacturing Facilities

Formulations



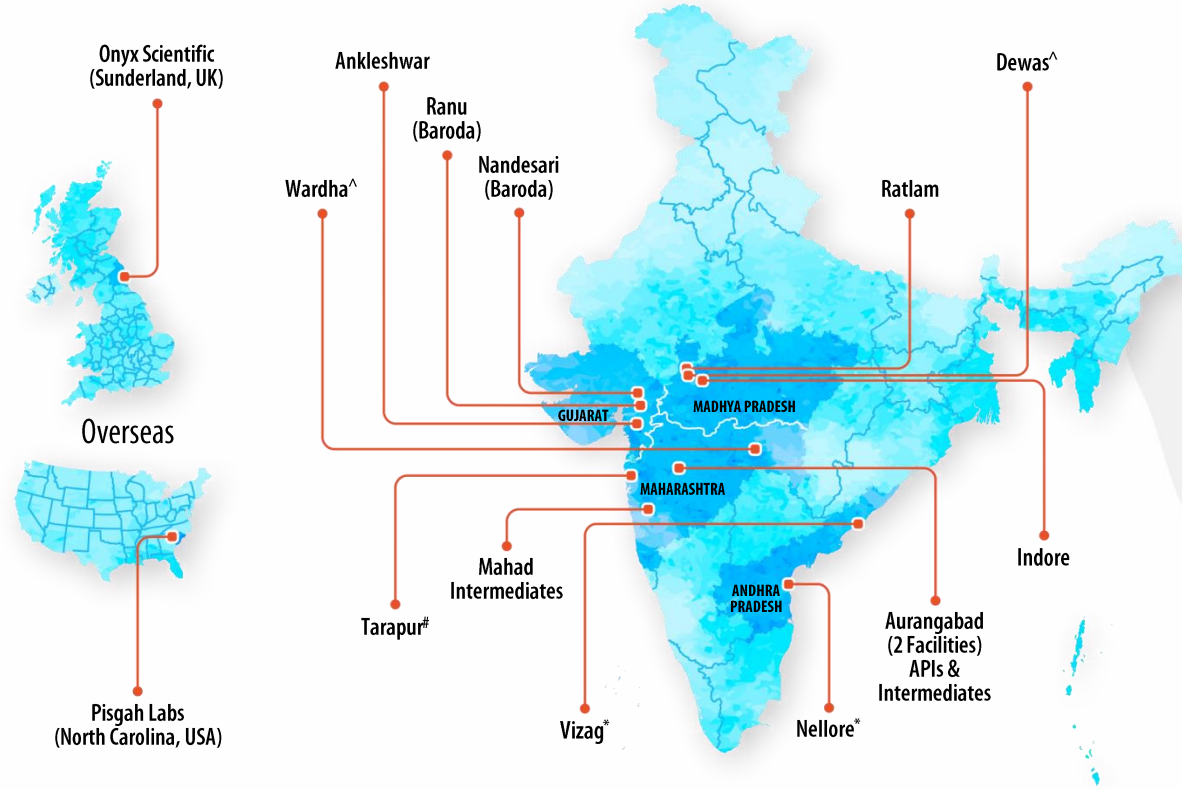
Manufacturing Facilities

Active Pharmaceutical Ingredients (APIs)



Manufacturing Facilities

APIs



*Krebs Biochemical & Industries Ltd.

[#]Ramdev Chemical Pvt. Ltd.

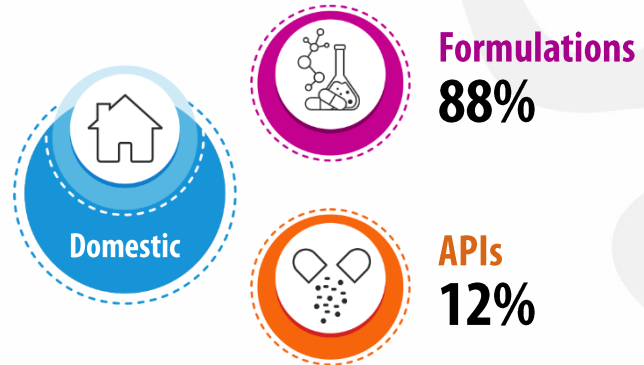
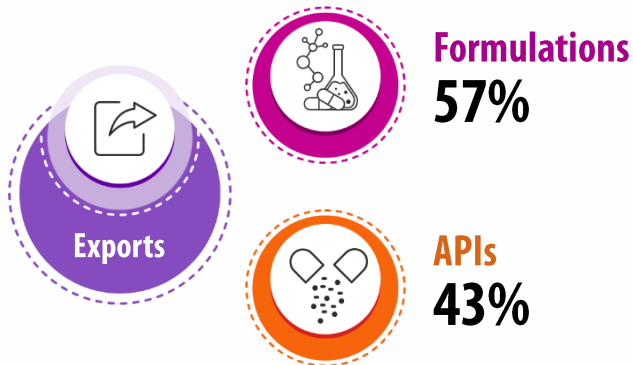
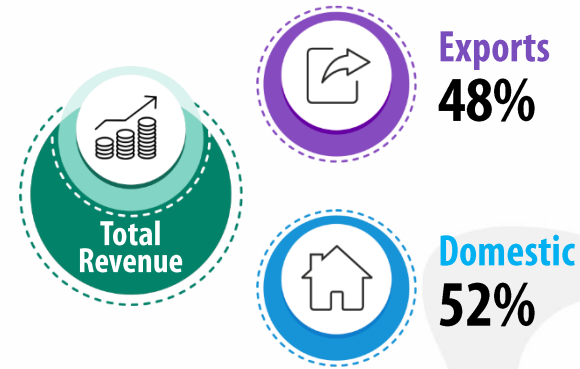
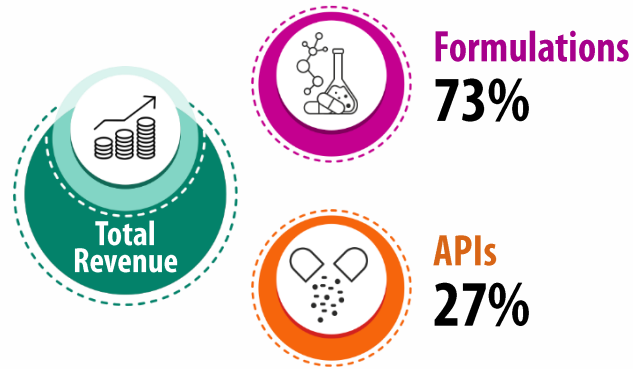
[^]Upcoming Greenfield Facility

Revenue Break-up



Revenue Break-up

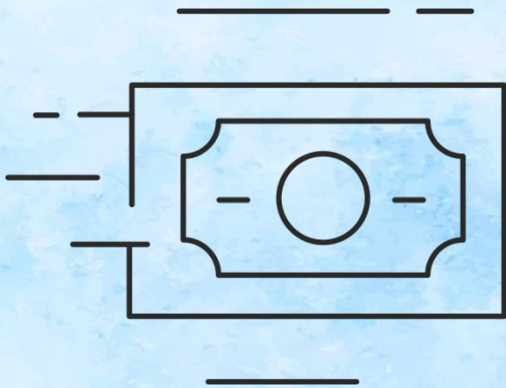
2019-2020



Revenue Break-up Standalone

	2019-20			Growth %	2018-19		
₹ Crs	Domestic	Exports	Total		Domestic	Exports	Total
• Branded Formulations	1912.61	381.53	2294.14	14.3%	1646.83	360.94	2007.77
• Generic Formulations	-	840.02	840.02	22.2%	-	687.32	687.32
• Total Formulations	1912.61	1221.55	3134.16	16.3%	1646.83	1048.26	2695.09
• API / Intermediates	250.93	922.20	1173.13	32.6%	201.98	682.58	884.56
• Others	124.83	-	124.83	-	108.09	-	108.09
• Total Income	2288.37	2143.75	4432.12	20.2%	1956.90	1730.84	3687.74
Growth %	16.9%	23.9%	20.2%				

Financials

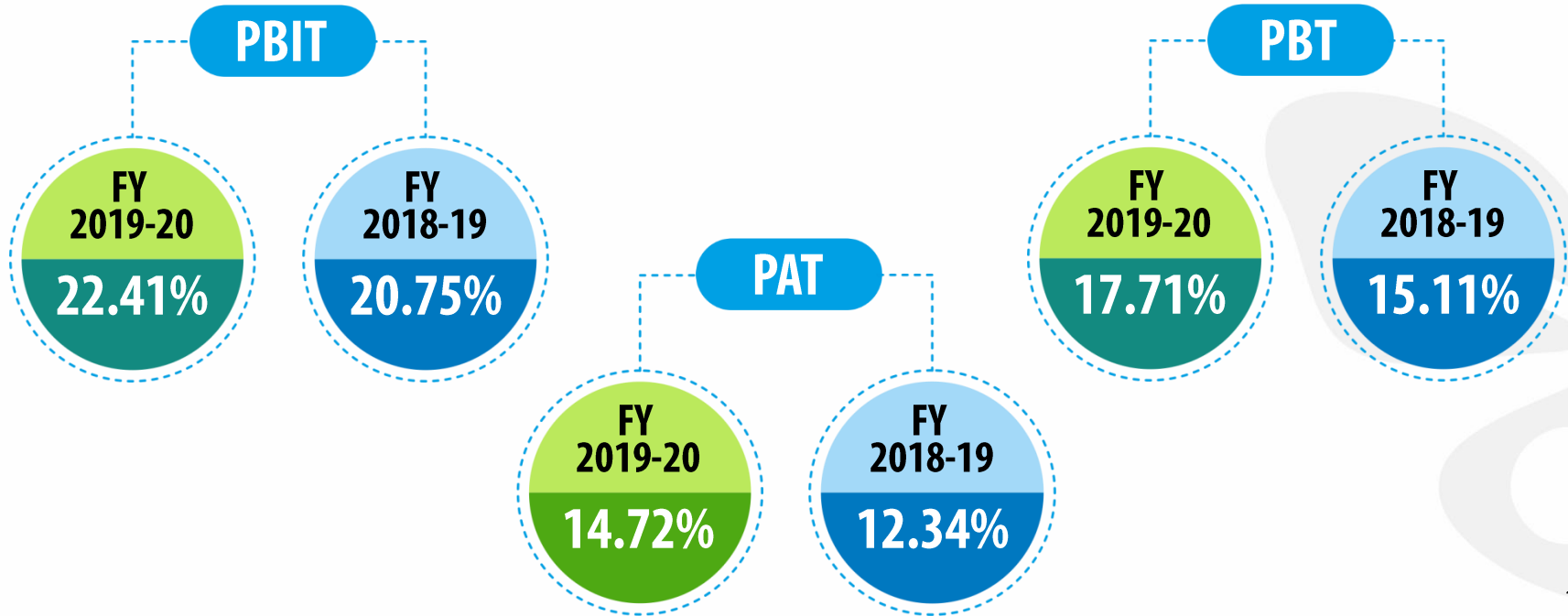


Financials Standalone

	FY 2019-20		Growth %	FY 2018-19	
	₹ Crs	US\$ Mn		₹ Crs	US\$ Mn
• Total Income	4432.12	626	20%	3687.74	521
• EBIDT	993.41	140	30%	765.26	108
• EBIDT %	22.41%	-	-	20.75%	-
• PBT #	784.97	111	41%	557.39	79
• PBT %	17.71%	-	-	15.11%	-
• PAT #	652.46	92	43%	454.91	64
• PAT %	14.72%	-	-	12.34%	-

After forex loss of ₹13.96 Crs as against ₹17.50 Crs for previous year.

PROFITABILITY



Financials

	Q1 FY-20		Growth %	Q1 FY-19	
	₹ Crs	US\$ Mn		₹ Crs	US\$ Mn
• Total Income	1030.44	147	19%	867.56	124
• EBIDT	205.20	29	35%	152.42	22
• EBIDT %	19.91%	-	-	17.57%	-
• PBT #	167.96	24	115%	78.22	11
• PBT %	16.30%	-	-	9.02%	-
• PAT #	132.05	19	102%	65.52	9
• PAT %	12.81%	-	-	7.55%	-

After forex gain of ₹9.27 Crs as against forex loss of ₹24.78 Crs for previous quarter.

Financials

	Q2 FY-20		Growth %	Q2 FY-19	
	₹ Crs	US\$ Mn		₹ Crs	US\$ Mn
• Total Income	1226.89	175	21%	1011.57	144
• EBIDT	278.37	40	28%	217.08	31
• EBIDT %	22.69%	-	-	21.46%	-
• PBT #	226.73	32	61%	141.00	20
• PBT %	18.48%	-	-	13.94%	-
• PAT #	196.02	28	64%	119.74	17
• PAT %	15.98%	-	-	11.84%	-

After forex loss of ₹2.48 Crs as against of ₹30.54 Crs for previous quarter.

Financials

	Q3 FY-20		Growth %	Q3 FY-19	
	₹ Crs	US\$ Mn		₹ Crs	US\$ Mn
• Total Income	1156.70	165	20%	960.22	137
• EBIDT	282.94	40	31%	215.86	31
• EBIDT %	24.46%	-	-	22.48%	-
• PBT #	233.11	33	18%	196.78	28
• PBT %	20.15%	-	-	20.49%	-
• PAT #	196.63	28	23%	160.18	23
• PAT %	17.00%	-	-	16.68%	-

After forex gain of ₹0.13 Crs as against of ₹28.47 Crs for previous quarter.

Financials

	9 Months FY-20		Growth %	9 Months FY-19	
	₹ Crs	US\$ Mn		₹ Crs	US\$ Mn
• Total Income	3414.03	487	20%	2839.35	405
• EBIDT	766.51	109	31%	585.36	83
• EBIDT %	22.45%	-	-	20.62%	-
• PBT #	627.80	90	51%	416.00	59
• PBT %	18.39%	-	-	14.65%	-
• PAT #	524.70	75	52%	345.44	49
• PAT %	15.37%	-	-	12.17%	-

After forex gain of ₹6.92 Crs as against forex loss of ₹26.85 Crs for previous period.

Financials Standalone

Business Characteristics	FY 2019-20	FY 2018-19
• Return on Capital Employed % (PBIT / Capital Employed)	20.20%	16.31%
• Return on Net Worth % (PAT / Net Worth)	17.74%	14.50%
• Fixed Asset Turnover Ratio (Total Income / Net Fixed Assets)	2.3	2.04
• Capital Employed Turnover Ratio (Total Income / Capital Employed)	1.12	1.04
• Asset Coverage Ratio (To Term Loan) (Net Fixed Assets / Total Long Term Borrowings)	13.16	7.27
• Long Term Debt Equity Ratio (Total Long Term Borrowings / Net Worth)	0.04	0.08
• Debtors Turnover Ratio (Days) (Trade Receivables / Turnover) x 365	71	64
• Creditors Turnover Ratio (Days) (Trade Payables / Purchases) x 365	92	103
• Inventory Turnover Ratio (Days) (Inventory / Turnover) x 365	107	108

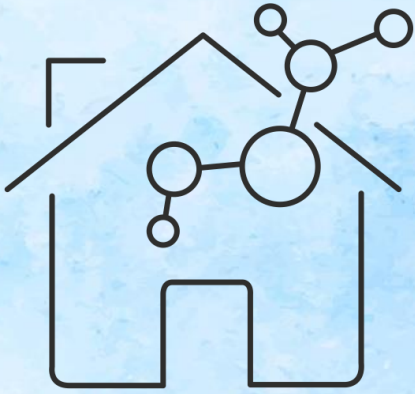
Financials Standalone

Contribution of Therapeutic Groups

Therapeutic Segment	Domestics		Exports	
	2019-20	2018-19	2019-20	2018-19
● Non Steroidal Anti-Inflammatory Drugs (NSAID)	47%	46%	20%	21%
● Cardiovasculars & Anti-Diabetics	18%	20%	31%	29%
● Anti-Bacterials	8%	7%	6%	9%
● Anti-Malarials	6%	6%	19%	18%
● Gastro-Intestinal (GI)Products	3%	4%	4%	3%
● Neuro Psychiatry	3%	3%	6%	6%
● Cough Preparations	4%	4%	2%	2%
● Dermatology	5%	5%	-	-
● Urology	3%	3%	-	-
● Neutraceuticals	1%	1%	-	-
● Others	2%	1%	12%	12%
Total	100%	100%	100%	100%

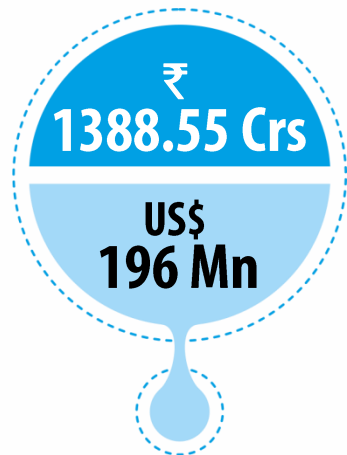
Branded Formulations

Domestic

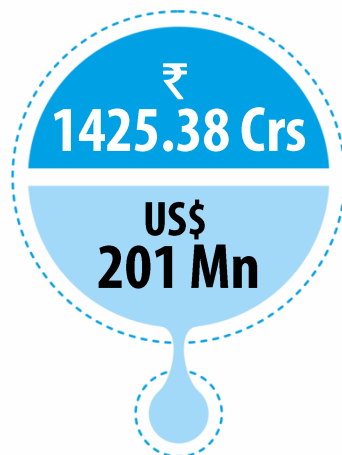


- All India Rank IQVIA: 19th (MAT May'20).
- **25 Depots & 2 C&F agents.**
- **15 Therapy Focused** Marketing Divisions.
- Field Strength (PSR / BA) - 4584.
- Over **3000 Wholesalers.**
- **4 brands** among top **300 brands**
- Market leaders in **Pain, Rheumatology, Anti-malarials & Haircare therapies**

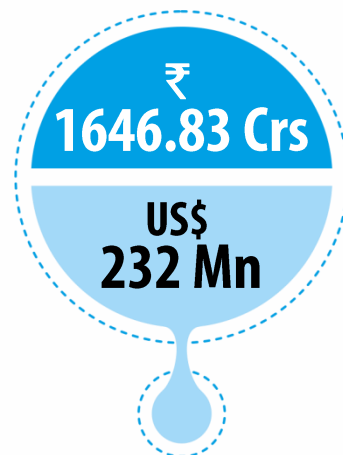
SALES



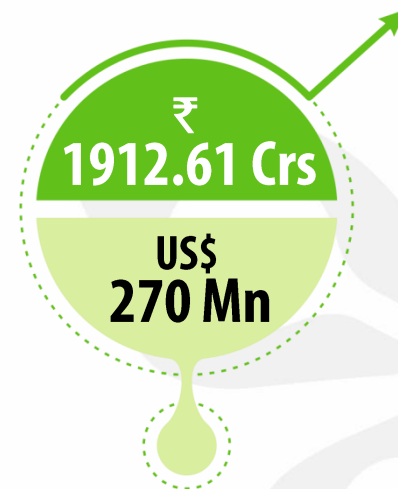
2016-17



2017-18



2018-19



2019-20

Future Growth Drivers

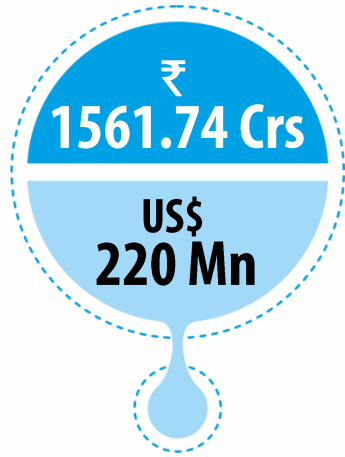
- Clinical research as a tool to launch **innovative combination formulations / NDDS**
- Strong brand building with **focussed promotion**
- **In licensing / out licensing** to build business in the promoted therapies
- Portfolio optimization, strategies to identify need-gaps to build, enter, maintain & exit approach

International Business

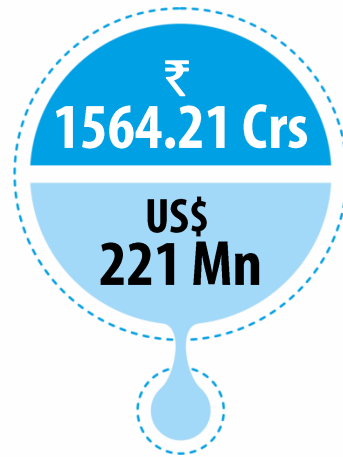


- Exports to **over 100 countries across the globe.**
- Recognized Star Trading House.
- **48% sales** from exports.
- Field-force of around 900 employees in more than **40 countries across CIS, South East Asia, Middle East, Latin America and Africa.**

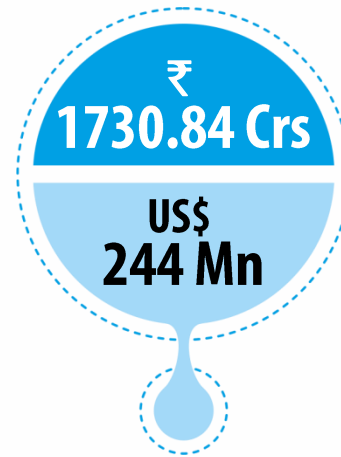
SALES



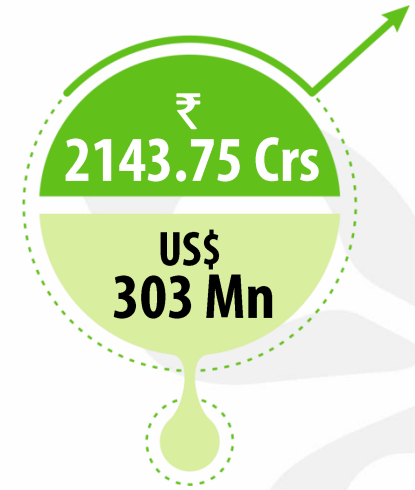
2016-17



2017-18



2018-19



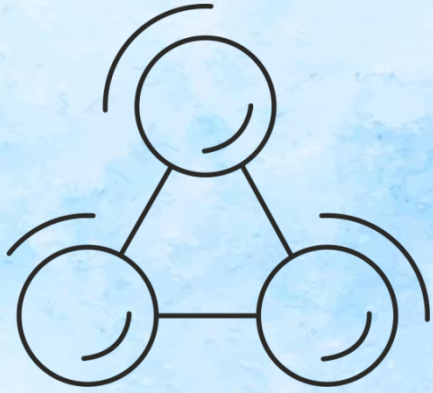
2019-20

International Business

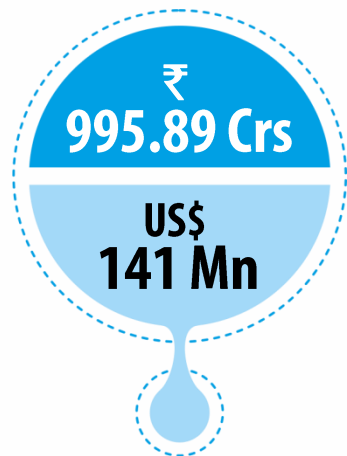
Continent-wise Exports 2019-20 (₹ Crs)

Continents	Formulations	Bulk Drugs / Intermediates	Total	% Contribution
• Europe	390.95	244.53	635.48	31%
• Africa	308.93	34.00	342.93	18%
• Americas	119.56	312.20	431.76	17%
• Asia	76.87	309.64	386.51	17%
• CIS	167.33	17.16	184.49	9%
• Australasia	157.91	4.67	162.58	8%
Total	1221.55	922.20	2143.75	100%

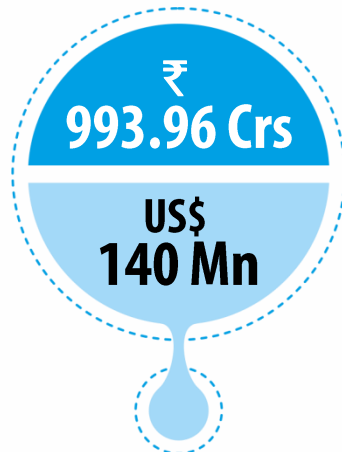
International Formulations



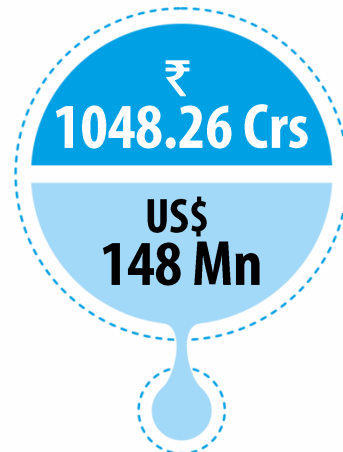
SALES



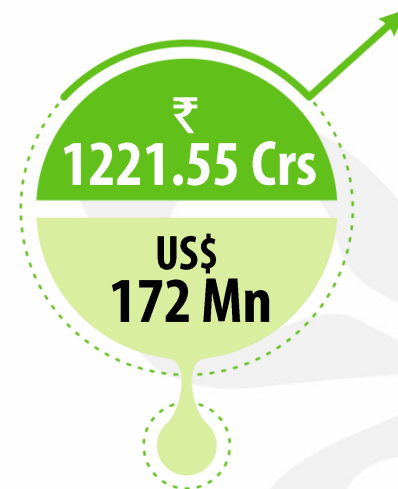
2016-17



2017-18



2018-19



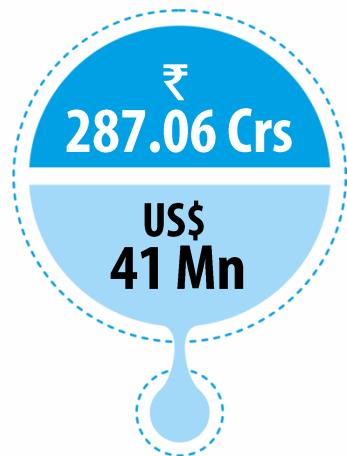
2019-20

International

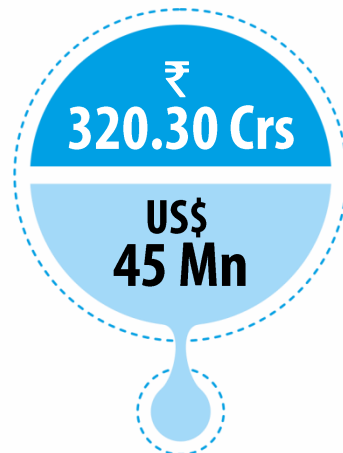
Branded Formulations



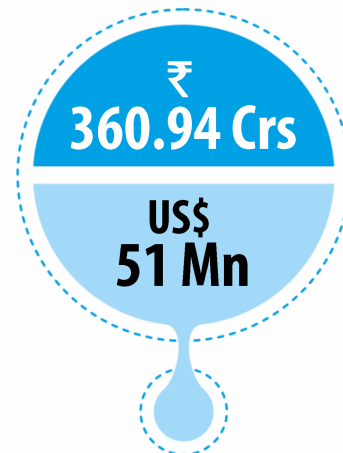
SALES



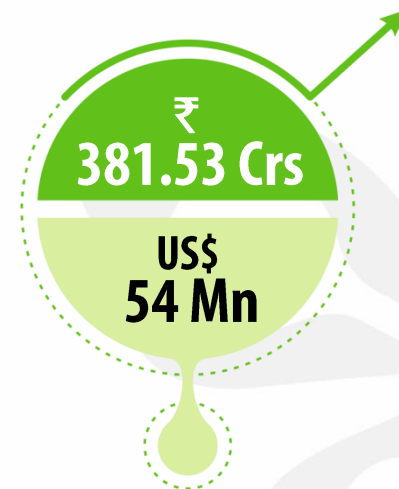
2016-17



2017-18



2018-19



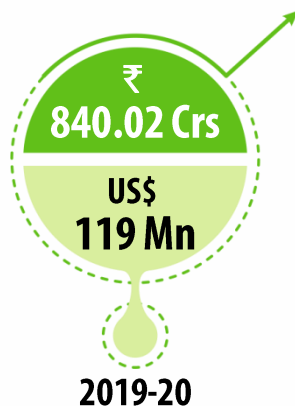
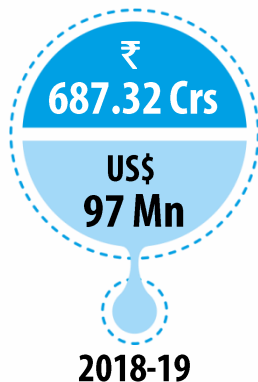
2019-20

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.
- Expansion in business lines - Institutions and Distributors.
- Introduction of new products - Existing developed formulations are identified for registration and launch across all continents.

International Generics





Country	Product Registered	Product Under Registration
• United Kingdom / Europe	61	1
• Australia / New Zealand	72	3
• South Africa	42	22
• United States / Canada	33	28



Future Growth Drivers

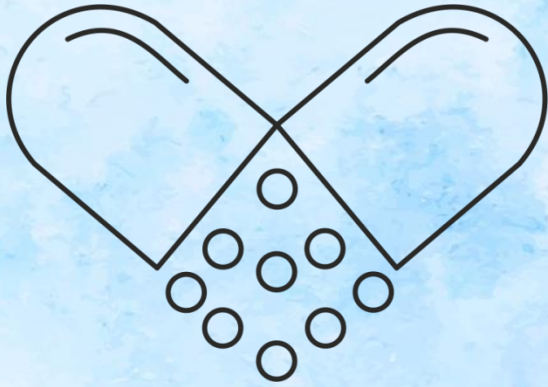
- Dossiers developed by company approved in UK are being taken for registration in other EU countries.
- Formulations registered to be backed by own API.
- Sale of generic dossiers with or without supply agreements.
- Contract manufacturing arrangements.

Future Growth Drivers - North America

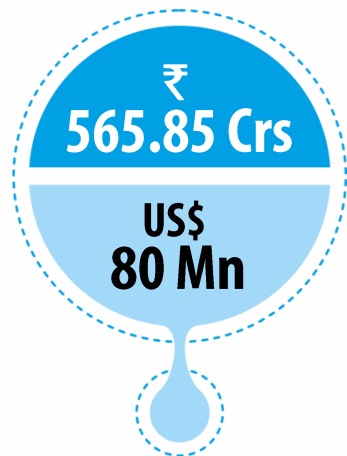
- Strategic tie up with 3 marketing partners for sale / distribution of Generic formulations.
- **46 ANDAs** filed of which **18 ANDAs** are approved.
- Exploring contract development and manufacturing opportunities.



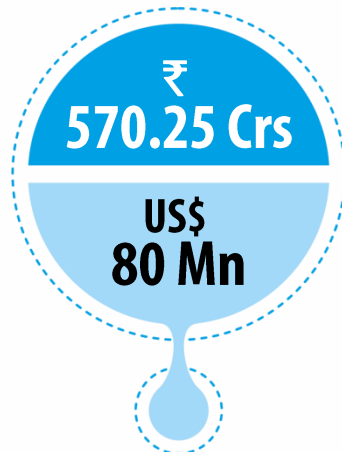
International APIs



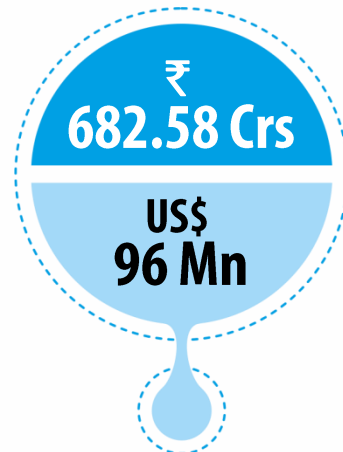
SALES



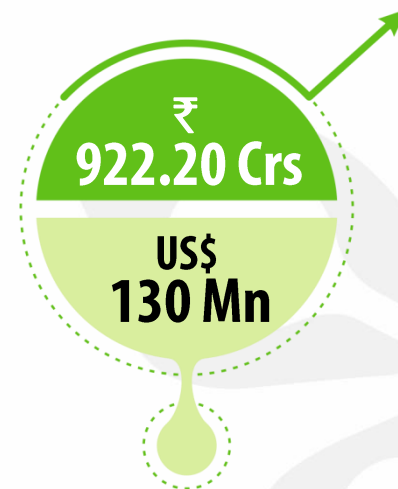
2016-17



2017-18



2018-19



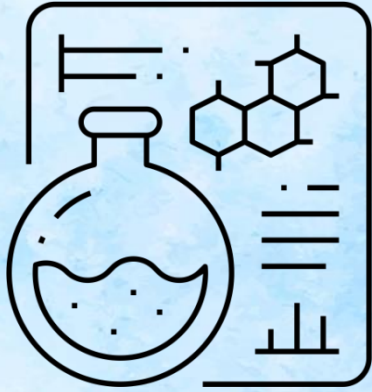
2019-20

Future Growth Drivers

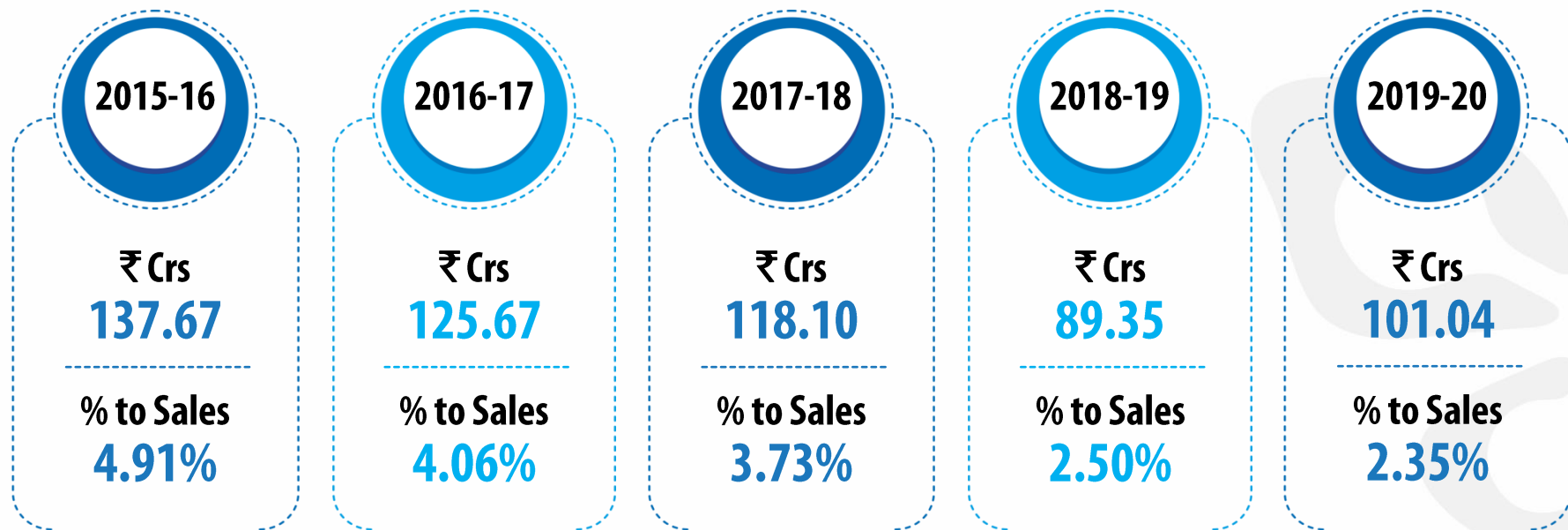
- Consolidate **API business of Sartans** across the globe.
- Long term strategic tie-ups with major South American / European formulators.
- Leverage the customer base of more than **1000 customers spread across 90 countries** is well laid down platform to introduce Ipca new pipeline products.
- Increased focus in emerging markets like **LATAM, CIS & China.**
- Own API manufacturing to back formulations, especially for the Generic market.
- Exploring strategic business relationship with smaller API manufacturers for increasing product basket.

Research & Development

APIs & Formulations



R&D SPENDING



Research & Development

APIs & Formulations

- Current **scientist manpower** of around **450**.
- Research focus on developing APIs with non-infringing process and development of finished dosage forms.
- Development of NDDS for domestic and international market.
- **248 patent** applications filed.
- Bio-tech / fermentation research facility established.
- Undertaking contract research activities for APIs & Formulations for international clients.

Acquisition of M/s Noble Explochem Ltd.

- Acquisition of M/s Noble Explochem Ltd. for cash consideration of ₹69 Crs.
- This transaction is pursuant to the order passed by The Hon'ble National Company Law Tribunal (NCLT), Mumbai bench under the provisions of the Insolvency and Bankruptcy Code.
- The National Company Law Tribunal (NCLT), Mumbai Bench has passed necessary order on 22nd January, 2020 in this regard.
- M/s Noble Explochem Ltd. A listed entity was engaged in the manufacturing of chemical explosives and its operations were closed since December 2006.
- M/s Noble Explochem Ltd. owns assets consisting of **freehold land - 689 acres, lease hold land - 180 acres** (lease expiring in 2078) and **forest land - 239 acres, totaling 1108 acres** at Village Hingni in Wardha District (Maharashtra) where it has about **14,750 sq. metres** of manufacturing unit consisting of factory building, utilities, staff quarters and plant & machineries.
- The Company has intention to use these assets for its future plans of manufacturing of chemicals, key starting materials and Active Pharmaceutical Ingredients (APIs), after obtaining all the required statutory approvals.
- The NCLT order provides for cancellation of paid-up share capital of the said M/s Noble Explochem Ltd. without any consideration and the merger of the said M/s. Noble Explochem Ltd. with the company.

Thank You

No part of this corporate presentation may be re-produced, quoted or circulated without prior approval of Ipca Laboratories Limited.

This presentation may include forward looking statements based on our current business expectations. Our actual results may differ from what is projected in this corporate presentation. The viewers of this presentation may use their own judgment and calculation before making any decision on any matter based on the information given herein.

The company also disclaims any obligation to revise any of the information given in this presentation.