Ipca Laboratories Ltd.

Corporate Presentation

June 2019

Company Overview

Incorporation	:	1949
Present Management	:	Since 1975
Total income F. Y. 2018-19	:	₹ 3687.74 Crs / US$ 526 Mn
Exports F. Y. 2018-19	:	₹ 1730.84 Crs / US$ 247 Mn
Number of Employees	:	13,703 including 6457 in marketing and distribution
Business Model	:	Fully integrated pharmaceutical company producing Branded and Generics Formulations, APIs and Intermediates

Five Years' Highlights

	2014-15	2015-16	2016-17	2017-18	2018-19
Domestic Income (₹ Crs)	1,367.54	1,440.88	1,617.13	1,694.54	1,956.90
Domestic Income (US $ Mn)	195.00	205.46	230.59	241.63	279.04
Export Income (₹ Crs)	1,752.86	1,429.85	1,561.74	1,564.21	1,730.84
Export Income (US $ Mn)	249.94	203.89	222.69	223.04	246.80
Total Income (₹ Crs)	3,120.40	2,870.73	3,178.87	3,258.75	3,687.74
Total Income (US $ Mn)	444.94	409.35	453.28	464.67	525.84
Net Profit After Tax (₹ Crs)	256.11	92.52	188.29	233.11	454.91
Net Profit After Tax (US $ Mn)	36.52	13.19	26.85	33.24	64.87

Manufacturing Facilities

Formulations

Manufacturing Facilities
Formulations

Location	Dosage Form	Approvals / Inspections
Athal, Silvassa	Tablets & Capsules	UK-MHRA, TGA-Australia, MCC-South Africa, WHO-Geneva
Ratlam, Madhya Pradesh	Tablets, Liquids, Injectables & Ointments	MCC-South Africa, INVIMA Colombia
Kandla, Gujarat	Betalactum – Tablets, Capsules & Dry Syrups	UK-MHRA, MCC-South Africa
Silvassa	Tablets & Capsules	UK-MHRA, 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, HPB Canada, MCC-South Africa
Sikkim	Tablets & Capsules	GMP
Pithampur, Dhar , Madhya Pradesh	High Potency Oral Solid Dosage	WHO-GMP INVIMA Colombia
Tarapur, Palghar	Tablets	

Manufacturing Facilities

Active Pharmaceutical Ingredients (APIs)

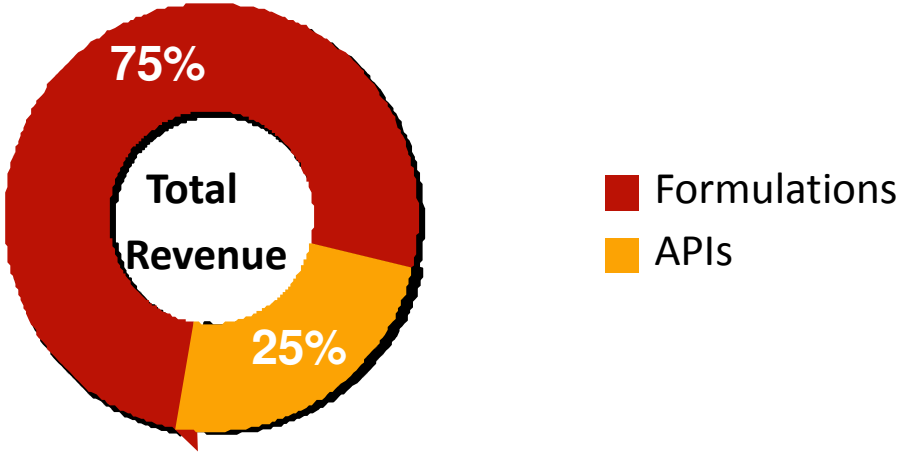
Manufacturing Facilities

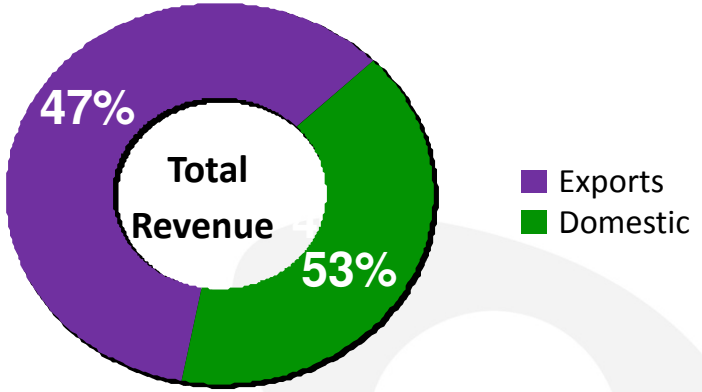
APIs

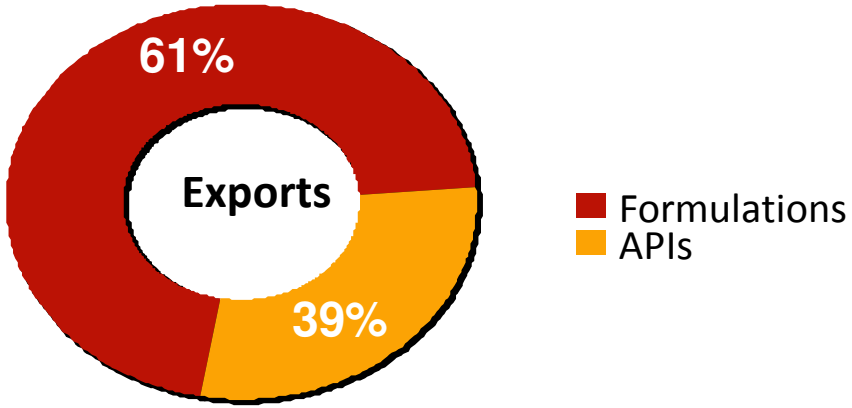
Location	Approvals / Inspections
Ratlam, Madhya Pradesh	TGA-Australia, EDQM, Danish Regulatory Authority, PMDA-Japan, WHO-Geneva, HPB Canada
Indore, Madhya Pradesh	WHO-GMP
Ankleshwar, Gujarat	PMDA –Japan
Nandesari, Gujarat	WHO-GMP
Aurangabad, Maharashtra	WHO-GMP
Mahad, Maharashtra	GMP
Ranu (Tehsil Padra), Gujarat	

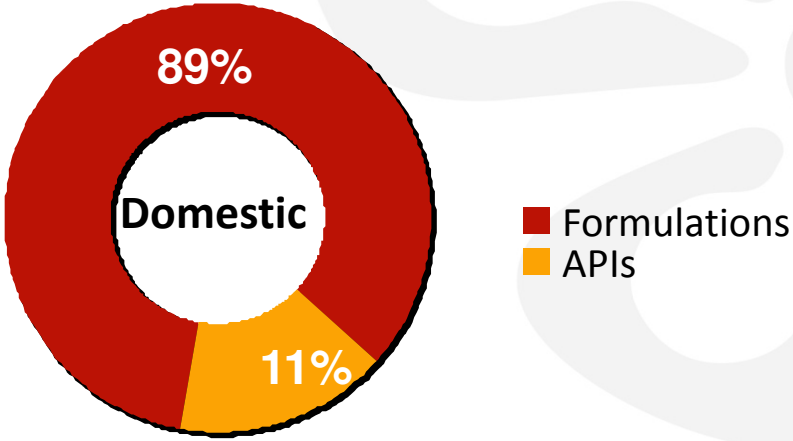
Revenue Break-up

Revenue Break-up
2018 - 19









Revenue Break-up

₹ Crs	2018-19			2017-18			Growth
	Domestic	Exports	Total	Domestic	Exports	Total	
Branded Formulations	1646.83	360.94	2007.77	1425.38	320.30	1745.68	**15.0%**
Generic Formulations	-	687.32	687.32	-	673.66	673.66	**2.0%**
Total Formulations	1646.83	1048.26	2695.09	1425.38	993.96	2419.34	**11.4%**
API / Intermediates	201.98	682.58	884.56	178.45	570.25	748.7	**18.1%**
Others	108.09	-	108.09	90.71	-	90.71	
Total Income	1956.90	1730.84	3687.74	1694.54	1564.21	3258.75	**13.2%**
Growth	**15.5%**	**10.7%**	**13.2%**				

Financials

	F.Y. 2018 - 19		F.Y. 2017 - 18		
	₹ Crs	US$ Mn	₹ Crs	US$ Mn	% Growth
Total Income	3687.74	526	3258.75	465	13%
EBIDT	765.26	109	478.82	68	60%
EBIDT %	20.75%		14.69%		
PBT #	557.39	79	282.80	40	97%
PBT %	15.11%		8.68%		
PAT #	454.91	65	233.11	33	95%
PAT %	12.34%		7.15%		

After forex loss of ₹ 17.50 Crs as against forex gain of Rs. ₹ 2.36 Crs for previous year.

Profitability	FY 2018-19	FY 2017-18
PBIDT	20.75%	14.69%
PBT	15.11%	8.68%
PAT	12.34%	7.15%

	Q1 FY20		Q1 FY 19		
	₹ Crs	US$ Mn	₹ Crs	US$ Mn	% Growth
Total Income	1030.44	147	867.56	124	19%
EBIDT	205.20	29	152.42	22	35%
EBIDT %	19.91%		17.57%		
PBT #	167.96	24	78.22	11	115%
PBT %	16.30%		9.02%		
PAT #	132.05	19	65.52	9	102%
PAT %	12.81%		7.55%		

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

Business Characteristics	FY 2018-19	FY 2017-18
Return on Capital Employed % (PBIT / Capital Employed)	16.31%	9.46%
Return on Net Worth % (PAT / Net Worth)	14.50%	8.65%
Fixed Asset Turnover Ratio (Total Income / Net Fixed Assets)	2.04	1.69
Capital Employed Turnover Ratio (Total Income / Capital Employed)	1.04	1.01
Asset Coverage Ratio (to term loan) (Net Fixed Assets / Total Long Term Borrowings)	7.27	4.96
Long Term Debt Equity Ratio (Total Long Term Borrowings / Net Worth)	0.08	0.14
Debtors Turnover Ratio (Days) (Trade Receivables / Turnover) x 365	64	68
Creditors Turnover Ratio (Days) (Trade Payables / Purchases) x 365	103	105
Inventory Turnover Ratio (Days) (Inventory / Turnover) x 365	108	101

Growth	FY 2018-19	FY 2017-18
Net Total Income	13.2%	2.5%
Domestic Sales	15.3%	4.6%
Export Sales	10.7%	0.2%
PBIDT	59.8%	10.0%
PBT	97.1%	9.5%
Net Profit	95.1%	23.8%

Financials

Contribution of Therapeutic Groups

2017 – 18		Therapeutic Segment	2018 – 19	
Exports	Domestic		Exports	Domestic
20%	44%	Non Steroidal Anti-Inflammatory Drugs (NSAID)	21%	46%
31%	21%	Cardiovasculars & Anti-Diabetics	29%	20%
18%	8%	Anti-Malarials	18%	6%
10%	6%	Anti-Bacterials	9%	7%
2%	4%	Gastro-Intestinal (GI) Products	3%	4%
6%	3%	Neuro Psychiatry	6%	3%
2%	4%	Cough Preparations	2%	4%
-	5%	Dermatology	-	5%
-	3%	Urology	-	3%
-	1%	Neutraceuticals	-	1%
11%	1%	Others	12%	1%
100%	100%	Total	100%	100%

Branded Formulations

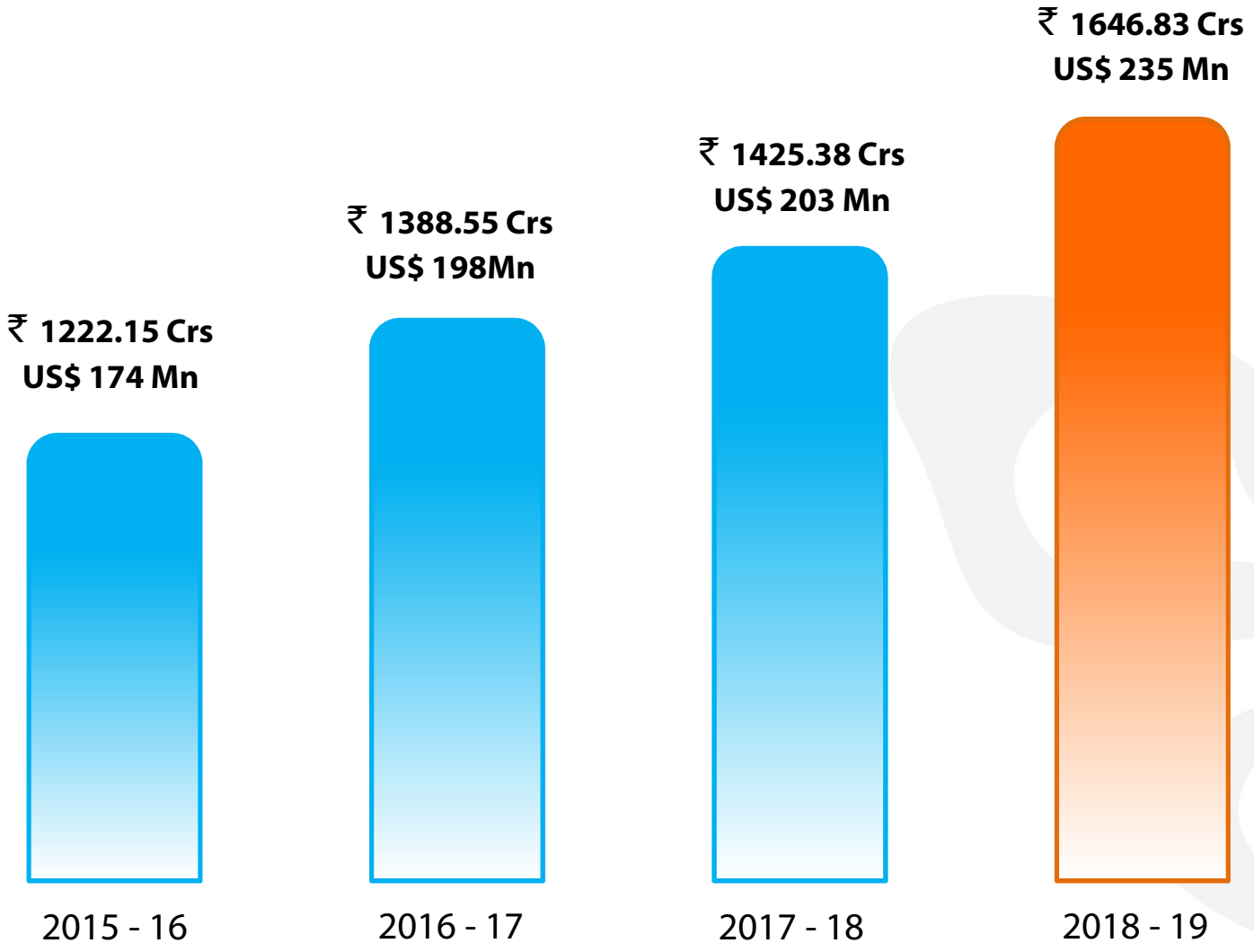
Domestic

Branded Formulations
Domestic

- All India Rank IMS Health : 21st (MAT June'19).
- 25 Depots & 2 C&F agents.
- 15 Therapy Focused Marketing Divisions.
- Field Strength (PSR/ BA)– 4502.
- Over 2000 Wholesalers.
- 3 brands among top 300 brands (HCQS, Zerodol-P & Zerodol-SP).
- Market leaders in Anti-malarials & Rheumatoid Arthritis.

Branded Formulations
Domestic

Sales



Future Growth Drivers

- The company introduced 24 new Brands / line extensions in the India market during 2018-19.
- 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.

International Business

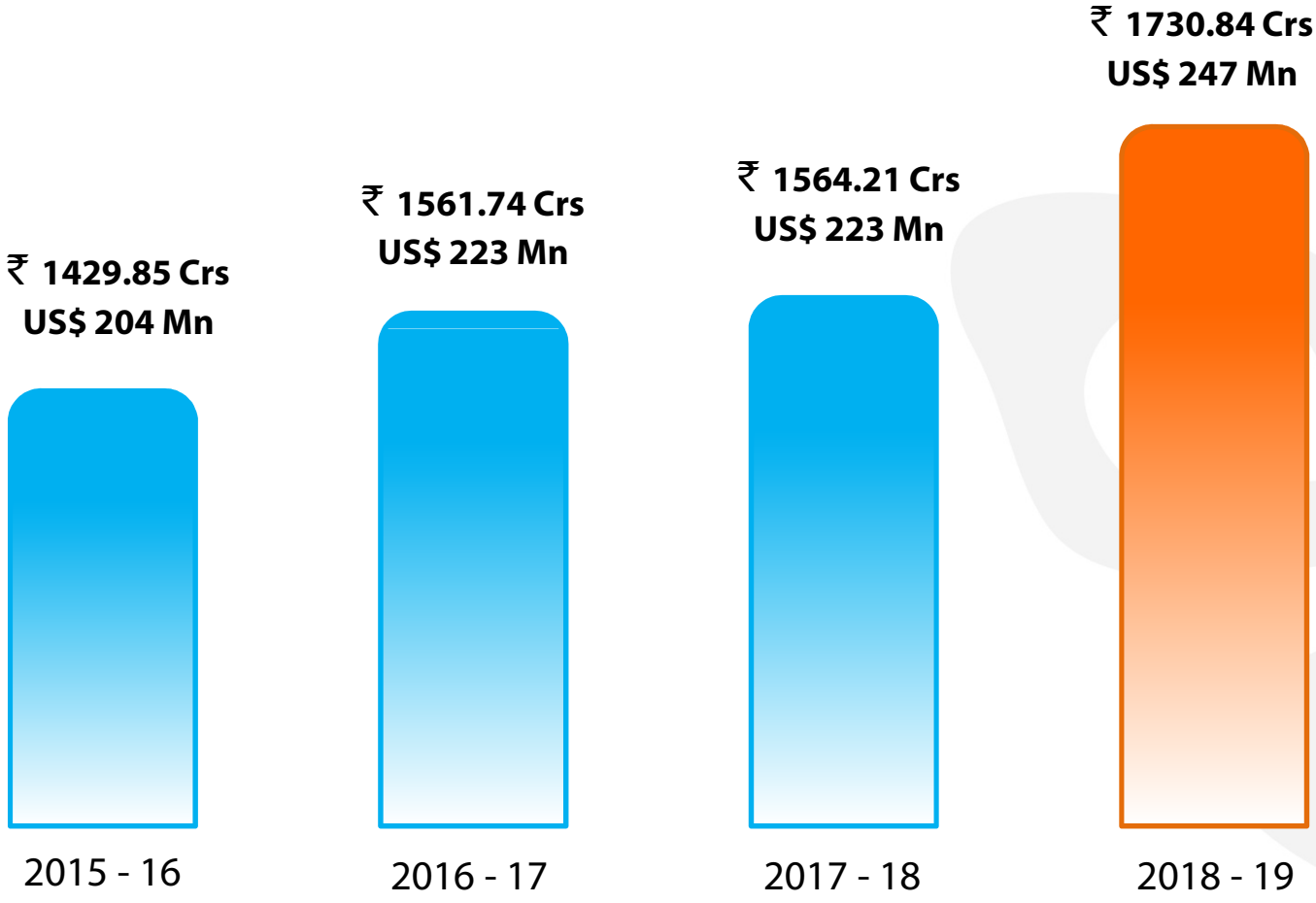
International Business

- Products of the company are now exported to over 100 countries across the globe.
- Recognized Star Trading House.
- Among top 10 pharmaceutical exporters from India.
- 46% sales from exports.
- Field-force to promote brands in more than 30 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 54 countries.

Sales

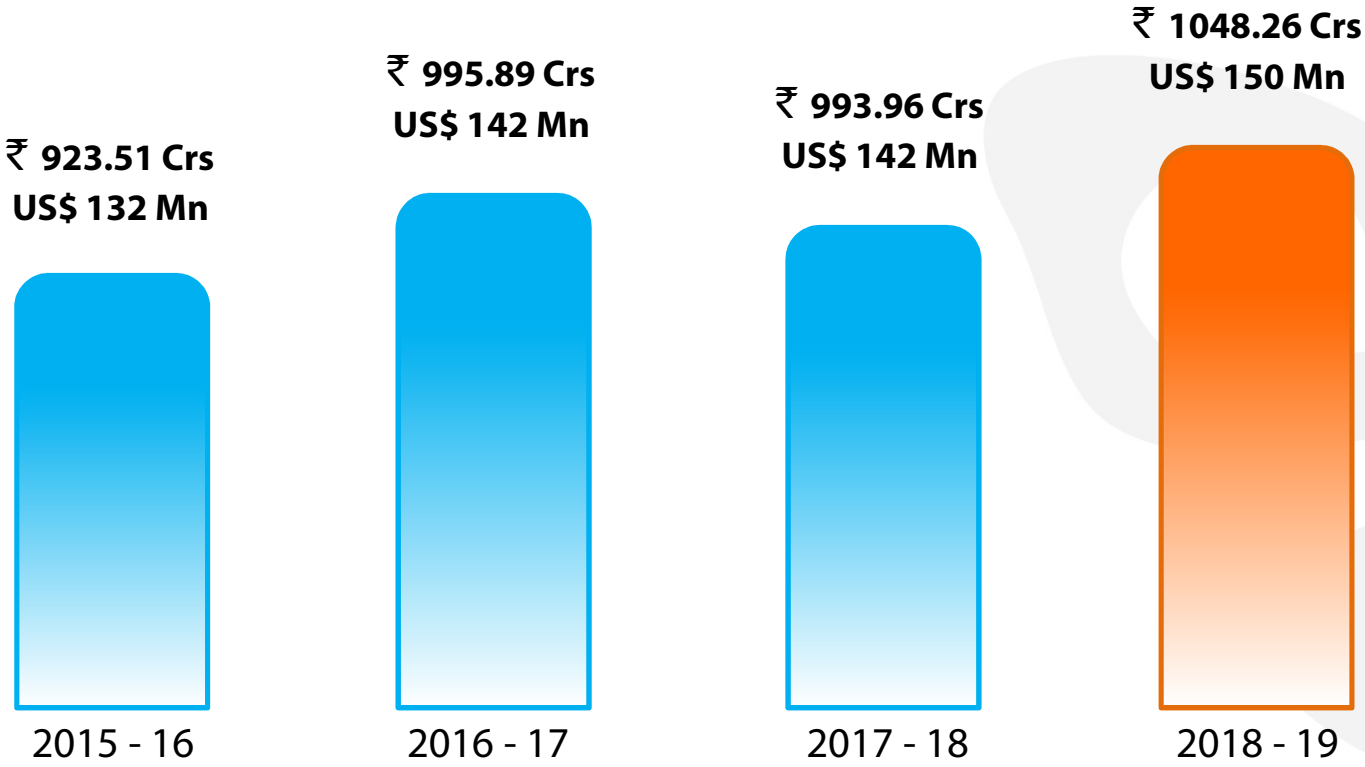

₹ 1429.85 Crs
US$ 204 Mn
₹ 1561.74 Crs
US$ 223 Mn
₹ 1564.21 Crs
US$ 223 Mn
₹ 1730.84 Crs
US$ 247 Mn
2015 - 16
2016 - 17
2017 - 18
2018 - 19

Continent-wise Exports 2018 – 19 (₹ Crs)				
Continent	Formulations	Bulk Drugs / Intermediates	Total	% Contribution
Europe	311.89	220.93	532.82	31%
Africa	265.03	39.47	304.50	18%
Americas	90.13	206.77	296.90	17%
Asia	87.04	200.32	287.36	17%
CIS	156.43	9.24	165.67	9%
Australasia	137.74	5.85	143.59	8%
Total	1048.26	682.58	1730.84	100%

International

Formulations

Sales

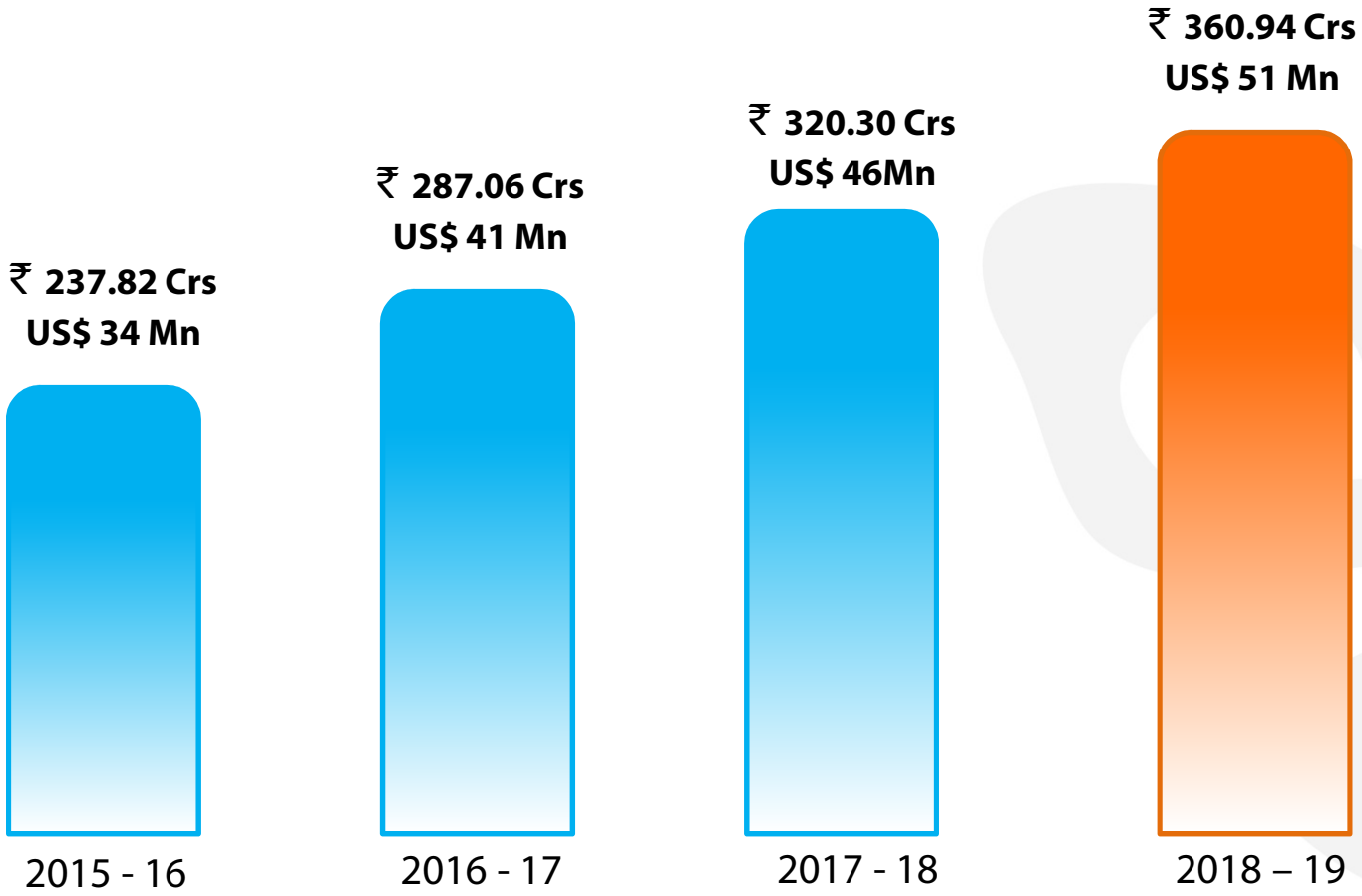

₹ 923.51 Crs
US$ 132 Mn
₹ 995.89 Crs
US$ 142 Mn
₹ 993.96 Crs
US$ 142 Mn
₹ 1048.26 Crs
US$ 150 Mn
2015 - 16
2016 - 17
2017 - 18
2018 - 19

International

Branded Formulations

International
Branded Formulations

Sales



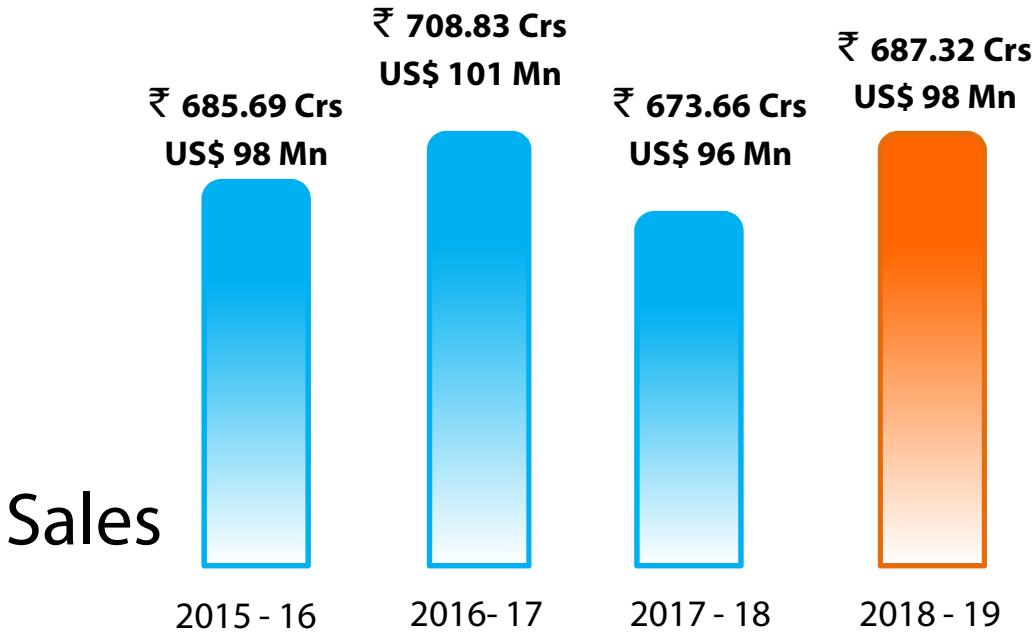
Future Growth Drivers

- Thrust on brand building in Pain, CVS, CNS, Anti-infective and Anti-malarial segments.
- Geographical expansion in covered countries through additional field force.
- 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

International
Generics



Country	Products Registered	Products Under Registration
United Kingdom / Europe	61	1
Australia / New Zealand	70	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.
- Most 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

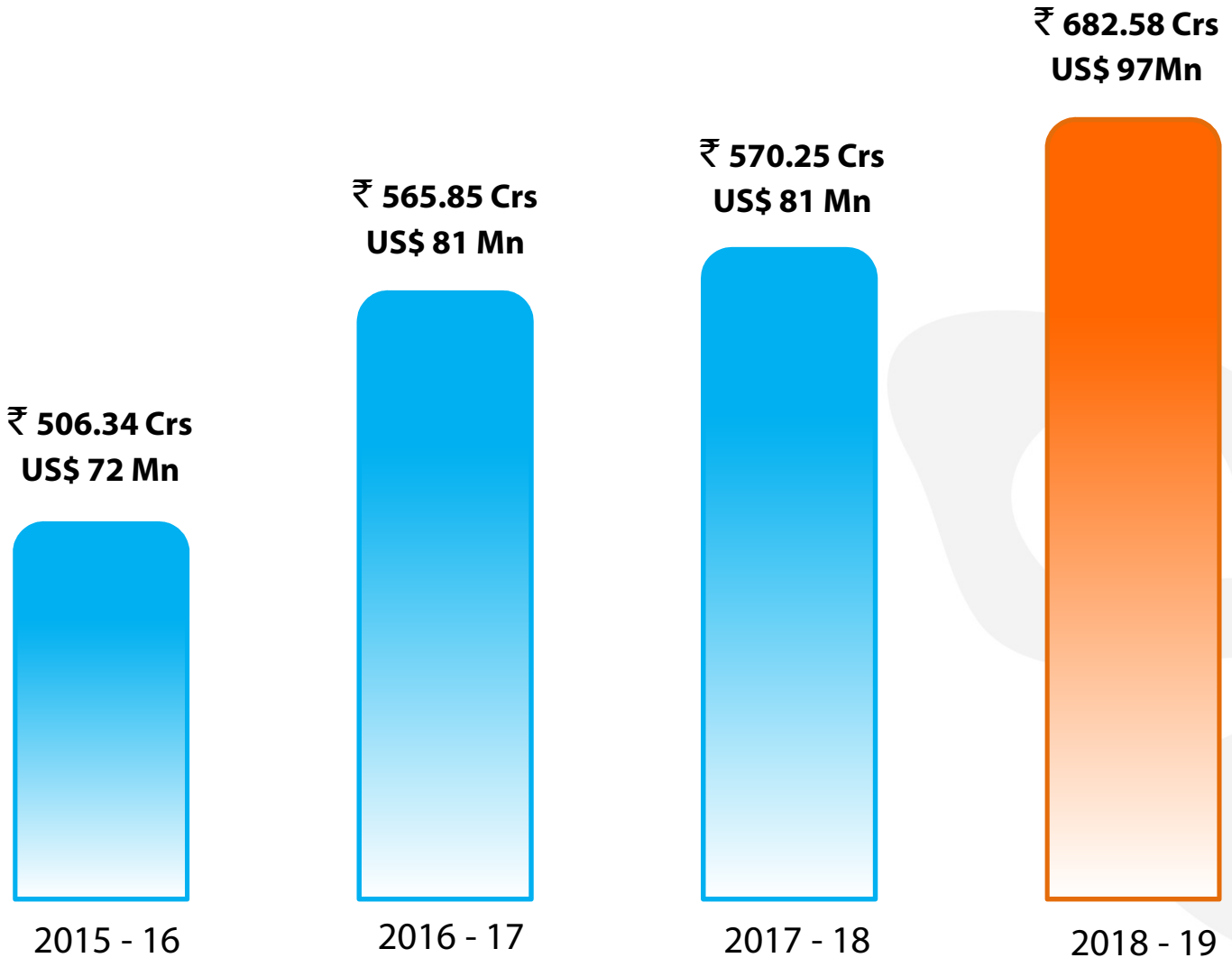
- Strategic tie up with 3 marketing partners for sale/distribution of Generic formulations.
- 46 ANDAs filed of which 18 ANDAs are approved.
- 8 to 10 ANDAs targeted for filing for every year.
- 505 (b) (2) projects/ Sustained Release Formulations.
- Exploring contract development and manufacturing opportunities.

International

APIs

International
APIs

Sales



ipca
A dose of life

International
APIs – Drug Master Files

Sr. No.	Name of the API	US-FDA	Canada-HPFB	WHO	Japan - PMDA	Australia	EDQM
1	Atenolol	✔	✔		✔	CEP	✔
2	Artemether			✔		✔	
3	Artesunate			✔			
4	Artesunate Sterile			✔			
5	Amodiaquine Hcl			✔			
6	Amlodipine Besylate	✔					✔
7	Allopurinol	✔	✔			CEP	✔
8	Beventalol Hcl				✔		
9	Benzarone				✔		
10	Benzbromarone				✔		
11	Bendroflumethiazide						✔
12	Bisoprolol Fumarate	✔	✔				✔
13	Carvedilol	✔	✔				✔
14	Cetrizine Dihydrochloride	✔					✔
15	Chloroquine Phosphate	✔					✔

International
APIs – Drug Master Files

Sr. No.	Name of the API	US-FDA	Canada-HPFB	WHO	Japan - PMDA	Australia	EDQM
16	Chlorthalidone	✔	✔				✔
17	Citalopram HBR						✔
18	Dihydroartemesinin			✔			
19	Etodolac	✔					✔
20	Famotidine				✔		✔
21	Fenofibrate	✔					✔
22	Fluconazole						✔
23	Flumequine						✔
24	Furosemide	✔	✔		✔	CEP	✔
25	Glimepiride	✔			✔		✔
26	Hydrochlorothiazide	✔	✔		✔	CEP	✔
27	Hydroxyzine Di Hcl	✔					✔
28	Hydroxychloroquine Sulphate	✔	✔			✔	
29	Indapamide	✔	✔				✔
30	Losartan Potassium	✔	✔				✔

Sr. No.	Name of the API	US-FDA	Canada-HPFB	WHO	Japan - PMDA	Australia	EDQM
31	Lumefantrine			✓			
32	Methylphenidate		✓				✓
33	Mesalamine/ Mesalazine	✓					✓
34	Metformin HCL	✓	✓				✓
35	Metoclopramide HCl	✓	✓			CEP	✓
36	Metoclopramide Base				✓		
37	Metoprolol Succinate	✓					✓
38	Metoprolol Tartrate	✓	✓		✓		✓
39	Midodrine Hydrochloride	✓					
40	Nabumetone	✓					✓
41	Nifedipine				✓		✓
42	Ondansetron Hydrochloride	✓	✓				✓
43	Ondansetron Base	✓				✓	
44	Paroxetine Hcl						✓
45	Primaquine Phosphate	✓				✓	

Sr. No.	Name of the API	US-FDA	Canada-HPFB	WHO	Japan - PMDA	Australia	EDQM
46	Piperaquine Phosphate			✔			
47	Probenecid	✔					
48	Proguanil Hydrochloride	✔					✔
49	Propranolol HCl	✔	✔		✔	CEP	✔
50	Pyrantel Pamoate	✔	✔				✔
51	Pyrimethamine Hcl	✔					✔
52	Promethazine Hydrochloride	✔					
53	Quetiapine Fumarate	✔	✔				
54	Risperidone	✔					
55	Residronate Sodium	✔					
56	Ractopamine Hcl	✔	✔				
57	Sodium Alendronate	✔			✔		✔
58	Telmisartan	✔					
59	Torsemide	✔					✔
60	Tramadol Hydrochloride	✔	✔				✔

Sr. No.	Name of the API	US-FDA	Canada-HPFB	WHO	Japan - PMDA	Australia	EDQM
61	Trimethoprim	✔			✔	CEP	✔
62	Triamterene	✔					✔
63	Valsartan	✔					✔
64	Venlafexine	✔					✔
65	Warfarin Sodium Clathrate	✔					✔
66	Warfarin Sodium					CEP	✔
67	Zaltoprofen				✔		
	Total	**46**	**20**	**7**	**15**	**12**	**44**

Note : Australia accept CEP issued by EDQM

Future Growth Drivers

- Pursuing MNC tie-ups for supply agreements.
- Non-infringing process Patent filed for APIs.

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.

ipca
A dose of life

Research & Development

APIs & Formulations

R & D Spending		
Year	**₹ Crs**	**% to Sales**
2014-15	157.19	5.09%
2015-16	137.67	4.91%
2016-17	125.67	4.06%
2017-18	118.10	3.73%
2018-19	89.35	2.50%

Research & Development

APIs & Formulations

- Current scientist manpower of over 450.
- Research focus on developing APIs with non-infringing process and development of finished dosage forms.
- Development of NDDS for domestic and international market.
- 228 patent applications filed.

Future Strategy

- Bio-tech / fermentation research facility established and working under contract research on two products.
- Undertaking contract research activities for APIs & Formulations for international clients.

Acquisition of 100% share capital of Pisgah Labs Inc., USA by Company's subsidiaries

Acquisition of 100% share capital of Pisgah Labs Inc., USA by Ipca Pharmaceutical Inc., USA (Company's Wholly owned subsidiary) and Onyx Scientific Ltd., U.K (Onyx) (Company's wholly owned step down subsidiary) for US$ 9.65 millions free of debt.

Pisgah Labs Inc., North Carolina , USA was originally founded in the year 1981 as contract manufacturer and developer of active pharmaceutical ingredients (APIs) and intermediates.

Pisgah Labs Inc. has been a chemistry solutions provider for over three decades and will continue to operate out of its North Carolina manufacturing facility under the Pisgah trade name. Onyx and Pisgah's capabilities in chemistry services will dovetail effectively with company's capabilities in supporting Phase II to commercial scale programmes and also enable the company to manufacture small volume APIs for US market.

For the financial year ended 30th April, 2017, Pisgah had a total income of US$ 2.89 millions and EBIDTA of US $ 1.14 million.

This acquisition was completed upon signing of Stock Purchase Agreement and transfer of shares in the name of the Company's subsidiaries on 16th January ,2018 in USA.

Acquisition of 80% share capital of Bayshore Pharmaceuticals LLC, New Jersey, USA by Company's wholly owned subsidiary

Acquisition of 80% share capital of Bayshore Pharmaceuticals LLC, New Jersey, USA by Ipca Pharmaceutical Inc., USA (Company's wholly owned subsidiary) for US$ 10.286millions .

Bayshore Pharmaceuticals LLC (Bayshore), New Jersey, USA was originally founded in the year 2011 as a sales and marketing company by FDA approved generics drug products in the United States of America.

Bayshore is currently engaged in the selling & marketing of its own registered generics drug products as well as the registered generics drug products of other pharmaceutical companies.

The acquisition in Bayshore will enable the Company to commercialise its registered Generics Drug Products in the US market, through this entity.

For the financial year ended 31st December , 2017, Bayshore had a total income of US$ 7.05 millions and EBIDTA of US $ 0.56 million.

This acquisition was completed upon signing of Stock Purchase Agreement and transfer of shares in the name of the Company's wholly owned subsidiary on 2nd October, 2018 in USA.

Acquisition of 100% share capital of Ramdev Chemical Private Limited

Acquisition of 100% share capital of Ramdev Chemical Private Limited (RCPL) for cash consideration of Rs. 108.50 Crs.

Ramdev Chemical Pvt. Ltd. (RCPL), a company incorporated in 1999 under Companies Act, 1956 is engaged in the business. of manufacturing and marketing ,of advanced drug intermediates, fine chemicals, custom synthesis molecules and active pharmaceutical ingredients (APIs).

The registered office and manufacturing unit of the company is located at MIDC, Boisar, District - Palghar, Maharashtra on leasehold land admeasuring about 16,000 sq. metres with constructed area of about 5600 sq metres. The manufacturing facility of the company is inspected amongst others by US FDA and EDQM.

For the financial year ended 31sl. March, 2019 (unaudited) (Management Certified Accounts), the company had a revenue of about Rs. 75.89 crores, EBITDA of about Rs. 9.18 crores and Profit after tax of about Rs. 3.01 crores.

The Products of the company are exported to many countries across the globe including USA, U.K., Japan, Germany and Canada. The clientele of the company includes major Indian pharma companies as well as several multinational companies.

This acquisition is as per Share Purchase Agreement signed on 24th April, 2019.

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.