

# **INDOCO REMEDIES LIMITED**

## **MANAGEMENT DISCUSSION AND ANALYSIS FOR THE THIRD QUARTER ENDED MARCH, 2006**

➤ **Revenue figures:**

The table below gives the breakup of revenues (Gross of excise duty):

<b>Particulars</b>	<b>Jan. to Mar.</b>			<b>Jul. to Mar.</b>			<b>Jul. to Jun.</b>
	<b>2005-06</b>	<b>2004-05</b>	<b>Growth %</b>	<b>2005-06</b>	<b>2004-05</b>	<b>Growth %</b>	<b>2004-05</b>
<b>Sales</b>							
Domestic	4224	2735	<b>54.44</b>	14817	11199	<b>32.31</b>	18095
Export	988	705	<b>40.14</b>	2438	1732	<b>40.76</b>	2908
API	130	0	<b>100.00</b>	439	0	<b>100.00</b>	82
Trading/Others	11	27	<b>(59.26)</b>	393	153	<b>156.86</b>	493
<b>Total</b>	<b>5353</b>	<b>3468</b>	<b>54.35</b>	<b>18087</b>	<b>13085</b>	<b>38.23</b>	<b>21578</b>
Other Income	222	151	<b>47.02</b>	516	296	<b>74.32</b>	481
<b>Total Income</b>	<b>5576</b>	<b>3619</b>	<b>54.08</b>	<b>18603</b>	<b>13381</b>	<b>39.02</b>	<b>22058</b>
EBITA	<b>328</b>	<b>(35)</b>	<b>1037.14</b>	<b>2538</b>	<b>1719</b>	<b>47.64</b>	<b>4111</b>
PBT	<b>231</b>	<b>(81)</b>	<b>385.18</b>	<b>2208</b>	<b>1479</b>	<b>49.29</b>	<b>3674</b>
PAT	<b>142</b>	<b>(674)</b>	<b>121.06</b>	<b>1564</b>	<b>577</b>	<b>171.06</b>	<b>2513</b>

➤ **Financial Ratios:**

<b>Ratios</b>	<b>Jan. to Mar.</b>		<b>Jul. to Mar.</b>		<b>Jul. to Jun.</b>
	<b>2005-06</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2004-05</b>	<b>2004-05</b>
Material Cost %	42.38	42.92	41.83	40.81	41.74
EBIDTA %	6.82	(1.09)	15.56	14.64	21.18
PBT %	4.80	(2.52)	13.54	12.59	18.92
PAT %	2.95	(21.1)	9.59	4.92	12.94
EPS (Rs.)	1.20	(5.70)	13.23	4.88	24.63

\* On Net Sales

**Key Highlights :**

➤ **Revenue Growth :**

The total income has grown by 38.23% for the quarter ending March 31, 2006. The growth in turnover is due to sustained growth both in domestic and international business.

The other income includes insurance claim of Rs.83.00 Lacs arising due to assets destroyed by fire in August 2005.

➤ **IPO & Proceeds :**

In January, 2005, the Company completed its Initial Public Offer (IPO) and listed its shares on the National Stock Exchange of India Limited (NSE) and The Stock Exchange, Mumbai (BSE).

The Details of Issue Proceeds and its utilization are as under:

**Indoco Remedies Ltd**

**Details of Issue Proceeds and its utilization**

		(Rs.Lacs)
		<b>Amount</b>
IPO Proceeds		7354.20
Less: Issue expenses		459.80
<b>Net....A</b>		<b>6894.40</b>
<b><u>Amount spent....B</u></b>		
i) Plant at Baddi	2823.00	
ii) Plant at Ambernath	140.90	
iii) R & D Centre - Rabale	1094.34	
iv) Acquisition of Brand	937.30	
v) Corporate office	548.20	<b>5543.74</b>
<b>Balance available (A - B)</b>		<b>1350.66</b>

➤ **Research & Development:**

- i) The State-of-art R&D centre at Rabale, Navi Mumbai has become operational from the last week of March 2006 as planned. The purpose of the R&D centre is to develop non-infringing eco-friendly Active Pharmaceutical Ingredients (APIs) process developments.

➤ **ORG Ranking:**

The Company has been ranked by ORG Marg as under : ( February 2006)

	Monthly	MAT
Prescription Audit -	22	24
Retail Audit -	31	31

➤ **Therapeutic Segment Revenues & Their Performance:**

<b>Therapeutic Segment Revenues &amp; Their Performance</b>			
			<b>(Rs. Lacs)</b>
<b>Particulars</b>	<b>July'05 - Mar'06</b>	<b>July'04 - Mar'05</b>	<b>Growth</b>
Respiratory & Anti-Allergy	3367.48	2310.58	<b>45.74</b>
Anti-infective	2459.11	1859.31	<b>32.26</b>
Dental	1931.99	1451.26	<b>33.13</b>
Alimentary Systems	1586.28	1245.63	<b>27.35</b>
Dermatology	953.14	724.41	<b>31.57</b>
Cardiovascular System	908.12	851.02	<b>6.71</b>
Anti-diabetic	819.04	608.13	<b>34.68</b>
Ophthalmic	814.56	638.94	<b>27.49</b>
Nutrition	581.8	462.96	<b>25.67</b>
Analgesics & Antipyretics	482.03	298.65	<b>61.40</b>
Urinary	381.61	289.31	<b>31.90</b>

➤ ***Domestic Business:***

The domestic formulation business registered growth of 32.31% upto the third quarter. The growth in turnover was boosted by acquisition of Karvol Plus and robust growth in Respiratory & Anti-Allergy, Anti-Infective, Dental and Alimentary Systems segments.

➤ ***Surge Division:***

The newly launched division surge has started operations in Kerala, Maharashtra, Andhra Pradesh, Tamilnadu and Karnataka. The division has achieved sales of Rs.45.72 Lacs till March end.

➤ ***International business:***

The Company's revenue from International business has grown by 40.76 % upto the third quarter. This can mainly be attributed to the sustained contract manufacturing operations to U.K.

➤ ***API Business:***

The Company's APIs business has grown to Rs. 439.00 Lacs for the nine months ended March 2006 as compared to Rs. 81.65 Lacs for the year ended 30<sup>th</sup> June 2005. The production of APIs was carried out by the company as its own production on Loan Licence basis.

➤ ***Subsidiary :***

The Company's Subsidiary Indoco Healthcare Limited has started its commercial production at its Baddi facility from April 01, 2006. The facility has been set-up to meet the requirements of overseas health authorities like UK-MHRA and MCC- South Africa. The facility will be used to manufacture tablets, ointments and tooth paste.