

Management Discussion and Analysis

a) Indian Pharmaceutical Industry Structure:

The Indian Pharmaceutical Industry is the world's third largest by volume. As per AIOCD AWACS, the Domestic Market is valued at ₹ 1,44,254 Crores with a growth of 9.6 % for the FY 2019-20. Exports from India stood at US \$20.58 bn with a growth of 7.6 % during FY 2019-20. Drug formulations and biologicals, contributing to ~ 72 % of exports, grew by 9.5 % and export of bulk drugs and drug intermediates was flat.

The Indian Pharmaceutical Industry's success has been built on the foundation of its distinctive capabilities in key areas of the value chain, such as, manufacturing, product development and process innovation. The Industry's journey to generate significant revenues can be attributed to world-class capabilities in APIs and formulation development, the entrepreneurial ability of the firms and the vision of the industry to establish India's footprint in large international markets.

Recently, the industry has been facing headwinds both domestically and in key global markets, which subdued its growth to CAGR of 7-8%. Nonetheless, many opportunities still exist across geographies and product classes for Indian pharmaceutical players to chart an accelerated growth path. The industry is poised for a good performance in the coming years, thanks to factors like increased accessibility and affordability, potential breakthroughs in next generation innovative products, strong growth in the US market by driving higher share in molecules going off patent and ease in price erosion.

b) Opportunities and Threats:

Several Opportunities exist for the Indian Pharma Industry like supporting state-sponsored health coverage programs, focus on chronic healthcare and newer product classes such as biosimilar, gene therapy and specialty drugs. Capitalizing on its rich demographic dividend – India has a large skilled, yet cost-efficient workforce. New opportunities for the industry will open in view of the anticipated expiry of patents for branded molecules.

The industry may need to formulate a sharp molecule-level strategy, coupled with superior regulatory and execution excellence. A thrust in some of the under-penetrated emerging markets also has the potential for increase in exports. Moreover, newer avenues such as, OTC / OTX for deserving brands and digital supply chain solutions can be suitably explored in the domestic market.

Lack of stable pricing policy environment favorable for long-term investment decisions are some of the factors that have impacted the Industry. There is also higher dependence on external markets for intermediates and APIs.

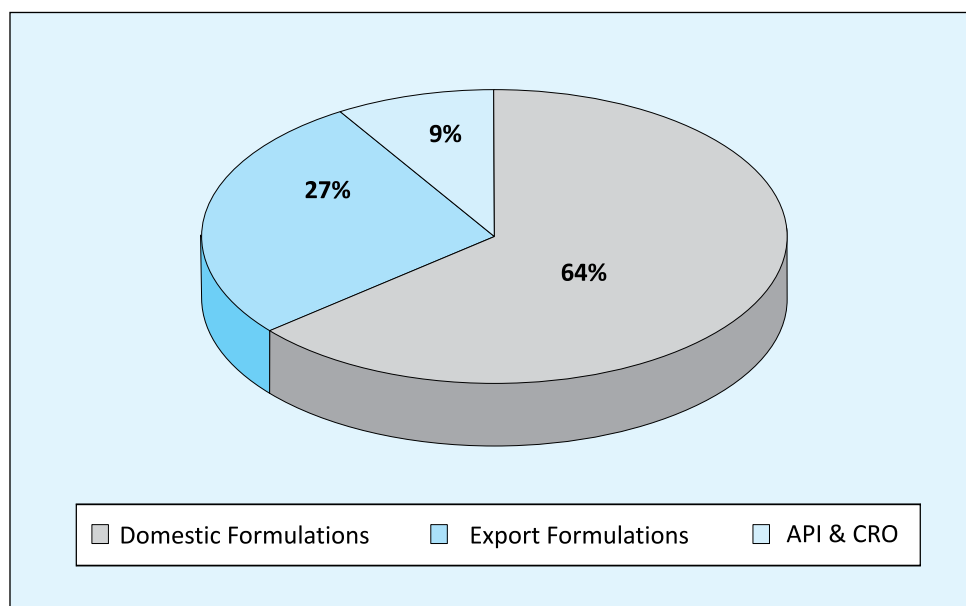
Indian pharma's eroding competitive advantage in the US generics market and limited presence in other markets with value added products has put the industry in a tight spot. An Increased scrutiny in quality compliance when supplying to international markets also largely looms over the industry's performance.

c) Financial Performance:

Net revenue for the year is at ₹ 1,079.39 crores, as against ₹ 941.37 crores last year. Other operating income in the current year is at ₹ 26.61 crores, as compared ₹ 26.37 crores to the previous year. Material consumption to sales is 30.61 % at ₹ 330.43 crores, as compared to 34.01 % at ₹ 320.18 crores previous year. Staff cost to sales is 23.65 % at ₹ 255.32 crores, as compared to 24.57 % at ₹ 231.26 crores in the previous year. Recurring R&D expenses to net sales are 4.60 % at ₹ 49.70 crores, as compared to 5.47 % at ₹ 51.52 crores previous year. Other expenses to sales are at 32.17% at ₹ 347.21 crores, as compared to 30.60 % at ₹ 288.07 crores previous year. Finance cost to sales is at 2.43 % at ₹ 26.25 crores, as compared to 2.18 % at ₹ 20.54 crores previous year. Operating profit is at ₹ 75.98 crores, compared to ₹ 36.13 crores in the previous year. Depreciation is at ₹ 70.81 crores, as against ₹ 71.56 crores in the previous year. Profit / (Loss) Before Tax is at ₹ 28.71 crores, as compared to ₹ (9.24) crores in the previous year. Profit / (Loss) After Tax was ₹ 24.25 crores, as against ₹ (2.84) crores in the previous year.

Basic & Diluted Earnings Per Share (EPS) for the year is ₹ 2.63, as against ₹ (0.31) in the previous year (both after and before the extra-ordinary items). Outstanding long term debt as on March 31, 2020 was ₹ 96.93 crores, as compared to ₹ 128.66 crores in the previous year. Cash outflow on account of Capital Expenditure (CAPEX) during the year was ₹ 58.46 crores, as compared to ₹ 96.95 crores in the previous year. During the year, an amount of ₹ 2.74 crores was contributed to the national exchequer by way of payment of income tax and ₹ 31.97 crores by way of Goods & Services Tax (GST). Net worth of the Company as on March 31, 2020 is ₹ 680.16 crores, as against ₹ 661.08 crores in the previous year, on account of retained profits. Debt-equity ratio during the year was 0.23, as compared to 0.28 in the previous year.

Segment wise revenue contribution is as follows:



d) Business Overview

Domestic Formulation Business

Indoco ranks amongst top 30 Companies in the Indian Pharmaceutical Market (as per Sales Audit March'20 Report of All India Organization of Chemists and Druggists, AIOCD) and has a Pan-India presence. The Company offers high-quality medicines in multiple therapeutic categories, which include, respiratory, stomatology, women's health, nutritional products, gastroenterology, cardiology, metabolic disorders and primary care medicines. The Company has a predominant presence in South (34%) and West (29%), followed by East (20%) and North (17%). The Company caters to multiple doctor specialties and generates more than 70 million prescriptions annually from over 3,00,000 doctors across India (as per SMSRC Prescription data as of Nov'19-Feb'20).

Performance of key therapy areas:

(₹ In Lakhs)

Therapy	Cont %	2019-20	2018-19	Gw %
Stomatologicals	18.4	12729	11180	13.9
Respiratory	16.4	11354	9732	16.7
Anti-Infectives	15.2	10504	8901	18.0
Gastro-Intestinal	14.1	9729	8608	13.0
Vitamins / Minerals / Nutrients	7.1	4887	4830	1.2
Gynaecology	5.4	3754	3277	14.6
Ophthal / Otolgical	5.8	3998	3728	7.2
Pain / Analgesics	4.8	3337	3438	-2.9
Dermatology	4.3	2955	2765	6.9
Anti-Diabetic	4.0	2780	2479	12.1
Urological	2.3	1575	1052	49.8
Cardiac	1.9	1299	817	58.9

The Company enjoys a good position in the domestic market with 27 brands ranking amongst the top 5 positions in their respective sub-segments:

Product	Rank	Broad Therapy	Market Share % (Respective Sub-Segments)
Sensodent K	1	Stomatologicals	96.5
Karvol Plus	1	Respiratory	58.0
Sensoform Toothpaste	1	Stomatologicals	60.1
Cital UTI	1	Vitamins / Minerals / Nutrients	28.3
Kidodent	1	Stomatologicals	50.4
Rexidin	1	Stomatologicals	43.5
Carmicide	1	Gastro Intestinal	82.3
Snowdent	1	Stomatologicals	41.6

Product	Rank	Broad Therapy	Market Share % (Respective Sub-Segments)
Cyclopam	2	Gastro Intestinal	10.5
Febrex Plus	2	Respiratory	15.7
Sensodent KF	2	Stomatologicals	27.0
Cal Aid	2	Vitamins / Minerals / Nutrients	34.1
MCBM 69	2	Gynaecological	15.7
Sensoform Gum Paint	2	Stomatologicals	34.2
ATM	3	Anti-Infectives	7.1
Cital	3	Urology	26.0
SM Fibro	3	Vitamins / Minerals / Nutrients	13.6
Dentogel	3	Stomatologicals	13.3
Otorex	3	Ophthal / Otologicals	11.6
Cital H	3	Urology	5.2
Rexidin Plus	3	Stomatologicals	7.8
MCBM DHA	3	Gynaecological	11.2
Methycal	4	Vitamins / Minerals / Nutrients	6.5
Hemsyl	4	Blood Related	11.2
Oxipod	5	Anti-Infectives	5.5
Nosic	5	Gastro Intestinal	3.1
D Chiro	5	Gynaecological	2.8

(Source : AWACS)

Domestic Marketing Divisions:

Indoco

Indoco is the main domestic marketing division and enjoys a strong image amongst its targeted doctors, viz., General Practitioners, Pediatricians, Gynecologists and Consultant Physicians. The division has acquired a prominent position within its covered market with market share of around 4% satisfactory sales growth, which is observed across all zones for the division.

Cyclopam, a brand leader in antispasmodic market has crossed the ₹ 100 crore mark with positive growth across all zones, as per AWACS data as on March'20.

Prescription growth of around 3% is recorded by the division within its major focused doctor category, i.e., General Practitioners. Effective legacy brand management carried out by the division is evident by Cyclopam's success and Cital, Karvol Plus, Cloben-G are showing good prescription (Rx) growth.

In terms of new launches, Cital-UTI has further increased its Rx share to more than 37% and has consolidated its leadership position within its covered market.

Spade

Spade, the 2nd largest division of domestic business caters to acute therapy with a focus on Respiratory and Anti-infective segments. The major specialties covered by SPADE include, ENT surgeons & Pediatricians, besides having a strong presence in the segments of General Practitioners and Consulting Physicians. The major brands of the division, Febrex Plus, ATM and Bactogard registered good growth. In fact, ATM (Azithromycin) tablets have been recommended for use in the treatment of Covid-19.

Warren NxGen

Warren NxGen has successfully expanded its presence from Dentists to other specialties like ENTs, Pediatricians and General Practitioners. All these specialties have registered a good growth in prescriptions as per SMSRC. Warren NxGen has created several brands, viz., Sensodent KF, Lignox, Kidodent, Rexitin M Forte, Rexitin and Dentogel which feature in top 5 rank in their respective segment. All the Stomatological brands have performed well in the market and have gained market share. Warren NxGen leads the Stomatological covered market with a market share of 29%.

Free medical camps are being conducted across all age groups and socio-economic class for detection of various oral diseases, from dental caries to pre-cancerous conditions. CMEs and scientific updates are the main approach for promoting brands, which remain the key strength of the division.

Warren ACE

Warren Ace is no. 1 in the dental care Stomatological market pan India with legacy toothpaste brands, viz., Sensodent K and Sensoform. The division enjoys more than 30% market share in covered market and enjoys no. 1 position in many states across India. Warren Ace caters to more than 45000 dentists and 300 plus dental colleges & is a leader in the Desensitizer market. The division focuses on mainly 2 therapies, i.e., Dental Sensitivity and Pain Management.

In addition to toothpastes, other brands like Sensodent K Plus, Rexitin Plus, T Lac and Sensoform gum paint have good growth prospects. Looking at the growing awareness of oral hygiene, there are huge opportunities in the dental segment. With a strong equity, Warren Ace is ready to explore prescriptions, as well as, OTX market with present product basket.

Spera

Spera caters to women's health and is a specialty division covering Gynecologists. The product mix includes, nutraceutical brands for pregnancy care and lifestyle management products. Methycal 2000, the newly launched brand within the space of the Vitamin D3 market, is gaining fast momentum. Scientific activities like, Round Table Meets (RTMs) and Continues Medical Education (CMEs) have helped to increase the prescriber base of Gynecologists. Customer focus with brand campaigns and patient awareness activities aids Spera to garner attention of the Key Opinion Leaders (KOLs). Participation in All India Gynecology Conference (AICOG) and other state conferences helped the division strengthen its presence in the market.

Warren Excel and Vision

The ophthalmic divisions cater to a niche Ophthalmology segment, with a wider therapeutic range. The division's product range covers acute, chronic, as well as products for surgical procedures in Ophthalmology. The division offers unique products with distinct superiority, based on exclusive technological advantage. The ingredients and packaging materials of some of the products are manufactured in state-of-the-art plants.

The division's wide range of products extends from tear substitutes, anti-infectives, anti-oxidants, anti-glaucoma range, anti-allergic and NSAIDs. The Mofloren brand is the largest contributor to the division's sales. Some of the brands that are ranked amongst top five in their respective categories are, Homide, Renolen, Zincoren, Dexoren, Dexoren-S, B-Floren, Mofloren-BF, Clygan, Tobaren-DM and Blu Dye.

Indoco Focus

This division has been designed to be a 'Specialist in Diabetology'. The division's product portfolio caters to Diabetologists, Endocrinologists and Consulting Physicians with Brands like, Zilenta, Glychek, Metchek, Pratzac, Trucharge, Durashape and Oxipod CV.

In line with the long term objective, Indoco FOCUS launched ALOJA (Alogliptin- a novel Gliptin) for the 1st time in India. As a part of launch activity, the division initiated 11 advisory meetings with the eminent Endocrinologists and Diabetologists pan India to establish ALOJA (Alogliptin). The division participated at national conferences like, RSSDI, ESICON and APICON with scientific lectures from the industry stalwarts to advocate and establish this molecule. A series of almost 60 CME programs at regional level were conducted to build confidence of the Diabetologists.

The division is in process of strengthening its portfolio as per the needs of a Diabetes practitioner and establishing Indoco FOCUS as a partner in Diabetes management.

Indoco CND

Indoco CND caters to super-specialists like, Cardiologists, Diabetologists, Nephrologists and Consulting Physicians, with predominant focus on Cardiologists to strengthen its presence in the fast growing cardiology market. Creation of sizeable prescriber base within cardiologists by CND division is indication of success of its penetration in the market. Indoco CND division has grown faster in the covered market and is gaining momentum with brands like Telmichek. Scientific and clinical activities have further helped the division to get closer towards realization of its set objectives, one being due recognition of Indoco CND's product range by Cardiologists.

Institution

The Institution division covers most of the Central, State government and PSUs healthcare setups, which includes: ESIC, Indian Railways, AFMSD Directorate of Health Services, BHEL, BEML, HAL, ONGC and Port Trusts. Indoco is registered with most of these Government institutions and participates in annual rate contracts and local tenders for branded and proprietary products. The division aims in getting the products registered and adding proprietary products in formularies of prestigious government institutions.

New Product Launches:

The introduction of new products in the domestic market is planned with the objective of strengthening the portfolio of various divisions. During the year, eight new products, five in Cardiac segment, two in Anti-diabetic segment and one in Dermatology segment, were launched.

Following is the list of the new products launched :

<i>Product</i>	<i>Division</i>	<i>Therapy</i>
Luliplus Cream	Indoco	Dermatology
Rosuchek – Gold 20 10s	Indoco CND	Cardiac
Rosuchek 20mg Tablets 10s	Indoco CND	Cardiac
Rosuchek Gold Caps 3x10	Indoco CND	Cardiac
Aloja 12.5 (Alogliptin Tablets 12.5mg) 10s	Indoco Focus	Anti-Diabetic
Aloja 25 (Alogliptin Tablets 25mg) 10s	Indoco Focus	Anti-Diabetic
Apixabid 2.5 (Apixaban Tab 2.5 mg) 10s	Indoco CND	Cardiac
Apixabid 5 (Apixaban Tab 5 mg) 10s	Indoco CND	Cardiac

Luliplus: Launched by Indoco main division is targeted at the GPs. This product contains Luliconazole, which is the latest anti-fungal medication and is very effective.

Rosuchek: Indoco CND division has been strengthened by launch of three line extensions, viz., Rosuchek 20 mg, Rosuchek Gold and Rosuchek Gold 20, the latter two being, a triple combination product with DCGI approval.

Aloja: The Company's Focus division launched Alogliptin, a new age FDA approved cardiovascular (CV) neutral DPP-4 with brand name 'Aloja' in Nov'19. 'Aloja' is targeted at Type 2 diabetes (T2DM) in patients having uncontrolled diabetes or newer patients, where diabetics index is much higher. The launch of 'Aloja' marks Indoco's intention to become a competitive player in the diabetic therapy market in India.

Apixabid : Indoco's CND division launched Apixaban, a bio-equivalent, anti-coagulant product, which is developed at the Company's R&D facility and manufactured at its USFDA approved site. 'Apixabid' is used to treat and prevent blood clots and to prevent stroke in people with nonvalvular atrial fibrillation.

It is used specifically to prevent blood clots following hip or knee replacement and in those with a history of prior clots. It is used as an alternative to warfarin and does not require monitoring by blood tests. Though the Company launched Apixabid in early December'19, it had to withdraw the product, as the innovator filed a patent infringement case in Delhi High Court on December 23, 2019 and could obtain a temporary injunction. The Company is strongly defending the patent infringement case, as well as, vacation of temporary injunction.

International Business:

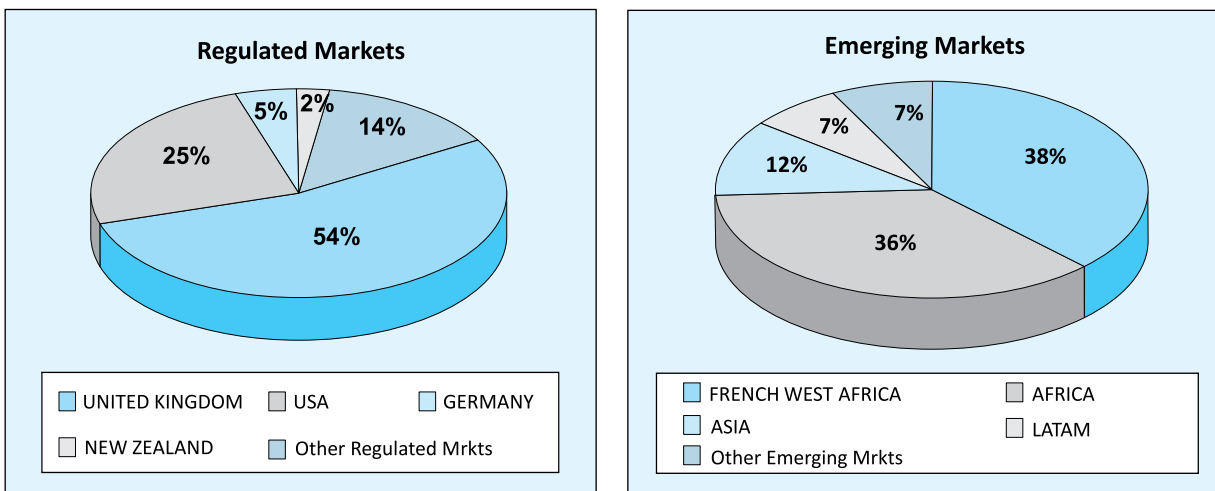
International Business is a key thrust area for the Company. However, in the last couple of years, the evolving regulatory guidelines and issues arising therefrom, impacted the revenues from International Business. Warning letter from the USFDA and restricted GMP status from the UK-MHRA resulted in stoppage of manufacture of some products at the Company's Goa facilities.

These developments kept the Company busy with remediation process, which has now been completed, resulting in withdrawal of warning letter by the USFDA issued to Indoco's Goa plant II. This paved the way for approval of some of the Company's pending ANDAs.

The Company's finished dosage facilities in Baddi Plant-I and Plant-III received UK-MHRA nod. While Baddi Plant-I faced inspection for the fourth time successfully, for Baddi Plant-III, it was the first inspection. This has resulted in making substantial capacity available for supplies to Europe. Europe business will bounce back soon, as five of the Company's plants are approved by the EU regulatory authorities.

The Company will keep filing new ANDAs every year (including injectable ANDAs) to exploit advantage of Indoco's sterile facilities. With number of ANDAs and Dossiers awaiting approval, the business from Regulated markets looks optimistic.

Country Wise / Region wise Sales Contribution



USA

The industry witnessed pressure from regulators, patients, governments, and aggressive negotiation tactics from buyers to drive down drug prices. Overcapacity and the emergence of big purchasing groups have had a negative impact on the manufacturer's margins. However, the silver lining is that the industry is experiencing a fast-track approval of plants and expedited review of ANDAs by the USFDA.

Indoco's business in the US, which suffered a set-back due to regulatory issues is now coming back on track. With receipt of EIR on 21st March, 2019 for Goa Plant-II and III, the Warning Letter has been lifted and Indoco has started receiving approvals against pending ANDAs, filed from these plants.

Indoco has capabilities in the sterile space and complex generics (both in Solid Orals and Ophthalmics), which will be the growth engine for Indoco in US in time to come. Backward integration will be the way forward for the future pipeline for injectables, ophthalmics and oral solids, as Indoco looks forward to leverage its expertise in developing APIs on fast track and has already expanded its API manufacturing capacities.

The status of ANDAs as on March 31, 2020 stands as below:

<i>Particulars</i>	<i>Own Filings</i>	<i>Through Partners</i>	<i>Total</i>
Approvals till date	6	6	12
Filed but pending approval	13	22	35
Total	19	28	47

Europe

Europe has continued to be a major contributor of sales in International Business. During the year, sales from Europe region has recorded a good growth, despite the regulatory challenges in first half of the financial year.

Though UK and Germany remain the top revenue generators for the region, Spain and Eastern Europe have also contributed considerably. The Company is also expanding its business in other countries like Denmark and Iceland, through its partners. Indoco has successfully shipped Paracetamol tablets from Baddi III this year and has launched Tranexamic acid injection through its partner in Europe. Approved Decentralized Procedure (DCPs) in various countries of the region will ensure revenues from licensing fees when Marketing Authorizations (MAs) are licensed out to multiple customers. Indoco is geared up with potential Brexit and is in the process of implementing the post Brexit formalities with all the Customers.

Serialization for EU region has been successfully completed within the set time frame and the Company has already started supplying serialized goods from all its GMP approved facilities.

South Africa, Australia and New Zealand

Indoco is a reliable manufacturing partner to many generic companies in South Africa, New Zealand and Australia.

The Company's Goa facilities underwent GMP audits by SAHPRA (South Africa) and TGA (Australia). The revocation of EU GMP certification by the UKMHRA in March 2018 impacted SAHPRA and TGA approval status. However, Indoco is undergoing remediation process to satisfy these regulatory authorities and is expecting to resolve the issues at the earliest.

Emerging Markets

Indoco continues to get 80% of its emerging market business from promotion of brands across geographies with a major contribution coming from French West Africa, Kenya, Sri Lanka and Myanmar. The Company registered a robust growth of 25% in French West Africa over the previous year.

Kenya continued to be a strong pillar with substantial contribution to total Emerging Market's business. In Sri Lanka, Indoco continues to spread its product portfolio, strengthening product visibility and availability through promotion of brands.

Latin America business witnessed a setback due to geopolitical instability and currency devaluations, resulting in tender losses in many countries. However, the business in Latam is looking up, as the Company has signed new deals and has received new product registrations.

API Business:

Backward integration is a key for success in the competitive International market. Accordingly, majority of the Company's ANDAs / Dossier filings are backed by APIs manufactured in the Company's own facility. The priority is to make APIs available for own use and offer remaining capacity in the market. Thus, though API contribution to overall business is not sizable, its importance from the strategic perspective is high. Considering the growing demand, both for captive, as well as, external sales, the present capacity is expanded by commissioning of a new state-of-the-art API manufacturing facility at Patalganga. The new facility is equipped with an automated solvent dispensing system, efficient recovery system to control the cost of manufacturing and adequate safety by installing modern equipments.

The Patalganga plant was successfully inspected by CDSCO for written confirmation for sale in Europe on 17th-18th June, 2019. The Kilo plant was successfully inspected by CDSCO for written confirmation for sale in Europe on 6th-7th May, 2019 and for WHO GMP Certification Scheme for COPP on 9th-10th October, 2019.

With a good product mix of APIs in ophthalmics, anti-diabetic, anti-gout and other therapeutic categories, backed by DMFs and Certificates of Suitability (CEPs), the API division is well positioned to register an impressive growth in the coming years.

Research and Development:

Indoco's R&D Centre, located at Rabale, Navi Mumbai has a highly skilled team of scientists involved in the research and development of Active Pharmaceutical Ingredients (APIs), as well as, Finished Dosage Forms (FDFs).

The Chemical Research Department (CRD) works on chemical synthesis, process chemistry, designing of non-infringing processes and scale up of APIs. The Finished Dosages research (F&D) is engaged in development of various dosage forms like, Immediate Release Tablets, Capsules, Multi-Unit Pellet Systems (MUPS), Pulsatile Drug Delivery Systems, Sterile Ophthalmic Ointments, Ophthalmic Gels, Suspensions and Solutions, Extended Release tablets with matrix technology, complex ophthalmic products like emulsions and nano-suspensions, as well as, a range of injectable solutions, suspensions and depot-based long acting injectables.

With a strong technical team in place, Indoco is a partner-of-choice for several large pharmaceutical companies across the globe for co-development and for site transfer projects of ophthalmic, injectable, solid and liquid dosage forms, as well as, topical products.

Regulatory Affairs:

Indoco's Regulatory team comprises of 35 specialists, who are engaged in the submission of Dossiers to Regulatory Authorities across the globe. Regulatory submissions in different Emerging markets are pursued as well, which have resulted in registrations of 721 dossiers across more than 50 countries till date. In addition, Indoco regulatory has submitted Drug Master Files for 23 Active Pharmaceuticals. A total of 147 Drug Master Files, comprising of 20 USDMFs and 9 Certificate of Suitability (CEPs) & 8 Active Substance Master File (ASMFs), have been registered to support commercial supplies.

The Company is equipped with eCTD software (compliant to country specific requirements) and software for Structured Product Labelling (SPL) for US submissions. Electronic submissions of DMFs and Dossiers are done through the Electronic Submission Gateway (ESG) to USFDA and through the Common European Submission Platform (CESP) to EDQM and other European National Competent Authorities (NCA) and a specific National Portal for submissions to UK-MHRA.

AnaCipher:

Analytical Research Services, Rabale

The division provides a complete analytical solution to pharmaceutical and chemical companies, in India and abroad. The analytical testing lab complies with all the cGLP norms and has competent scientists to support the customers in solving their complex analytical problems. The lab is well equipped with all the modern state-of-the-art technologies and sophisticated instruments. The division now provides assessment of Extractables and Leachables (E & L) in pharmaceuticals, process equipment and medical devices as an important step in drug product development and materials qualification assessment. Studies on Elemental impurities, as per ICH Q3D, which is now mandatory for regulatory submissions are also performed using advanced instrumentation. Identification of unknown impurities and its characterization is also routinely performed in the analytical laboratory.

The Company's laboratories specialize in method development and validation for a highly sensitive and specific method to assess carcinogenic nitrosamine impurities and genotoxic impurities in drug substance and drug product. More than 123 companies depend on Indoco's testing lab to ensure the quality and safety of their products.

AnaCipher, Clinical Research Organization (CRO), Hyderabad

AnaCipher CRO is a division of Indoco, specialized in Bio-Availability and Bio-Equivalence (BA / BE) studies. The state-of-the-art-facility is spread over 30,000 sq. ft. area and is located in Hyderabad, India. Anacipher, CRO has been successfully audited by the USFDA with Zero 483s for the last 5 inspections. Anacipher has also undergone desktop assessment by prequalification team of WHO and has received the product approval. The CRO is equipped with 98-beds, monitoring stations, phlebotomy stations, four-bed ICU, state-of-the-art analytical lab and capabilities of eCTD (Electronic Common Technical Document) submission.

It has a database of more than 16,000 healthy human volunteers and has tied up for the implementation of a 'Common Volunteer Database Management System' to track the volunteer's cross participation across all the CROs in Hyderabad. The facility offers a complete range of BA/BE services, such as, bio-availability, bio-equivalence, pharmacokinetics, steady state studies, food effect studies, taste evaluation formulation studies, single and multiple dose studies.

Intellectual Property Rights (IPR):

The Company has from time to time added to its kitty of Intellectual Property, by obtaining process patents for its innovations. The patent applications are filed in respective countries, based on the market potential.

Status of patent applications filed:

<i>Patent Applications</i>	<i>India</i>	<i>PCT</i>	<i>Europe</i>	<i>USA</i>	<i>Japan</i>	<i>Total</i>
APIs	40	18	5	4	1	68
FDFs	16	2	2	2	0	22
Total	56	20	7	6	1	90

Out of the 68 API patent applications filed, 24 applications were accepted and granted. These include two Patents granted in Europe and one in US for Alogliptin (Europe) and Canagliflozin (Europe and USA) APIs, during the financial year 2019 – 20.

Out of the 22 FDF patent applications filed, 10 applications were accepted and granted. Indoco's R&D efforts received due recognition with the 'Best Process Patent Award for the year 2018-2019, for two Indian Patents for formulation of Diclofenac and Quetiapine tablets. This award was presented at the Indian Drug Manufacturers Association's 58th Annual Day celebrations held in Mumbai on January 18, 2020.

e) Human Resources:

Human Resource (HR) is constantly engaged with business processes and is deeply involved in co-ordination and support to all the departments and locations.

HR Team has implemented various initiatives across the organisation. The Human Resource Management Systems (HRMS) implemented by HR has various features like Employee Information, Performance Management Systems (PMS) and the Online Investment Declaration Module. With the IMPACT (Indoco's Management Program for Achieving Competitive Talents) initiative, the Team has continued to conduct Soft Skills training at Head Office, Rabale and Patalganga to create a healthy and stress free working environment, and has now initiated implementation of these soft skills training at its manufacturing locations at Goa.

Under the CLIMB (Cluster of Learning at Indoco for Mutual Benefit) initiative, various Inbound/ Outbound training sessions were conducted by renowned professionals for Yoga, Meditation, Naturopathy, Health and Well-being, a series of Financial Planning, and Cardiac Pulmonary Resuscitation (CPR) sessions. The HR Team continued with the ME2WE initiative across all its locations. This initiative was successful in bringing together cross functional departments, thereby strengthening and creating employee connect and bonding across various teams. It was a great stress buster and also enhanced employees' sharpness by conducting brainy quiz contest and on-line competitions.

The Executive Conclave was initiated this year, paving a way for strong platform for learning and development of all executives to shoulder higher responsibilities and showcase their potential to become future leaders. An Organisational Development Initiatives (ODI) program was also started, giving an overall analysis of all the training programs conducted during the year.

The HR Team continued to conduct Employee Engagement activities like Dussehra Pooja, Diwali Fun Fiesta, Indoco's Annual Day (INSPIRA & UDAAN), Group Birthday celebrations, Foundation Day, Safety Week Celebrations and Environment Day.

The newly adopted Global Code of Conduct was approved by the Board of Directors and is uploaded on the Company's website for view by its employees, Customers and Stakeholders.

The HR Team launched a new module on behavioural excellence – RESONANCE in collaboration with IPH (Institute for Psychological Health) proved effective for the employees. The Module covers topics such as, SATVAS of ALCOA, Audit Anxiety, Naksha – the Roadmap, Balancing Micro and Macro, Perfection to Excellence, Error and Remediation, Sach Aur Sacchai and Critical Terminology.

The World is undergoing Medical Emergency due to spread of Covid-19 Virus and India is no exception. The Pharmaceutical Industry was classified under essential services and was allowed to manufacture so that the supply of life saving medicines is uninterrupted. Although the permission for operating the manufacturing sites was given, it was with strict guidelines to maintain health, hygiene and social distancing norms while travelling and within the premises.

All the manufacturing sites of Indoco had initiated various measures to comply with the government directives on hygiene and social distancing. The Company arranged additional to and fro transport facility for its staff. To maintain hygiene and sanitization, all the buses were sanitized before the start and the security guard posted in the bus ensured that the employees travelling in these buses follow social distancing norms. At the entry and exit gates, all the employees underwent Thermal Screening and Sanitization.

Even during these trying times, HR's Learning & Development Programs and Employee Engagement initiatives continue with the new normal of social distancing through e-learning and webinars.

HR plays a vital role in developing and strengthening the culture of the organization. Recruitment, On-board training, Performance Management, Learning & Development and reinforcing the values of the business are all essential responsibilities shouldered by Team HR.

f) 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 Specialty segment to boost growth. With well-known legacy brands, Doctors loyalty of over 6 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, the Company's US business is expected to grow as ANDAs are being commercialized at regular intervals as USFDA's approvals have started flowing in. Reinstatement of the EU-GMP compliance certificate for Goa Plant-I and the EU-GMP approval of newly acquired 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 and Injectables, will enable the Company to have an upper edge over its competitors in the International business.

Expertise in Research and 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 and quality and affordable medicines to patients in India and across the globe.