

Anuh Pharma Limited

Investor Presentation

November 2014



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www.anuhpharma.com

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Vision Statement



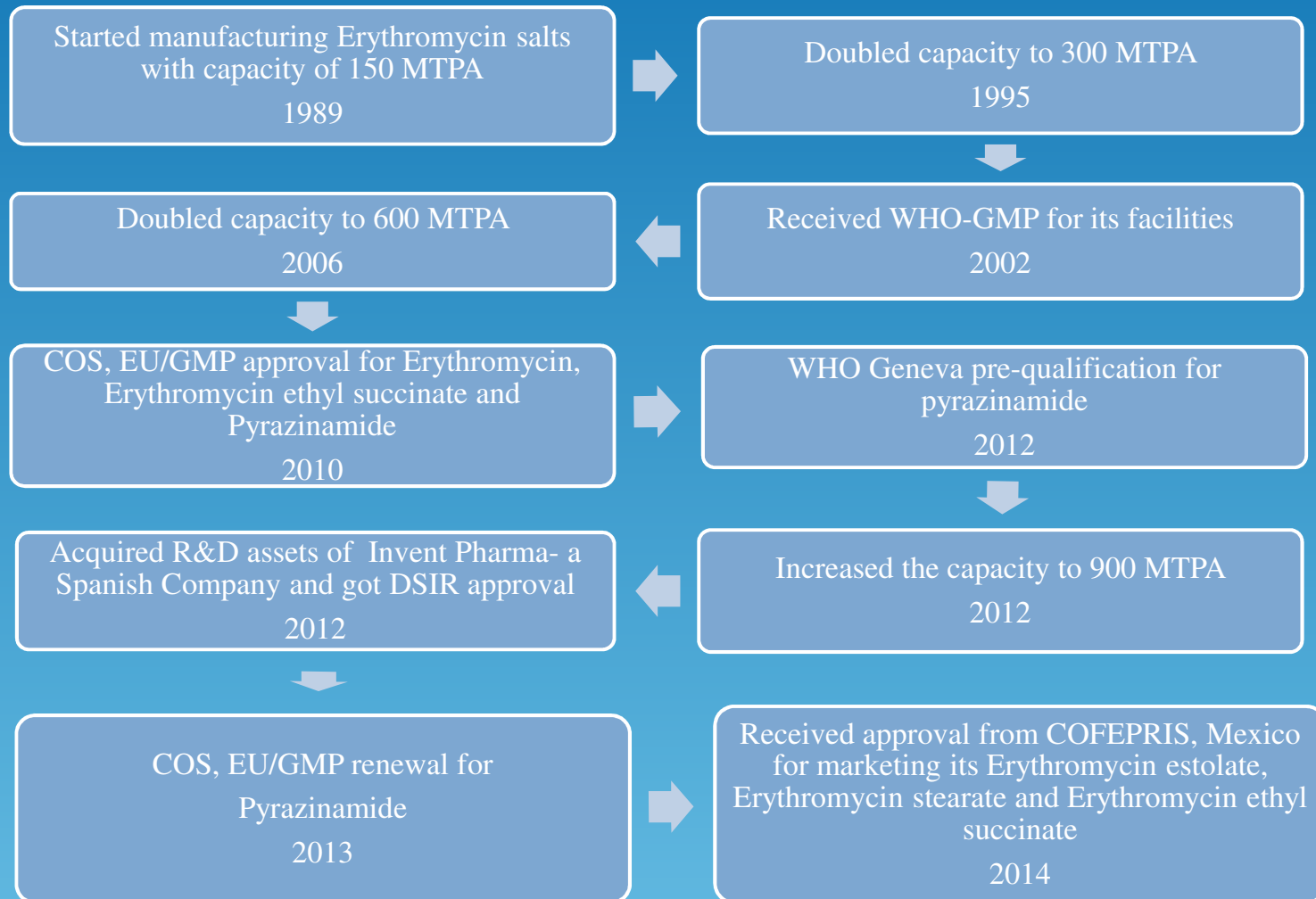
To be a leader in the field of APIs by adhering to sound business ethics with a strong dependence on modern management concepts, constantly striving for excellence in every sphere of our operations.

Company Overview



- Anuh Pharma, a bulk drug manufacturing company is part of the INR 8.5bn SK Group, which employs ~2000 people across businesses such as manufacturing of pharma formulations, trading, distribution and logistics (primarily for large MNC brands)
- Anuh Pharma is one of the largest manufacturers of Macrolides and Anti-TB products in India, besides being a major player in Anti-bacterials, Anti-malarial, Anti-hypertension and Corticosteroids
- The Company owns one manufacturing facility at Tarapur over 3,600 sq mtrs of land and an R&D facility at Mahape spread over 10,000 sq.ft.
- The Company derived ~40% of its revenues from exports in FY14; share of domestic markets increased from ~54% to ~60% (FY12-FY14)
- The Company has strong marketing partnerships with 350 customers in over 57 countries including Europe, Mexico and South Africa
- Debt-free company with revenues growing at a CAGR of 15% over last 4 years

Journey So Far...



State of the Art Manufacturing facility



- Anuh Pharma has a cGMP and ISO 9001-2000 approved manufacturing facility at Tarapur spread across 3600 sq. mtrs with 6 blocks and a total capacity of 900 MTPA – this is rated capacity whereas the maximum achievable capacity is 1140 MTPA
- The products manufactured at the facility are Macrolides (Erythromycin Salts), Higher Macrolides (Azithromycin, Roxithromycin, Clarithromycin), Anti Bacterial (Chloramphenicol Salts), Anti TB (Pyrazinamide), Anti Malarial (Sulfadoxin) and Anti Hypertension (Losartan Potassium).
- The average current capacity utilization of the facilities is ~65% of the maximum achievable capacity

R&D Infrastructure



- To develop new products and processes and to expand its product portfolio, the Company acquired R&D assets of Invent Pharma, a Spanish company in 2012
- The R&D centre is spread across 10,000 sq.ft and is situated at Mahape, Navi Mumbai
- It has three sections; i.e. Analytical Development lab, Chemical Synthesis lab and a Pilot Plant equipped with latest and sophisticated equipments and machineries.
- Apart from development of new products and processes for its own manufacturing R&D also develops business in contract research and contract manufacturing.

Competitive Advantage



- Anuh Pharma Limited is the largest producer of Erythromycin salts in India and among the top 5 producers in the world for both Erythromycin and Anti-TB drugs
- CEP, EU GMP, COFEPRIS approvals and WHO Geneva pre-qualification for products manufactured at its facilities located at Tarapur that are built and operated according to cGMP standards (current good manufacturing practices)
- Debt-free company with strong credit rating from leading global suppliers
- Facilities build at low cost resulting in exceptionally high capital efficiency
- Attrition rates lower than industry standards

Competitive Landscape



Product	Global demand (MTPA)	Anuh market share	Other key players
Erythromycin	1800	18	S.M. Biomed (Malaysia), Linaria Chemical (Thailand)
Higher macrolides (Azi/Roxi/Clari)	1000	10	Zhejiang Guobang Pharma, CSPC, HEC Pharm(China)
Chloramphenicol	200	14	Northeast Pharma, Nanjing Baijingyu, Wuhan Wuyao (China)
Pyrazinamide	1200	20	Calyx Pharma, Linaria Chemical
Corticosteroids	100	5	GSK, MSD, Pharmabios (Italy)

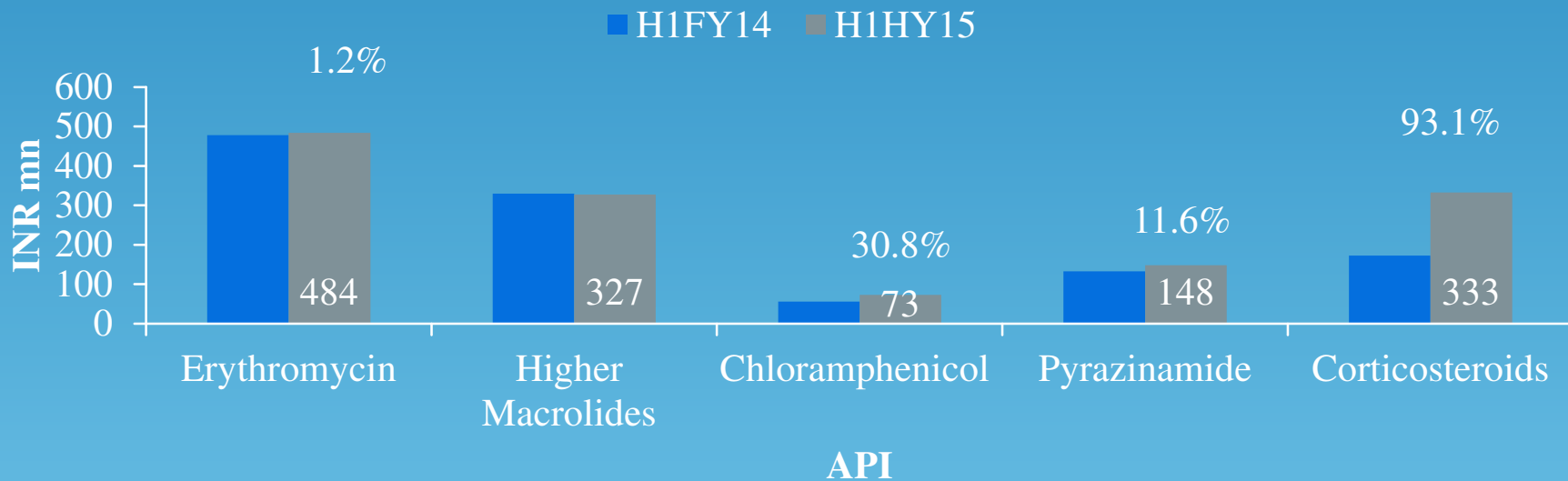
Source: Company Estimates; captive capacities not considered

- Anuh Pharma still has considerable surplus capacity available for macrolides (including erythromycin) and chloramphenicol and can grow market share without setting up fresh capacity
- It expects to significantly increase market share on corticosteroids as well in the next couple of years, given the low base

Product-wise Sales mix



- Growth in H1FY15 v/s H1FY14 was led by a 93% increase in sales of Corticosteroids and a 30% increase in growth of Chloramphenicol
- Sales from other products (not depicted in chart below) also rose 75% to INR 92mn
- Revenue contribution from Corticosteroids rose considerably from 14% to 23% in H1FY15
- Dependence on macrolides (including erythromycin) was reduced to 56% from 66% in H1FY14



Diversified Customer base

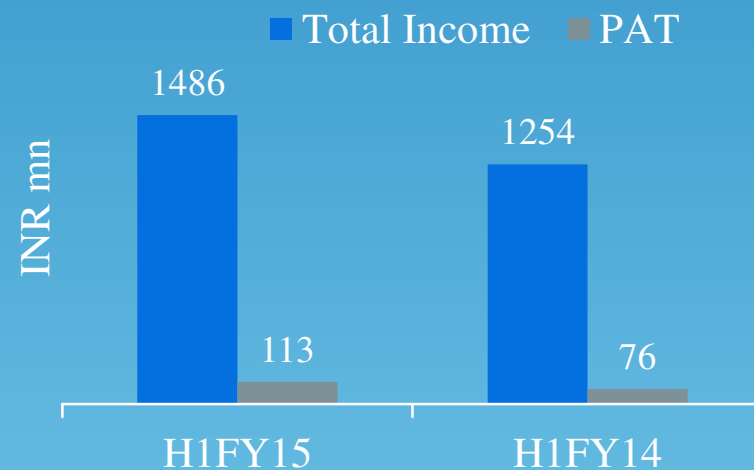
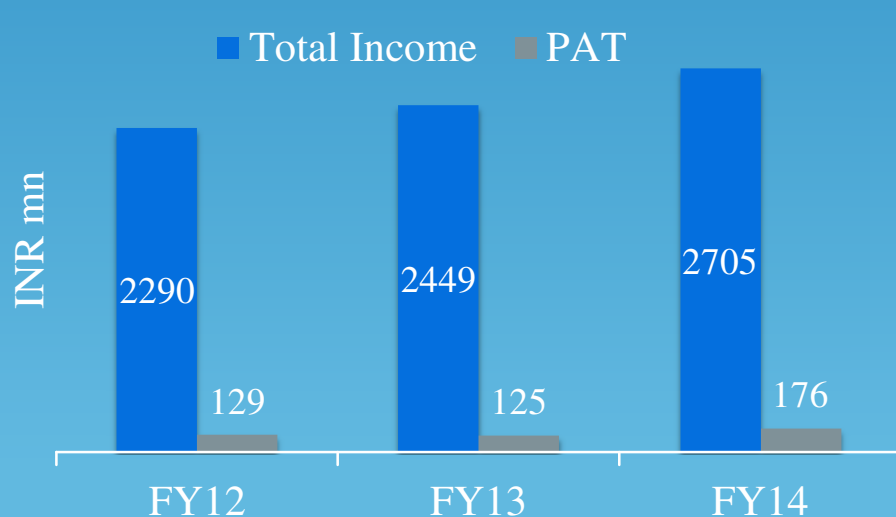


- Anuh Pharma has consistently had a diversified customer base, when it comes to both domestic as well as exports business, with no overdependence on any customer
- For H1FY15, the dependence on Top 5 customers was further reduced v/s H1FY14 levels, to 29.5% from 31.3% a year ago
- This is in continuation to the trend witnessed in earlier years, where share of revenues from top 5 domestic and top 5 export customers came down from 33.2% and 25.3% respectively in FY12 to 24.3% and 17.3% in FY14
- Even in terms of the sales mix geography-wise, while majority of sales continue to come from domestic markets, the contribution from exports has consistently been northwards of 40% on an average
- 39% of exports came from regulated markets (Europe) in FY14, another 12% came from semi-regulated markets (Latin America) and balance from unregulated markets, led by Asia and Africa

Financial Highlights



Particulars (INR mn)	H1FY15	H1FY14	% Growth	FY14	FY13	% Growth
Operating Revenue	1464.6	1229.8	19	2664.0	2426.7	10
Operating Profit	152.9	91.2	68	231.8	171.2	35
<i>% Margin</i>	<i>11.9</i>	<i>9.4</i>		<i>8.7</i>	<i>7.1</i>	
Other Income				41.5	22.3	86
PAT	113.2	75.8	49	175.9	125.4	40
<i>% Margin</i>	<i>7.8</i>	<i>6.2</i>		<i>6.5</i>	<i>5.1</i>	
EPS	13.55	9.09	49	21.06	15.01	40
Net Cash & Investments	275.3	129.5	113	235.0	184.3	27
Book Value per share	114.0	98.9		102.8	90.5	
<i>% ROCE</i>	<i>15.1</i>	<i>13.3</i>		<i>15.7</i>	<i>12.2</i>	
<i>% ROE</i>	<i>24.3</i>	<i>19.1</i>		<i>21.8</i>	<i>17.3</i>	



Focus on Shareholder Value Creation



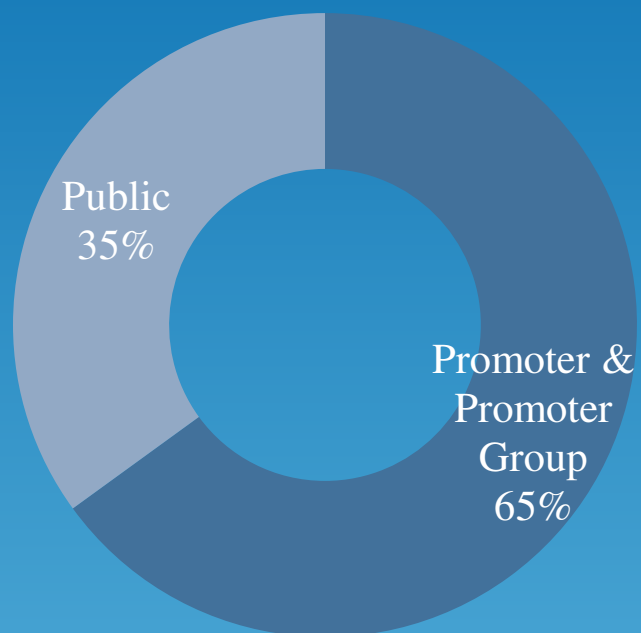
- Anuh Pharma has consistently focused on shareholder value creation and has maintained dividend payout ratio in the range of 36-40% of post tax profits over the last 3 years (FY12-FY14)
- Dividend payments have increased at a CAGR of 19% over the same period
- FY14 marked a year of strong growth; while operating revenues grew at a relatively modest 10%, operating profits grew at over 35% and post tax profits at over 40%
- The growth momentum has further accelerated in H1FY15 with operating revenues, operating profits and post tax profits registered growth of 19%, 68% and 49% respectively, as is evident from the Financial Highlights
- This has also been reflected in the form of improvement in return ratios, with both ROCE and ROE moving up sharply

Growth Strategy



- Further capacity enhancement through debottlenecking and increasing capacity utilization across product segments, which offers enhancement potential even at current levels
- Continued focus on forming alliances with business associates for the global market for the existing product basket
- Increased emphasis on higher macrolides and anti-malarial, which offer higher margin
- Growing share of revenues from semi-regulated and regulated markets by investing more in seeking regulatory approvals for different countries
- Primary focus shall be on exploiting the current product approvals in Europe which offer a USD 15mn opportunity; more approvals are pending which will enhance this addressable market further
- Expansion of product portfolio by developing 2-4 new APIs (mainly post patented products) every year for marketing both in the domestic and the international markets.
- Acquire new plot of land and expand manufacturing base.

Latest Shareholding Pattern



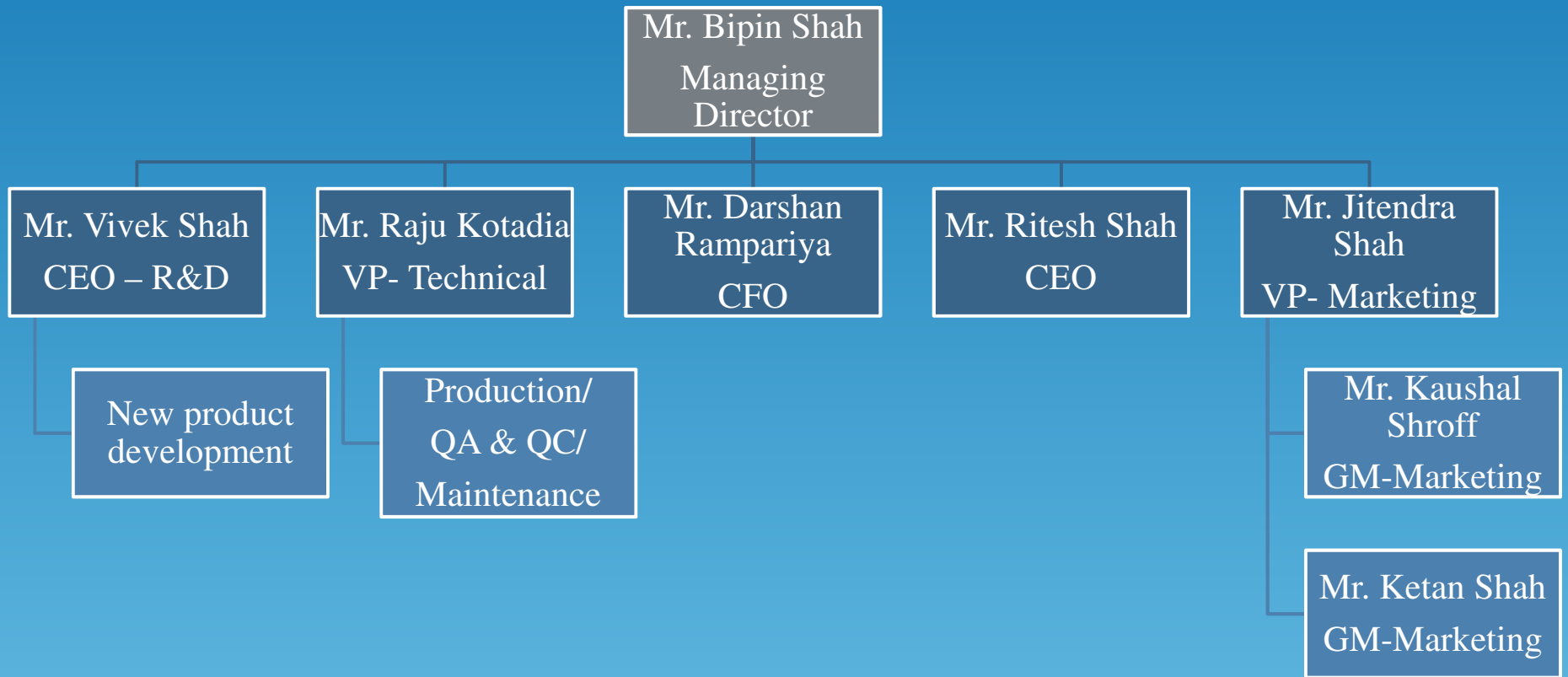
Market capitalization (14th November 2014) INR mn	2709
Average Daily Volume	17000
Number of shareholders	5347

Key Management Personnel



Name	Designation	Profile
Mr. Jasvantlal G Shah	Chairman	Economics & Law Graduate, PGDBM and CS; was a senior professional in two reputed business groups as well as number of international pharmaceutical companies. Also a director and VP of BSE
Mr. Bipin N Shah	Managing Director	Involved with Anuh Pharma since inception as promoter. He holds Bachelors degree in Chemical Engineering; is also a director in Eskay Fine Chemicals and President of Thane Belapur Association.
Mr. Ritesh B Shah	CEO	BSc. Chemistry, MBA, handled international marketing for Anuh Pharma for over 10 years, currently involved in overall management of the company
Mr. Vivek B Shah	CEO R&D	MSc. Biotechnology; handling entire operations and R&D since 2009
Mr. Raju Kotadia	VP Technical	BSc. Chemistry; part of Anuh Pharma since inception, handling overall management of factory
Mr. Jitendra Shah	VP Marketing	CA with 20+ years of experience in Pharma Business Development
Mr. Darshan Rampariya	CFO	CA with 8+ years of experience in audit, taxation and corporate finance

Organogram



THANK YOU

For specific queries please feel free to contact;

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CFO

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