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CIN - L24230 MH 1990 PL C055347

Date: 19/09/2016

To  
The Manager  
Department of Corporate Services  
BSE Ltd.  
Dalal Street, Fort  
Mumbai - 400 001

Sub. - : Investor Presentation for September 2016

Ref. - : Scrip Code - 524764

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements), 2015, we are enclosing investor presentation of September, 2016.

We request all the stakeholders to refer the **INVESTOR PRESENTATION** available on BSE website.

Kindly take the same on your records and acknowledge the receipt.

Thanking you,

Yours faithfully,

For NUTRAPLUS INDIA LIMITED

A handwritten signature in blue ink, appearing to read "Uday Desai", is written over a circular purple stamp.

Uday Desai

Director

DIN : 00413093





# Nutraplus India Ltd.

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Investor Presentation

September 2016



Our Mission  
& Vision





## Our Mission

### **“Total Customer Satisfaction”**

At Nutraplus, we are committed to providing quality Active Pharmaceutical Ingredients (APIs) / bulk drugs. Customer satisfaction is our primary goal, and we continually strive to produce bulk drugs of the finest quality. We conduct activities which are ethically sound, reflecting our responsibility towards the society.



## Our Vision

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**“The Only Way We Know Forward is to Grow”**

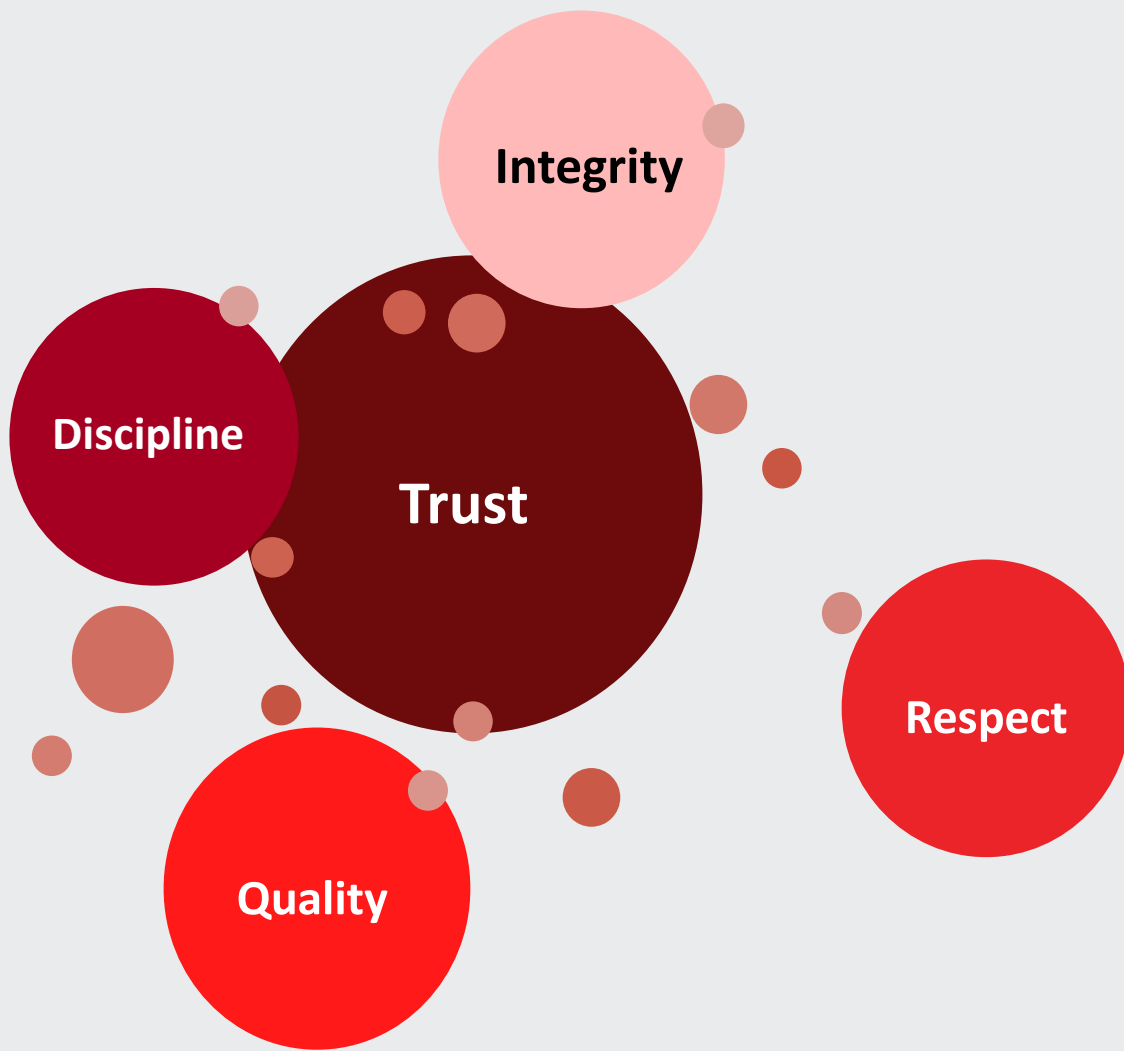
Our vision is to become a leading producer of APIs / bulk drugs in India by providing economical bulk drugs in all segments of therapeutic treatments. We also intend to gradually enter the formulations segment of the pharmaceutical industry to expand our operations. We expect our strategic vision to drive future growth for creating a healthier and happier society. We also aim to expand our capacity manifold which will transform us into a large vendor being preferred by formulation companies.



# Our Values



# Our Values



We have laid our foundation on five core values of integrity, trust, discipline, respect and quality. Our processes have been shaped to incorporate these values to ensure that all our operations are conducted in the boundaries of ethical behaviour.

With these core values in place, we expect to have smooth operations, reputation in the marketplace and a large customer base.





# Our Company







# Our Company

Veteran bulk drugs / APIs producer

Founded in 1990, we are a **veteran producer of bulk drugs / active pharmaceutical ingredients (APIs), specialty chemicals & intermediates for treatment across therapeutic areas.**

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We have **three Food and Drug Administration (FDA), Maharashtra, approved and Current Good Manufacturing Practice (CGMP) compliant** manufacturing facilities located at Tarapur, Boisar.

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We also have a **machining plant** which is capable of building turnkey projects from scratch **without the need of outsourcing machine installation and valves fabrication to third parties.**

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**Production flexibility of our manufacturing facilities enables us to produce different APIs in varied volumes,** offering leverage to divert our capacity towards producing particular APIs in case of any demand shift.

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## Our Product Segments

Spread across key therapeutic areas, with focus on high value products





# Our Plants and Capacities

Fungible multi-fold capacity expansion in recent times

Amongst our three manufacturing plants, the newly commissioned **T-30 unit** is our **largest manufacturing facility** and possess state-of-the-art capabilities.

The N-92 unit, that gutted in a fire in August 2014 and had one plant, has been fully refurbished and is currently operational. We have almost **doubled the capacity of this unit** by adding one additional plant during the refurbishment period. These capacity additions exuberate our confidence to address the demand from existing and potential customers, further supported by promising industry growth.

Unit No.	Name of the Unit	Address	Type of Unit
1	N-92	M.I.D.C., Tarapur, Boisar, Dist. Palghar - 401 506 (Maharashtra)	Manufacturing
2	L-11	M.I.D.C., Tarapur, Boisar, Dist. Palghar - 401 506 (Maharashtra)	Machining and Fabrication
3	L-9/3	M.I.D.C., Tarapur, Boisar, Dist. Palghar - 401 506 (Maharashtra)	Manufacturing
4	T-30	M.I.D.C., Tarapur, Boisar, Dist. Palghar - 401 506 (Maharashtra)	Manufacturing

All plants are FDA (Maharashtra) approved, CGMP compliant and have in-house Quality Control laboratories at each plant.

# Our Plants

Fully operational with requisite government approvals



**Unit 1**  
(Manufacturing Plant)



**Unit 2**  
(Machining & Fabrication Plant)



**Unit 3**  
(Manufacturing Plant)



**Unit 4**  
(Manufacturing Plant)

# Our Key Clients

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Bluechip pharmaceutical companies





**Lower Dependency  
on Imports**

# Our Strengths

In-house fabrication, R&D and multipurpose API plants

## **In-house Machinery Installation and Valves Fabrication**



Proficiency in building turnkey projects from scratch without the need to outsource machine installation and valves fabrication.

Developed expertise in machine installation and fabrication, leading to cost effectiveness, timely delivery, customization and desired quality.

## **In-house State of the Art R&D Laboratory**



Own R&D laboratory equipped with modern machinery and run by qualified practitioners.

In-house expertise gives us leverage to work on new or modify some existing APIs. This flexibility helps us to address the ever-changing market demands.

## **Multipurpose APIs Plant with Fungible Capacity**



Production units possess fungible capacities which can be tweaked to produce different APIs in varied volumes, with a shift over time of around three months.

Such flexibility in production gives us leverage to divert our capacity towards producing particular APIs in the case of any demand shift.

*Less reliance on raw material imports*



While most of the pharmaceutical industry is primarily dependent on imports for sourcing raw materials, we safeguard ourselves from any supply side glitches by sourcing minimum raw materials by way of imports.

This also helps us in curtailing input costs as we source raw materials from various suppliers where we can use our bargaining power. This self-sufficiency reduces our dependability on imports and associated complexities and helps us to focus on our core business.



# Our Proposed Facility

Will help to grow our revenue manifold



Acquired a plot of land for a manufacturing facility in Dahej, Gujarat

Expect to start commercial operations in about 18 months, post receiving necessary government approvals

Plant has proximity advantage, enabling convenient access to raw materials

Would help to move up the competition ladder, characterised by economies of scale

# Our Strategy

To enter into the formulations segment

## Entry into Formulations Segment



- As a forward integration measure, we look forward to entering into the formulations segment of the pharmaceutical market which would help us to have greater economies of scale and better margins.

## Emphasis on Generic APIs



- Instead of targeting high margin branded APIs, we are targeting generic / unbranded APIs which have higher growth potential, as countries try to reduce their overall healthcare costs.
- With many generic formulation players present in the market and expected to grow exponentially, it provides a large market for us to sell our products easily.

## Vision of 50 APIs



- Currently, there are over 2,389 APIs manufacturers in India, characterised by a large number of small manufacturers.
- Even in the face of high competition, we plan to increase our manufacturing capacity and gain traction in the Indian domestic APIs industry.
- We have a vision to become a manufacturer, with a capability to roll out around 50 APIs in the next three years.



# Board of Directors & Key Management Personnel (1/2)

**Mr. Mukesh D. Naik**



**Current Position:** Chairman and Managing Director

**Education:** Bachelor of Engineering (Chemical), Diploma in Administrative Management

**Brief:** Mr. Naik is a veteran in the pharmaceutical industry, with over 35 years experience. He founded Nutrplus in 1990 and has immensely contributed to the Company's growth. Under his visionary guidance, the Company has achieved several milestones and undertaken various expansion activities.

**Mr. Dilip K. Pimple**



**Current Position:** Technical Director

**Education:** Bachelor of Engineering (Chemical)

**Brief:** Mr. Pimple has exceptional knowledge and an impressive experience of more than 22 years in the pharmaceutical industry. He has previously worked with companies like IDI (Mafatlal Group Company) and Aarti Drugs. Mr. Pimple plays a crucial role in the functioning of the organisation and has been instrumental in executing various expansion projects.

**Mr. Narayan R. Pasari**



**Current Position:** Independent Non-Executive Director

**Education:** Chartered Accountant

**Brief:** Mr. Pasari has more than 30 years of experience in the areas of investment banking, corporate finance and advisory, audit and company law. He is actively associated with Bombay Chartered Accountants Society (BCAS), a voluntary organisation of Chartered Accountants with more than 11,000 members and presently is Vice President (Elect) for the year 2016-17.

**Mr. Mukesh R. Desai**



**Current Position:** Independent Non-Executive Director

**Education:** Bachelor of Commerce

**Brief:** Mr. Desai is a business veteran and has over 25 years of experience and expertise in diverse operations of business. He helps our Company by providing his valuable inputs for the strategic direction of the Company.

# Board of Directors & Key Management Personnel (2/2)

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**Mr. Prameshkumar B. Mehta**



**Current Position:** Independent Non-Executive Director

**Education:** Bachelor of Science in Chemistry

**Brief:** Mr. Mehta has an expertise and experience in marketing of formulations. He has been associated with the company since 2011.

**Mr. Uday M. Desai**



**Current Position:** Director

**Education:** Bachelor of Engineering (Chemical)

**Brief:** Having been associated with the Company since 2002, Mr. Desai has been responsible for the management of the entire supply chain. He is a second-generation entrepreneur with sharp skills and excellent leadership qualities. He actively participates in strategizing business objectives and policies and monitors the execution of the same.

**Ms. Nidhi M. Naik**



**Current Position:** Executive Formulation, Director

**Education:** Bachelor of Pharmacy, MBA

**Brief:** Considering our strategic goal to enter the formulations segment of the pharmaceutical market in future, Ms. Naik has been inducted to lead the future formulations team. With her fresh talent and specialised skills, the Company will get a strong foundational base in doing the ground work for incubating the formulations segment.

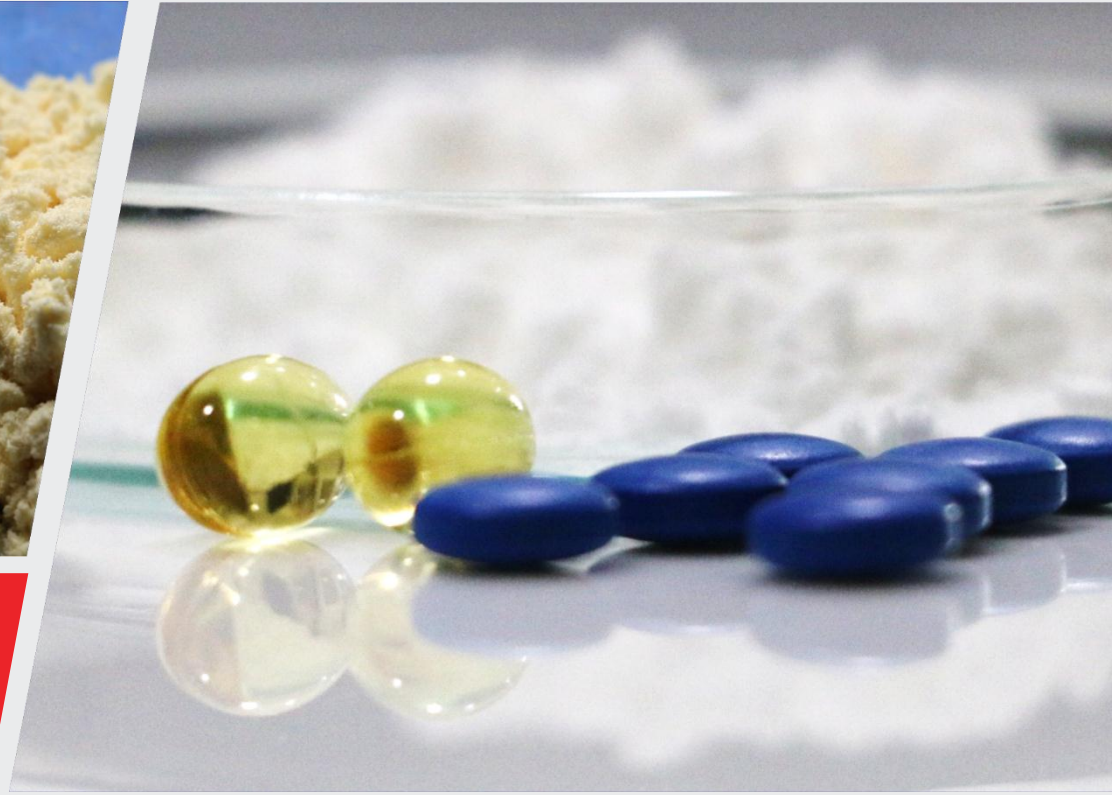
**Mr. Chandresh Shukla**



**Current Position:** Chief Financial Officer

**Education:** Chartered Accountant

**Brief:** Mr. Shukla is a finance professional with over five years of experience in managing corporate finance and Company accounts & taxation. At the Company, he is responsible for financial management of ongoing business operations as well as investments, planning, forecasting, record-keeping and financial reporting to the management.



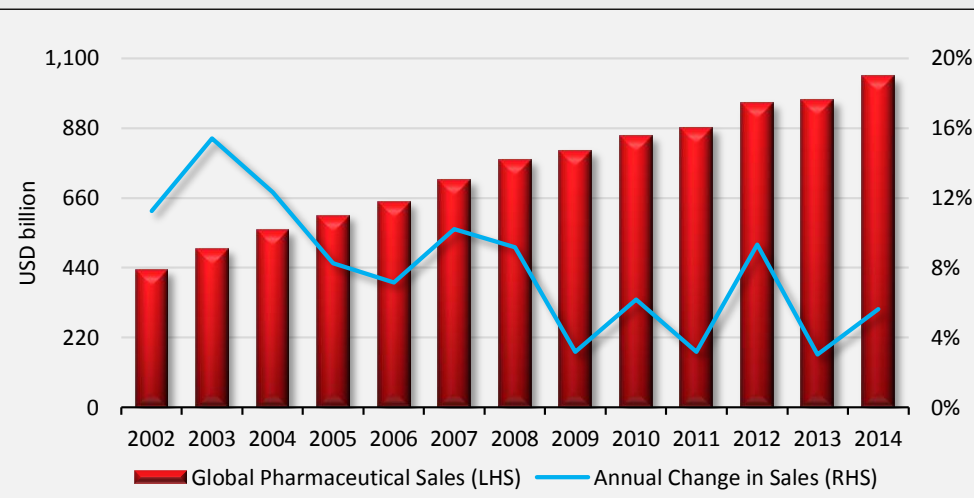
Our  
Industry



# Global Pharmaceutical Sector

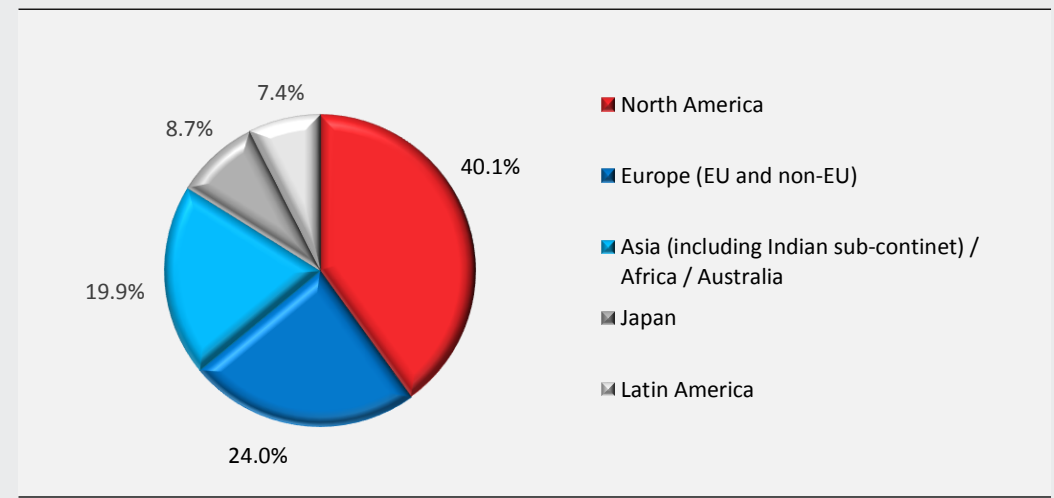
Moderate growth over the last few years

**Global Pharmaceutical Sales, 2005 to 2014**



Source: *CMR International Pharmaceutical R&D Factbook, 2015*

**Global Pharmaceutical Market Share, 2014**



Source: *IMS Health Market Prognosis, May 2015*

- The moderate growth in the global pharmaceutical sector over the last few years has been underpinned by rising demand for healthcare and medications worldwide, especially from emerging economies.
- Additionally, higher healthcare standards and greater emphasis on illness prevention have given pharmaceuticals a higher significance among consumers, thereby driving sales over the period.

# Global Pharmaceutical Sector

Pharmerging markets to drive growth

Region	2009-14 CAGR %	2015F	2014-19 CAGR %
North America	4.5%	4.9% - 7.9%	2.7% - 5.7%
Europe (EU and non-EU)	1.9%	1.9% - 4.9%	1.3% - 4.3%
Asia (including Indian sub-continent) / Africa / Australia	12.4%	7.0% - 10.0%	6.9% - 9.9%
Japan	2.0%	0.0% - 3.0%	-0.8% - 2.2%
Latin America	10.2%	7.5% - 10.5%	4.8% - 7.8%
Total Global Growth	5.4%	6.0%	4.8%

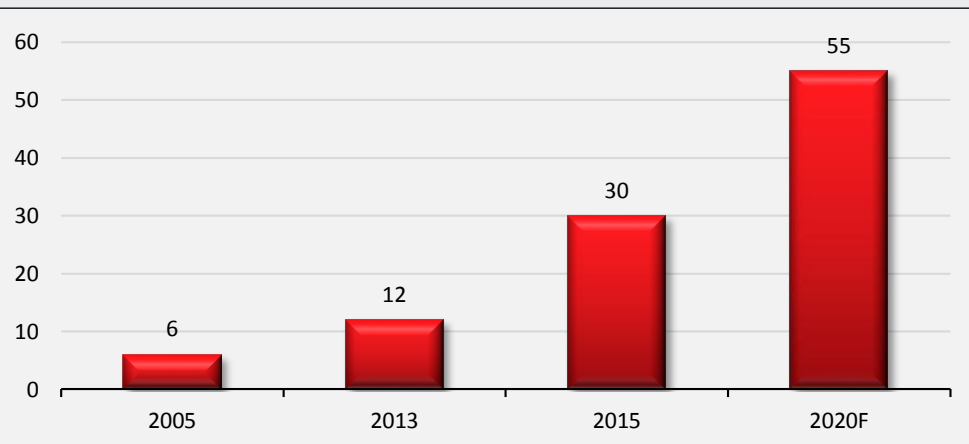
Source: IMS Health Market Prognosis, May 2015

- According to estimates from IMS, the global pharmaceutical market is projected to increase at a CAGR of about 5% during the 2014-19 period, led by strong growth in Asia (including Indian sub-continent) / Africa / Australia region (collectively known as Pharmerging). Though Pharmerging growth will still be strong, it would be slower than historical levels with an expected overall CAGR of 7%-10%, compared to a CAGR of 12.4% from 2009 to 2014. The growth in the largest pharmaceutical market, i.e. the US, is expected to be modest, growing at a CAGR of 3%-6% during the 2014-19 period.
- According to Moody's Investors Service, the success of new products in the global pharmaceutical industry will more than offset global pricing pressures. The agency expects acquisition activity to remain healthy, given the cost-saving opportunities, the emergence of high-potential pipeline drugs, and companies' desire for greater scale and diversification.

# Indian Pharmaceutical Sector

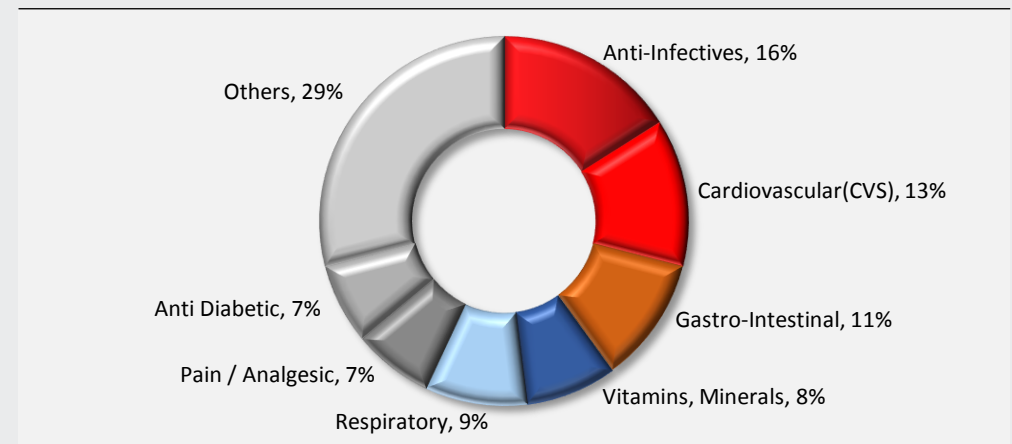
Grew faster than the global pharmaceutical market

**Revenue of Indian Pharmaceutical Sector (USD Billion)**



Source: IBEF, January 2016

**Indian Pharmaceutical Market Segments by Value (FY2015)**



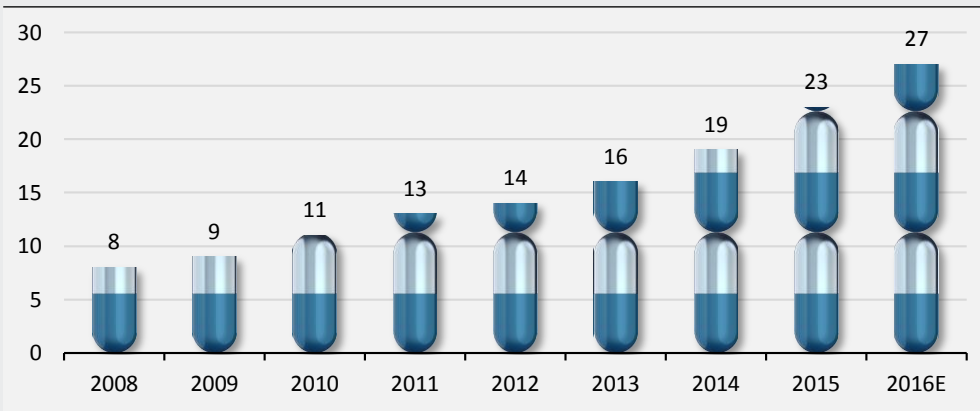
Source: IBEF, January 2016

- Historically, the Indian pharmaceutical industry has witnessed high growth, clocking a CAGR of 17.5% during 2005-15 period due to cost efficient operations, changing health demographics in India, diversified portfolio of drugs and government policy support. Additionally, large raw material base and availability of skilled workforce provide the Indian pharmaceutical sector with an added competitive advantage.
- In FY2015, the anti-diabetic segment grew at the fastest pace of about 32.9%, followed by urology and respiratory segments which grew 29.5% and 27.8%, respectively.

# Indian Pharmaceutical Sector

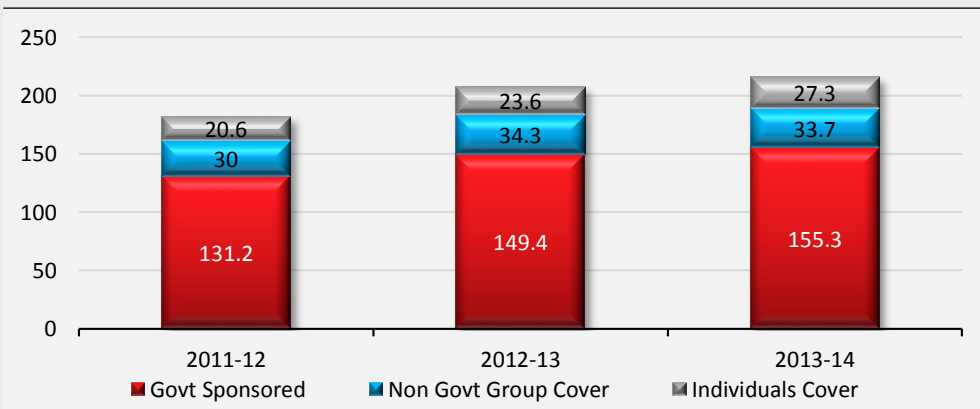
Favourable growth drivers instill confidence about future growth

**Growing Per Capita Sales of Pharmaceuticals in India (USD)**



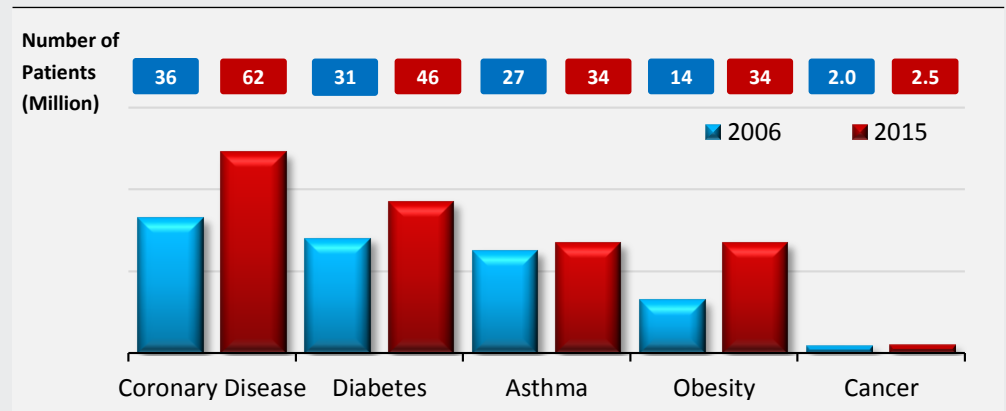
Source: Government of India, Pharmaceuticals Sector Profile, 2015

**Rising Population with Health Cover (In Million)**



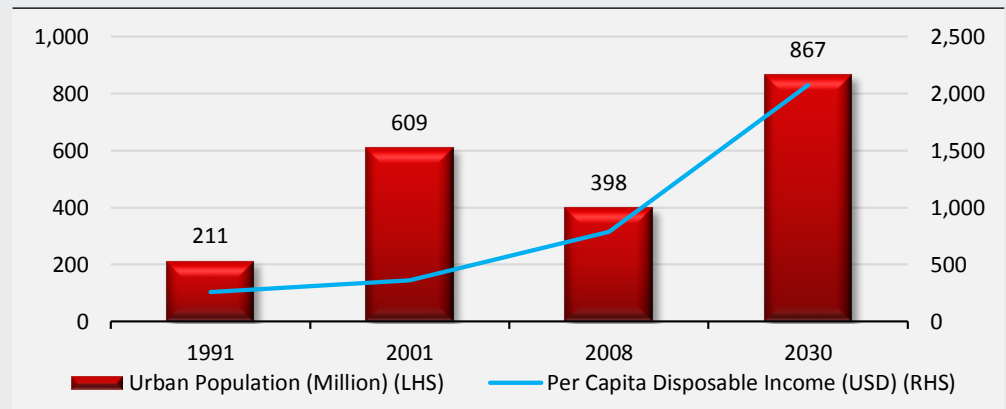
Source: IBEF, January 2016

**Mounting Number of Chronic Diseases**



Source: McKinsey & Company Report

**Growing Disposable Income and Urbanization**



Source: Government of India, Pharmaceuticals Sector Profile, 2015

# Indian Pharmaceutical Sector

Highly Competitive

## Porter's Five Forces Analysis

### Competitive Rivalry

- Growth opportunities for pharma companies are expected to grow in next few years, with many drugs going off-patent in the US and other countries, thus increasing competition
- Indian pharma companies will face competition from big pharma companies backed by massive financial muscle

### Threat of New Entrants

- Strict government regulations thwart entry of new players
- Difficult to survive because of high gestation period

### Substitute Products

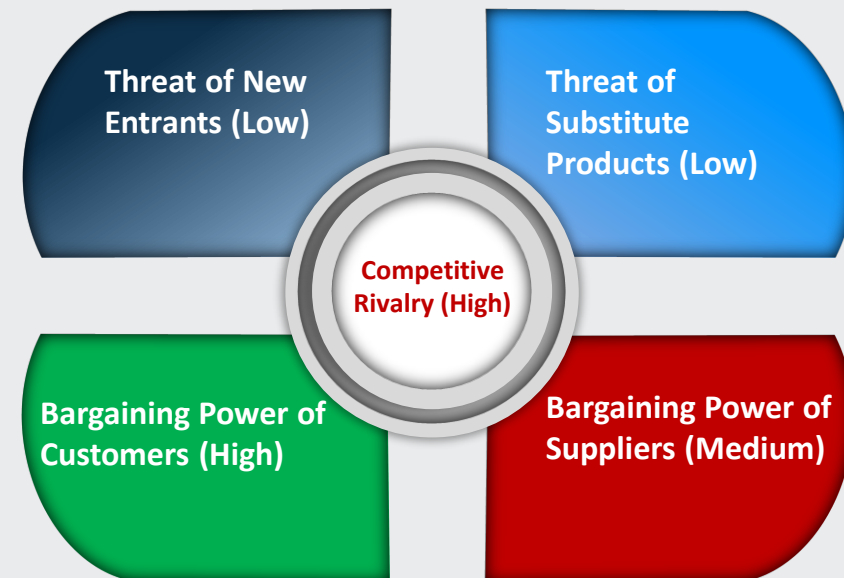
- Threat to substitute products is low. However, homeopathy and Ayurvedic medicines can act as substitute

### Bargaining Power of Suppliers

- Difficult-to-manufacture APIs such as steroids, sex hormones and peptides give bargaining power to suppliers. However, generic APIs do not have much of that power

### Bargaining Power of Customers

- Generic drugs offer a cost-effective alternative to drugs innovators and significant savings to customers
- Biosimilars offer significant cost saving for insurance companies in India

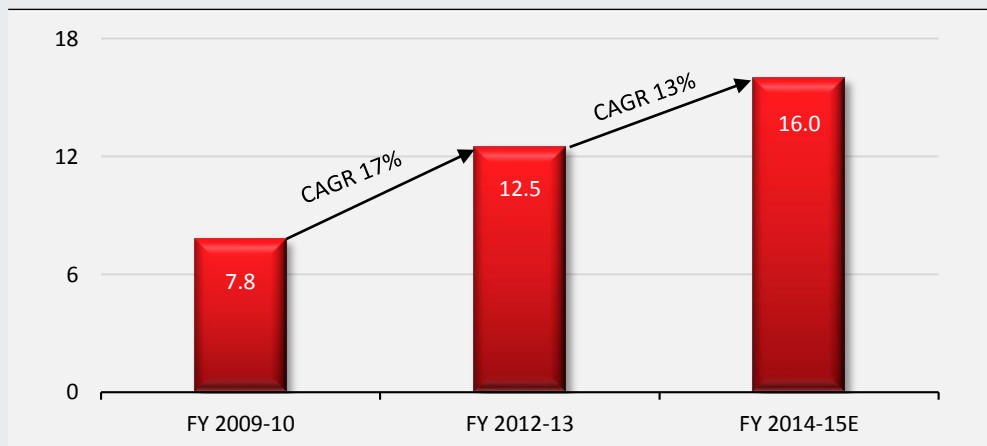




# Indian Bulk Drugs Sector

Expected to align with overall pharmaceutical industry growth

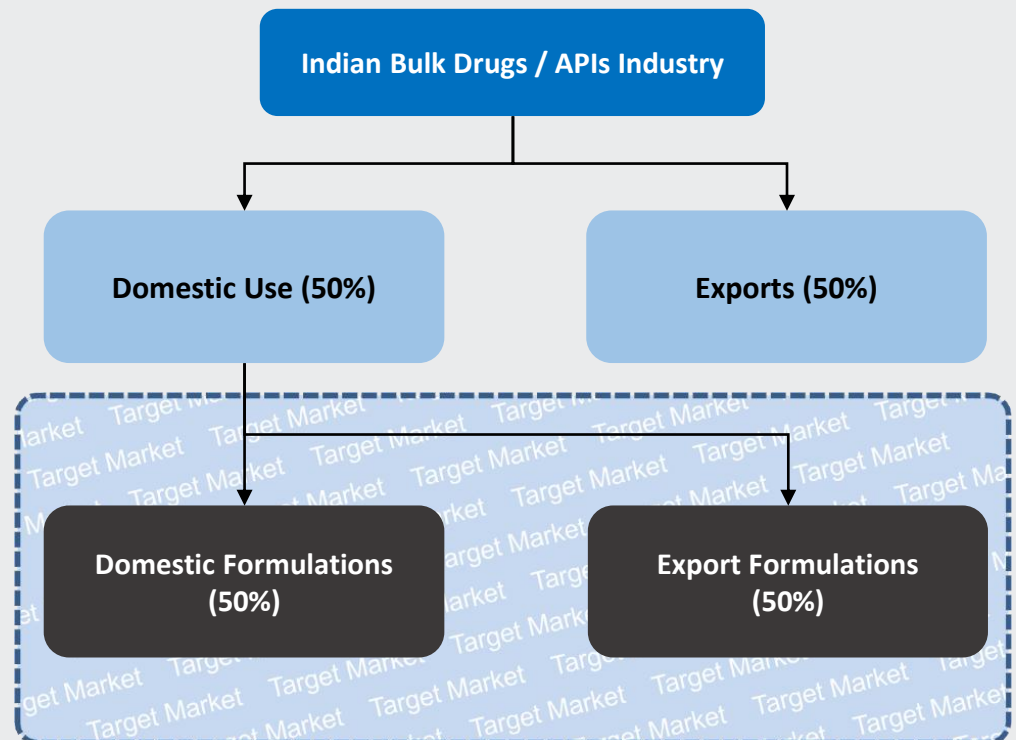
## Indian Bulk Drug Industry (USD Billion)



Source: Ministry of Chemicals & Fertilizers & Company Estimates

- The Indian bulk drugs / APIs market was valued at USD12.5 billion in FY2012-13, of which nearly 50% catered to the export demand. During the FY2009-10 and FY2012-13 period, the Indian bulk drugs market grew at a CAGR of about 17%, surpassing the growth registered by global and Indian pharmaceutical sectors. India also plays a significant role in the global bulk drugs market, contributing around 10% of the global bulk market of USD110 billion in 2012-13.
- In the base case scenario, we have assumed the industry to have grown at a CAGR of about 13% during the FY2013-15 period to reach about USD16.0 billion. Considering the past bulk drug industry growth of about 17% and the increasing focus of the government to promote the bulk drug industry in India, the assumed growth looks fairly reasonable.

## Target Bulk Drugs / APIs Market for the Company



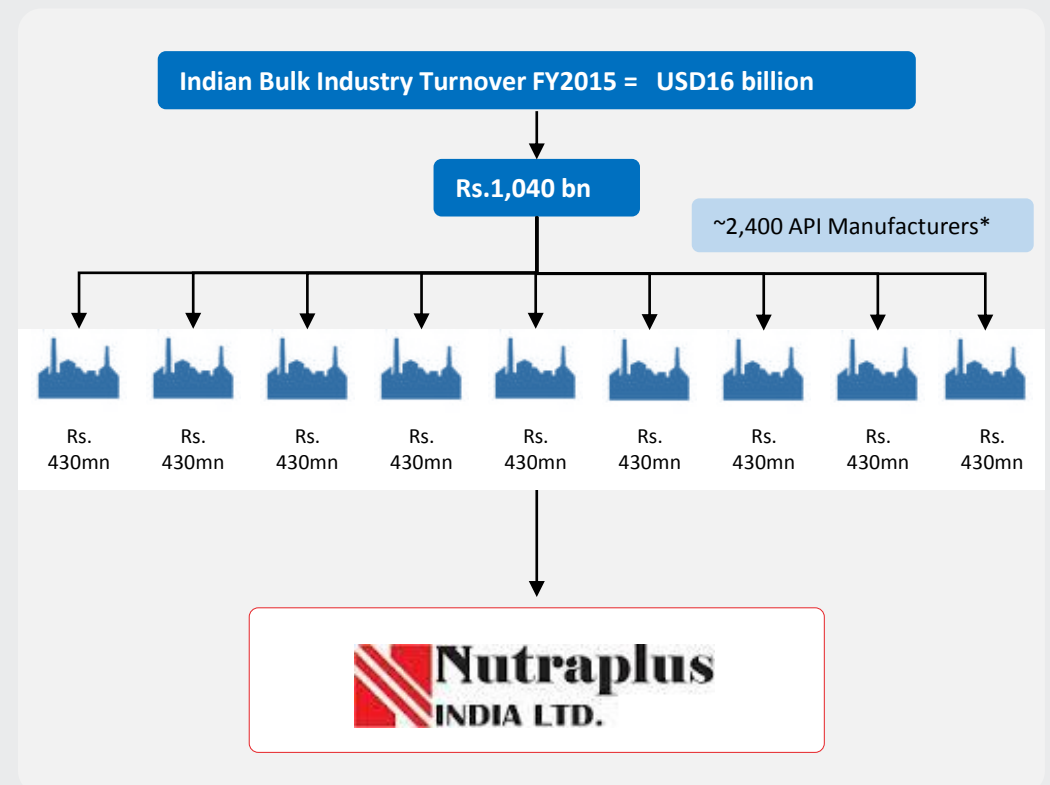
Source: Industry Articles, Media Publishings

# Indian Bulk Drugs Sector

Fragmented in nature

## Indian Bulk Drugs Industry Structure

- In India, APIs manufacturing has been fragmented in nature and lose cost competitiveness in APIs manufacturing due to factors such as poor infrastructure, high land costs of land, power and utilities and lack of incentives for research and development. However, India has a competitive advantage in terms of skilled manpower and high local demand.
- Currently, there are over 2,400 APIs manufacturers in India, characterised by a large number of small manufacturers. The average size of domestic APIs producers is less than revenue of Rs. 450 million. Most of these producers are much smaller in size and are uneconomical in the long term.
- Our Company has already grown bigger than the average size of domestic API producers and stand to benefit from the opportunities presented by the bulk drugs industry in the long term.
- Going forward, a consolidation in the bulk drugs industry cannot be ruled out. Our Company stands to benefit from the likely consolidation, as we have achieved a scale of operation and have a large number of bulk drugs in our kitty to meet the varied demand of customers.



Source: Government of India Ministry of Chemicals and Fertilizers Department of Pharmaceuticals Press note No.1 (2014 Series), \* Pharmaceutical Manufacturers Directory, Exchange Rate of FY2015 assumed at Rs. 65 / USD.

# Indian Bulk Drugs Sector

Government initiatives expected to shore-up sector

In addition to declaring 2015 as the “Bulk Drugs Year”, Government of India plans to introduce a new bulk drug policy (awaiting Cabinet approval) to boost indigenous production of bulk drugs and reduce dependence on China for imports

## Investments

Government intends to invest over INR 50 billion to establish bulk drug cluster parks

Bulk drug manufacturers anticipate fresh investments worth INR 300-400 billion to set up new facilities and augment existing ones

## Proposed Measures & Incentives

Mega parks for pharma clusters through special purpose vehicles (SPV)

Tax holiday for 15 years

Allocation of coal and electricity at concessional rates

Soft loans to industry through interest subsidy of 5%

Income-tax benefits for an initial period of 10 years

Revival of sick public sector units, Hindustan Antibiotics Limited and Indian Drugs and Pharmaceuticals Limited, to ensure production of widely used broad spectrum antibiotics which are being imported in vast quantities

Proposal for a national centre for carrying out research and development on bulk drugs for which the government has earmarked INR 200 million in 2015-16

Plans for uniform pricing structure of imported drug ingredients wherein the government will set a minimum price for imports, beneath which drugs could not be bought

Government of India targets 100% domestic bulk drugs production, with a vision to completely abolish the bulk drugs / APIs imports from China in next two to three years

# Indian Bulk Drugs Sector

## SWOT Analysis

### Strength

- Increased focus of government to promote Indian bulk drugs industry through adequate infrastructure, reasonable policy support and other incentives
- Large availability of skilled labour
- Low cost of production and operations vis-à-vis other countries
- High domestic demand for bulk drugs

### Weakness

- Highly fragmented industry with a majority of companies in the unorganised sector, resulting in highly competitive environment characterised by stiff price competition
- Long gestation period makes it difficult for the entry of new players
- High dependence on imports could lead to price volatility and supply side shocks
- Stringent pricing regulations impact the profitability of bulk drug companies

### Opportunities

- A sizeable number of drugs globally going off-patent provides humongous scope for bulk drug and formulation companies
- Large number of drug master filings (DMFs) from pharmaceutical companies
- Increase in per capita income and opening of health insurance sector in India provides significant tailwind to pharmaceutical companies
- A potentially preferred global outsourcing hub
- Demand from emerging segments such as contract research and development, bio-pharma, clinical trials, bio-generics, medical tourism and pharma packaging

### Weakness

- Government expanding the umbrella of the Drugs Price Control Order (DPCO)
- Rising acceptance of homeopathy and Ayurveda products
- Quality issues with Chinese imports could lead to problems in the final product, resulting in actions from the US and European regulators
- Currently, any deterioration in relationship with China could potentially lead to a crisis for public health in India

# Disclaimer

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