



Vivimed

Date: 16.11.2016

To

BSE Limited
P.J.Towers, Dalal Street,
Mumbai – 400001

National Stock Exchange of India Ltd.
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex, Bandra (E)
Mumbai - 400 051

BSE - Code : 532660

NSE- Symbol: VIVIMEDLAB

Dear Sir / Madam,

Sub:Earnings Presentation on Q2 FY2017 results - Reg

With reference to the above subject, Please find the attached Earnings Presentation on Q2 FY 2017 results.

This is for your information and record.

Thanking You

Yours faithfully,
For Vivimed Labs Ltd

Company Secretary



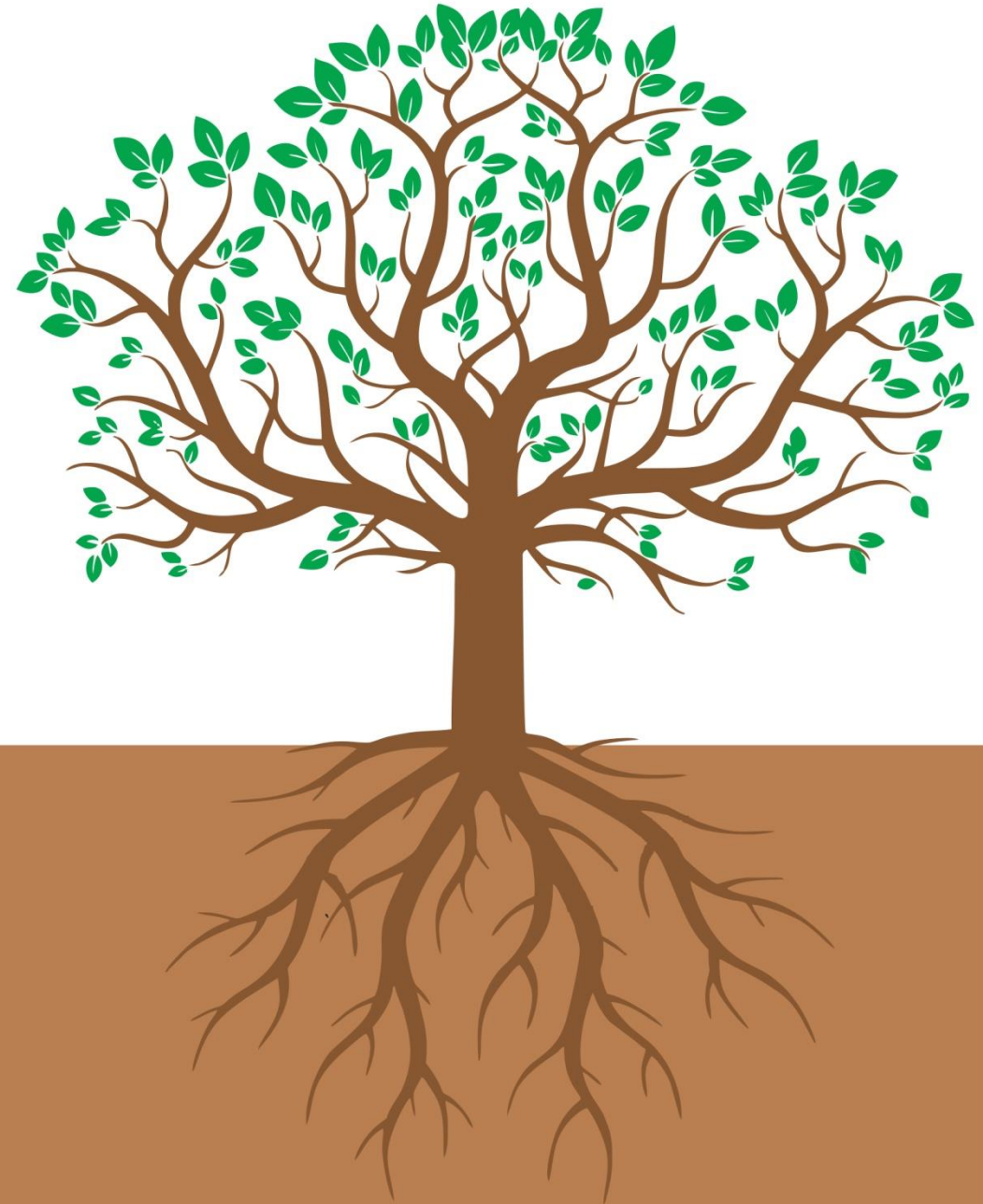


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Second Quarter FY2017

Earnings Presentation

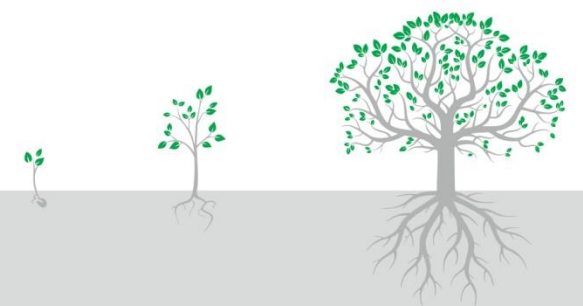
November 12, 2016



Transitioning into the Next Phase of Growth



This presentation contains statements that contain "forward looking statements" including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Vivimed Labs' future business developments and economic performance. While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance. Vivimed Labs undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.



Transitioning into the Next Phase of Growth



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Leveraging chemistry skills and quality compliant manufacturing platform to scale up custom manufacturing and generic product revenue lines within the API vertical

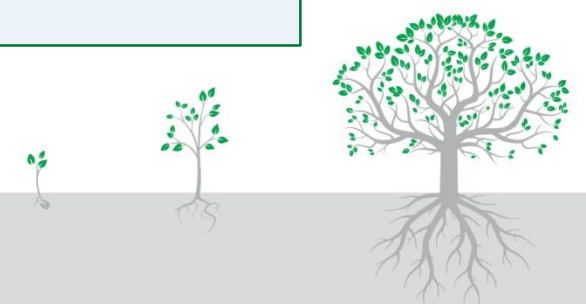
Harvesting blue chip customer base more effectively by introduction of new and competitive products across API and FDF

Capitalising on new opportunities for selective forward integration given presence of US FDA approved manufacturing facility for FDF

New projects on anvil for India FDF with leading global / domestic names

Specialty Chemicals segment to continue focus on niche product portfolio and bolt-on opportunities in adjacent segments

Recent corporate developments reinforce commitment to improving shareholder returns over the long term



Performance Highlights



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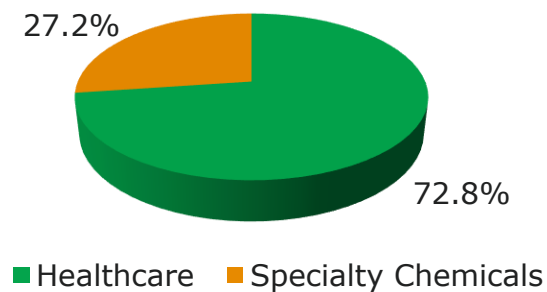
Q2 FY2017 vs. Q2 FY2016

Net Sales

Rs. 2,993 mn
(12.4)%

Net Profit

Rs. 269 mn
+12.5%



Net Profit Margin: 9.0%
+198 bps

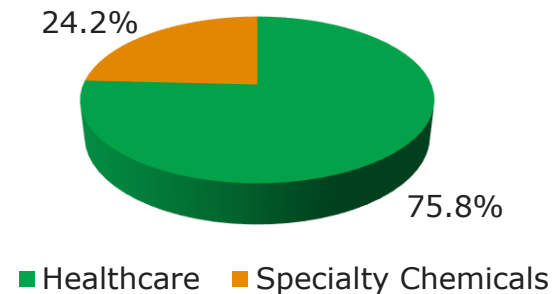
H1 FY2017 vs. H1 FY2016

Net Sales

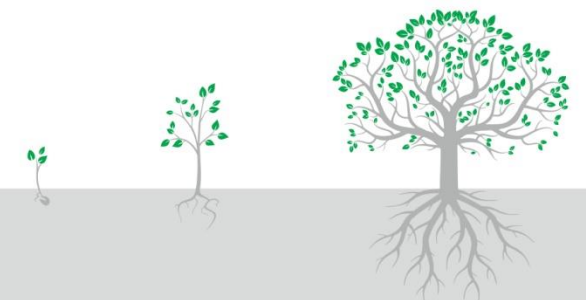
Rs. 6,679 mn
(1.0)%

Net Profit

Rs. 547 mn
+13.9%



Net Profit Margin: 8.2%
+107 bps

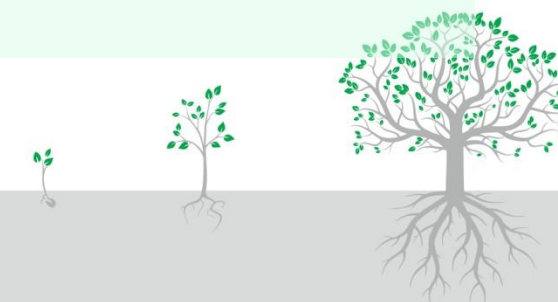


Commenting on the performance, **Mr. Santosh Varalwar, Managing Director of Vivimed Labs** said:

“The performance during the first half of the fiscal year was in-line with our expectations. Pharmaceuticals vertical accounted for 76% of the total revenue during H1 FY2017 and the balance was contributed by the Speciality Chemical vertical. On a year-on-year basis, the revenue from pharmaceuticals vertical increased by 5.4% which was primarily driven by improved performance of the API segment which benefited from increased contribution from our custom manufacturing relationships. The revenue from the Speciality Chemicals vertical declined by 15.3% y-o-y due to the divestiture of certain product lines announced earlier. Despite the decline in revenues, Specialty Chemicals EBIT margins improved by over 200 basis points y-o-y as we benefit from a higher value product mix.

As a result of our strong market positioning in the API segment, the custom manufacturing business is gaining significant traction from both new as well as existing customers. We believe, this in addition to, higher market share in generic products coupled with new product pipeline will help us secure faster than industry growth rates and profitability. In the US FDF segment, we remain in investment mode and look forward to building a competitive product basket; we are tracking our new product filing targets for the near term.

Going ahead, the business prospects of the Company are promising as the various initiatives undertaken by our teams look to be securing long term growth and market positioning across both the Pharmaceuticals and Speciality Chemicals verticals.”



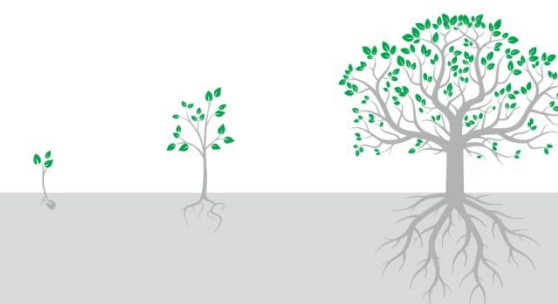


Consolidated financial summary

| (Rs. million) | Q2 | | y-o-y | Q1 | | Half Year | | y-o-y |
|-----------------|--------|--------|------------|--------|------------|-----------|--------|------------|
| | FY2017 | FY2016 | Growth (%) | FY2017 | Growth (%) | FY2017 | FY2016 | Growth (%) |
| Net Sales | 2,993 | 3,415 | (12.4)% | 3,686 | (18.8)% | 6,679 | 6,745 | (1.0)% |
| EBITDA | 612 | 632 | (3.1)% | 668 | (8.4)% | 1,281 | 1,304 | (1.8)% |
| Margin (%) | 20.5% | 18.5% | | 18.1% | | 19.2% | 19.3% | |
| Net Profit | 269 | 239 | 12.5% | 279 | (3.6)% | 547 | 480 | 13.9% |
| Margin (%) | 9.0% | 7.0% | | 7.6% | | 8.2% | 7.1% | |
| Basic EPS (Rs.) | 3.31 | 2.95 | 12.5% | 3.44 | (3.6)% | 6.75 | 5.93 | 13.9% |

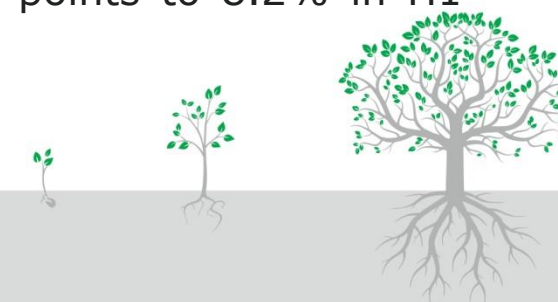
Notes:

1. Net Sales includes Other Operating Income
2. Basic EPS adjusted for 2:10 stock split



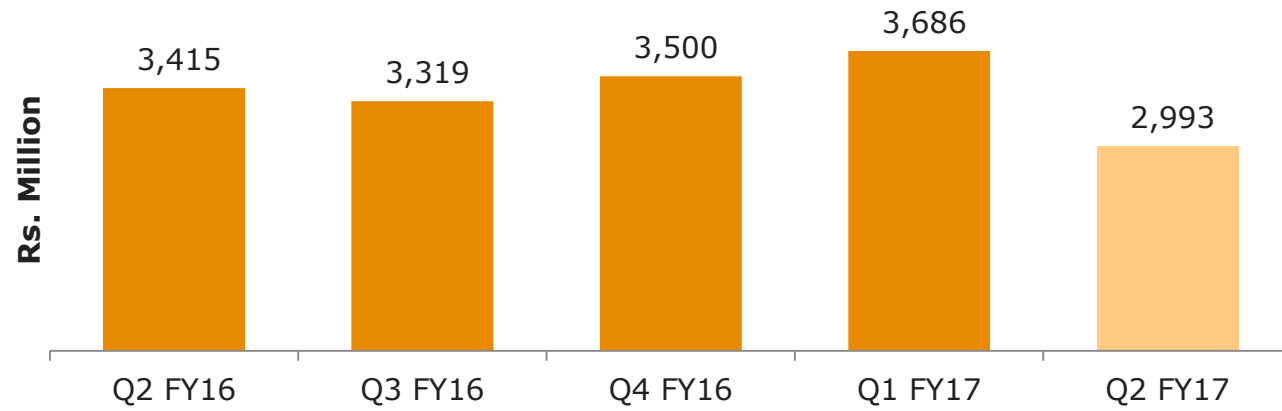
H1 FY2017 vs. H1 FY2016

- **Revenues** declined by 1.0% y-o-y to Rs. 6,679 million
 - **Pharmaceuticals segment** recorded a growth of 5.4% y-o-y to reach Rs. 5,041 million. This growth was primarily driven by improved performance of the API segment, in particular, the custom manufacturing line of activity
 - **Specialty Chemical** segment recorded a revenue of Rs. 1,611 million in H1 FY2017, a decline of 15.3% compared to same period last year. This was primarily due to the divestiture of certain product lines effected earlier in the last fiscal year. Despite the decline in revenues, Specialty Chemicals EBIT margins improved by over 200 basis points to 22.3%
- **EBITDA** for the period was Rs. 1,281 million with margin of 19.2%
 - Despite decline in revenues, the Company was able to sustain EBITDA margins due to improved utilization levels as well as higher contribution of customer manufacturing within the API business. Continued focus on higher value products in the Specialty Chemicals segment also benefitted consolidated margins
- **Finance cost** was Rs. 302 million, a decline of 20.3% compared to the same period last year. This decline was due to repayment of long term debt coupled with better working capital management. Net debt as of 30 September, 2016 was Rs. 8,074 million compared with Rs. 8,618 million as at 31 March, 2016
- **Net Profit** for was Rs. 547 million up 13.9% vs. H1 FY2016. Net Profit margin improved by 107 basis points to 8.2% in H1 FY2017

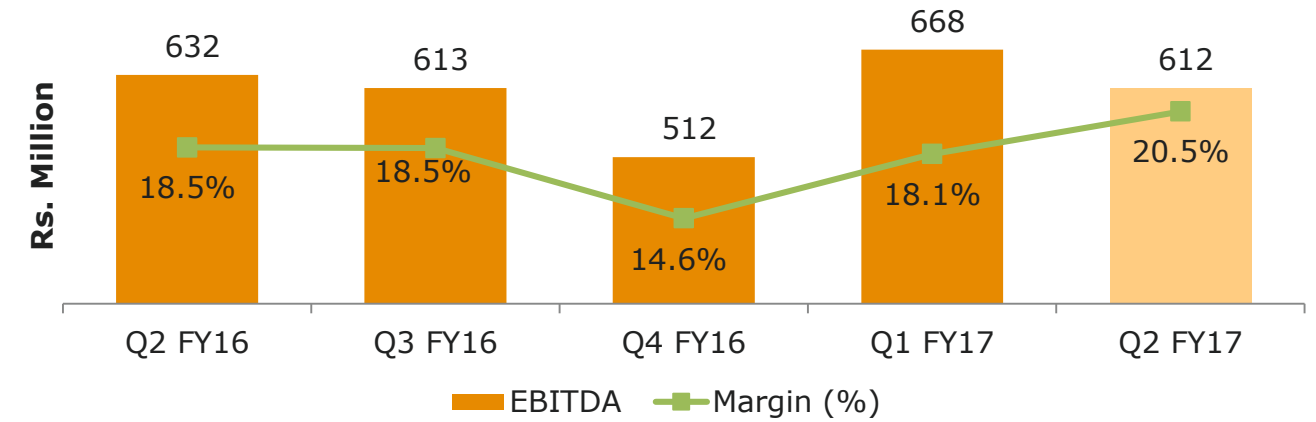




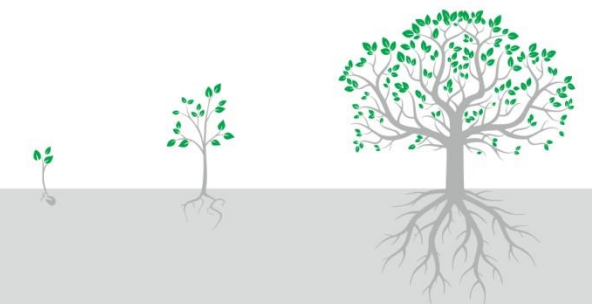
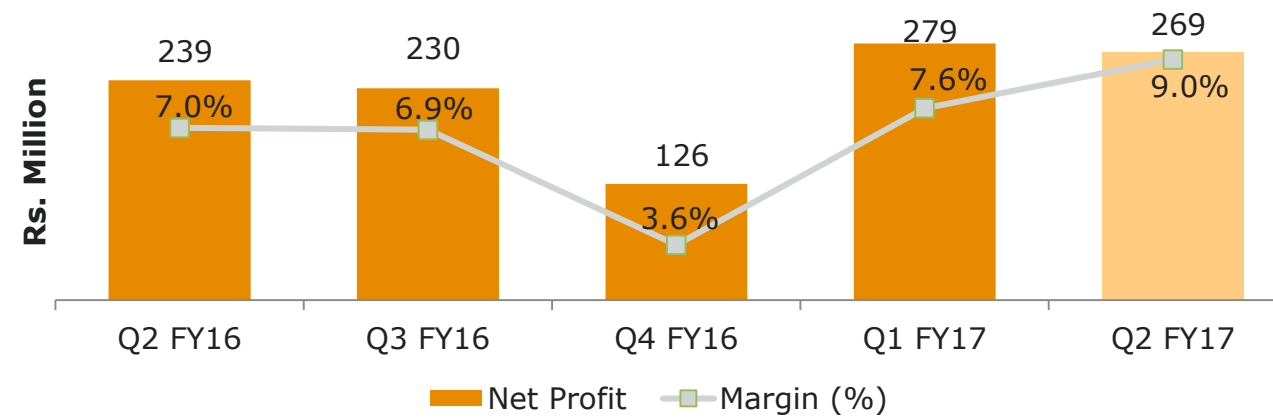
Net Sales



EBITDA and Margins



Net Profit and Margins



Consolidated Quarterly P&L Statement



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| Profit & Loss Statement (Rs. million) | Q2 FY16 | Q3 FY16 | Q4 FY16 | Q1 FY17 | Q2 FY17 |
|---------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Revenues | | | | | |
| Net Sales / Income from Operations (Net of Excise Duty) | 3,370 | 3,299 | 3,472 | 3,668 | 2,984 |
| Other Operating Income | 45 | 20 | 29 | 18 | 9 |
| Total Revenues | 3,415 | 3,319 | 3,500 | 3,686 | 2,993 |
| Total expenses | 2,784 | 2,706 | 2,988 | 3,017 | 2,381 |
| Operating Profit (EBITDA) | 632 | 613 | 512 | 668 | 612 |
| Depreciation and Amortization Expenses | 164 | 155 | 148 | 158 | 149 |
| EBIT | 468 | 458 | 365 | 510 | 463 |
| Finance Costs | 188 | 192 | 245 | 152 | 149 |
| PBT | 280 | 266 | 120 | 358 | 313 |
| Tax Expenses | 41 | 36 | (7) | 79 | 45 |
| PAT | 239 | 230 | 126 | 279 | 269 |
| Basic EPS (Rs) | 2.95 | 2.84 | 1.56 | 3.44 | 3.31 |
| Margins (%) | | | | | |
| <i>Gross Margins</i> | 53.3% | 54.6% | 52.7% | 53.4% | 55.1% |
| <i>EBITDA margins</i> | 18.5% | 18.5% | 14.6% | 18.1% | 20.5% |
| <i>PAT margins</i> | 7.0% | 6.9% | 3.6% | 7.6% | 7.6% |
| Y-o-Y Growth (%) | | | | | |
| <i>Total Revenues</i> | 7.8% | (3.7)% | (1.9)% | 10.7% | (12.4)% |
| <i>EBITDA</i> | 22.0% | 1.6% | (2.6)% | (0.6)% | (3.1)% |
| <i>PAT</i> | 45.5% | 11.9% | (29.8)% | 15.2% | 12.5% |
| Q-o-Q Growth (%) | | | | | |
| <i>Total Revenues</i> | 2.6% | (2.8)% | 5.5% | 5.3% | (18.8)% |
| <i>EBITDA</i> | (6.0)% | (3.0)% | (16.4)% | 30.5% | (8.4)% |
| <i>PAT</i> | (1.2)% | (3.6)% | (45.2)% | 121.0% | (3.6)% |
| <i>Effective Tax Rate</i> | 14.7% | 13.4% | nm | 22.2% | 14.3% |

Notes:

1. Basic EPS adjusted for 2:10 stock split



Consolidated Segment Performance

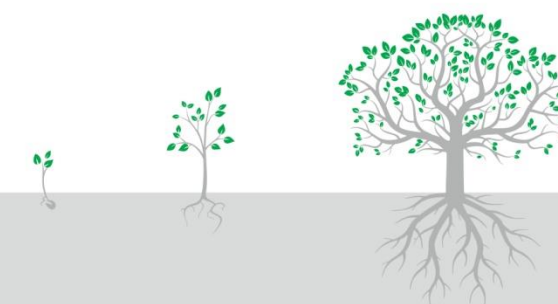


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| (Rs. million) | Q2 | | y-o-y | Q1 | q-o-q | Half Year | | y-o-y |
|------------------------|--------------|--------------|----------------|--------------|----------------|--------------|--------------|---------------|
| | FY2017 | FY2016 | Growth (%) | FY2017 | Growth (%) | FY2017 | FY2016 | Growth (%) |
| Segment Revenue | 2,984 | 3,370 | (11.5)% | 3,668 | (18.7)% | 6,652 | 6,686 | (0.5)% |
| Specialty Chemicals | 811 | 943 | (14.0)% | 800 | 1.4% | 1,611 | 1,901 | (15.3)% |
| Pharmaceuticals | 2,173 | 2,427 | (10.5)% | 2,868 | (24.2)% | 5,041 | 4,785 | 5.4% |

| | | | | | | | | |
|---------------------|--------------|--------------|---------------|--------------|---------------|--------------|--------------|---------------|
| EBIT | 463 | 468 | (1.1)% | 510 | (9.3)% | 973 | 992 | (2.0)% |
| Margin (%) | 15.5% | 13.9% | | 13.9% | | 14.6% | 14.8% | |
| Specialty Chemicals | 207 | 211 | (1.9)% | 152 | 36.3% | 359 | 385 | (6.8)% |
| Margin (%) | 25.5% | 22.4% | | 19.0% | | 22.3% | 20.3% | |
| Pharmaceuticals | 256 | 257 | (0.4)% | 358 | (28.6)% | 614 | 607 | 1.1% |
| Margin (%) | 11.8% | 10.6% | | 12.5% | | 12.2% | 12.7% | |

| | | | | | | | | |
|-------------------------|---------------|---------------|--------------|---------------|-------------|---------------|---------------|--------------|
| Capital Employed | 15,897 | 14,059 | 13.1% | 15,800 | 0.6% | 15,897 | 14,059 | 13.1% |
| Specialty Chemicals | 7,172 | 7,415 | (3.3)% | 7,828 | (8.4)% | 7,172 | 7,415 | (3.3)% |
| Pharmaceuticals | 8,725 | 6,644 | 31.3% | 7,973 | 9.4% | 8,725 | 6,644 | 31.3% |



Key Ratios

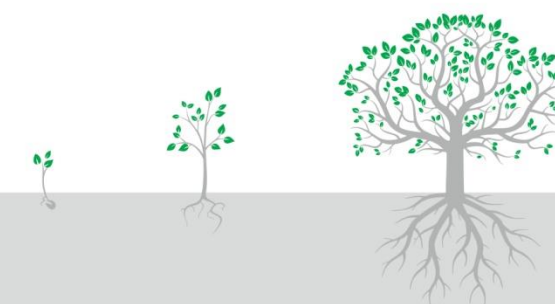


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| | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | H1 FY2017 |
|-------------------------------------------------------------------|--------|--------|--------|--------|--------|--------|-----------|
| Net Worth (Rs. million) | 1,967 | 4,748 | 5,091 | 5,604 | 5,592 | 5,852 | 6,151 |
| Net Debt (Rs. million) Including current maturities of LT Debt | 2,959 | 5,279 | 6,414 | 8,591 | 9,852 | 8,618 | 8,074 |
| Fixed Assets (Rs. million) | 2,643 | 5,953 | 7,090 | 8,079 | 8,135 | 8,142 | 8,045 |
| ROE (%) | 24.8% | 18.4% | 18.8% | 13.4% | 14.5% | 16.1% | 16.4% |
| ROCE (%) | 13.6% | 8.3% | 10.1% | 7.7% | 9.3% | 10.3% | 10.4% |
| Interest Coverage Ratio (x) | 3.50 | 3.74 | 3.39 | 2.44 | 1.98 | 2.23 | 2.43 |
| Net Debt to EBITDA (x) | 3.38 | 3.97 | 3.25 | 4.03 | 4.42 | 3.55 | 3.36 |
| Net Debt to Equity (x) | 1.50 | 1.11 | 1.26 | 1.53 | 1.76 | 1.47 | 1.31 |

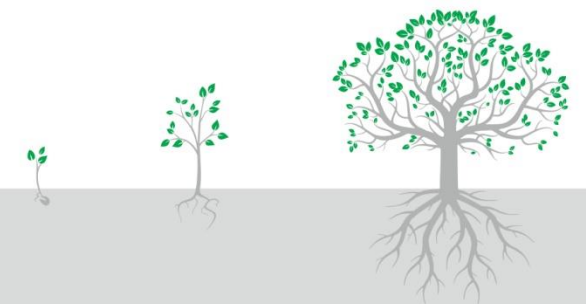
Notes:

1. Ratios as at the of H1 FY2017 is based on last twelve months P&L numbers





- ANDA: Abbreviated New Drug Application
- API: Active Pharmaceutical Ingredients
- CEP: Certificates of Suitability to the monographs of European Pharmacopoeia
- CMO: Contract Manufacturing Organization
- DMF: Drug Master File
- FDF: Finished Dosage Formulation
- GMP: Good Manufacturing Practices
- H&PC: Home and Personal Care
- MRs: Medical Representatives
- MA: Marketing Authorization





Vivimed

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