

Vivimed Labs Ltd



Vivimed

Active Pharma
Ingredient

Branded
Formulations

Specialty
Chemicals



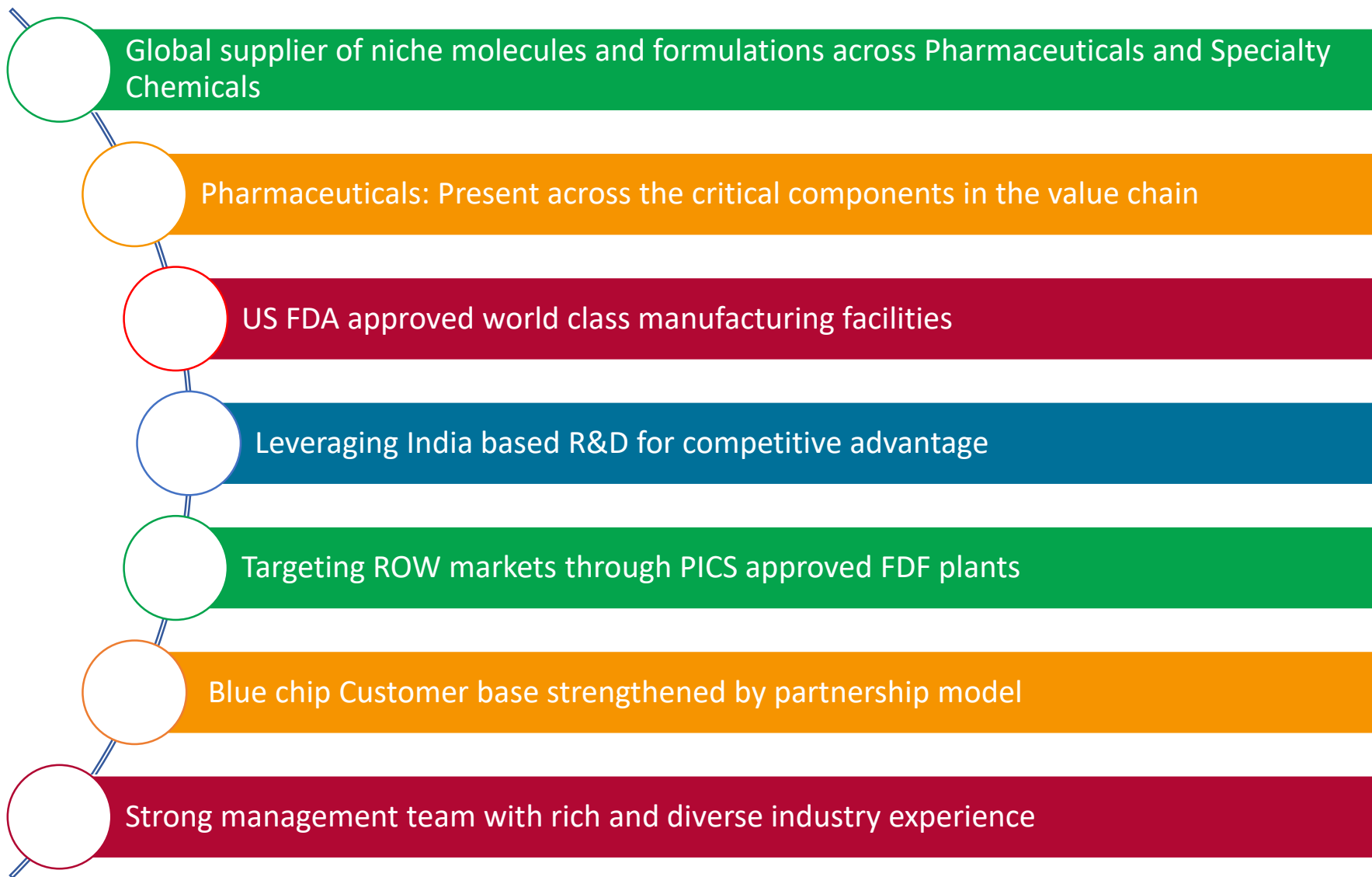
Investor Presentation
November 2017

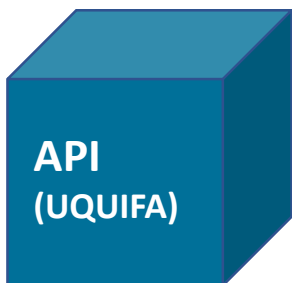
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Chemistry at the Core





- Uquifa s.a. is the Spanish subsidiary of Vivimed Labs with 80 years of experience having US FDA approved manufacturing units in Spain (2) and Mexico (1)
- Manufactures APIs for pharmaceutical and animal health industries globally
- It has over 40 type 2 DMF filed with US FDA and more than 150 active DMF's worldwide
- Uquifa's CDMO business has experienced exponential growth due to strong R&D global team, emerging products, and partnerships with global players such as GSK, Pfizer, Gilead, Esteve, etc.

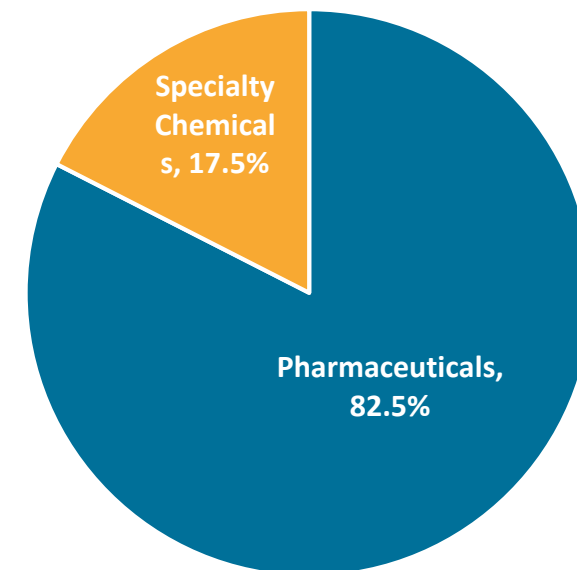


- A value added business that delivers quality formulations and offers novel drug systems
- Present in generic, branded and contract manufacturing segments
- Focus to expand into the non-USA based regulated generic markets such as the CIS and African Countries



- Manufactures Hair Dyes, Photochromic Dyes, Anti-Microbials and Imaging Chemicals
- Vivimed is a world leader in the development of innovative photochromic dyes
- Vivimed has patented processes for novel dyes targeting a range of applications

Revenue Break Up as of H1 FY2018



■ Pharmaceuticals ■ Specialty Chemicals



Facilities		Total
Pharmaceuticals– API	●	3
Pharmaceuticals – FDF	●	7
Specialty Chemicals - Active Ingredients	●	1
Total Facilities		11
R&D Facilities		6
Global Support Offices		5

11 manufacturing facilities along with R&D centres and global support offices provides access to diverse markets and cost advantage



Preferred Supplier to the leading global brands

Santosh Varalwar (Managing Director)

- First generation entrepreneur
- Business growth strategy and leadership; Focus on key global Client relationships
- Previously associated with Shipping Corporation of India

Sandeep Varalwar (Executive Director, FDF)

- Associated with Vivimed since its incorporation and leads Vivimed's Healthcare FDF division
- Over 19 years of experience in manufacturing and marketing in the Healthcare industry

Saurabh SG (Executive Director, Strategy & Business Development)

- 9+ years of past experience in Investment Management
- B.E. degree in Mechanical Engineering, MBA in Finance & International Business; pursued courses in 'emerging business leadership' at the IIM, Bangalore, London Business School and INSEAD, Paris

S. Raghunandan (Director - Operations)

- More than 2 decades of experience. Started his career with Chandra Pharmaceuticals, largest producer of Ibuprofen in India
- He joined Vivimed as Head of production at Bidar plant and subsequently rose to ranks of Director operations. He is in charge of all the manufacturing activity of Speciality Chemicals

Ramesh Challa (Group CFO)

- 3+ decades of experience in the Corporate Finance, Banking, Taxation, Projects, Legal Affairs, Supply Chain, Marketing and Operations.
- Mr Challa is a Post Graduate in Commerce and a Post Graduate Diploma holder in Materials Management and Business Administration.

Mark I. Robbins (Chief Executive, UQIFA)

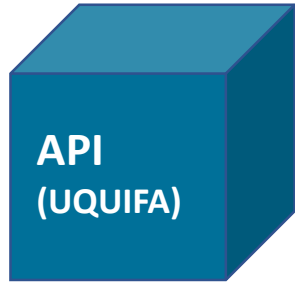
- Mr. Robbins has been the CEO of UQIFA since 1990
- Has had experience managing other chemical and pharmaceutical companies for 20 years
- Holds a BSc (Hons) in Genetics and an MBA

Chris Oates (Chief Operating Officer – UQIFA)

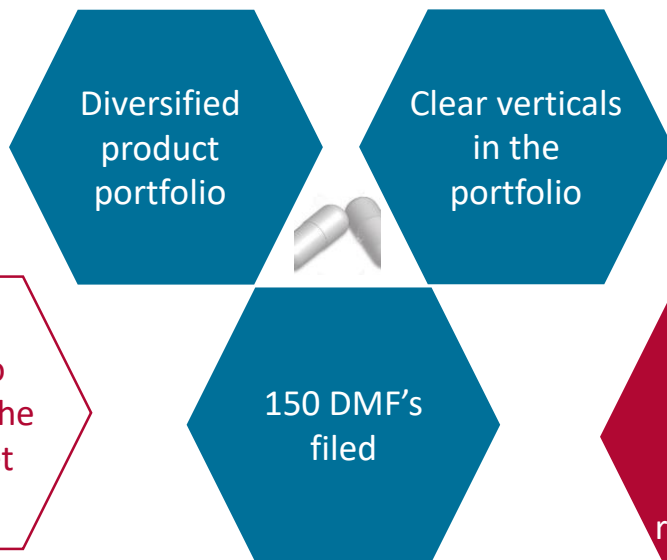
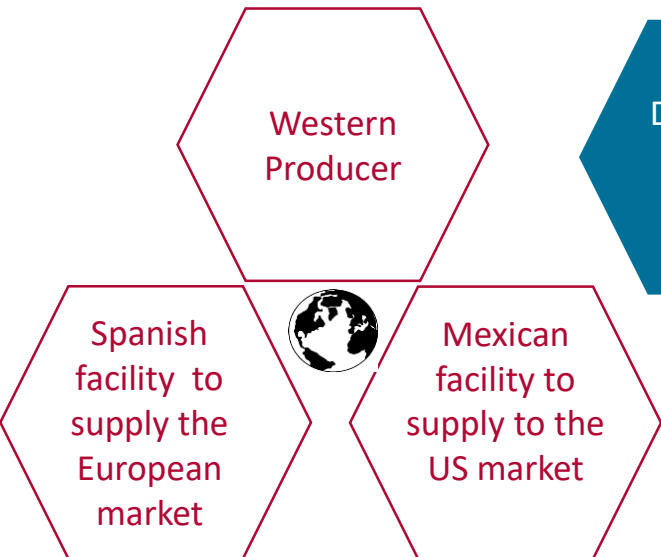
- 25+ years' industry experience
- Bachelor of Science in Chemical Engineering.
- Worked with Syngenta, Avecia Pharma in Europe, Dishman Pharma and Granules India JV with Japanese major, Omnicem (CEO) in India

Tanweer Parkar (Director – Sales & Marketing- UQIFA)

- 25+ years' experience in pharmaceuticals with Tata Group, Wockhardt and Dr Reddy's Laboratories (Senior Vice President and Global Head for API Sales and Marketing)
- Holds a Masters in Pharmacy and Masters in Management Studies

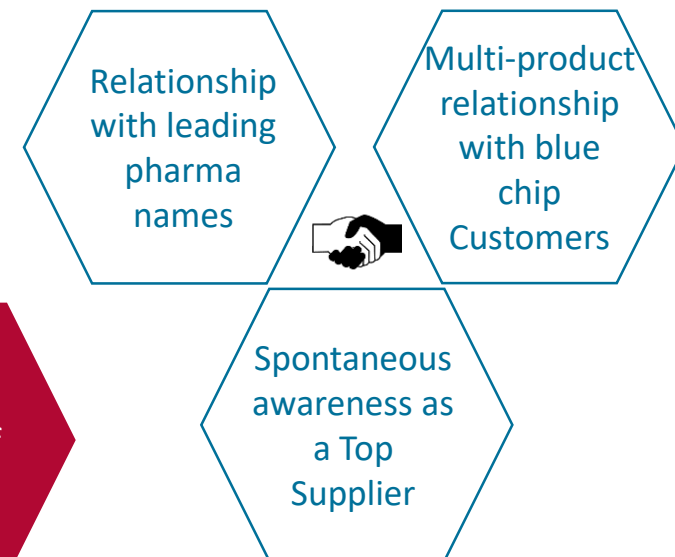
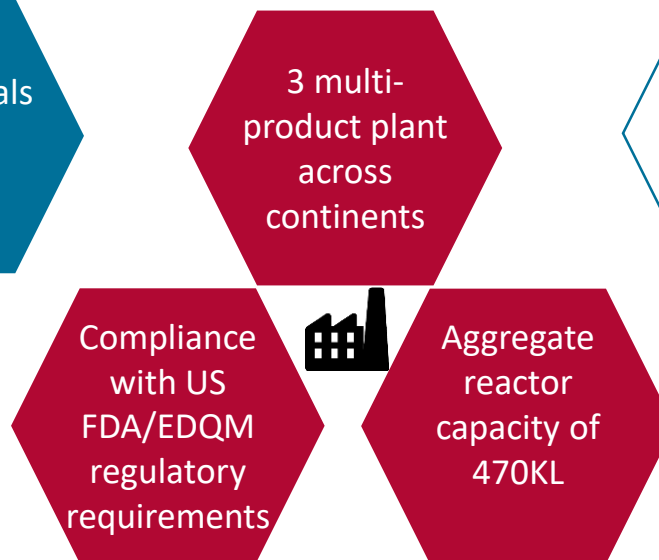


Global Footprints



Diversified Product Portfolio

FDA Approved Production Facilities

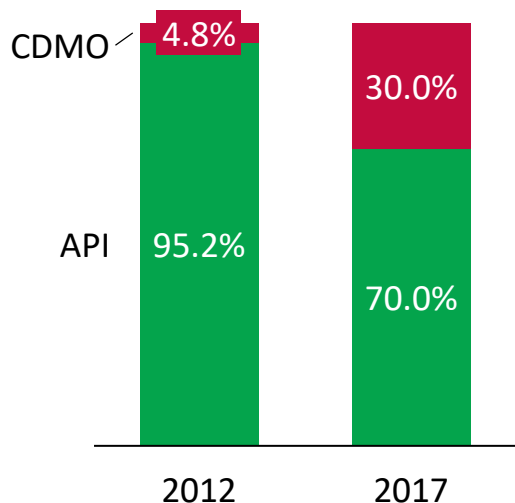


Strong Reputation as a Supplier

UQIFA is well positioned in the Pharmaceutical industry, in Europe and USA with a diversified product portfolio, consistently compliant production, over 80 years of experience and well-known supplier to the industry

...Backed by API's consistency and CDMO evolution

UQIFA by Products



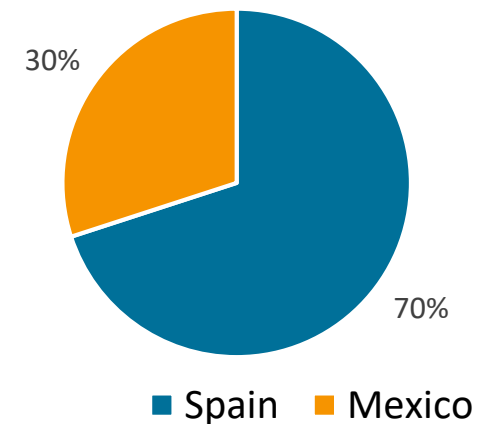
API's Consistency

- UQIFA's generics segment has realized material growth due to strong underlying end-market generic drug demand, price growth and new customers
- Generics growth has also come from customer acquisitions which helped to increase UQIFA's contract volumes
- Competitive Positioning makes UQIFA the preferred choice in the European markets

CDMO Evolution

- UQIFA manages all aspects of research, development and manufacture of intermediates and APIs for its customers
- CDMO business has seen exponential growth over the last five years and it now comprises ~30% of UQIFA's business
- 3 US FDA approved facilities and Long lasting relationships with established players has helped UQIFA to grow CDMO vertical

UQIFA by Geography



Bulk Generics

Product Portfolio

- Anti Ulcer
- Antibiotic
- Antifungal
- Antiviral

Niche Generics

- Antihistamine
- Analgesic
- Anti Hypertensive
- Mydriatic
- Vasodilator
- Analgesic/Narcotic

New Generics

- Anti Ulcer
- Antibiotic
- Antifungal
- Antiviral

Ethical Products

- Anti Ulcer
- Antibiotic
- Antifungal
- Antiviral

Main Clients



UQUIFA has good volume share in the below products

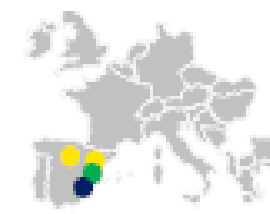
- Etofenamate
- Doxylamine Succinate
- Ranitidine
- Omeprazole
- Pantoprazole
- Quetiapine

Geographic Presence

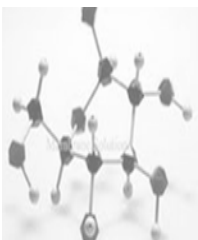
UQUIFA Mexico



UQUIFA Spain



- R&D Facilities (3)
- Manufacturing Plants – US FDA approved (3)
- Corporate Office- Barcelona
- GMP compliant facility for backward integration
- Strategic cost advantage centres for vendor development



Product molecules with strong underlying demand for therapy areas: anti-ulcer, CNS and CVS

- Anti-Ulcers comprise ~40% of business and the Company is focused on expanding in other therapeutic areas



Favourable pricing due to competitive positioning and higher compliance reliability



New product launches to secure future growth in generics

- New Launches are likely to be more Customer driven projects which gives high visibility, and mitigates the risk of product development
- Customer base has mix of established names like Mylan, Actavis, Sandoz and growing franchises like AET, Normon, Esteve



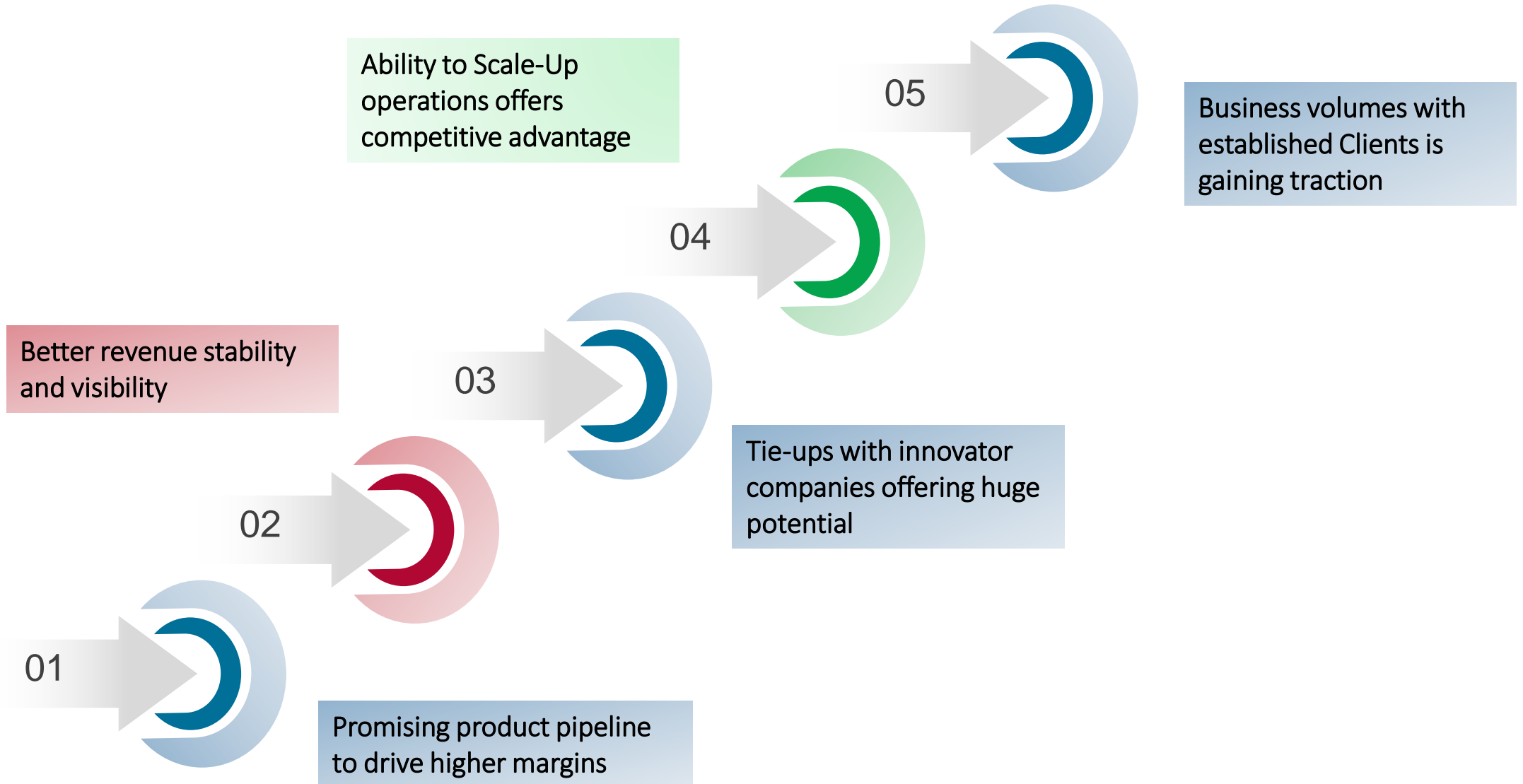
Product portfolio to have younger profile as new generics enter

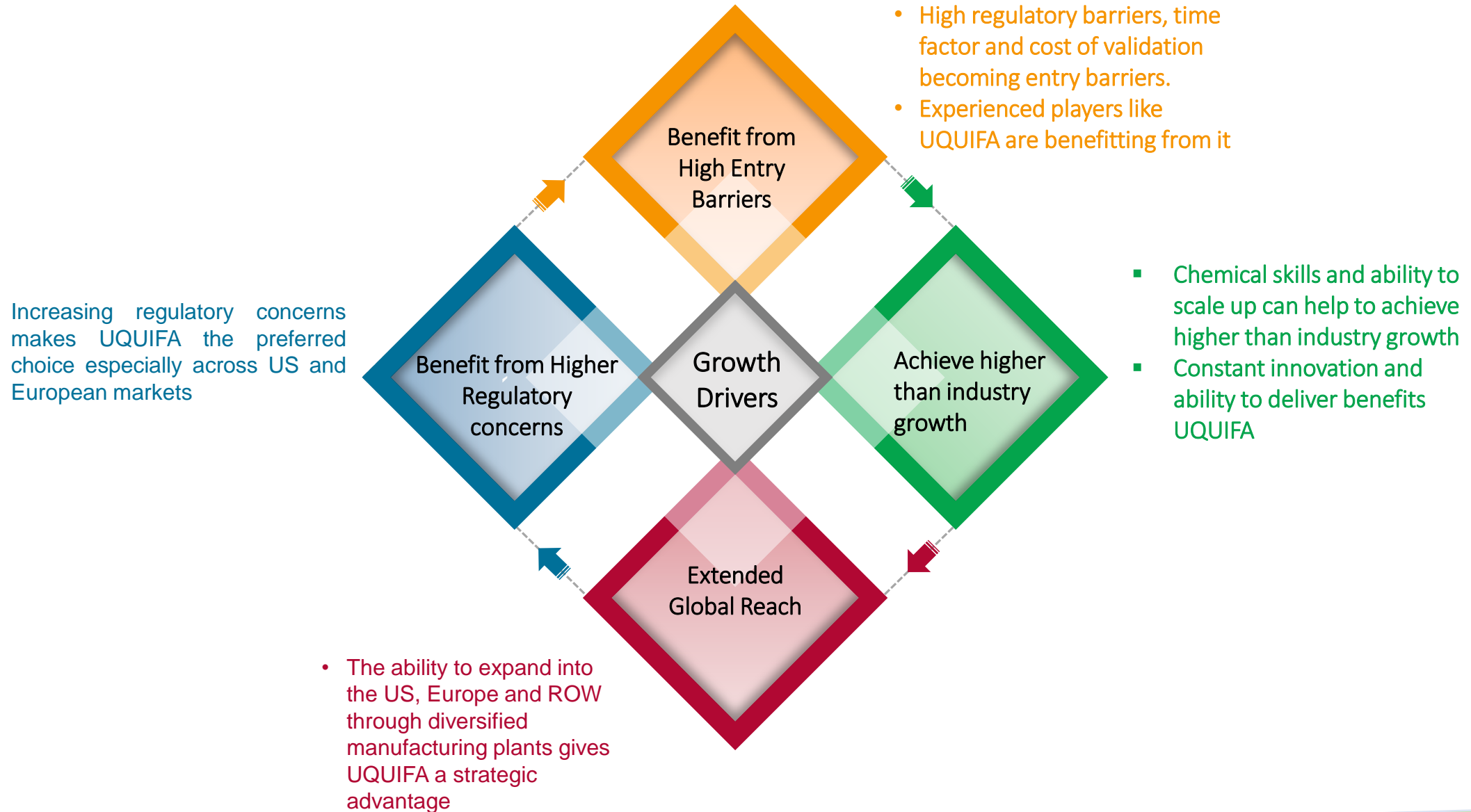
- Innovative co-development options helps to build a stable revenue base and achieve better profitability
- AET, Stada, Kem and other leading EU formulators are leveraging UQUIFA's chemistry advantages



Manufacturing facilities across Spain and Mexico to aid growth in the European and US markets

CDMO vertical gaining traction







Company manufactures wide range of dosage forms which finds acceptance in regulated and pharmerging markets

Key Business Segments

Contract Manufacturing (CMO)

- Product Type: Capsules and Tablets, Syrups and liquids, Nasal sprays and Ointments
- Manufactures for leading companies like GSK, Dr Reddy's, Cipla, Merck Serono, Abbott, Wockhardt etc

Regulated Markets

- Acquired US FDA approved Solid oral dosage (SOD) facility, at Alathur, Tamil Nadu
- Total Capacity: 2 Billion SOD
- Caters mainly to the US market and is mainly focused on institutional business
- Now in JV with Shasun-Strides to reach the US markets

Pharmerging Markets

- Focused towards, meeting the customer requirements in India, Southeast Asia, Middle east etc with the help of diverse branded formulations portfolio in Pain management, Nutraceutical and Dermatology segments
- Leveraging on our manufacturing strengths to be the manufacturing partners for global pharmaceutical organisations



Jeedimetla Hyderabad
PICs/NDA/WHO-GMP
approvals



Kashipur Uttarakhand

- ISO 9001-2000, ISO 14001 and OHSAS 18001 certifications
- WHO-GMP/NAFDAC approvals



Klar-sehen Jeedimetla, Hyderabad

- ISO 13485 certified
- CE certificate for medical devices



Haridwar Uttarakhand

- ISO 9001-2000, ISO 14001 and OHSAS 18001 certifications
- ISO 13485 certified



Bolarum Hyderabad



Alathur, Tamilnadu (Now part of JV with Shasun-Strides)

USFDA Approved Facility

Strengths

- A dedicated team of 60 scientists working on formulation developments for USA / Australia / EU and India market
- Pan India presence in Institution Businesses like ESIC, Railways and many Central Government rate contracts
- Registered and commercialized 4 products which includes Antiviral like Valaciclovir, Aciclovir, Pas Granules for supplies to the Tuberculosis program in Russia
- 4 Commercial ANDAs today
- Signed a JV with Strides Shasun



Growth Drivers

- Planning to launch formulations based on UQIFA API's in the Indian and ROW markets
- Developing innovative formulations across various delivery formats for ROW regions like Russia, Phillipines, Ukraine and ASEAN Regions
- Recent JV with Strides Shasun will help in deeper penetration in the formulations business
- Healthy product pipeline and focus for new filing pipeline of 4-6 new files every year

Specialty
Chemicals



- Manufacturing active ingredients for home care, personal care and industrial products
- Product range - hair dyes, photochromic dyes, photochromic products, anti-microbials and imaging chemicals
- Maintains leadership position through captive manufacturing (Bidar-Karnataka) or with other partnerships
- Current portfolio consists of 100+ products serving 300 + Customers with supply expertise for any volumes
- Vivimed maintains world-class R&D capabilities with scientists who have a combined dye chemistry experience of greater than 100 years, both in Huddersfield-UK and Hyderabad-India.



Description

Recognitions



- R&D certified as a GLP Laboratory by CISR - a government of India undertaking
- Awards from Johnson & Johnson– Quality Promise to Zero Defect in 2010 and Implementation of Supplier Enabled Innovative Idea in 2005
- Certificate of Appreciation from Hindustan Unilever Limited in 2009
- Recipient of the Queens Award in 2008
- UK's R&D team got the Centenary Medal by The Society of Dyers and Colorists (SDC) for Photochromic Dyes in 2005

Manufacturing Facility – Bidar, India (Since 1991)

- Designed in compliance with US FDA norms & highest environmental standards
- Environmental certification: ISO 9001: 2008 QMS and ISO 14001:2004; Safety Management system ISO 18001: 2007

Research & Development Facilities- Nacharam in India and Huddersfield in UK

- Focus on idea-generating research right from creation of molecule and collaborative manufacturing



Manufacturing Facilities

1997-2005

Building Trusts and Capabilities

- Became the preferred supplier for Unilever's Asian locations for personal care segment
- Expansion in multiple locations with help of partnerships
- Thrust on R&D and enhancing knowledge of active ingredients and relevant chemistry

2006-2009

Products and Partnerships

- Marquee Clientele added include L'Oreal, P&G, Kodak, Fujifilm, Henkel
- **Inorganic growth:**
 - Acquisition of James Robinson, UK(USD 21 mn)
 - Acquisition of Harmet Int. USA (USD 6 mn)
- Widened product basket: Hair Dyes

2010-2014

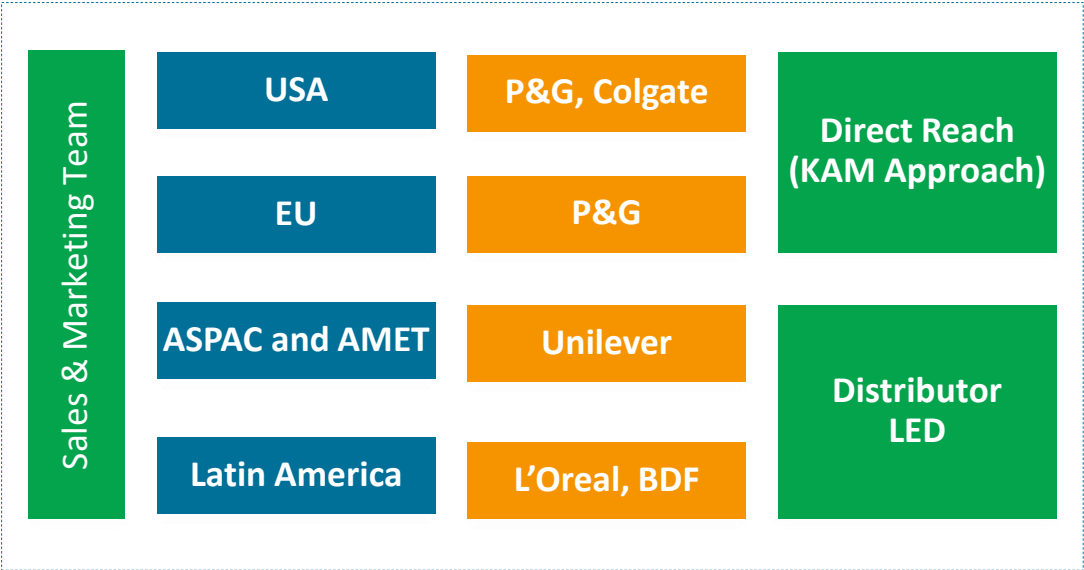
Customization and Diversification

- Entered new segments through exclusive partnerships for personal care ingredients like Peptides & Ceramides, Viv Ag, Collagen, Elastin
- Closely engaged with Takata (Airbag active) and Rahn (9 OXO) for development of new products
- Marquee Clientele added include Johnson & Johnson, Colgate, Dabur, ITC

2015-2017

Strategic Move

- Sold a part of its home and personal care business segment to Clariant (India) Ltd
- Launched a new hair care product called MBB specifically for existing consumer products Clients
- Photochromic products gaining traction
- Focus towards expansion for supplying key photochromic products and strengthening the product pipeline



Through Key Account Managers

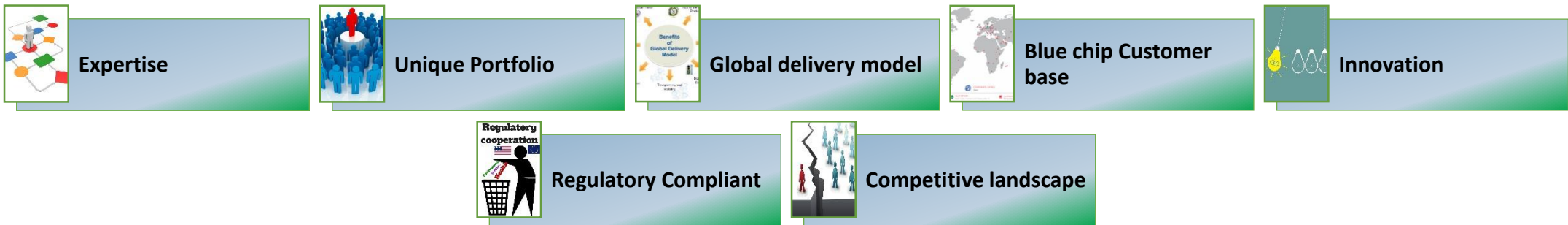
- Dedicated account managers who ensure enhanced Customer service, Customer mining & creation of new business opportunities
- Matrix structure across geographies and functions
- Direct sales comprise c.70-80%+ of the total sales

Through Distributors

- Distributor led approach for Tier II+ Customers
- 42 distributors across 56 countries
- Distributor led sales is less than 30% of the total sales

Key differentiators

(Product portfolio and strong pipeline well positioned to capture growth in target markets)



Increasing market share from existing products

Jarocol

- Jarocol is a globally recognized trademark serving £ 10 billion retail market and it is growing by 5-6% year on year
- Vivimed is strategically aligned with global R&D teams through joint collaborations to bring in new and safer dyes into market for growth
- Vivimed is positioned well to cater to Tier 2/3 category of Customers

Reversacol

- Reversacol is a niche IP protected eyewear photochromic dyes brand
- Growth strategy includes marketing for applications outside of eyewear

Anti-microbial and Pharma intermediates business

- Strategic manufacturing alliances with multi nationals poised for robust growth

New Focus Verticals

Naturals

- Cosmeceuticals: Beauty from within
- Nutraceuticals: Dietary Supplements

Personal Care (Alliances)

- Peptides
- Ceramides
- OSKI

Lateral Shift

- Paint Industry: Anti fungal
- Automotive Industry: Air bag actives
- Printable Electronics
- Water treatment, Lens project in India

Hair Dyes

COSMOTEC

COTY

Henkel

L'ORÉAL



PARCHIMY

EUGENEPERMA
PARIS

WOOSUNG
Cosmetic & Trading

Photochromatic

CORNING

Henkel



VISION
EASE®



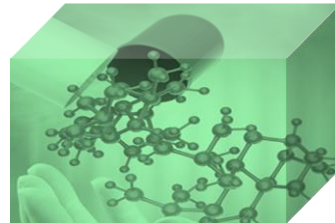


To achieve leadership in API's, CDMO, and FDF segments

Strengthen operations across all business through continuous R&D, robust product pipeline and focus on steady growth



Expand global footprints by leveraging diversified manufacturing facilities and partnership tie-ups with big pharmaceutical players



To be ahead of the Curve - Focus on higher margin businesses in API's and formulations, innovate new products and expand Customer base through JVs and partnerships



Developing innovative formulations across various delivery formats for ROW regions like Russia, Phillipines, Ukraine and ASEAN Regions



Specialty Chemicals - focus on New Products and Customer Projects through Joint Ventures

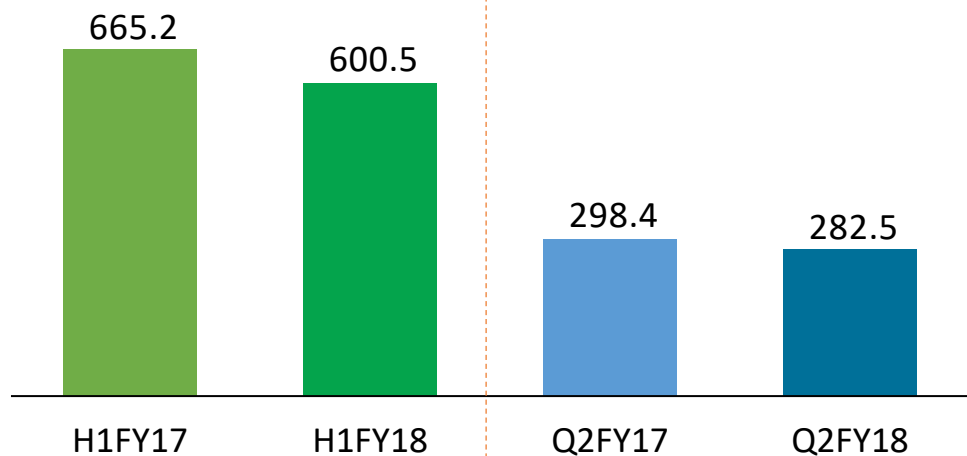
API
(UQUIFA)

Pharma
FDF

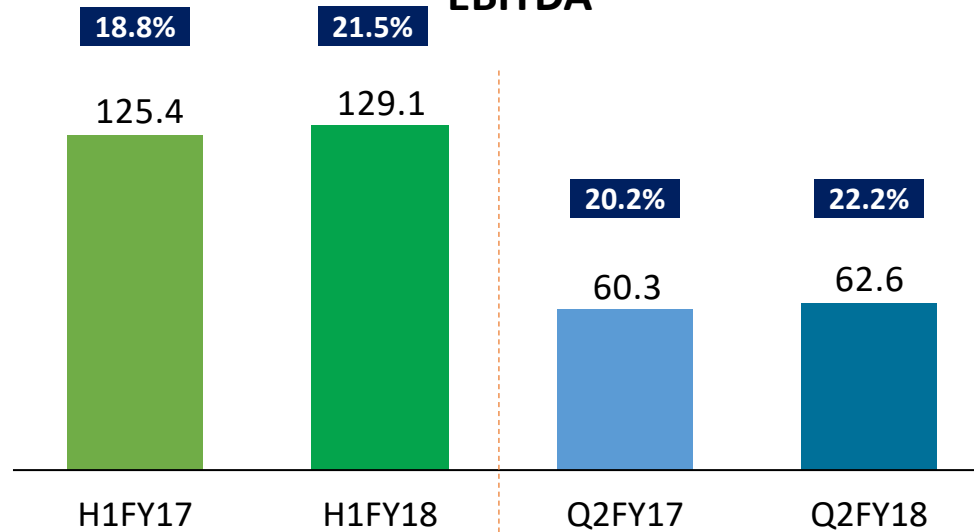
Specialty
Chemicals



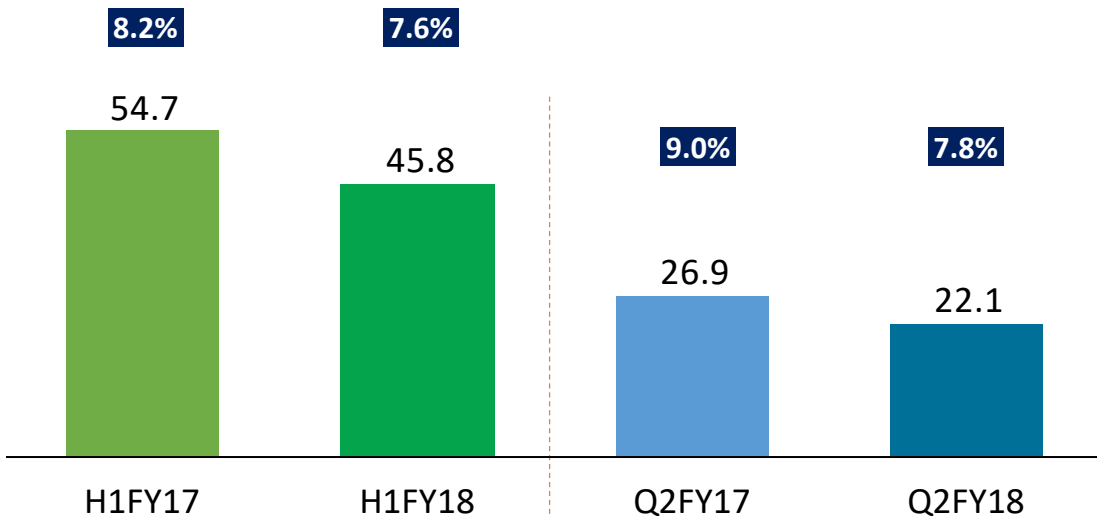
Revenue*



EBITDA

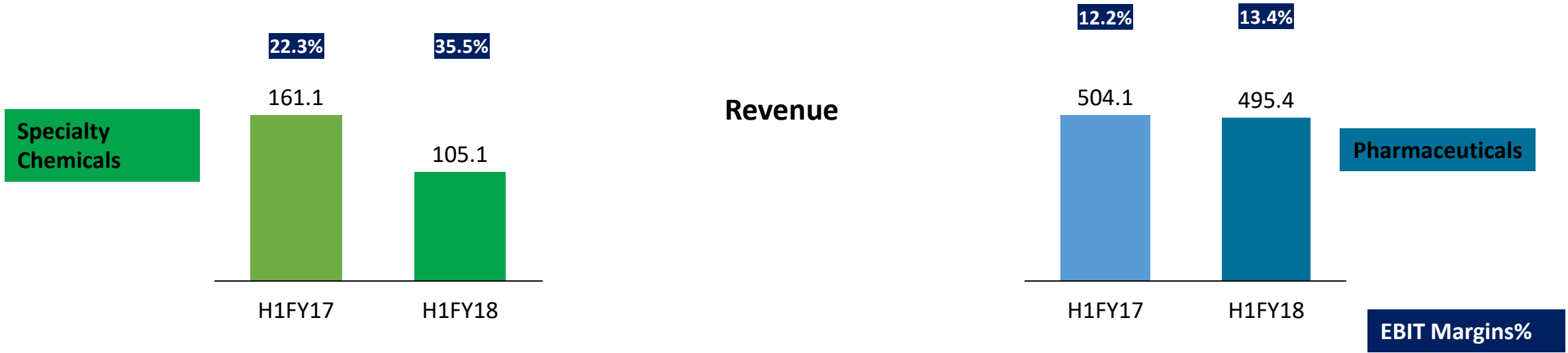


Net Profit



*The revenue loss on account of the divestment is being covered as reflected in YoY figures and the same is being achieved with a higher EBITDA growth

Margins%

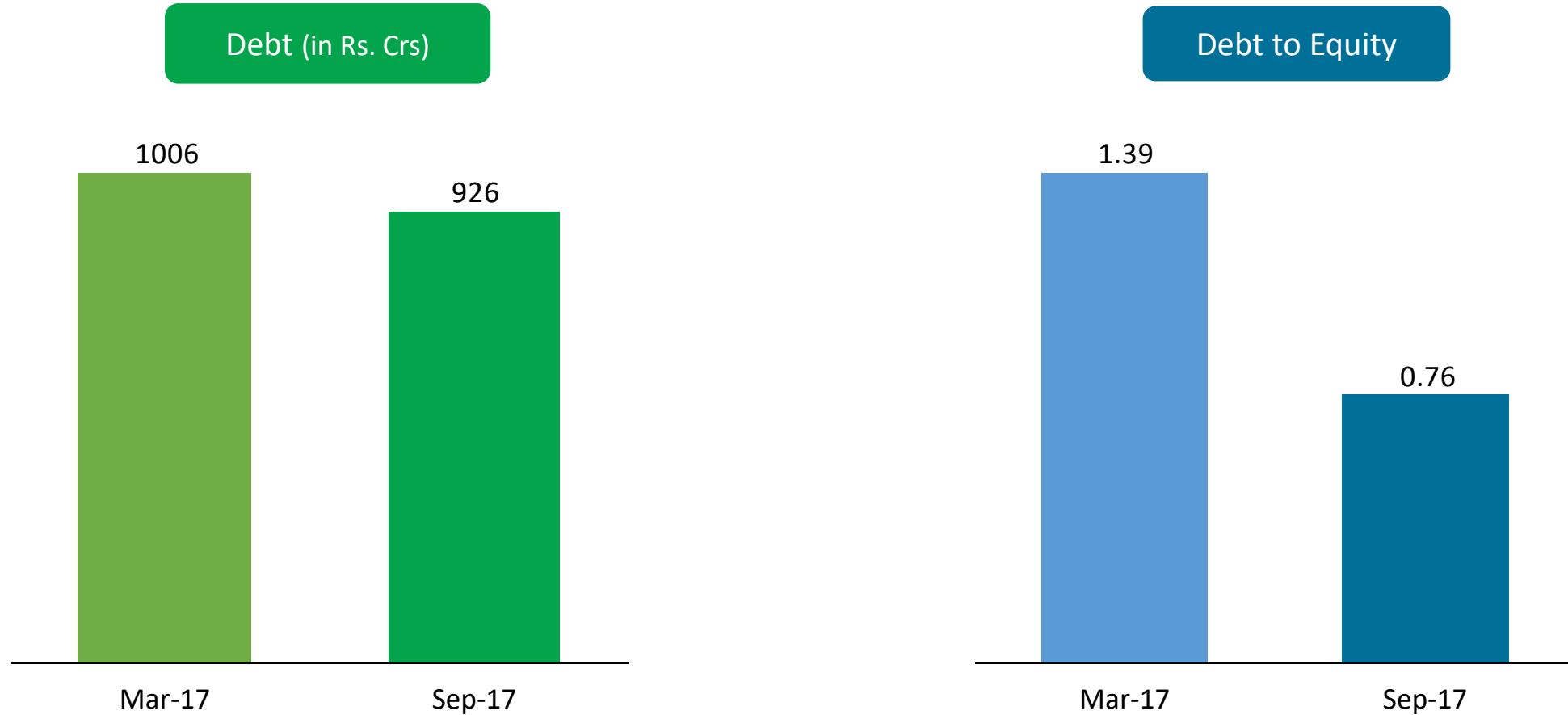


Specialty Chemicals:

1. The H1FY17 figures also include the sales from the segments which were divested to Clariant (India) Ltd. while the H1FY18 figures are of the segment as it exists today
2. The hair dyes segment has witnessed **23.5% Y-O-Y growth** and photochromics witnessed **78.4% Y-O-Y growth**, in GBP terms

Pharmaceuticals:

1. The FDF segment of the Pharma in H1FY17 had included sales of business divested to Klarrsen, while the H1FY18 results are of the residual segment
2. Company’s strong track record of regulatory compliance has provided a competitive edge. It has been a differentiator for both the CMO & Generic businesses and helped drive the sales and the order book



The transaction with Orbimed Asia closed as of September 2017 and funds have been received at VLL Mauritius. There will be a further debt reduction to the extent of Rs. 200 Crores at the consolidated level

Consolidated P&L Statement

Rs. Crs	Q2FY18	Q2FY17	YoY	Q1FY18	QoQ	H1FY18	H1FY17	YoY
REVENUE	282.5	298.4	-5.3%	318.0	-11.2%	600.5	665.2	-9.7%
Cost of Material Consumed	107.4	134.3		137.5		244.9	306.2	
Employee Expenses	44.4	41.4		42.8		87.2	91.6	
Other Expenses	68.0	62.4		70.5		138.5	142.0	
Other Comprehensive (Income)/Losses	0.07	-		0.8		0.8	-	
EBITDA	62.6	60.3	3.8%	66.5	-5.9%	129.1	125.4	3.0%
EBITDA Margin	22.2%	20.2%		20.9%		21.5%	18.8%	
Other Income	0.6	0.9		2.7		3.3	2.7	
Depreciation	16.1	14.9		12.6		28.6	30.8	
EBIT	47.1	46.3	1.7%	56.6	-16.8%	103.7	97.3	6.6%
EBIT Margin	16.7%	15.5%		17.8%		17.3%	14.6%	
Interest / Finance Cost*	21.4	14.9		24.2		45.6	30.2	
PBT	25.8	31.3	-17.6%	32.3	-20.1%	58.1	67.1	-13.4%
Tax Expense	3.7	4.5		8.4		12.1	12.4	
PAT	22.1	26.9	-17.8%	23.9	-7.5%	45.8	54.7	-16.3%
% Margin	7.8%	9.0%		7.5%		7.6%	8.2%	

Consolidated Balance Sheet

Particulars (Rs. Crs)	Sep – 17	Mar - 17
EQUITY AND LIABILITIES	2,495.8	2,065.5
Shareholder's Funds	1211.9	723.9
Share Capital		
Equity Share Capital	16.4	16.2
Equity Share Capital - JV	14.1	
Preference Share Capital	277.8	
Reserves and Surplus	906.1	707.7
Non-Current Liabilities	476.4	525.8
Long-Term Borrowings	413.9	452.7
Deferred Tax Liabilities (Net)	10.8	9.6
Other Long Term Liabilities	48.1	59.8
Long Term Provisions	3.5	3.6
Current Liabilities	805.0	815.9
Short-Term Borrowings	363.9	376.4
Trade Payables	139.7	152.4
Other Current Liabilities	193.9	186.2
Short-Term Provisions	107.5	100.8

Particulars (Rs. Crs)	Sep - 17	Mar - 17
ASSETS	2,495.8	2,065.5
Non-current assets	1,140.0	958.3
Fixed assets		
Tangible Assets	718.7	652.9
Intangible Assets	287.1	226.5
Capital Work-In-Progress	81.4	76.1
Non-Current Investments	52.7	252.0
Other Non-Current Assets	0.2	0.2
Current Assets	1355.8	1,107.2
Inventories	501.1	484.0
Trade Receivables	255.8	202.1
Cash and Bank Balances	247.5	55.5
Short-Term Loans and Advances	344.0	356.5
Other Current Assets	7.5	9.1

Standalone P&L Statement

Rs. Crs	Q2FY18	Q2FY17	YoY	Q1FY18	QoQ	H1FY18	H1FY17	YoY
REVENUE	61.1	67.7	-9.7%	66.4	-7.9%	127.5	140.1	-9.0%
Cost of Material Consumed	18.2	29.8		24.3		42.6	61.1	
Employee Expenses	9.2	5.6		6.9		16.1	11.8	
Other Expenses	13.6	14.2		16.0		29.6	29.9	
Other Comprehensive (Income)/Losses	0.07	0.0		0.8		0.8	0.0	
EBITDA	20.0	18.1	10.5%	18.3	9.3%	38.3	37.3	2.7%
EBITDA Margin	32.8%	26.7%		27.6%		30.1%	26.6%	
Other Income	0	0.0		0.4		0.4	0.0	
Depreciation	4.9	4.4		4.5		9.4	9.6	
EBIT	15.1	13.7	10.2%	14.2	6.3%	29.3	27.7	5.8%
EBIT Margin	24.7%	20.2%		21.4%		23.0%	19.8%	
Interest / Finance Cost*	13.0	11.6		12.1		25.1	22.9	
PBT	2.1	2.1	-	2.0	5.0%	4.2	4.8	-12.5%
Tax Expense	0.4	0.4		0.4		0.8	1.0	
PAT	1.7	1.7	-	1.6	6.3%	3.3	3.9	-15.4%
% Margin	2.4%	2.5%		2.5%		2.6%	2.8%	

Standalone Balance Sheet

Particulars (Rs. Crs)	Sep – 17	Mar - 17
EQUITY AND LIABILITIES	1,271.8	1,364.3
Shareholder's Funds	555.5	549.1
Share Capital		
Equity Share Capital	16.4	16.2
Reserves and Surplus	539.1	532.9
Non-Current Liabilities	267.7	314.5
Long-Term Borrowings	147.7	188.3
Deferred Tax Liabilities (Net)	31.8	32.4
Other Long Term Liabilities	85.1	90.2
Long Term Provisions	3.1	3.6
Current Liabilities	448.7	500.7
Short-Term Borrowings	274.1	300.6
Trade Payables	25.2	40.5
Other Current Liabilities	86.6	85.3
Short-Term Provisions	62.8	74.2

Particulars (Rs. Crs)	Sep - 17	Mar - 17
ASSETS	1,271.8	1,364.3
Non-current assets	603.3	575.1
Fixed assets		
Tangible Assets	344.1	382.1
Intangible Assets	50.0	50.8
Capital Work-In-Progress	61.4	58.6
Non-Current Investments	147.5	83.3
Other Non-Current Assets	0.2	0.2
Current Assets	668.5	789.2
Inventories	289.4	285.7
Trade Receivables	170.3	226.9
Cash and Bank Balances	10.6	15.6
Short-Term Loans and Advances	192.3	255.2
Other Current Assets	5.9	5.9

For further information, please contact:

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