

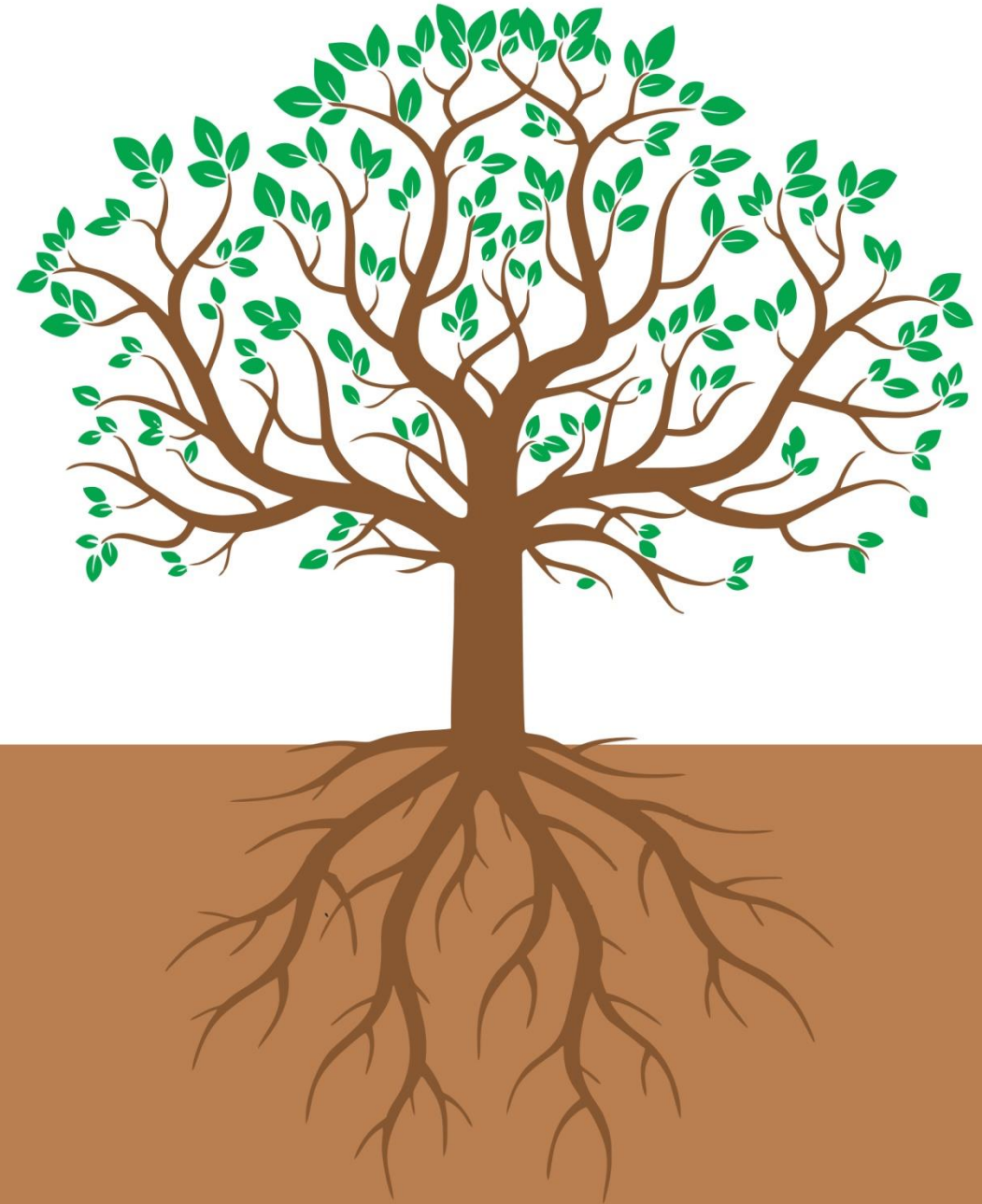


**Vivimed**

Third Quarter FY2017

Earnings Presentation

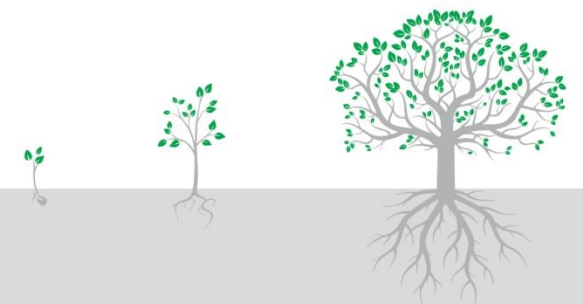
February 14, 2017



Transitioning into the Next Phase of Growth



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# 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

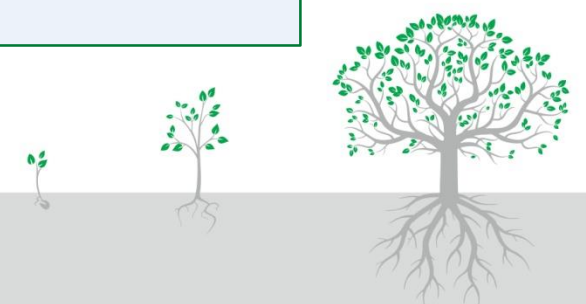
Harvesting blue chip customer base more effectively by introduction of new and competitive products across API and FDF

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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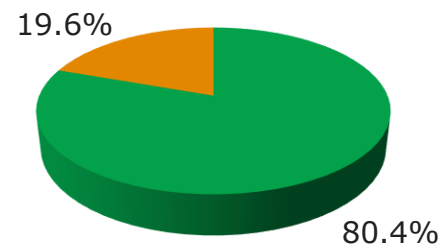
## Q3 FY2017 vs. Q3 FY2016

### Net Sales

Rs. 3,631 mn  
9.4%

### Net Profit

Rs. 517 mn  
+124.7%



■ Healthcare ■ Specialty Chemicals

**Net Profit Margin:**  
**14.2%**  
**+730 bps**

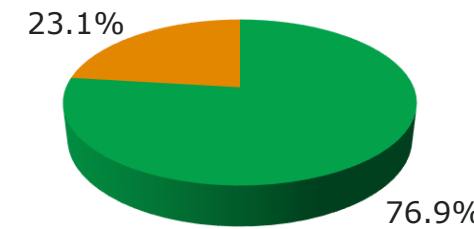
## 9M FY2017 vs. 9M FY2016

### Net Sales

Rs. 10,310 mn  
2.4%

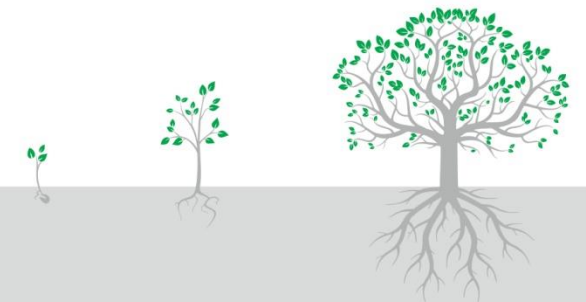
### Net Profit

Rs. 1,070 mn  
+50.6%



■ Healthcare ■ Specialty Chemicals

**Net Profit Margin:**  
**10.4%**  
**+332 bps**



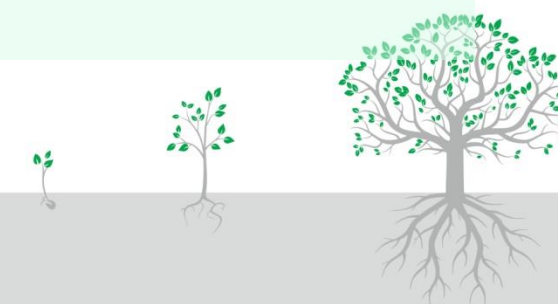


Commenting on the performance, **Mr. Santosh Varalwar, Managing Director of Vivimed Labs** said:

"As you are aware, we have taken a number of strategic initiatives over the last 12-18 months which have now started to bear fruits. Our pharmaceuticals business is going from strength to strength. In the API segment, better product mix, increase in custom manufacturing coupled with higher market share for our generic product portfolio continue to drive the performance. Our successful track record of regulatory compliance has provided us a competitive edge and has been a key differentiator for both the CMO and the generic businesses. During the last quarter, we completed a number of registrations for supply of finished formulations in the semi regulated markets. We will start the commercial production for these regions in FY2018 onwards.

In the Specialty Chemicals division, we remain focused higher margin photochromic and hair dyes product portfolio. We are working on a number on new high value niche products. We expect to start commercial production of fast fading photochromic dyes in Q1 FY2018. A differentiated product mix and focus on new opportunities will continue to drive a profitable growth for this division.

We have strengthened our balance sheet and that has helped us invest in developing a stronger filing pipeline and product portfolio. This has enabled us to establish a strong market positioning in the API custom manufacturing and generic business segments. We expect that our strategic initiatives and investments will be the primary driver of growth for our business in near term."



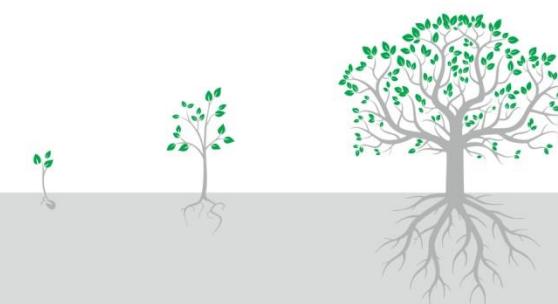


## Consolidated financial summary

(Rs. million)	Q3		y-o-y	Q2		Nine Months		y-o-y
	FY2017	FY2016	Growth (%)	FY2017	Growth (%)	FY2017	FY2016	Growth (%)
Net Sales	3,631	3,319	9.4%	2,993	21.3%	10,310	10,064	2.4%
EBITDA	1,031	613	68.3%	612	68.4%	2,312	1,917	20.6%
Margin (%)	28.4%	18.5%		20.5%		22.4%	19.0%	
Net Profit	517	230	124.7%	269	92.6%	1,070	711	50.6%
Margin (%)	14.2%	6.9%		9.0%		10.4%	7.1%	
Basic EPS (Rs.)	6.38	2.84	124.7%	3.31	92.6%	13.21	8.77	50.6%

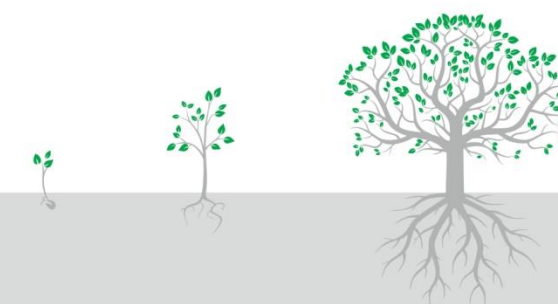
Notes:

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



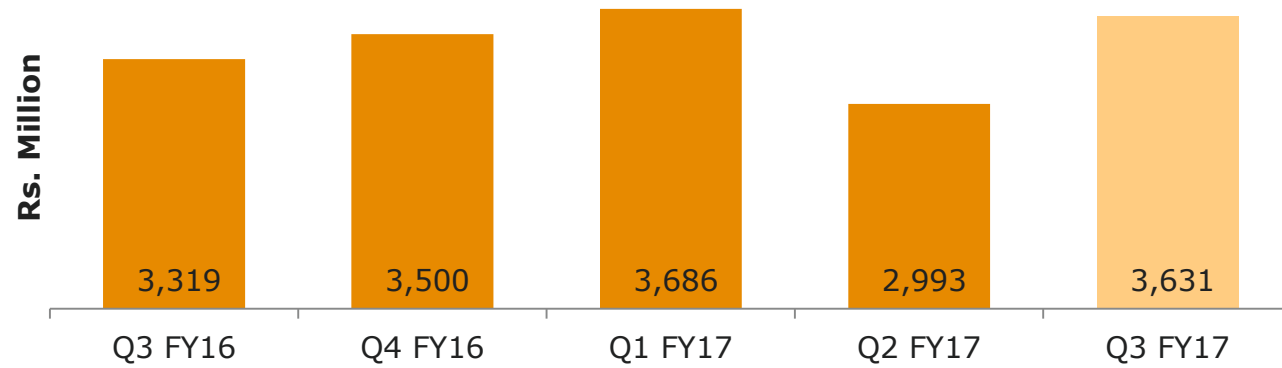
## Q3 FY2017 vs. Q3 FY2016

- **Revenues** increased by 9.4% y-o-y to Rs. 3,631 million
  - **Pharmaceuticals segment** recorded a growth of 19.1% y-o-y to reach Rs. 2,894 million. Proceeds on divestment of Klar Sehen of Rs. 400 million (net of expenses) were recognised during the quarter. Adjusted for this, growth in the pharmaceuticals vertical was 2.6% y-o-y
  - **Specialty Chemical** segment recorded a revenue of Rs. 706 million in Q3 FY2017, a decline of 18.7% compared to same period last year. This was primarily due to the divestiture of certain product lines effected earlier in the last fiscal year.
- **EBITDA** for the period was Rs. 1,031 million with margin of 28.4%
  - Pharmaceuticals segment EBIT margins were benefitted from the proceeds on divestment of Klar Sehen. Adjusted for the proceeds, EBIT margins expanded from 11.7% in Q3 FY2016 to 13.4% in Q3 FY2017. Better product mix, increase in custom manufacturing coupled with higher market share for generic product portfolio in the healthcare segment supported the margins
  - Despite the decline in revenues, Specialty Chemicals EBIT margins remained strong at 20.1%
- **Finance cost** was Rs. 173 million, a decline of 9.8% compared to the same period last year. This decline was due to repayment of long term debt coupled with better working capital management

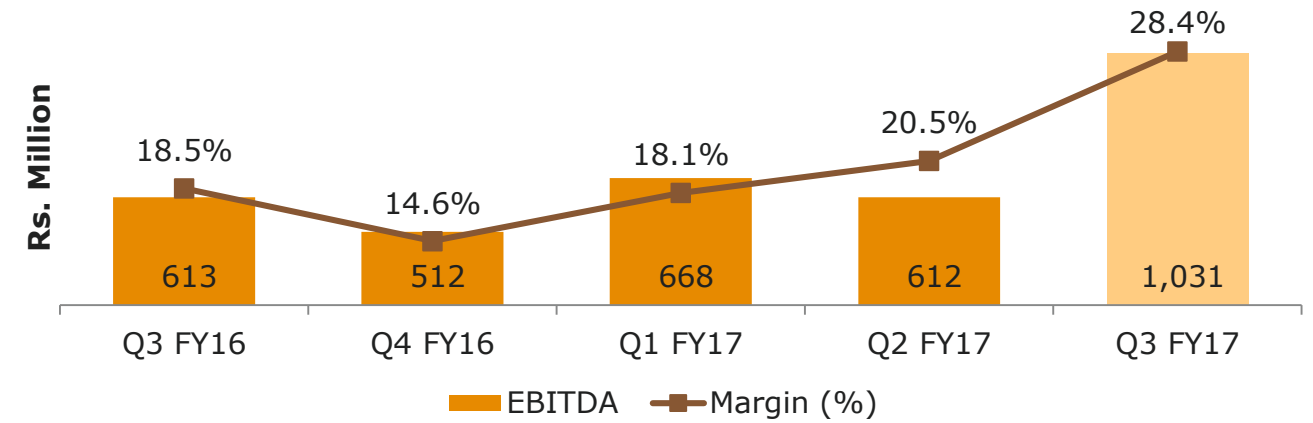




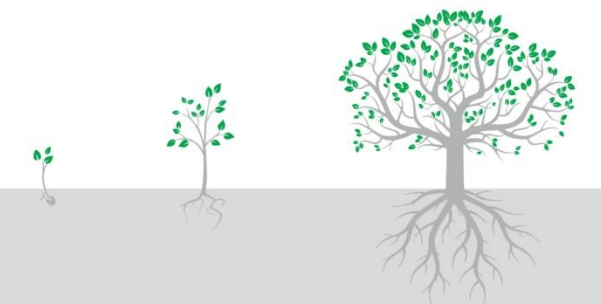
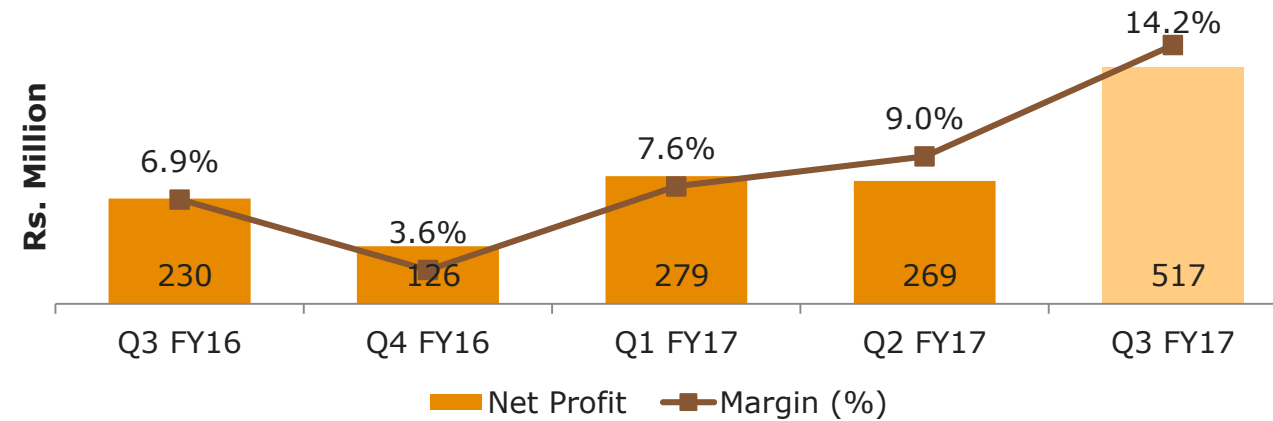
## Net Sales



## EBITDA and Margins



## Net Profit and Margins





# Consolidated Quarterly P&L Statement



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<b>Profit &amp; Loss Statement (Rs. million)</b>	<b>Q3 FY16</b>	<b>Q4 FY16</b>	<b>Q1 FY17</b>	<b>Q2 FY17</b>	<b>Q3 FY17</b>
<b>Revenues</b>					
Net Sales / Income from Operations (Net of Excise Duty)	3,299	3,472	3,668	2,984	3,600
Other Operating Income	20	29	18	9	31
<b>Total Revenues</b>	<b>3,319</b>	<b>3,500</b>	<b>3,686</b>	<b>2,993</b>	<b>3,631</b>
<b>Total expenses</b>	<b>2,706</b>	<b>2,988</b>	<b>3,017</b>	<b>2,381</b>	<b>2,600</b>
<b>Operating Profit (EBITDA)</b>	<b>613</b>	<b>512</b>	<b>668</b>	<b>612</b>	<b>1,031</b>
Depreciation and Amortization Expenses	155	148	158	149	155
<b>EBIT</b>	<b>458</b>	<b>365</b>	<b>510</b>	<b>463</b>	<b>876</b>
Finance Costs	192	245	152	149	173
<b>PBT</b>	<b>266</b>	<b>120</b>	<b>358</b>	<b>313</b>	<b>703</b>
Tax Expenses	36	(7)	79	45	186
<b>PAT</b>	<b>230</b>	<b>126</b>	<b>279</b>	<b>269</b>	<b>517</b>
Basic EPS (Rs)	2.84	1.56	3.44	3.31	6.38
<b>Margins (%)</b>					
Gross Margins	54.6%	52.7%	53.4%	55.1%	65.5%
EBITDA margins	18.5%	14.6%	18.1%	20.5%	28.4%
PAT margins	6.9%	3.6%	7.6%	9.0%	14.2%
<b>Y-o-Y Growth (%)</b>					
Total Revenues	(3.7)%	(1.9)%	10.7%	(12.4)%	9.4%
EBITDA	1.6%	(2.6)%	(0.6)%	(3.1)%	68.3%
PAT	11.9%	(29.8)%	15.2%	12.5%	124.7%
<b>Q-o-Q Growth (%)</b>					
Total Revenues	(2.8)%	5.5%	5.3%	(18.8)%	21.3%
EBITDA	(3.0)%	(16.4)%	30.5%	(8.4)%	68.4%
PAT	(3.6)%	(45.2)%	121.0%	(3.6)%	92.6%
Effective Tax Rate	13.4%	nm	22.2%	14.3%	26.4%

Notes:

1. Basic EPS adjusted for 2:10 stock split



# Consolidated Segment Performance

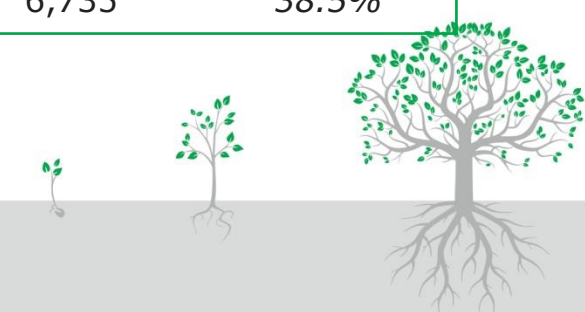


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(Rs. million)	Q3		y-o-y	Q2	q-o-q	Nine Months		y-o-y
	FY2017	FY2016	Growth (%)	FY2017	Growth (%)	FY2017	FY2016	Growth (%)
<b>Segment Revenue</b>	<b>3,600</b>	<b>3,299</b>	<b>9.1%</b>	<b>2,984</b>	<b>20.7%</b>	<b>10,252</b>	<b>9,985</b>	<b>2.7%</b>
Specialty Chemicals	706	869	(18.7)%	811	(12.9)%	2,367	2,769	(14.5)%
Pharmaceuticals	2,894	2,431	19.1%	2,173	33.2%	7,885	7,216	9.3%

<b>EBIT</b>	<b>876</b>	<b>458</b>	<b>91.3%</b>	<b>463</b>	<b>89.3%</b>	<b>1,855</b>	<b>1,450</b>	<b>27.9%</b>
<b>Margin (%)</b>	<b>24.3%</b>	<b>13.9%</b>		<b>15.5%</b>		<b>18.1%</b>	<b>14.5%</b>	
Specialty Chemicals	142	173	(18.1)%	207	(31.5)%	501	558	(10.3)%
Margin (%)	20.1%	20.0%		25.5%		21.2%	20.2%	
Pharmaceuticals	734	285	157.8%	256	187.1%	1,354	892	51.8%
Margin (%)	25.4%	11.7%		11.8%		17.2%	12.4%	

<b>Capital Employed</b>	<b>16,547</b>	<b>14,292</b>	<b>15.8%</b>	<b>15,897</b>	<b>4.1%</b>	<b>16,547</b>	<b>14,292</b>	<b>15.8%</b>
Specialty Chemicals	7,222	7,558	(4.4)%	7,172	0.7%	7,222	7,558	(4.4)%
Pharmaceuticals	9,325	6,735	38.5%	8,725	6.9%	9,325	6,735	38.5%



# Key Ratios

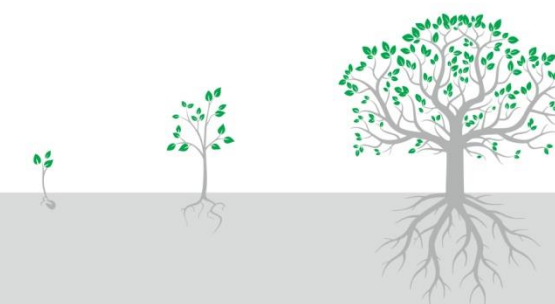


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	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	H1 FY2017
Net Worth (Rs. million)	1,967	4,748	5,091	5,604	5,592	5,852	6,151
Net Debt (Rs. million) Including current maturities of LT Debt	2,959	5,279	6,414	8,591	9,852	8,618	8,074
Fixed Assets (Rs. million)	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

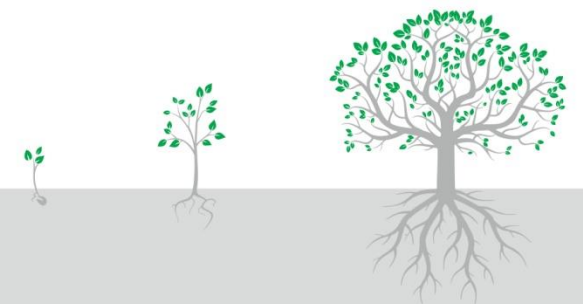
Notes:

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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