

Investor Update – Q3 FY'14

Venus Remedies Limited



March 2014

 Four-S Services



Financial Performance

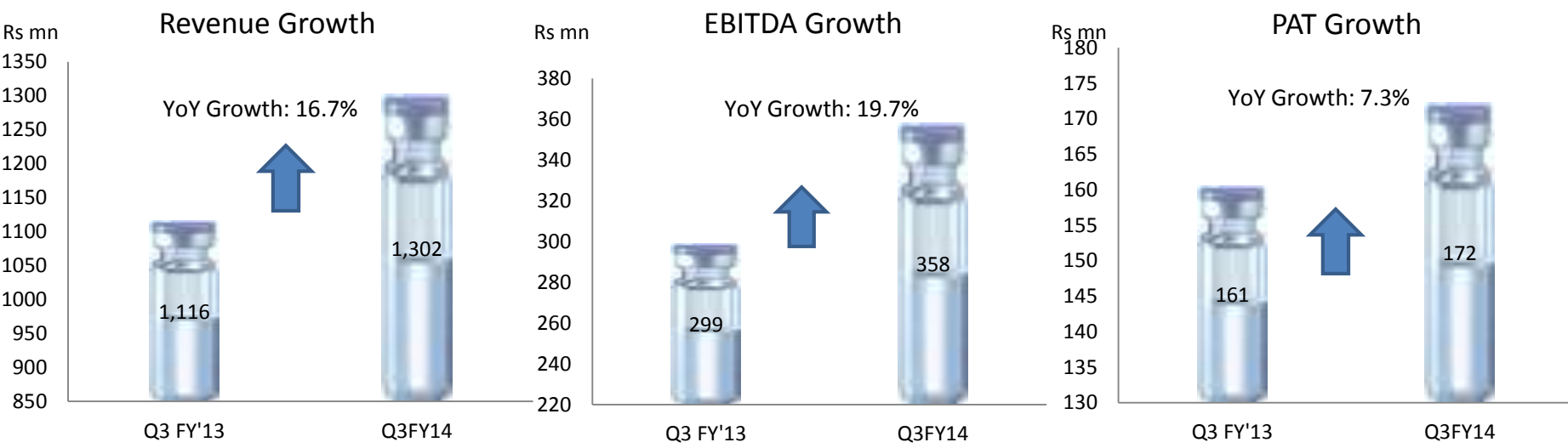


Business performance

Company Overview

Annexure

Revenue grows 17% YoY in Q3FY14

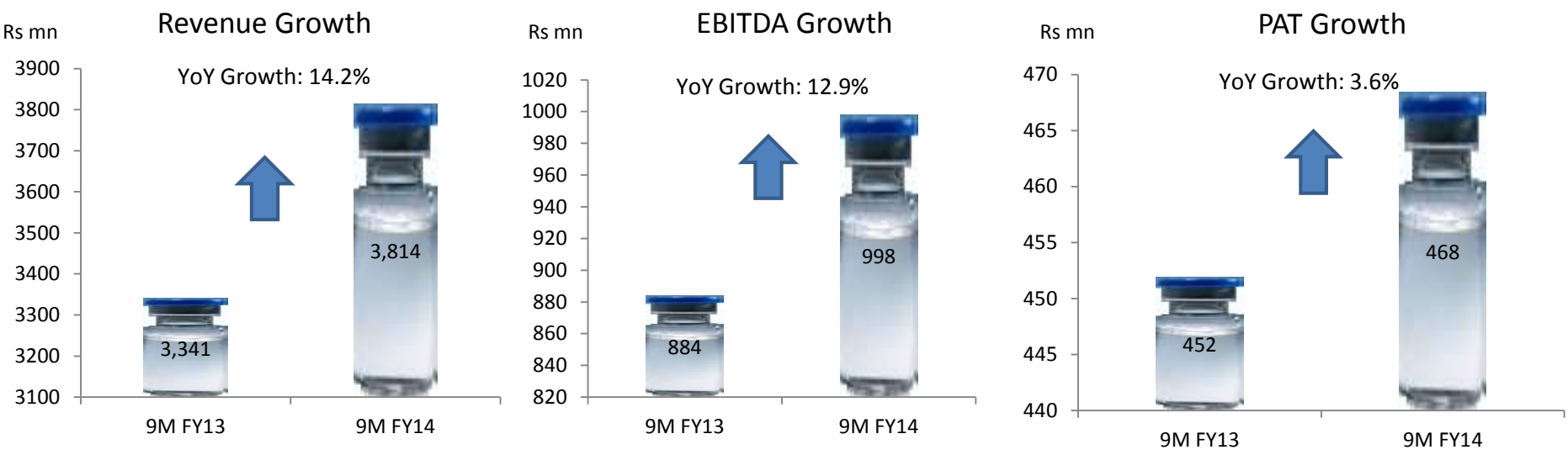


Revenue up 16.7% YoY, from Rs 1,116mn in Q3FY13 to Rs 1,302mn in Q3FY14, driven by strong 18% growth in exports and 20% growth in institutional sales

EBITDA up 19.7% YoY, from Rs 299mn in Q3FY13 to Rs 358mn in Q3FY14, with EBITDA margins expanding by 80 bps to 27.3%

PAT at Rs 172mn, up from Rs 161mn in Q3FY13, with net margins of 13.1%

Revenue grows 14% in 9MFY14

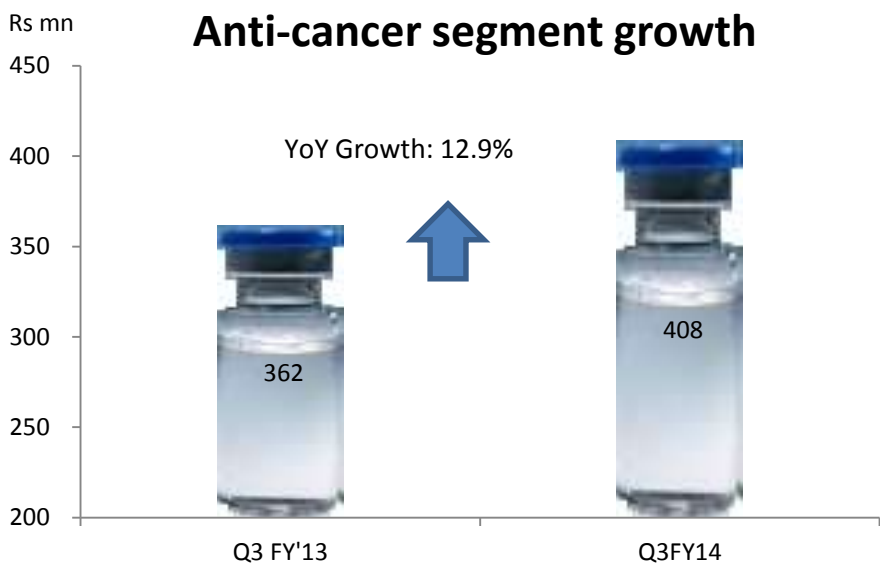
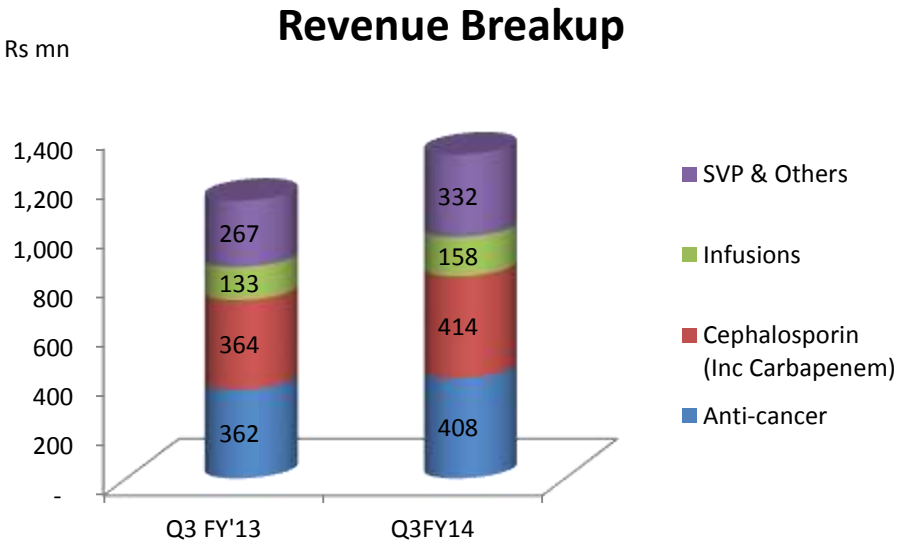


Revenue up 14.2%, from Rs 3,341mn in 9MFY13 to Rs 3,814mn in H1FY14, driven by strong 20% growth in exports and 17% growth in Cephalosporin (incl Carbapenem) segment

EBITDA up 12.9%, from Rs 884mn in 9MFY13 to Rs 998mn in 9MFY14, maintaining high EBITDA margins of 26.0%.

PAT at Rs 468mn, up from Rs 452mn in 9MFY13, with net margins of 12.2%

Good performance of Anti-Cancer & Cephalosporin segments continue



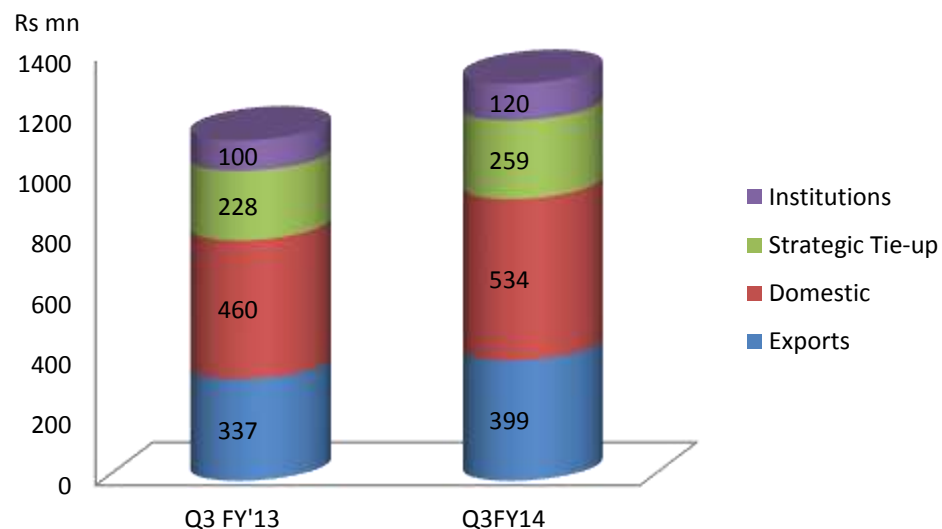
Strong growth in Anti-Cancer segment of 12.9% YoY from Rs.362mn in Q3 FY13 to Rs 408mn in Q3FY14

Other strategically important segment Cephalosporin registered strong growth of 13.5% YoY

Infusions and SVP & others grew at 18.8% and 24.4%, respectively

Well balanced revenue mix

Revenue Mix



% Break Up	Q3 FY'13	Q3 FY'14
Exports	30.0	30.4
Domestic	40.9	40.7
Strategic Tie-up	20.3	19.7
Institutions	8.9	9.2

	Rs mn	
Revenue Break-Up (Rs mn)	Q3 FY'13	Q3 FY'14
Exports	337	399
Domestic	460	534
Strategic Tie-up	228	259
Institutions	100	120
Total	1126	1313

Strong growth in exports of 18% YoY along with 20% YoY growth in institutional sales

Domestic sales up by 16% YoY

Financial Performance

Business Performance



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Signs MoU for blockbuster Elores for South African market

Exclusive out-license deal with Austell Lab; \$20mn expected in 5yrs

Set to launch the product by mid 2015

Expected to generate revenue of \$20mn within five years of launch

Target 40% of \$275mn systemic anti-bacterial market in South Africa, growing at 10.5% CAGR

Opportunity to target 25% of systemic antibacterial market globally, systemic antibacterial market to reach \$44bn globally in 2016

Elores reduces treatment time by 30% and cost by 50%, giving an edge over its competitors

Since launch in India last year, the product has received a tremendous response from the medical fraternity across the nation



Achnil receives patent from US patent office

To be commercialized in US through technology transfer/out-licensing of marketing rights

The once-a-day painkiller injection, Achnil, receives patent from US Patent Office, valid till 2032

The formulation will be commercialised in the US market through technology transfer/out-licensing of exclusive marketing rights

Global market of \$1.5bn, US constitutes the largest market

Aceclofenac-based Achnil is non-steroidal anti-inflammatory drug (NSAID). It can relieve acute as well as chronic pain and inflammation and is free from any side effects

An Aceclofenac injection is effective for 24 hours as against the conventional daily dose of three injections of diclofenac given every 8 hours



Set to enter Indonesian market, Gets GMP for Baddi unit

To enter Indonesia by mid 2014, expects revenue of \$1mn in the first year

Received Good Manufacturing Practices (GMP) certification from Indonesia for its Baddi unit

Plans to enter \$4.5bn Indonesian pharma market by mid year with a target revenue of \$1 mn in the first year itself

22nd GMP certificate for Venus Remedies and 4th PIC/S GMP certification till date

Expects to receive registrations for 10 oncology products in next two weeks for Indonesian cancer market of \$88.58mn

Strengthened R&D capability with MoU with Baba Farid Varsity for Research

To undertake collaborative research projects in oncology, anti-infectives, and pain management

The Venus Medicine Research Centre (VMRC) has signed a Memorandum of Understanding (MoU) with Baba Farid University of Health Sciences (BFUHS), Faridkot.

The plans are to undertake collaborative research projects and academic programmes.

Opens new frontiers for high-end research in India, particularly in oncology, anti-infectives and pain management.

VMRC already has research collaborations with 10 other research organisations including University of Illinois, Chicago; Institute of Microbial Technology (IMTECH), Chandigarh, etc

Wins Award for Elores

3rd award in one year since its launch

Received Innovative 100 Award for its novel research product Elores at an award function organized by “Inc India”, business magazine in Delhi

Elores is a drug designed to fight ‘superbugs’ to which other antibiotics fail to respond

3rd award in a year after Gold Medal for best Innovation from DST-Lockheed Martin India and UBM India Pharma for Excellence in Product Development

It has patent for product, method of treatment & use from 45 countries including US, India, Australia & Europe

Venus has already filed CTD for this product in Europe and is planning to take this product to other International markets

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Venus Remedies : R&D led Innovative Pharma Company

- One of the few pharma companies in India with complete focus on innovation and R&D
- Focussing on unmet medical needs with life threatening implications to develop innovative research products
- Received 90+ patents, 70 trademarks and 9 copyrights for its R&D based products across the globe
- Pipeline of 25 innovative products; commercialized 15 products in domestic and international market
- Strong R&D focus on high growth anti microbial resistance and Oncology segments
- Developed expertise in key technologies like Novel drug delivery system and nano-technology
- Venus Medical Research Centre in Baddi is a DSIR approved and GLP certified research centre, to become one amongst the 8 pharma companies in India

90+ patents granted from 51 countries. 260 more patents filed across the globe

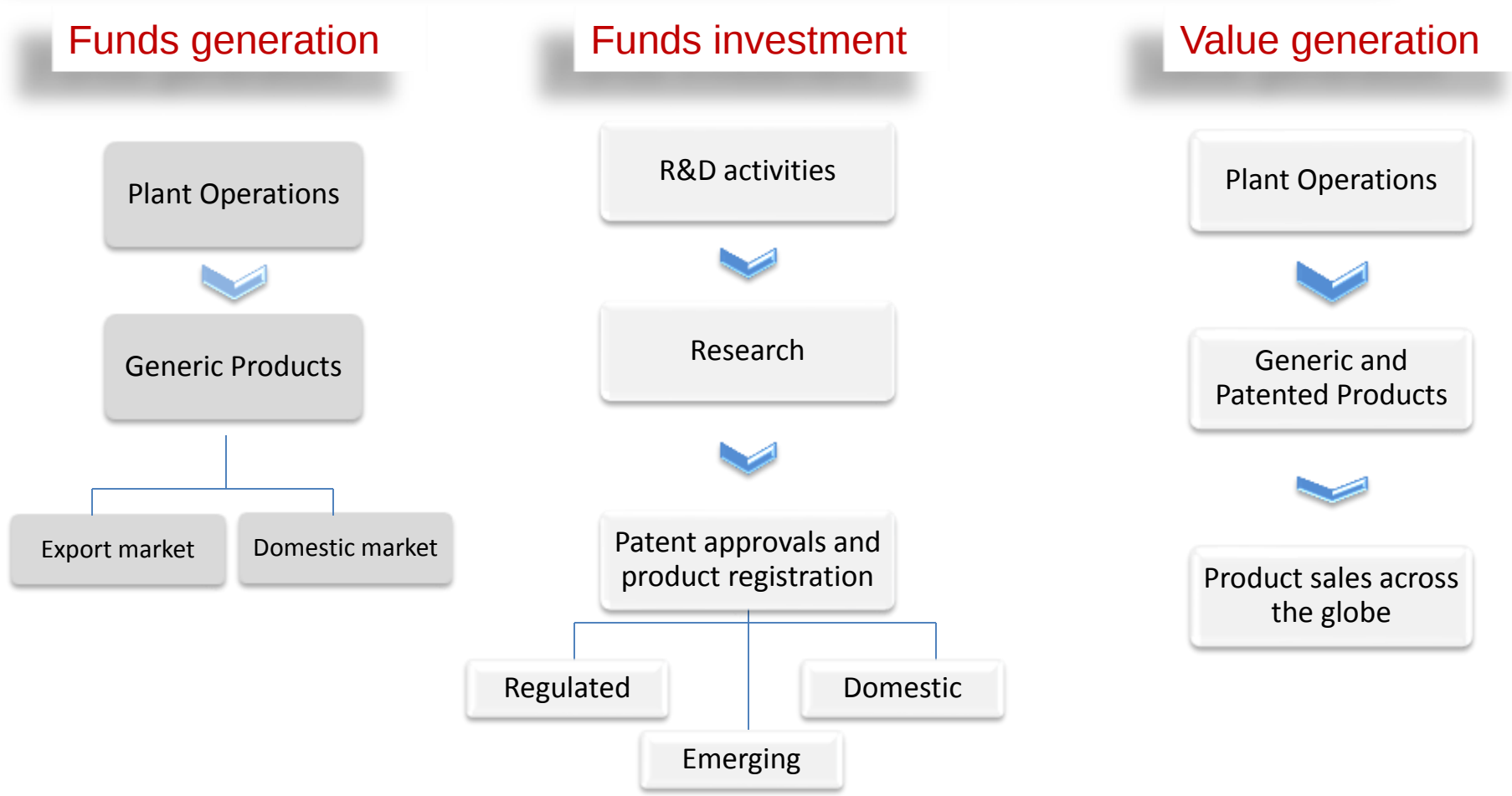
R&D products in Anti-cancer, Anti-infective, Wound care, Pain Mgmt and Neurology

451 market authorizations and 642 ACTDs filed in emerging countries.

66 Market authorizations and filed 151 in regulated countries

With strong business model

IP value generated through substantial investments from generic operation



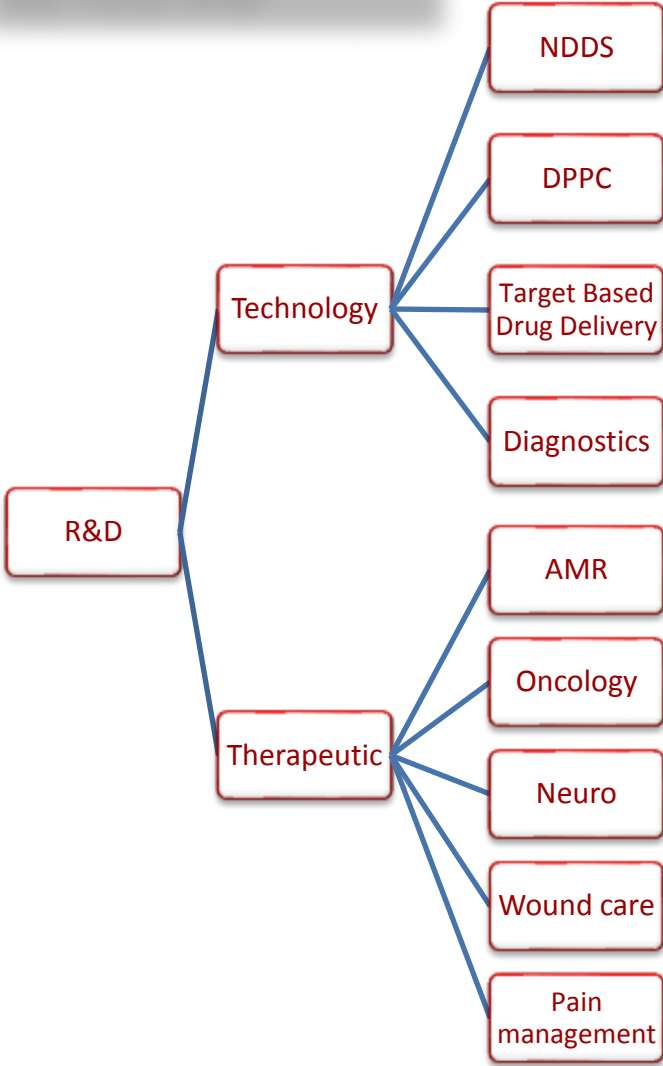
Vision 2015: To create intellectual property wealth of \$1bn

Key competencies driving growth of Venus

Competencies



Key Focus Area



Leading to strong growth in R&D revenues

Continued efforts towards IP generation

- Invested 15% sales in R&D in FY13



Strong IP wealth generation

- 66 CTDs and 451 ACTDs registered across the globe out of 151 CTDs and 642 ACTDs filed till date*

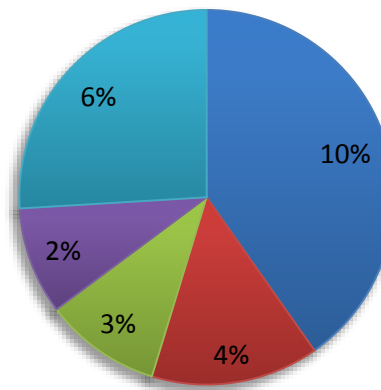


Strong traction from R&D products

Revenue grew by 16.8% In FY13

Revenue contribution by R&D products

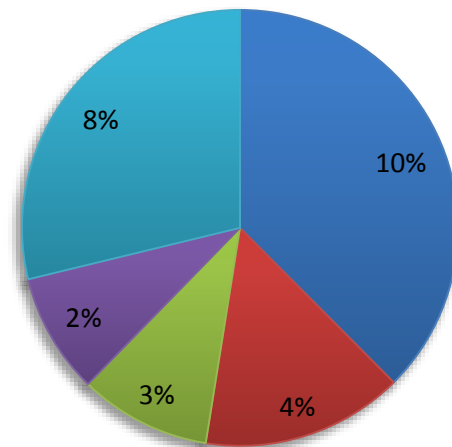
FY12



25% of revenue

■ Sulbactomax ■ Potentox ■ Neurotol ■ Vancoplus ■ Others

FY13



27% of revenue

Revenue from research products at ~27% in FY'13

*4 CTDs and 2 ACTDs registered in this quarter

Growth Engines: Commercialised high potential R&D products

Path breaking innovative products from Venus Medical Research Center to drive the growth



Elores

- Antibiotic adjuvant entity (AAE)
- Effective for a range of drug-resistant infections including Carbapenemase-resistant Metallobetalactamses (MBL) strains
- Market opportunity of more than \$11bn
- Signed deal with Korean pharma giant Goodwills Co. Ltd for exclusive marketing rights of Elores in Korea
- Expected to capture 15% of \$300mn target market in Korea within 3 years of launch



Vancoplus

- Antibiotic adjuvant entity (AAE)
- Effective in combating MRSA
- Only remedy after vaccination to treat MRSA and multi drug resistant microbe
- Growing with a CAGR of 50% since past 3 years



Potentox

- Reduces pneumonia treatment time from 21-30 days to 7-10 days as well as drug and disease-induced toxicities
- Approximately 20-30% cost reduction
- \$4.5bn global market opportunity
- Made an exclusive marketing rights deal with major South African pharma major, Adcock
- To be launched in SA market by 2015
- Expected to capture about 15% market share of ~\$69mn addressable market within 3 years of launch

Path breaking innovative products from Venus Medical Research Center to drive growth



Trois

- Topical nano-emulsion for Arthritis
- Most effective arthritis drug
- Time-to-action of less than 15 minutes
- The company is hopeful of capturing a significant share of the rheumatoid arthritis drug market in India, which is speculated to grow up to \$672 million by 2013



Taxedol

- Ready-to-use single vial Docetaxel
- For treatment of different types of cancer, particularly Breast and ovarian cancer
- Cost-effective and safe solution for patients
- Lower impurities & enhanced penetration with 11% higher tumorous cell-killing potential
- Global Docetaxel market is estimated to be \$ 2.5bn in 2012



Ezenus

- Detoxifier OTC Candy
- Free from side effects, with antioxidant, hepato-protective, and immune boosting activity
- Reduces more than 60% stress within 30 days without change in life style
- The company is hopeful that this novel research product 'EZENUS' will acquire 5% of the 100 million USD direct market of stress segment in India, other than lifestyle disorders, within 3 years of its launch.

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Standalone Financial Statement Q3FY'14 & 9MFY'14– Income Statement

Financials

Amount in Rs mn

Particulars (Rs mn)	Q3 FY'14	Q3 FY'13	% Chg YoY	Q2 FY'14 % Chg QoQ	9MFY14	9MFY13	YOY %	
Net sales	1302.2	1116.2	16.7	1245.3	4.6	3814.0	3340.7	14.2
Other operating income	10.4	10.1	2.6	7.2	45.2	23.2	19.5	18.6
Total Operating Income	1312.6	1126.4	16.5	1252.4	4.8	3837.1	3360.2	14.2
Total Expenditure	954.6	827.3	15.4	928.4	2.8	2839.0	2476.1	14.7
Consumption of Raw Materials (Increase) / Decrease In Stock In Trade & WIP	702.4	635.4	10.6	704.1	-0.2	2159.0	1939.9	11.3
Employees Cost	-7.5	0.6	-1469.1	22.5	-133.5	12.2	-61.1	-119.9
Other Expenditure	60.0	58.4	2.7	59.7	0.5	178.8	173.5	3.0
EBITDA	358.1	299.0	19.7	324.0	10.5	998.1	884.1	12.9
Depreciation	97.2	80.1	21.3	96.9	0.3	289.4	237.6	21.8
EBIT	260.9	218.9	19.2	227.1	14.9	708.7	646.6	9.6
Interest & Finance charges	83.4	52.9	57.6	69.2	20.5	219.5	182.8	20.0
Other Income	0.7	3.5	-79.4	0.2	238.1	2.1	7.4	-71.1
PBT	178.2	169.4	5.1	158.1	12.7	491.4	471.2	4.3
Tax Expense	5.9	8.9	-33.9	8.2	-27.9	23.0	19.2	19.6
PAT	172.3	160.6	7.3	150.0	14.9	468.4	451.9	3.6

Financial Statement – Key Ratios

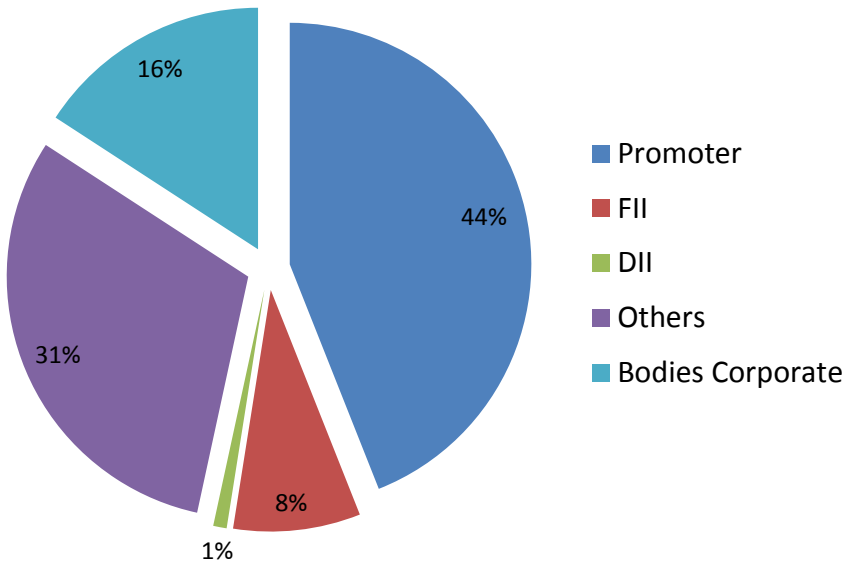
Key Ratios	Q3 FY'14	Q3FY'13	Q2FY'14	9MFY14	9MFY13
EBITDA Margin (%)	27.3	26.5	25.9	26.01	26.31
Net Margin (%)	13.1	14.3	12.0	12.21	13.45
Total Expenditure/ Total Operating Income (%)	72.7	73.5	74.1	73.99	73.69
Raw Material Cost/ Total Operating Income (%)	52.9	56.5	58.0	56.58	55.91
Staff Cost/ Total Operating Income (%)	4.6	5.2	4.8	4.66	5.16
Other Expenditure/ Total Operating Income (%)	15.2	11.8	11.3	12.74	12.61

EBITDA margins expanded to 27.3% with improved product mix of revenues from R&D & anti-cancer products.

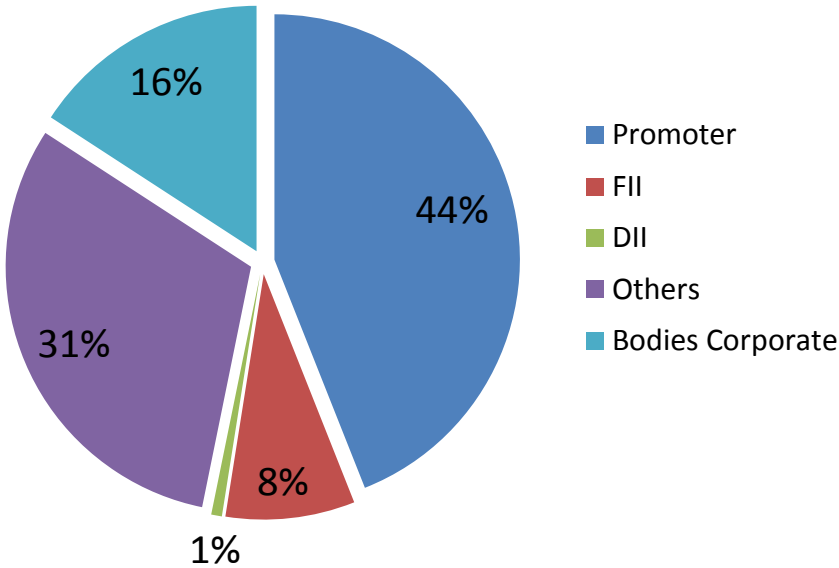
PAT margins affected due to higher interest & finance charges and taxes

Shareholding Pattern

As on 31st Dec -2013



As on 30th Sep -2013



Outstanding Shares –11.44 mn

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