Investor Update – Q2 FY’14

Venus Remedies Limited

VENUS®
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November 2013

Four-S Services



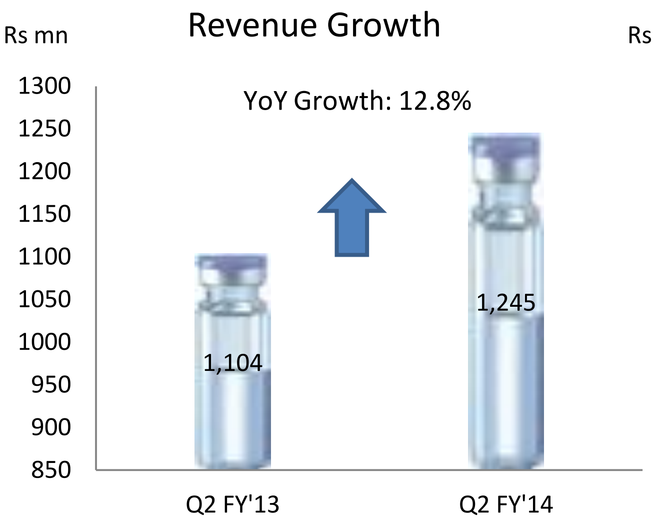

Financial Performance

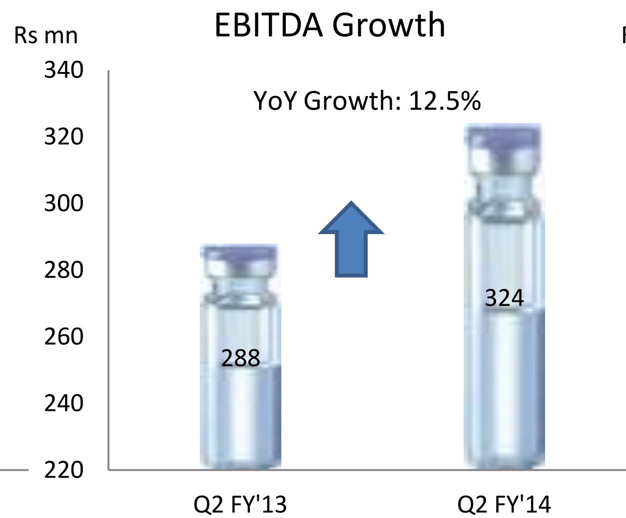
Business performance

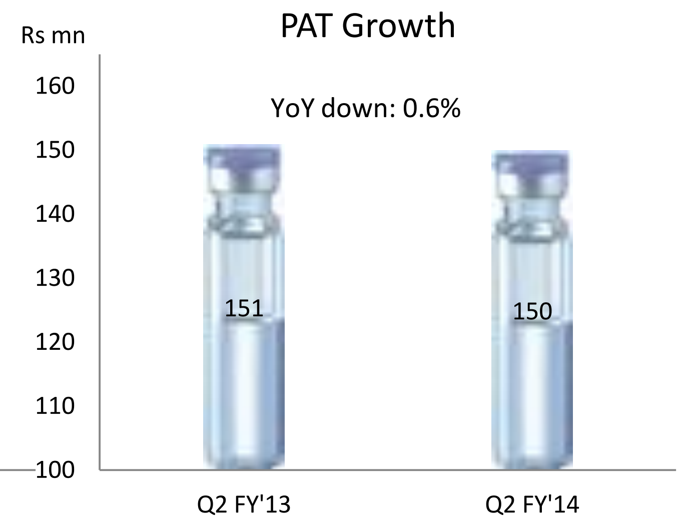
Company Overview

Annexure

Revenue grows 13% YoY in Q2FY14





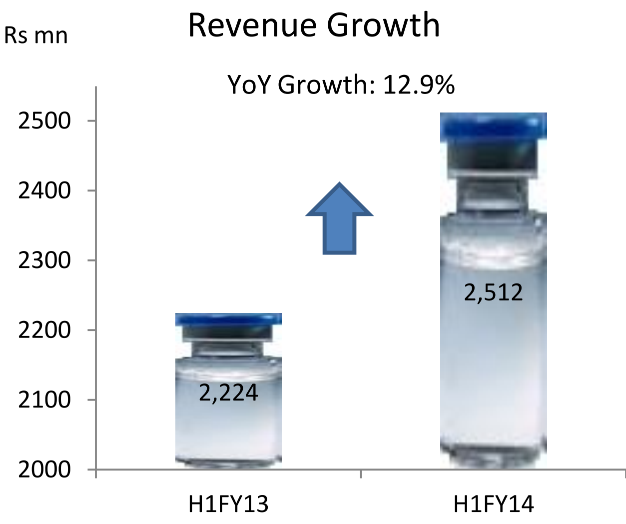


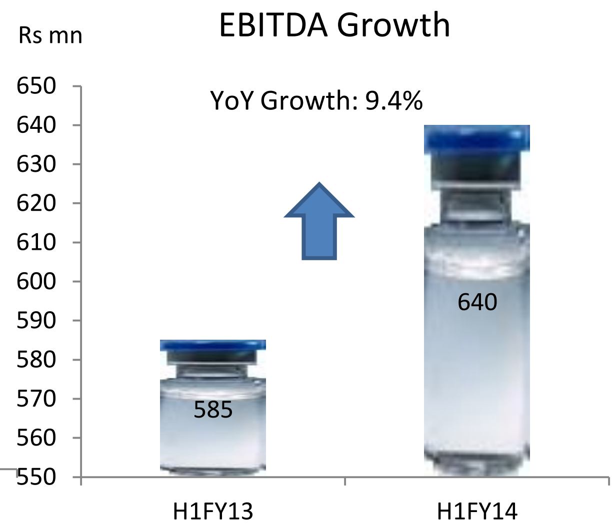
Revenue up 12.8% YoY, from Rs 1,104mn in Q2FY13 to Rs 1,245mn in Q2FY14, driven by strong 16% growth in exports

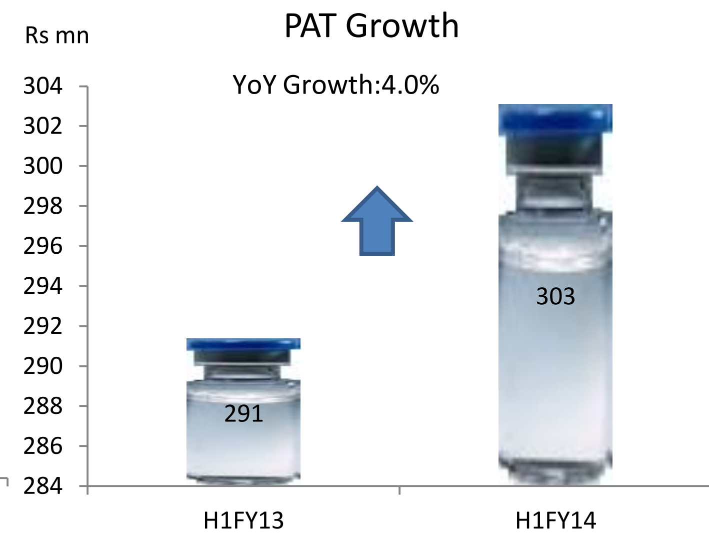
EBITDA up 12.5% YoY, from Rs 288mn in Q2FY13 to Rs 324mn in Q2FY14, maintaining high EBITDA margins of 25.9%

PAT at Rs 150mn, marginally down from Rs 151mn in Q2FY13, with net margins of 12%

Revenue grows 13% in H1FY14





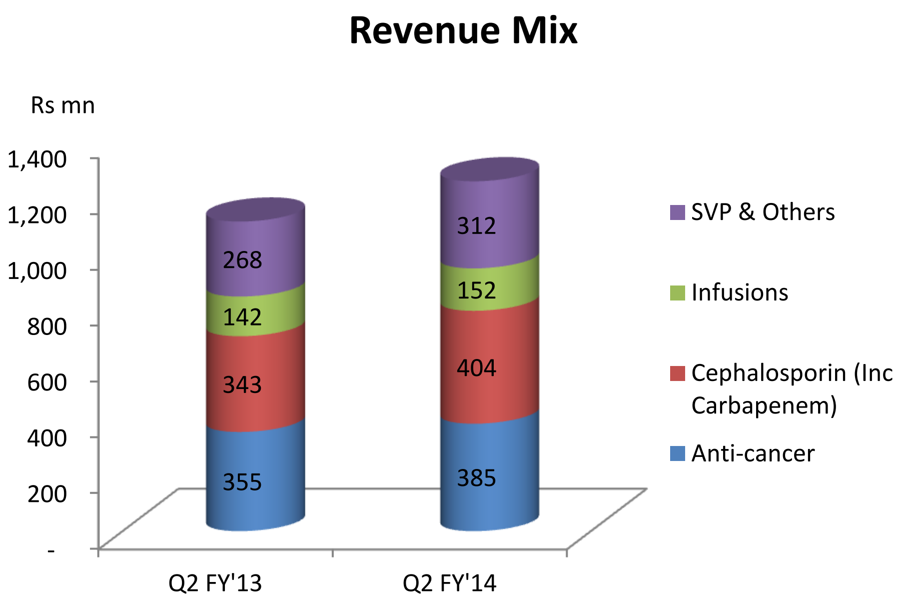


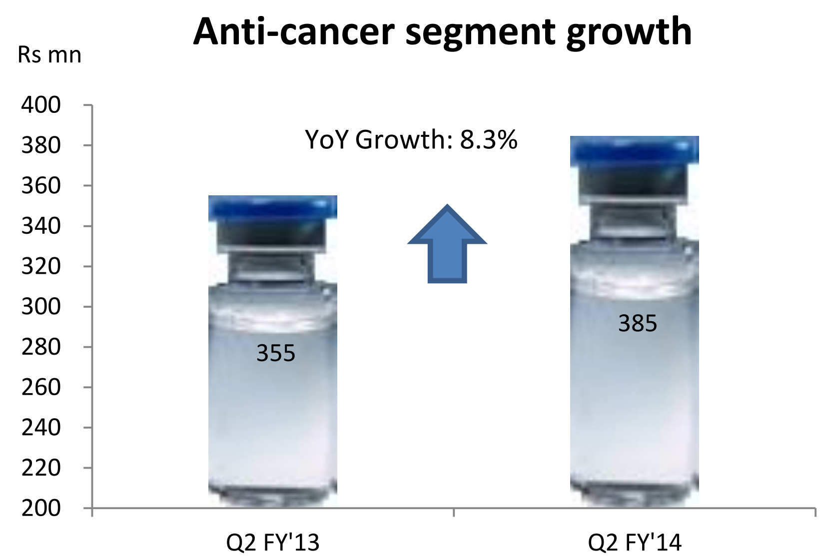
Revenue up 12.9%, from Rs 2,224mn in H1FY13 to Rs 2,512mn in H1FY14, driven by strong 20% growth in exports

EBITDA up 9.4%, from Rs 585mn in H1FY13 to Rs 640mn in H1FY14, maintaining high EBITDA margins of 25.4%.

PAT at Rs 303mn, up from Rs 291mn in H1FY13, with net margins of 12%

Good performance of Anti-Cancer & Cephalosporin segments continue

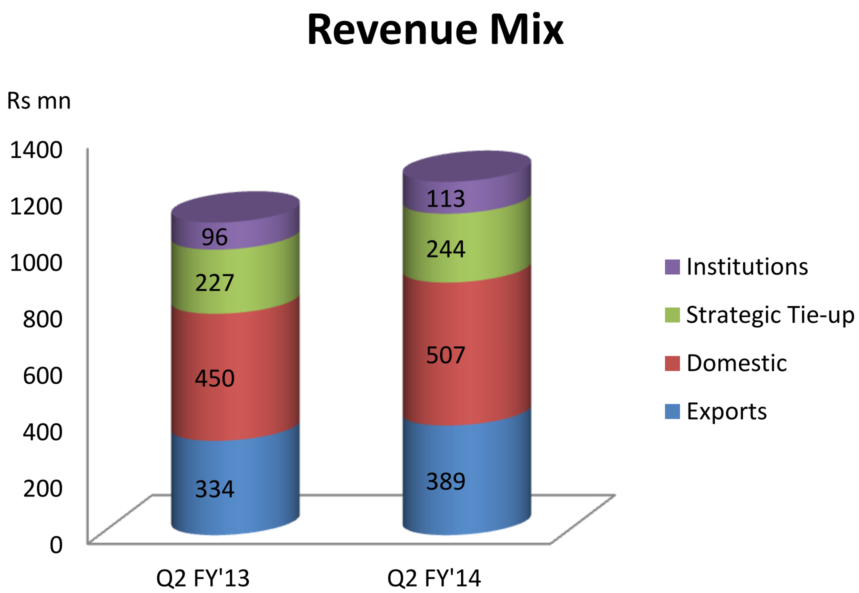




Anti-Cancer segment registered growth of 8.3% YoY from Rs.355mn in Q2 FY13 to Rs 385mn in Q2FY14

Other strategically important segment Cephalosporin registered strong growth of 17.9% YoY

Well balanced revenue mix



% Break Up	Q2 FY'13	Q2 FY'14
Exports	30.2	31.0
Domestic	40.7	40.5
Strategic Tie-up	20.5	19.5
Institutions	8.7	9.0

Rs mn

Revenue Break-Up (Rs mn)	Q2 FY'13	Q2 FY'14
Exports	334	389
Domestic	450	507
Strategic Tie-up	227	244
Institutions	96	113
Total	**1108**	**1252**

Strong growth in exports of 16% YoY along with 18% YoY growth in institutional sales

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Flagship Elores to enter Latin America market

Received marketing authorisation from Guatemala, the first in Latin America

Set to launch the product by early 2014

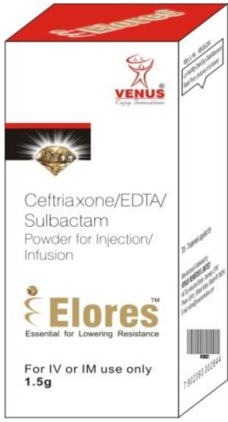
Expected to generate revenue of $5 million within three years of launch

$50bn, Latin American pharma market growing at CAGR of 15-20%

Resistance to ESBL found to be as high as 40-60% in Latin American countries

Elores is now part of Qualified Infectious Disease Products (QIDPs) in USA providing secured market exclusivity for five years as well as a fast-track review in Guatemala

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



Meropenem sales picking up fast

Got marketing authorisation from Italy for its generic broad-spectrum antibiotic injectable

Planning to launch the product in Italy next year

Targeting 10% market share in the next three years

Total meropenem sales in Italy stood at about Euro 50 million in 2012

Expects to double its exports this year from €5mn to €10mn

Plans to expand its reach to 50 countries from 35 currently by the end of FY14

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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

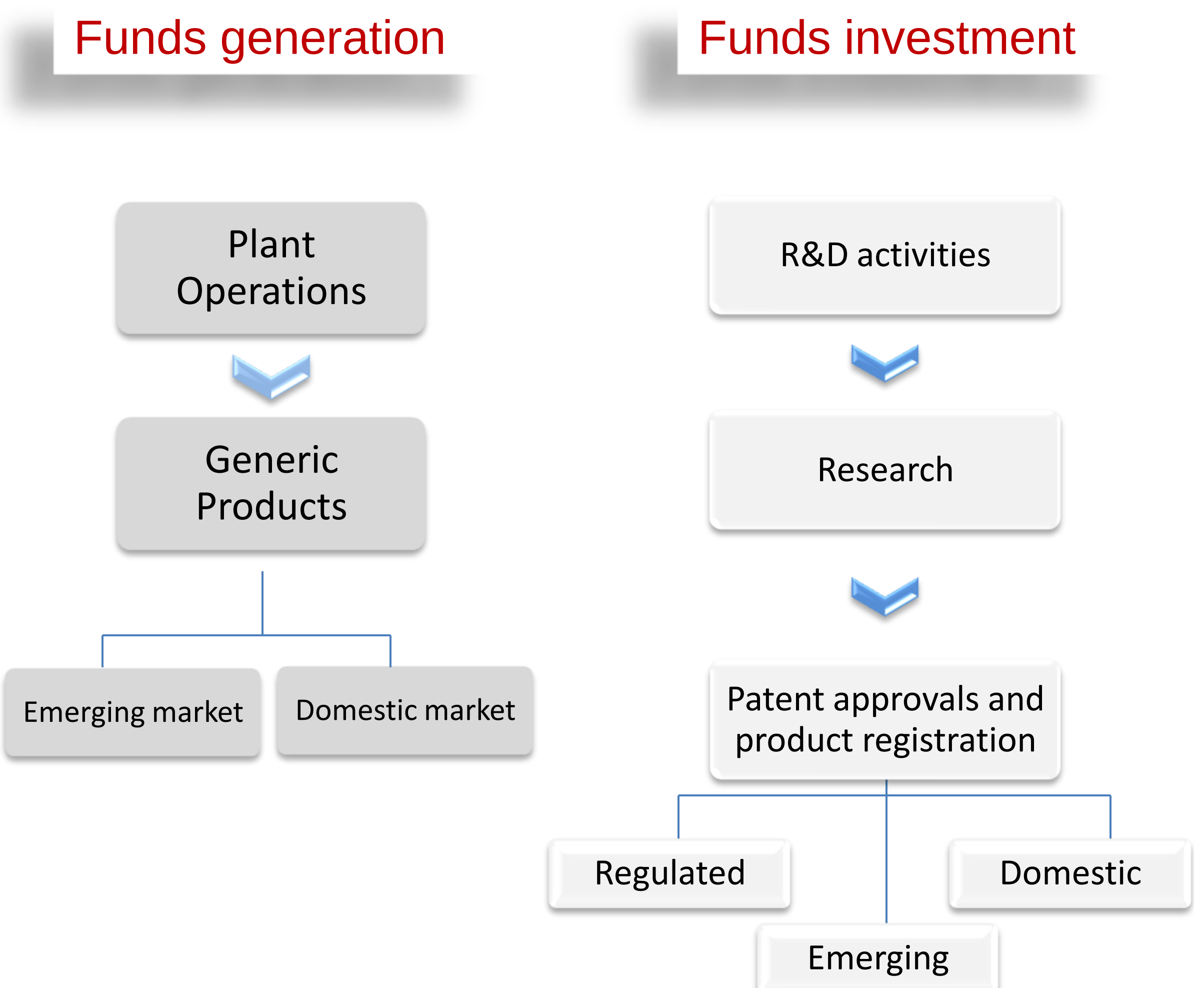
R&D products in Anti-cancer, Anti-infective, Wound care, Pain Mgmt and Neurology

433 market authorizations and 642 ACTDs filed in emerging countries.

61 Market authorizations and filed 151 in regulated countries

With strong business model

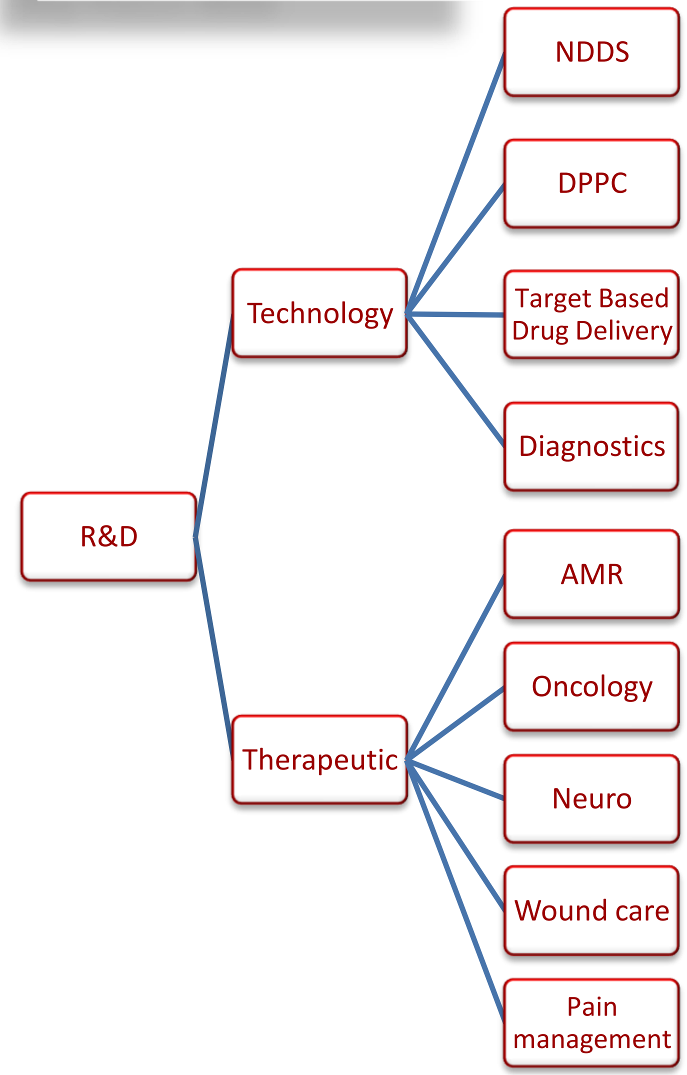
IP value generated through substantial investments from generic operation



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

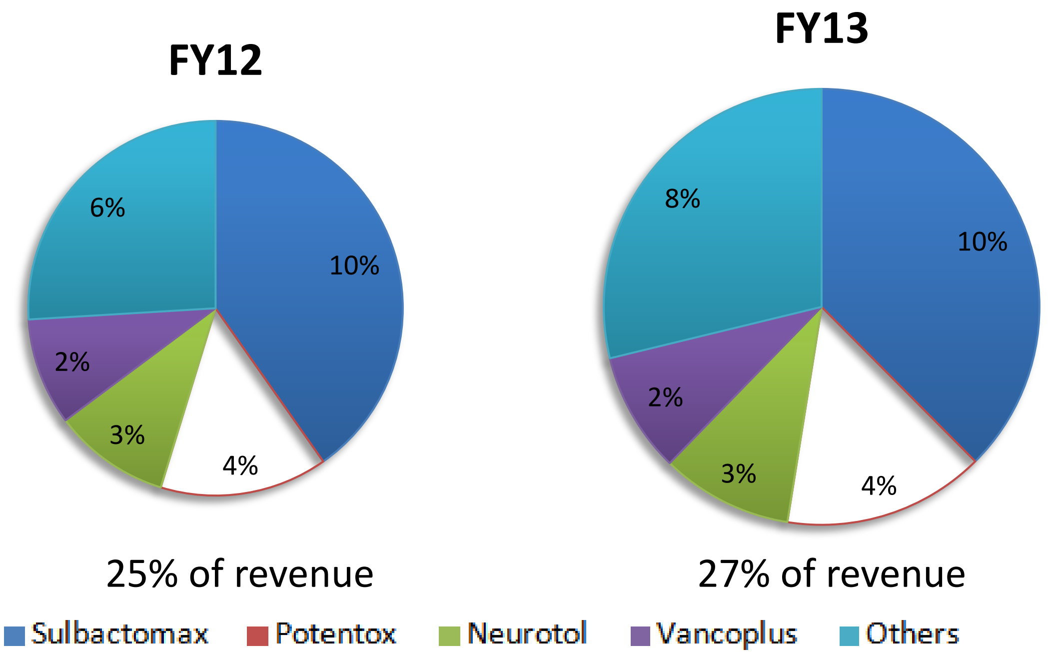
Strong IP wealth generation

- 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



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

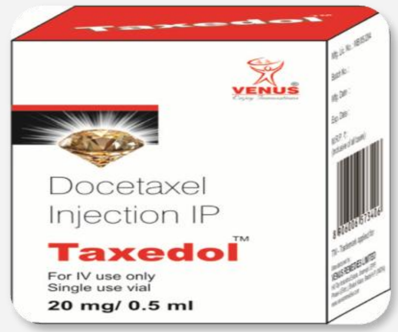
- Antibiotic adjuvant entity (AAE)
- Effective in combating MRSA
- Only remedy after vaccination to treat MRSA and multi drug resistant microbe
- Growing with a CAGR of 50% since past 3 years.

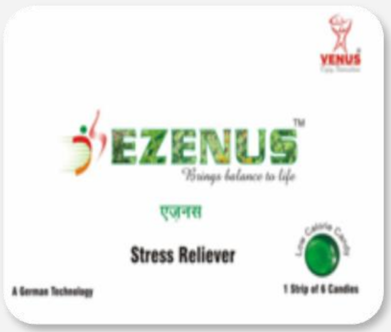
Potentox

- 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

Growth Engines: Commercialised high potential R&D products ...2

Path breaking innovative products from Venus Medical Research Center to drive the 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 Statements Q2FY'14 & H1FY'14– Income Statement

VENUS
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Financials

Amount in Rs mn

Particulars (Rs mn)	Q2 FY'14	Q2 FY'13	% Chg YoY	Q2 FY'14	% Chg QoQ	H1FY14	H1FY13	YOY %
Net sales	**1245.3**	**1104.1**	**12.8**	**1266.5**	**-1.7**	**2511.7**	**2224.5**	**12.9**
Other operating income	7.2	4.0	77.9	5.6	27.0	12.8	9.4	36.0
Total Operating Income	**1252.4**	**1108.1**	**13.0**	**1272.1**	**-1.5**	**2524.5**	**2233.9**	**13.0**
Total Expenditure	**928.4**	**820.2**	**13.2**	**956.0**	**-2.9**	**1884.5**	**1648.8**	**14.3**
Consumption of Raw Materials	704.1	652.2	8.0	752.5	-6.4	1456.6	1304.6	11.7
(Increase) / Decrease In Stock In Trade & WIP	22.5	-31.9	-170.6	-2.8	-903.9	19.7	-61.7	-132.0
Employees Cost	59.7	58.1	2.8	59.2	0.8	118.8	115.2	3.2
Other Expenditure	142.2	141.9	0.2	147.1	-3.4	289.3	290.7	-0.5
EBITDA	**324.0**	**287.9**	**12.5**	**316.1**	**2.5**	**640.1**	**585.1**	**9.4**
Depreciation	96.9	79.8	21.4	95.4	1.6	192.2	157.5	22.1
EBIT	**227.1**	**208.1**	**9.1**	**220.7**	**2.9**	**447.8**	**427.6**	**4.7**
Interest & Finance charges	69.2	53.7	28.8	66.8	3.6	136.0	129.9	4.7
Other Income	0.2	2.7	-92.2	8.2	-97.4	8.4	4.0	112.4
PBT	**158.1**	**157.1**	**0.7**	**162.1**	**-2.4**	**320.2**	**301.7**	**6.1**
Tax Expense	8.2	6.2	32.1	9.0	-9.1	17.1	10.3	222.8
PAT	**150.0**	**150.9**	**-0.6**	**153.1**	**-2.1**	**303.1**	**291.4**	**4.0**

Standalone Balance Sheet Statements - H1FY'14

Particulars (Rs Cr)	As at 30.09.2013	31.03.2013
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	114	105
Reserves and surplus	4253	3769
Money received against warrants		48
Total Shareholders' funds	**4368**	**3922**
Non-current liabilities		
Long-term borrowings	1501	1291
Deferred tax liabilities (net)	147	147
Other long-term liabilities	6	5
Long-term provisions	34	29
Total Non-current liabilities	**1687**	**1472**
Current liabilities		
Short-term borrowings	1004	957
Trade payables	246	179
Other current liabilities	373	579
Short-term provisions	81	186
Total Current liabilities	**1705**	**1901**
TOTAL - EQUITY AND LIABILITIES	**7759**	**7295**
ASSETS		
Non-current assets		
Fixed assets	4591	4287
Non-current investments	287	287
Long-term loans and advances	479	427
Total Non-current assets	**5357**	**5002**
Current assets		
Inventories	1342	1264
Trade receivables	518	531
Cash and cash equivalents	44	63
Short-term loans and advances	499	435
Total - Current assets	**2403**	**2293**
TOTAL - ASSETS	**7760**	**7295**

Financial Statements – Key Ratios

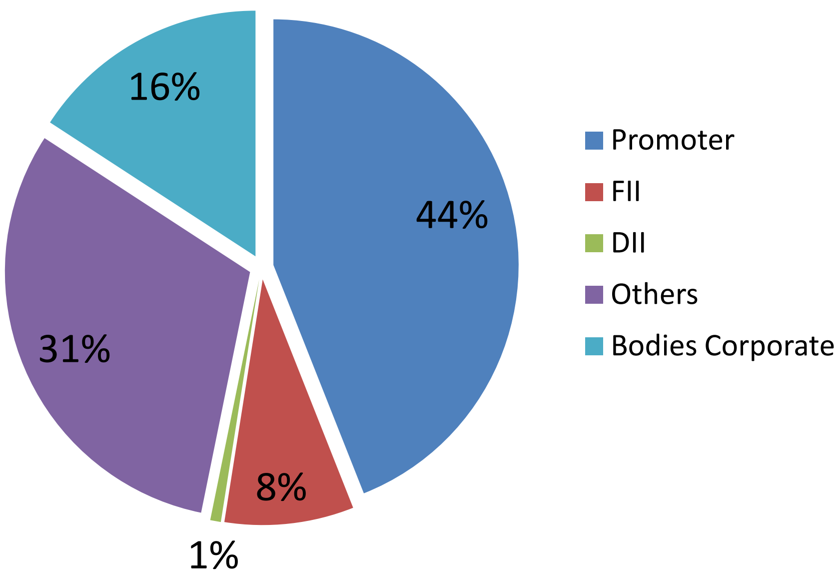
Key Ratios	Q2 FY'14	Q2FY'13	Q1FY'14	H1FY14	H1FY13
EBITDA Margin	25.9%	26.0%	24.8%	25.35%	26.19%
Net Margin	12.0%	13.6%	12.0%	12.01%	13.04%
Total Expenditure/ Total Operating Income	74.1%	74.0%	75.2%	74.65%	73.81%
Raw Material Cost/ Total Operating Income	58.0%	56.0%	58.9%	58.48%	55.64%
Staff Cost/ Total Operating Income	4.8%	5.2%	4.7%	4.71%	5.16%
Other Expenditure/ Total Operating Income	11.3%	12.8%	11.6%	11.46%	13.01%

EBITDA margins remained stable at 25.9% due to improved product mix despite margin pressure in generics business

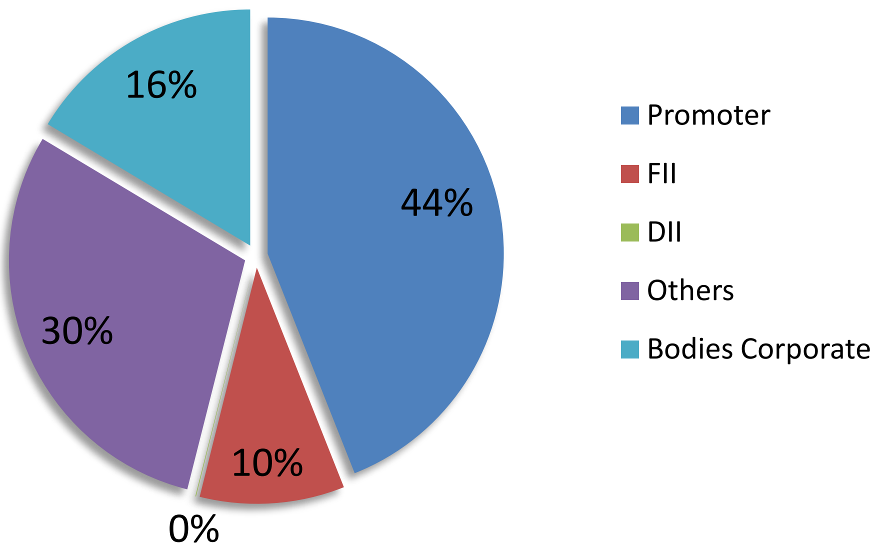
PAT margins affected due to higher interest & finance charges and taxes

Shareholding Pattern

As on 30th Sep -2013



As on 30th Jun -2013



Outstanding Shares –11.44 mn

Contact us

For any Investor Relations queries, please contact:

Dheeraj Aggrawal
Venus Remedies
Email: dheeraj@venusremedies.com
Tel. No. +91-172-3933019

Rakesh Pandit
Venus Remedies
Email: irpr@venusremedies.com
Tel. No. +91-172-3933035

Alok Somwanshi/Seema Shukla
Four-S Services Pvt. Ltd
Email: alok.somwanshi@four-s.com/Seema@four-s.com
Tel. No. +91-22-42153659

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