

# Investor Presentation

June 2019



**RPG LIFE SCIENCES**

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**Company Overview**

**FY 19 Performance Highlights**

**Way Forward**

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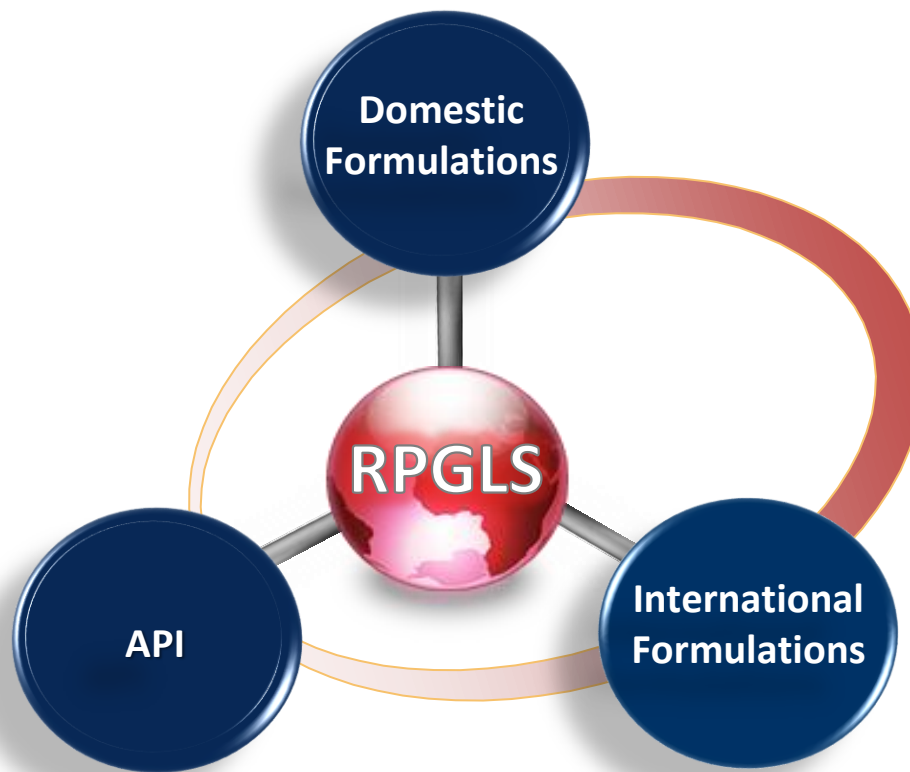
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**Company Overview**

**FY 19 Performance Highlights**

**Way Forward**

# Business Overview: Company

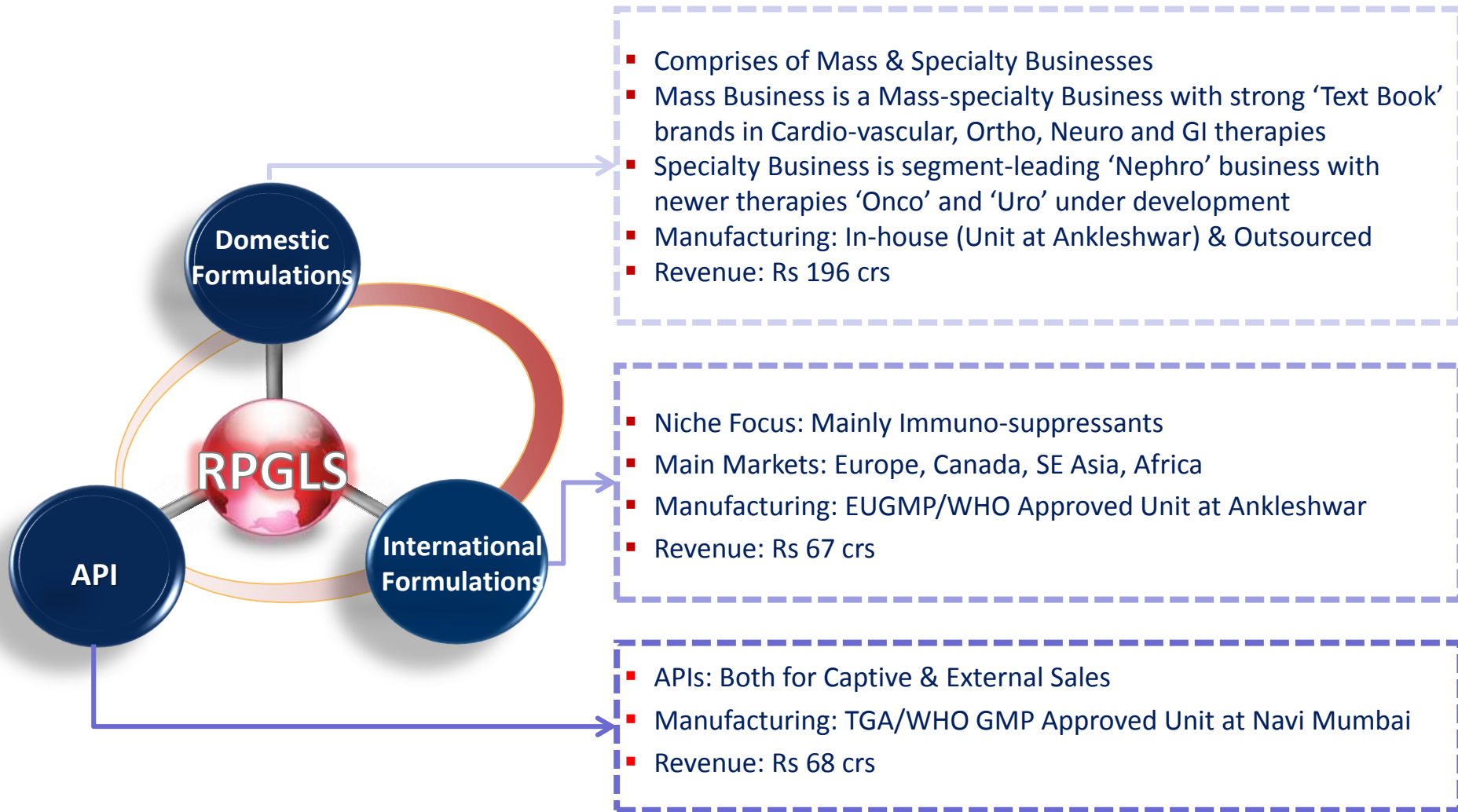


**Manufacturing: Both API & Formulations (3 Units)**  
**Employees: ~1160**

**Sales\* : Rs 331 crs**  
**EBIDTA : 34 crs**  
**PBT : Rs 15 crs**  
**Exports : 39%**

\* Excludes other operating income

# Business Overview: 3 Business Verticals



# Management Team



**Yugal Sikri**

*Managing  
Director*



**BM Sundaram**

*API, Intl. &  
Specialty*



**Samir Rane**

*Domestic –  
Main*



**Milind Gujar**

*Chief Quality  
Officer*



**Manoj Muthiyan**

*New Product Dev.  
& Regulatory Affairs*



**Suchitra Tiwari**

*Regulatory  
Affairs*



**Kartick Patra**

*API Operations &  
Procurement*



**Rajesh Chopra**

*Intl. Formulations  
Manufacturing*



**Himmat Patel**

*Dom. Formulations  
Manufacturing*



**Mahesh Narayanaswamy**

*Finance, IT,  
Sec & Legal*



**Tushar Joshi**

*HR &  
Admin*

# Board of Directors

| Name  | Experience   |
|---|--|
| Harsh Vardhan Goenka – Chairman             | Chairman, RPG Group  |
| Yugal Sikri - Managing Director             | Ex-Ranbaxy, Novartis, Pfizer, GSK, RPG Life Sciences                                   |
| Sachin Nandgaonkar - Non Executive Director | Ex-Senior Partner at BCG   |
| C L Jain – Independent Director             | Ex-CFO at Hoechst India  |
| Dr Lalit Kanodia – Independent Director     | Founder of Datamatics Global Services Limited  |
| Mahesh Gupta – Independent Director         | Group Managing Director of Ashok Piramal Group, Ex-CFO of RPG Group & Nicholas Piramal |
| Manoj Maheshwari – Independent Director     | Ex-Geoffrey Manners, Wyeth Lederle, JF Laboratories                                    |
| Narendra Ambwani – Independent Director     | Ex-Johnson & Johnson   |
| Zahabiya Khorakiwala – Independent Director | Managing Director at Wockhardt Hospitals   |



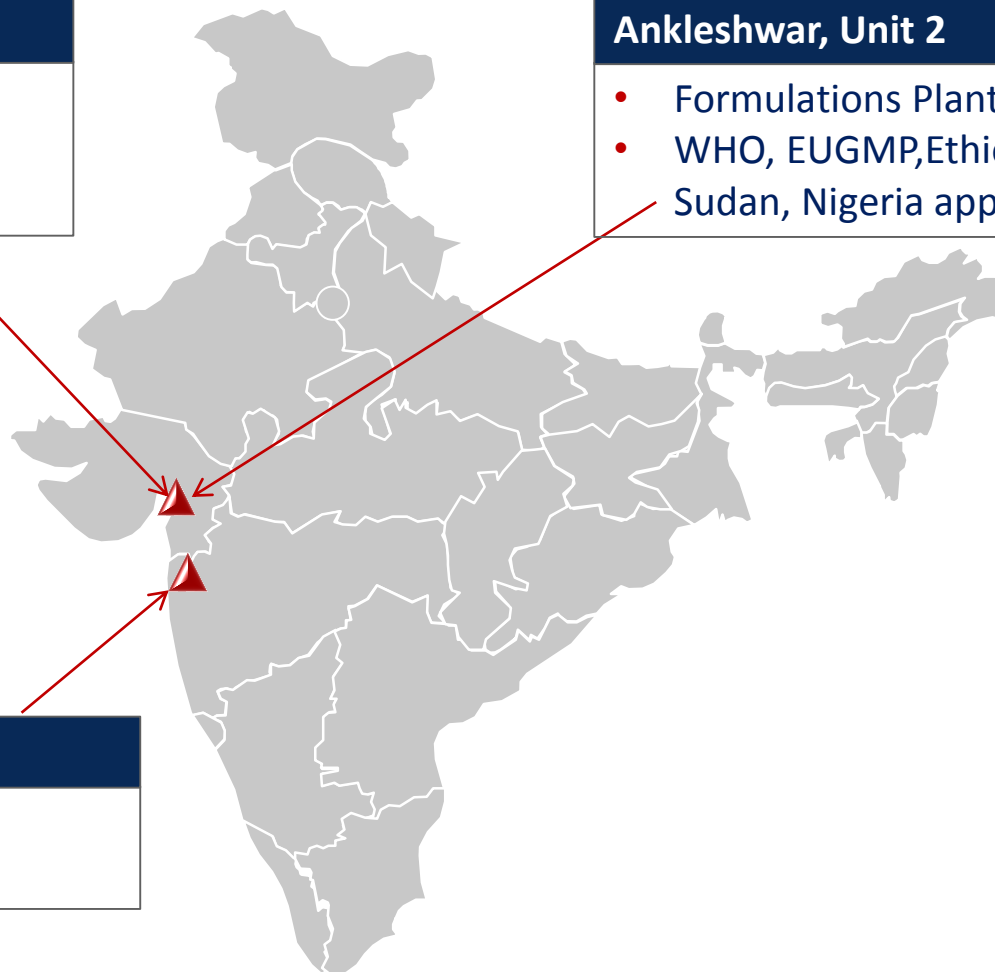
# Manufacturing Facilities

## Ankleshwar, Unit 1

- Formulations Plant
- WHO, Kenya, Nigeria approved

## Ankleshwar, Unit 2

- Formulations Plant
- WHO, EUGMP, Ethiopia, Kenya, Sudan, Nigeria approved



## Navi Mumbai

- API Plant
- WHO, TGA approved

# Key Products: Domestic – Majorly ‘Text Book’ Brands

| Therapy          | Products  |
|------------------|---|
| Cardiovascular   | Aldactone, Cardibeta                            |
| Neuro-psychiatry | Serenace  |
| Orthopedic       | Naprosyn  |
| Gastrointestinal | Lomotil, Lomofen+, Rabee, Tricaine              |
| Nephrology       | Azoran, Arpimune ME, Mofetyl, RPO, Darba, X-Mab |
| Respiratory      | Romilast  |
| Nutritional      | Minmin  |
| Oncology         | Hermab, Nabpac, PegFrastim                      |
| Urology          | Sildura, Tamflo, Tamflo DFZ                     |



# Key Products: International Formulations

## Existing Products

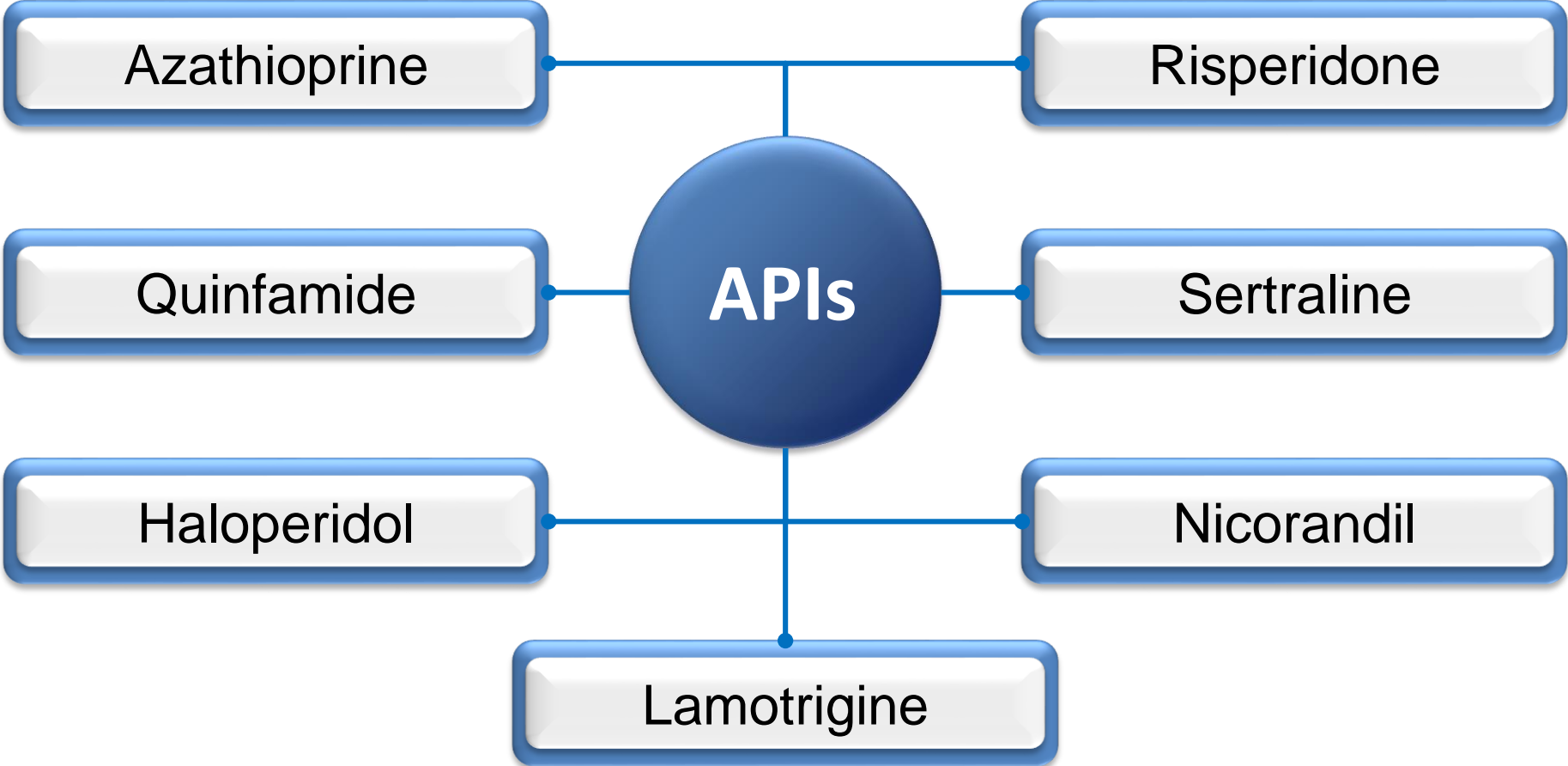
- Azathioprine
- Mycophenolate Mofetil (EU)
- Nicorandil – EUCTD
- Sertraline (Contract Mfg.)
- Clotrimazole (Contract Mfg.)
- Siloxogene

## Products Under Development

- Sodium Valproate - EUCTD
- Aminocaproic Acid – ANDA
- Azathioprine – ANDA
- Mycophenolate Mofetil - ANDA



# Key Products: API



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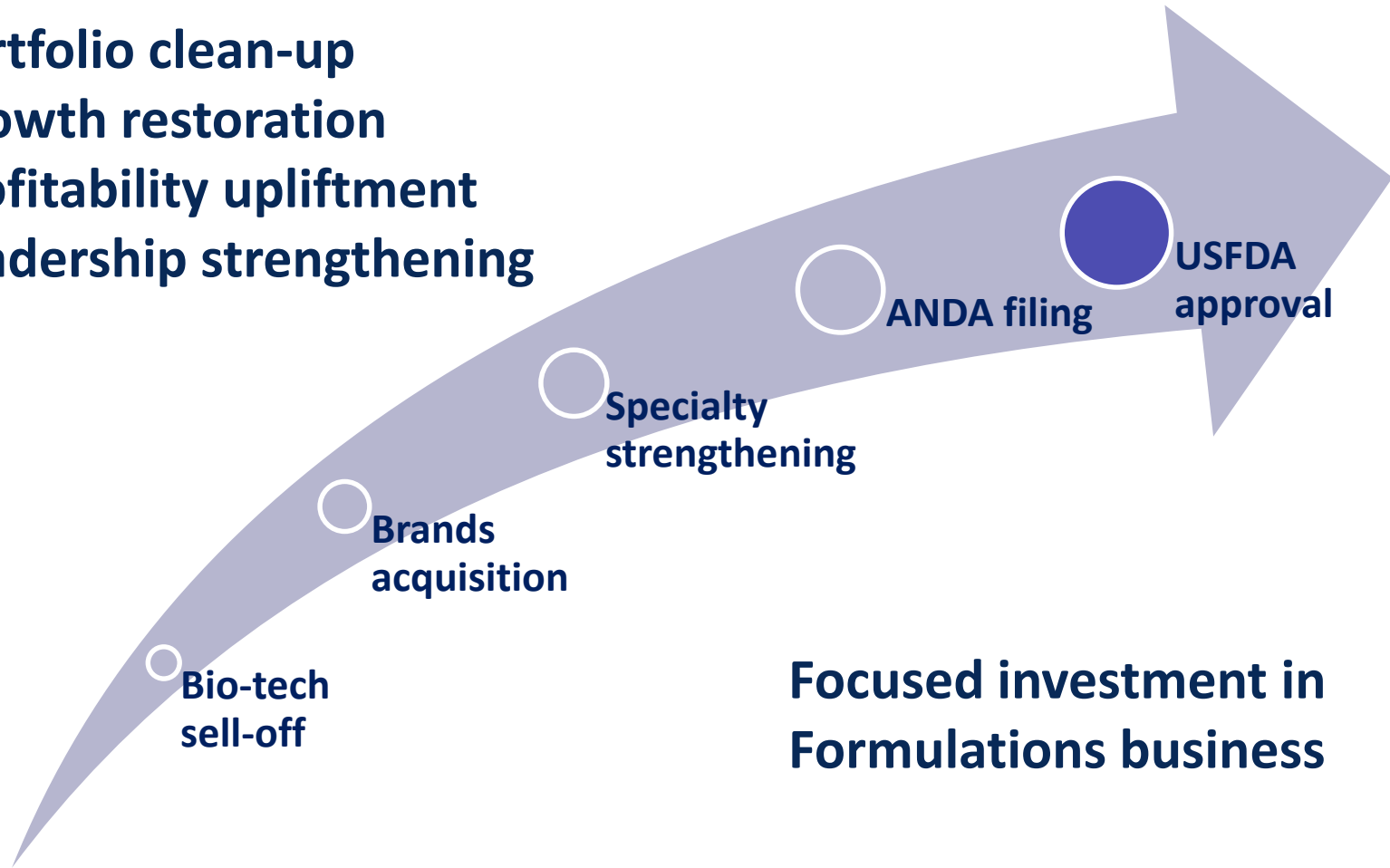
Company Overview

FY 19 Performance Highlights

Way Forward

# RPGLS: A transformation journey in progress

**Portfolio clean-up**  
**Growth restoration**  
**Profitability upliftment**  
**Leadership strengthening**

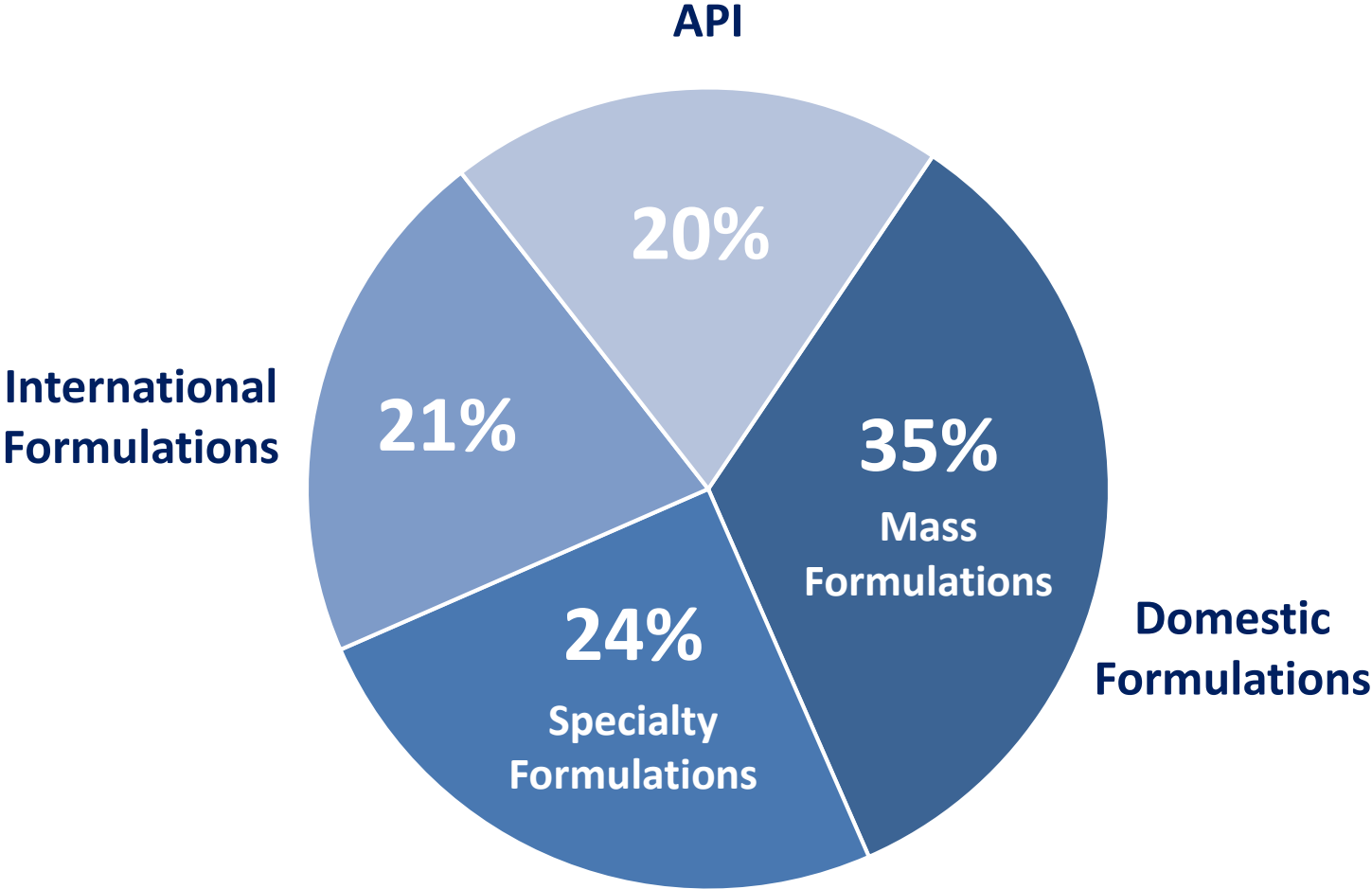


# FY 19: A poor year, after 3 strong years

|                | FY 15-16       | FY 16-17       | FY 17-18       | FY 18-19       |
|----------------|----------------|----------------|----------------|----------------|
|                | <i>Results</i> | <i>Results</i> | <i>Results</i> | <i>Results</i> |
| Sales (Rs cr.) | 251            | 292            | 344            | 331            |
| PBT (Rs cr.)   | 8.4            | 14.5           | 20.4           | 15.05          |
| PBT %          | 3.3%           | 4.9%           | 5.9%           | 4.5%           |
| PAT (Rs cr.)   | 8.4            | 12.09          | 13.45          | 10.81          |
| PAT %          | 3.3%           | 4.1%           | 3.9%           | 3.3%           |

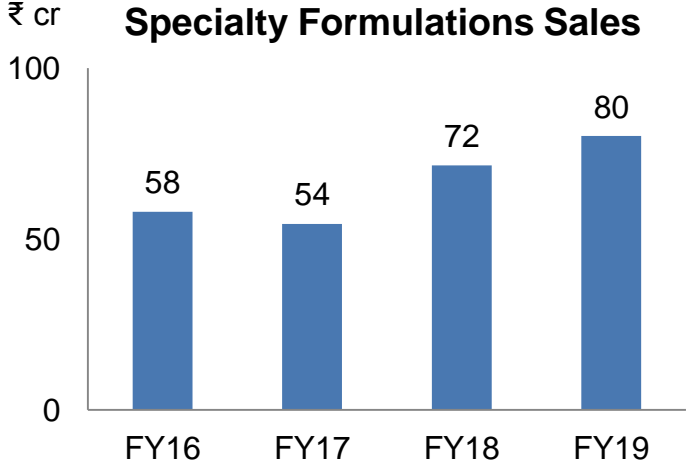
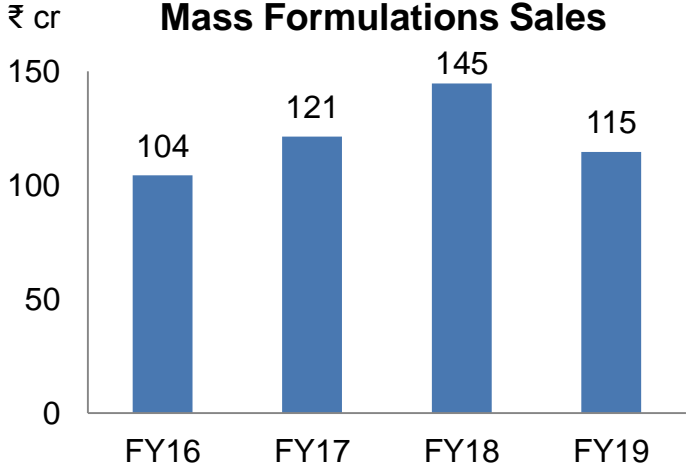
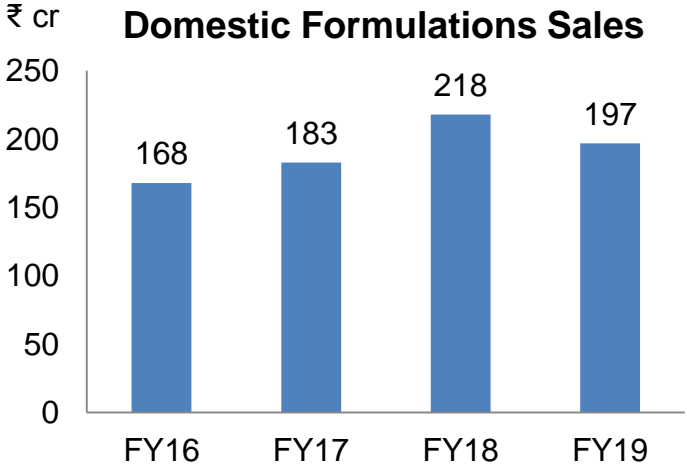
Note : Sales, PBT figures are excluding bio-tech business for all the two past years FY 16 and FY 17 to provide a like-to-like comparison. Sales excludes other operating income

# Domestic makes up ~60% of company business

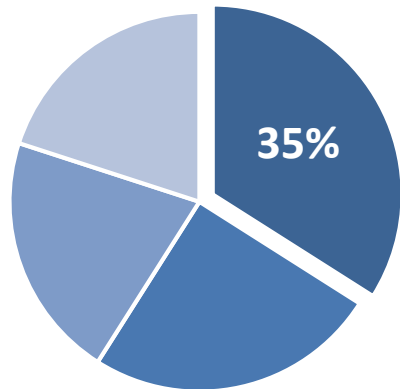




# Domestic: Setback in Mass Formulations



# Challenges in Mass Business & Actions initiated



**De-growth of 21%**

**Loss after 2 years of profits**

**Gross Margin maintained ~55%**

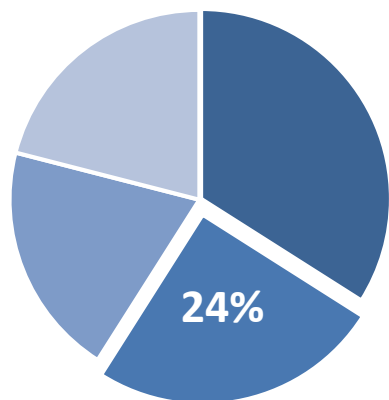
## Challenges Faced

- Market slowdown in represented segments
- High reliance on trade; low focus on Rx generation
- High in-market inventories, expiries & returns

## Actions Initiated

- Change in business leadership
- Renewed focus on Rx generation
- Discounts & promotion optimization
- Product Portfolio Augmentation : Chronic Therapies; Line Extensions of Legacy Products

# Domestic: Specialty segment continues to grow



**Growth of 12%**

**Improved profitability**

**Continued investment  
in Specialty**

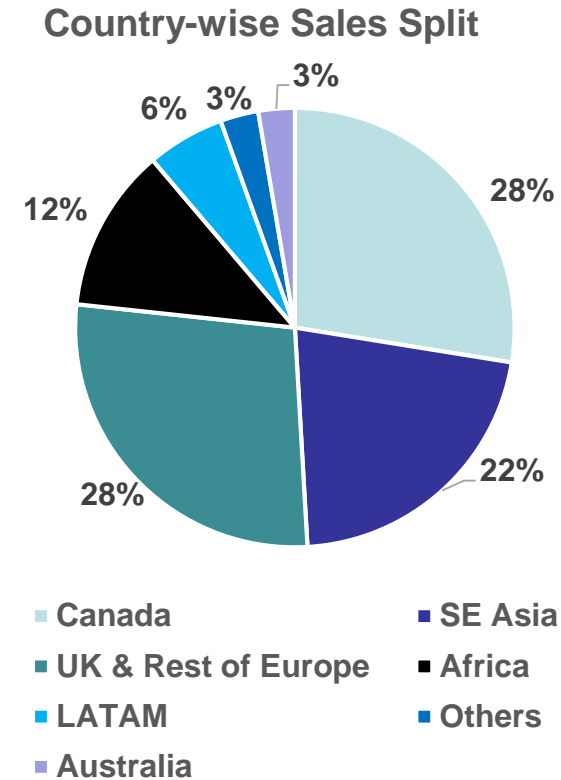
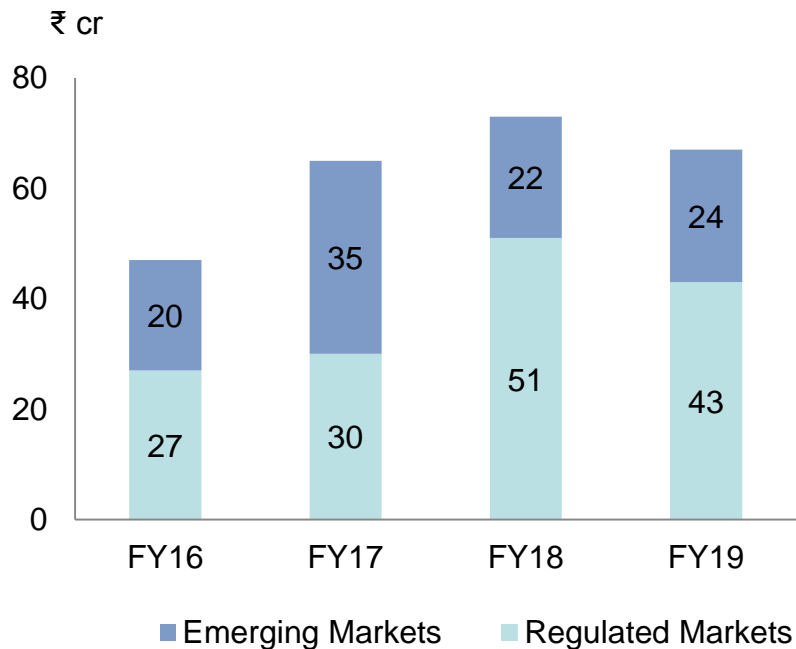
## Challenges Faced

- Low volume growth in Nephrology business
- Price control and low margins in Oncology business
- Slower than targeted ramp-up in Urology business

## Actions Initiated

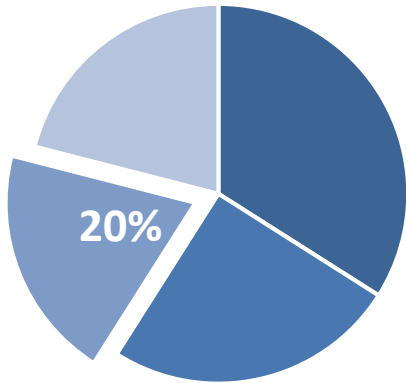
- Focus on new prescribers & new indications for Azoran
- Continued product portfolio augmentation (Bio-similars, Therapy gaps, Co-Rx products)
- Diligent Medico-Marketing engagement with target doctors especially in Urology

# Intl. Formulations: Setback in Regulated Market Business



- **Growth in Emerging Markets by 11%**
- **Regulated Market business setback due to key customer Teva deciding to drop the product due to internal re-prioritisation**

# Intl Formulations: Challenging year but investment continues



**De-growth of 8%**

**Investment towards plant upgrade and product pipeline continues**

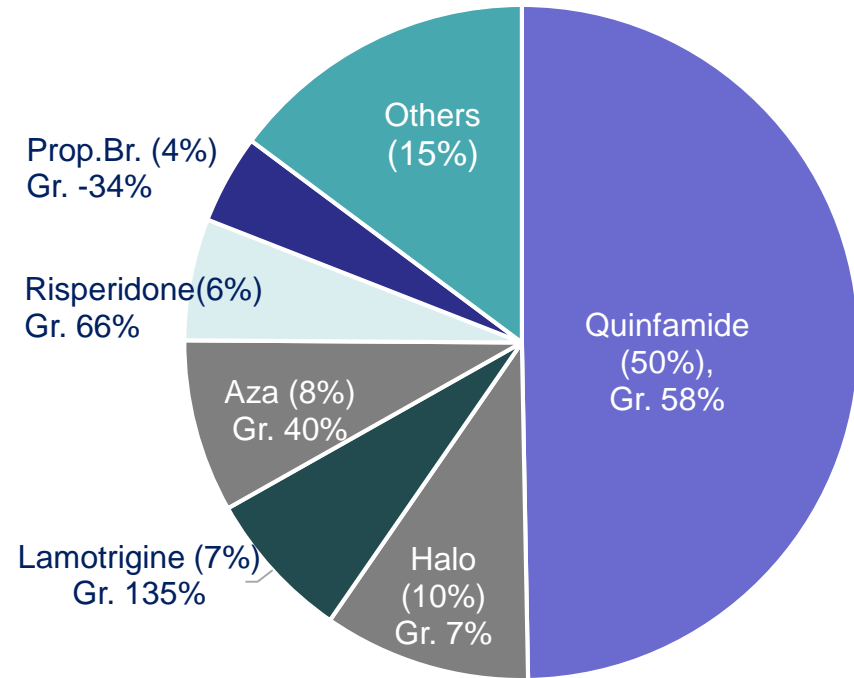
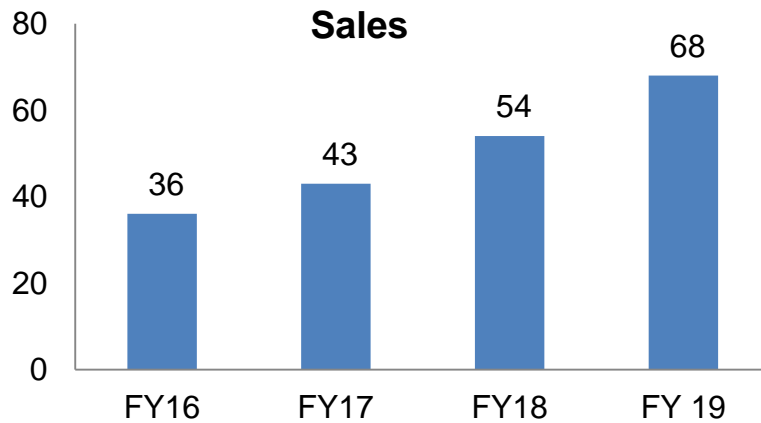
## Challenges Faced

- Loss of 1 key customer in UK for Azathioprine
- Steep price corrections in UK market
- High dependence on tenders/ B2B in emerging countries

## Actions Initiated

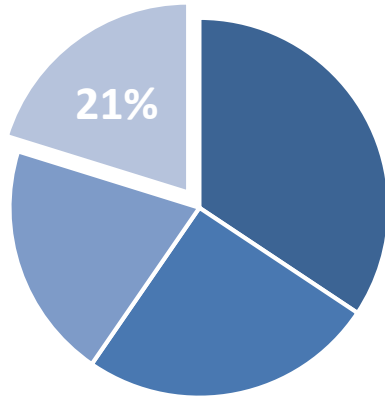
- Significant efforts to ensure 24X7 audit readiness
- Second plant being upgraded to regulated market standards
- ANDA filed for first product for the US market
- Dossier filed in UK for Sodium Valproate

# API: Continues to be a strong cash cow



- **Consistent Performance for the last 3 years**
- **Quinfamide is the key product and Latin America is the key market**

# API: Limited Customer & Molecule Base



**Strong growth & profitability**

**Good demand momentum for exports**

## Challenges Faced

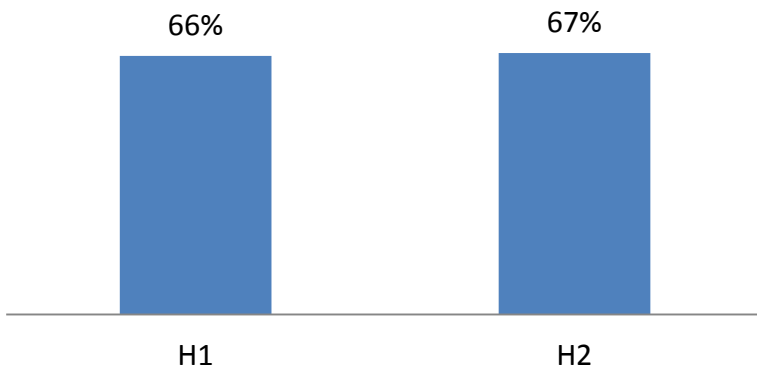
- Limited customer & molecule base
- Legacy plant not capable of upgradation to regulated market standards

## Actions Initiated

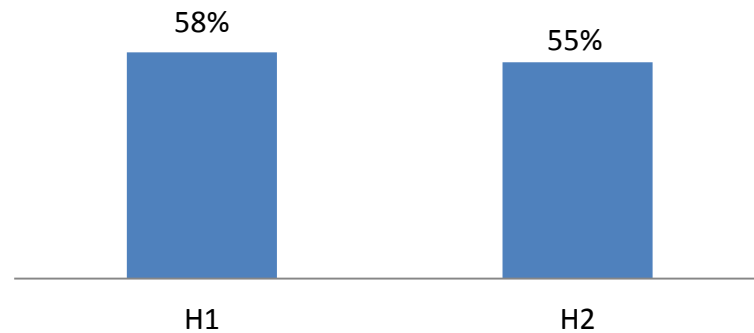
- Manufacturing Strategy optimisation - Outsourced manufacturing initiated with USFDA approved API suppliers for key molecules
- US DMF approval for Azathioprine received; source change process started

# FY19: Improvements visible in H2

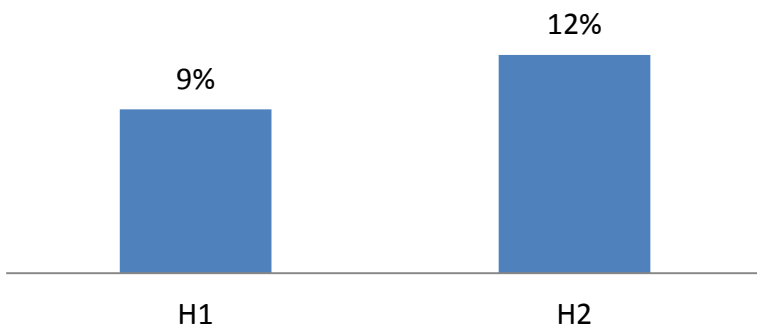
## Gross Contribution (% to Sales)



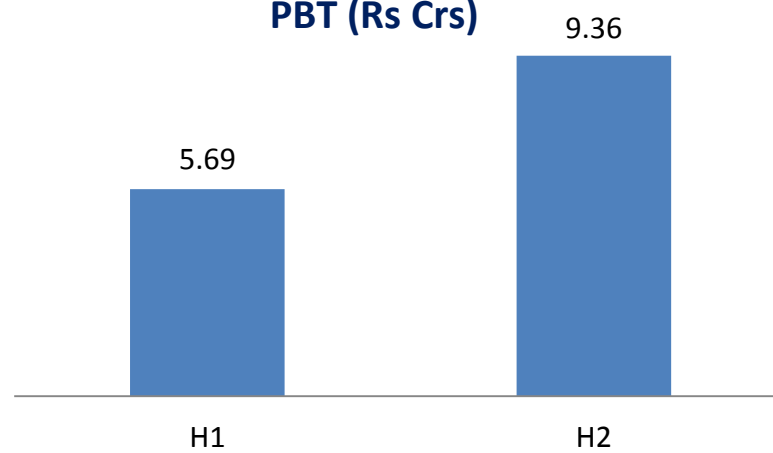
## Opex (% to Sales)



## EBDITA (% to Sales)



## PBT (Rs Crs)





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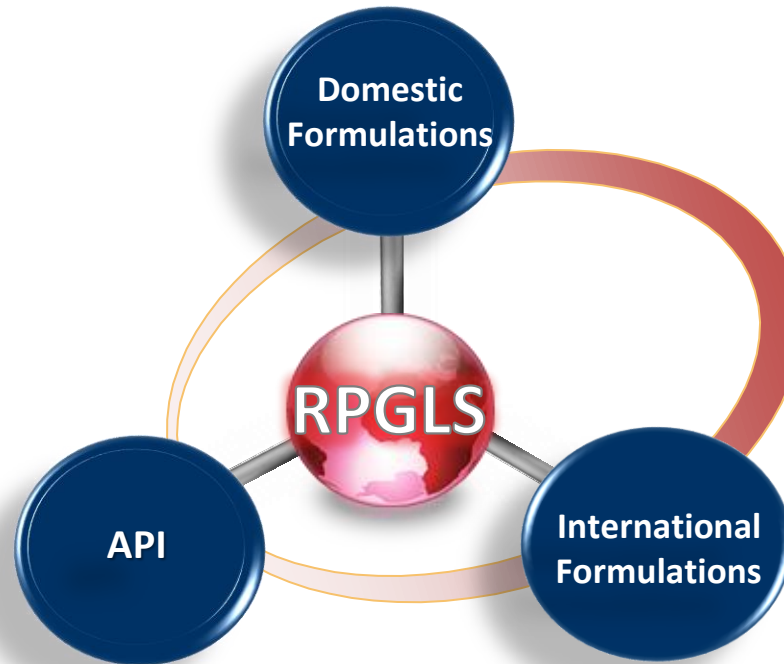
**Company Overview**

**FY 19 Performance Highlights**

**Way Forward**

# Strategy Forward: Continued focus on Formulations

- **Focus: Above market growth with strong profitability**
- **Strategy: Product portfolio augmentation, Prescriber base expansion, Field force capability building**



- **Focus : Downstream integration for formulation business; selective market expansion**
- **Strategy : Own technology; judicious mix of In house and outsourced manufacturing**

- **Focus: Growth/ Entry in regulated/B2C markets**
- **Strategy: Niche products pipeline, Partnership for NPD; USFDA approval of the plant**

THANK YOU