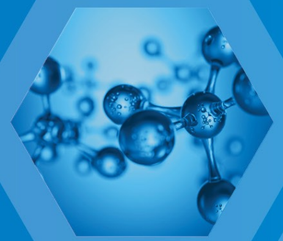
SMS PHARMACEUTICALS LIMITED

AN INSIGHT



sms Pharmaceuticals ltd.

1,000 PEOPLE | 800 CUSTOMERS
75 COUNTRIES | 80 FILINGS

PURPOSE / MISSION

- To improve benchmarks in quality research and manufacturing and deliver on customer satisfaction
- To focus on value by developing cost effective process
- To foster efficient and optimal use of resources and contribute towards a healthy society

sms Pharmaceuticals ltd.

AGENDA

A CORPORATE OVERVIEW

A CAPABILITY SNAPSHOT

A REVENUE VERTICAL SYNOPSIS

A PERFORMANCE SUMMARY

sms Pharmaceuticals ltd.

SMS PHARMACEUTICALS LIMITED

- A 30 years old research-driven company headquartered in Hyderabad, India
- Pure play API manufacturing company with 2 world-class operating facilities in Hyderabad and Visakhapatnam, India
- State-of-the-art R&D centre for focused research activities; over 30 process patents and 80 regulatory filings
- Enjoys an expansive global footprint across 75 nations with enduring business relations with leading global pharmaceutical majors

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A GLOBAL PHARMACEUTICAL PLAYER WITH TWO CORE REVENUE VERTICALS

API/INTERMEDIATS	CRAMs
Reliable API supplier with strong focus on quality and service	Providing Quality alternative manufacturing destination to multinationals for their contract research and manufacturing needs.

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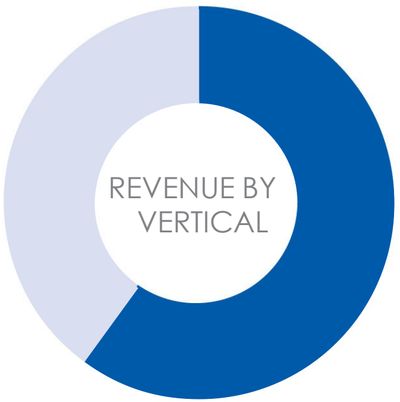
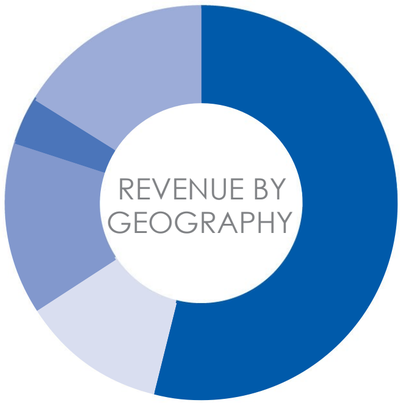
A RESPECTED PHARMACEUTICAL COMPANY WITH SIGNIFICANT SUCCESS IN REGULATED MARKETS

REVENUE: RS 437 CRORE, 2017-18 (US$ 62MN)



APIs/Intermediates 60%
CRAMS 40%



North America 54%
Europe 12%
Other regulated markets 14%
Emerging markets 4%
India 16%

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AN ORGANISATION THAT HAS EARNED REPUTE AT VARIOUS FORUMS

- Received the Indian Pharma Bulk Drug Company of the Year Award and India Pharma Bulk Drug Export Company of the Year Award from Government of India.
- Awarded Pandit Jawaharlal Nehru Silver Rolling Trophy for the best productivity effort in Andhra Pradesh
- First Indian pharma company to receive Indo-US GCNC award for adopting green chemistry practices

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OUR JOURNEY THIS FAR

1989
SMS Pharma was started with single Unit, single product facility.

1995
Became the Largest manufacturer of Ranitidine API in the world.

1997
Recognized by govt. of India with a Jawaharlal Silver rolling trophy for the best productivity of the year.

2000
Acquired a facility to manufacture Niche and High value products to have a diversed portfolio.

2003
Faced our first USFDA audit (successfully); SMS API was Part of a Para IV filing from an MCN company.

2007
SMS got listed on the NSE, BSE (Indian stock exchange) – Public Listed company.

2010
Started a green field project to build an API facility in more than 100 acres of Land.

2015
Won the prestigious "Indian Pharma Bulk drug company of the year" award and "Best bulk drug export company of the year" award from Govt. of India

2017
Demerged SMS group into 2 Entities – SMS Pharmaceuticals, SMS Lifesciences.

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OUR INFRASTRUCTURE

- State-of-the-art corporate R&D Centre to cater to in-house research and develop and deliver challenging CRAMs projects
- Two world-class manufacturing facilities with Reactor volumes nearing 1,000 KL in Andhra Pradesh and Telangana, India; all units certified by USFDA, EUGMP, PMDA, COFEPRIS, KFDA, WHO, GMP and ISO 9001:2008
- Adequate investment in QA/QC and EHS infrastructure and capabilities

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R&D CENTRE - BUILDING OUR TOMORROW

- Spread across 70,000 sq. ft., the R&D Centre comprises 20 labs including a dedicated oncology lab
- Comprises over 100 scientists and consists of 8 PhDs
- Equipped with cutting-edge technology and sophisticated equipment sourced from global leaders; capability to support the entire R&D lifecycle – product conception to DMF filing and scale up
- Capable of supporting development of 20 products per annum

CAPABILITIES

- High pressure reactions (up to 5 bars in GLR); dedicated hydrogenation block
- Mass temperatures from -650C to +2500C
- Process capabilities include column chromatography, high vacuum distillation (up to 1mm) among others.

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R&D CENTRE - SCALING UP

- Technical team of more than 100 scientists responsible for scaling products from the lab to the operating facilities; more than 20 products successfully scaled up
- Product scale-up infrastructure comprises a kilo lab and a pilot plant

KILO LAB	PILOT PLANT
Area – 3,000 sq. ft. Infrastructure flexibility - 50 - 150 Ltrs Total capacity of scale up systems – 4,500 Ltrs	Area – 3,200 sq.ft. (incl. clean room facility) cGMP standards with glass /SS reactors (up to 500L) and utilities Capabilities for DMF filing

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R&D CENTRE - KEY ACHIEVEMENTS

- Optimised many anti-ulcer API processes to position the Company as a leader in this therapeutic area
- Replaced toxic, corrosive and challenging chemicals like Phosphorus pentachloride in a patented process
- Over 80+ DMFs filed; over 30 process patents filed
- Added 20 new molecules to the Company's product basket in the last three years.

Developed an innovative path to recycle methyl mercaptan gas into useful solvent DMSO in Ranitidine with a goal of environment protection; received the Indo-US GCNC award for this successful achievement

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MANUFACTURING - THE EDGE

Manufacturing units have undergone seven successful USFDA audits over past 16 years– a reflection of the disciplined execution of systems and practices.

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MANUFACTURING - A SNAPSHOT

	HYDERABAD UNIT	VISAKHAPATNAM UNIT
Year of establishment	2000	2010
Area (sq. mtrs)	Plant area: 19,685 Sq. mtr. Built up area: 5,127 Sq. mtr.	Plant area: 345,007 Sq.mtr Built up area 39,704 Sq.mtr
Capacity	57 KL	910 KL
Employee strength	183	600
Key products	Sumatriptan Succinate, Eletriptan Hydrobromide monohydrate,Almotritan Maleate, Tadalafil, Famotidine etc.	Efavirenz, Tenofavir, Lamivudine,Ranitidine Hcl, Levetiracetam, Pantoprazole sodium sesquihydrate, Ranolzine, Lamotrazine and Sitagliptin HCL
Regulatory approvals	USFDA,EUGMP, KFDA,CDSCO,PMDA	USFDA,KFDA,CDSCO,PMDA

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MANUFACTURING - VISAKHAPATNAM UNIT

- Flagship manufacturing unit of the Company; one of the best multi- purpose API manufacturing facilities in India
- USFDA blocks dedicated to manufacture products for regulatory markets; cGMP blocks for feeding intermediates to FDA blocks and cater to intermediate needs of global players

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MANUFACTURING - HYDERABAD UNIT

- One of the first USFDA approved facilities in the SMS group
- Five times approved by USFDA; last two audits being without any 483
- Robust documentation to suit GMP requirements of various countries.
- Facility has been aligned for manufacturing niche, small volume molecules
- World's biggest exporter of Triptans

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QUALITY ASSURANCE - ALIGNED TO EXACTING GLOBAL STANDARDS

- Two separate QA/QC blocks for FDA (2,052 sq.mtr) and cGMP units (1,792 sq.mtr)
- Possesses wet lab, instrumentation lab and microbiology lab that are fully equipped for intermediate, in-process, and final product analysis
- Equipment comprises HPLCs, GC with headspace (auto samplers), IR /UV Spectrophotometers, TOC analyser, polarimeter and incubators, among others sourced from global leaders in this space
- 45 scientists ensure disciplined adherence to regulatory standards and client specifications
- Stability studies as per ICH guidelines

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EHS - ENVIRONMENT MANAGEMENT IS INTENSELY INTEGRATED INTO BUSINESS PROCESSES

ENVIRONMENT

- Environment protection is integrated into every aspect from product development stage to final production considering the lifecycle analysis of each chemical used in product development
- State of the art Zero Liquid Discharge systems; Effluent Treatment Plants with a capacity of ~200 M3/day
- Tie ups with registered service providers for proper treatment and disposal of waste
- Developed Environmental Management systems to minimise impact of operations on the environment
- Implementing systems as per ISO 14001; certification expected shortly

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EHS - ‘SAFETY FIRST’ IS OUR MOTTO IN THOUGHT AND DEED

SAFETY & HEALTH

- Trained and dedicated safety teams at all facilities; regular training and knowledge up gradation
- Relevant fire fighting equipment like hydrant systems and extinguishers;personal protective equipment and trained first aid teams at facilities
- First aid centre which is maintained 24/7 by paramedical staff; doctor on roll and ambulance at site

Zero Accident track record till date owing to focus on safety

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ACTIVE PHARMACEUTICAL INGREDIENTS (APIs) / INTERMEDIATES

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APIs/INTERMEDIATES - AN OVERVIEW

36	14	75	800
Products	Therapeutic Segments	Nations	Customers

- Experience of more than 30 years in the API space
- Flagship business division contributing 60% to the Company topline
- Significant flexibility in manufacturing volumes; proven project management systems
- Extremely healthy record in EHS management

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APIs/INTERMEDIATES - THE PRODUCT BASKET

- 36 APIs across 14 diverse therapeutic areas
- About 80% of the intermediates manufactured are consumed in-house; 20% of intermediates are sold to regulated markets

KEY PRODUCTS

API	Ranitidine	Famotidine	Pantoprazole	Sumatriptan	Almotriptan	Eletriptan	Sitagliptin	Efavirenz	Tenofovir	Lamivudine
Therapeutic Segment	Anti ulcer	Anti ulcer	Anti ulcer	Anti migranie	Anti migranie	Anti migranie	Anti diabetic	Anti retroviral	Anti retroviral	Anti retroviral

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APIs/INTERMEDIATES - THE R&D ADVANTAGE

- Continuously working on cost optimisation of key products
  - Developing innovative and cost effective processes
  - Replacing imported materials with domestic compounds
- Optimised many antiulcer API processes for positioning the Company as a dominant player in this therapy.
- More than 30 process patents filed

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CONTRACT RESEARCH AND MANUFACTURING SERVICES (CRAMS)

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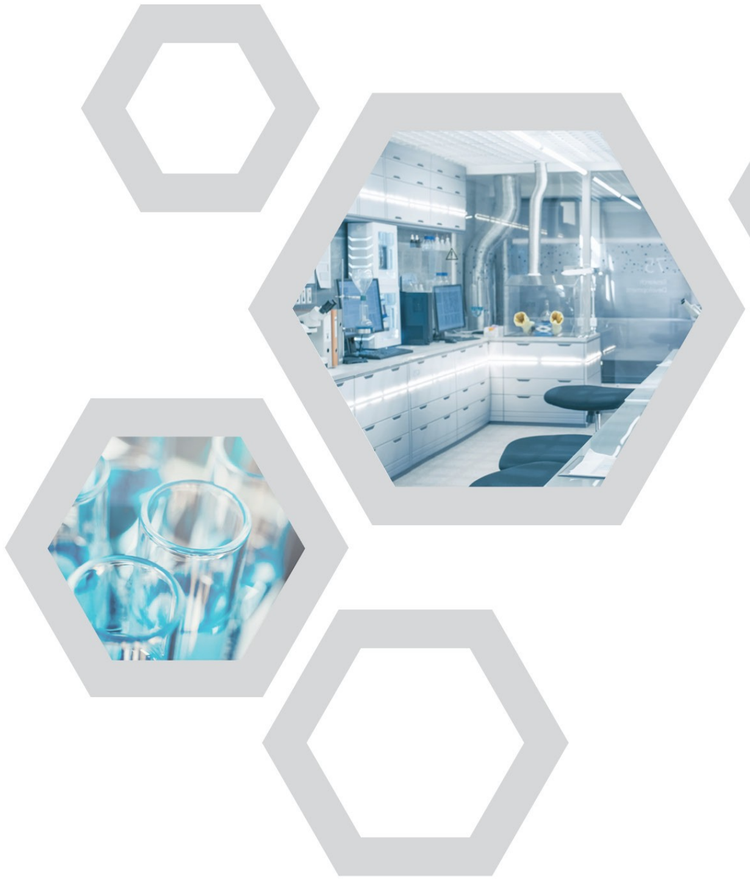
CRAMS - AN OVERVIEW



12	PROJECTS DELIVERED	4	CUSTOMERS	3	NATIONS

- Experience of more than 30 years in the API space
- Team comprising 120 scientists managing the CRAMS vertical

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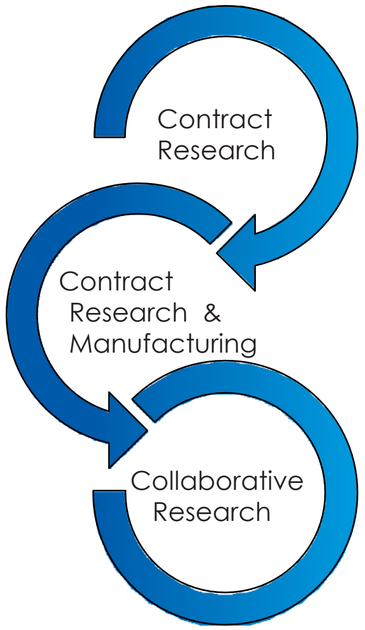
CRAMS - THE SERVICES BASKET



- Study of synthetic fesibility
- Selection of synthetic route
- Process development and scale up
- Lead optimisation and analogue

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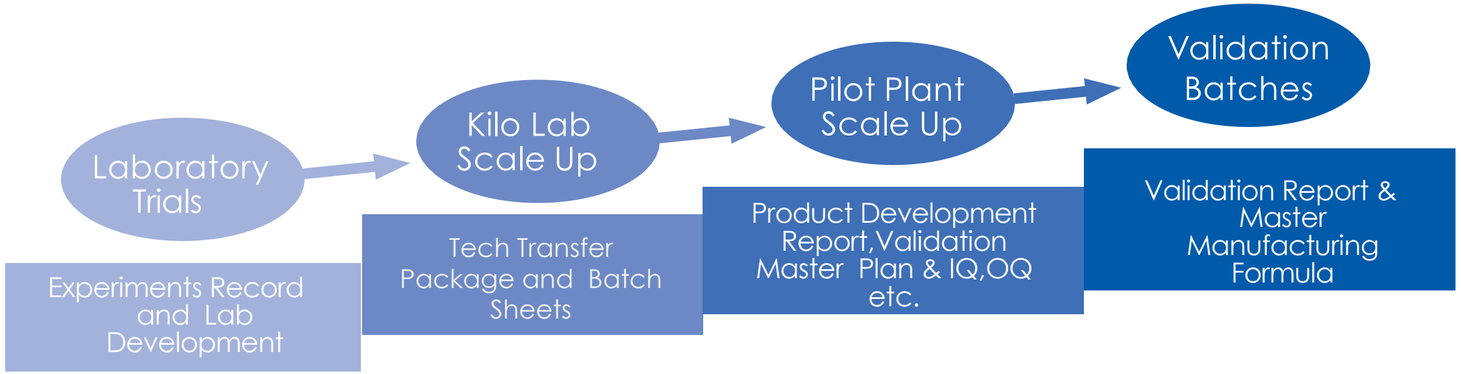
CRAMS - PROJECT MANAGEMENT & ACHIEVEMENTS



KEY ACHIEVEMENTS

- Successfully filed Trandolapril for a Swiss Company
- Developed and manufactured Ropivacaine and Deferoxamine for a US Company
- Ongoing NCE research work in Diuretic and Antidepressant therapeutic segments

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ABRIDGED STATEMENT OF PROFIT & LOSS

(Rs Crore)

	2016-17	2017-18	CAGR (%)
Net sales	446.72	464.86	4%
Total Income	448.17	467.25	4%
EBIDTA	76.25	95.73	26%
Interest	15.49	15.48	0%
Profit Before Tax	41.58	60.35	45%
Profit AfterTax	35.61	40.45	14%
Earnings per share (Rs)	4.21	4.78	14%

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ABRIDGED BALANCE SHEET

(Rs crore)	2016-17	2017-18	CAGR (%)
Equity	8.47	8.47	0%
Shareholders fund	254.17	292.64	15%

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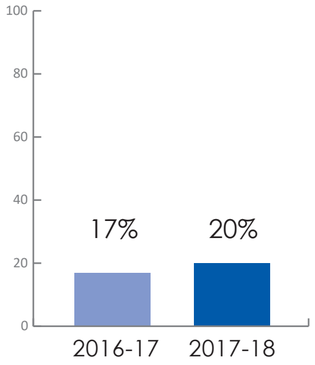
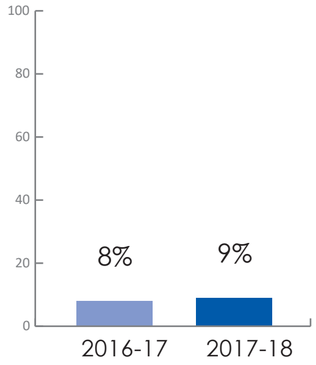
MARGINS & RETURNS

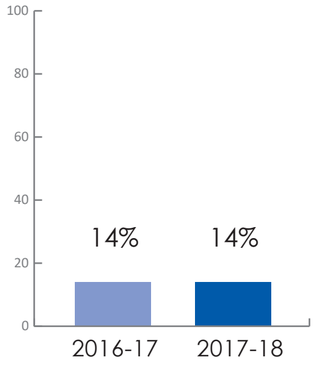
EBIDTA Margin (%)



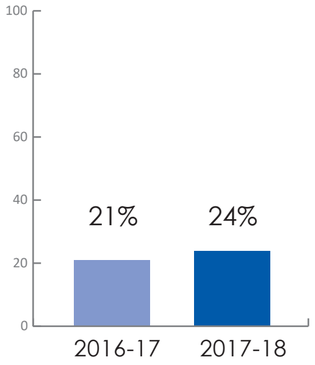
Net Margin (%)



Return on Equity (%)



Return on Capital Employed (%)



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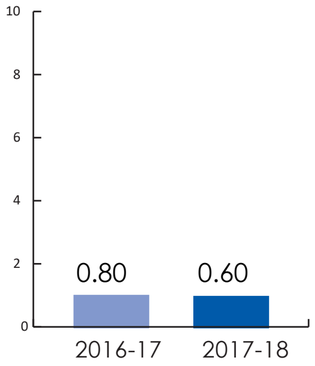
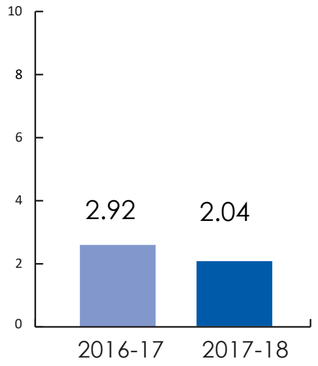
SOLIDITY & LIQUIDITY

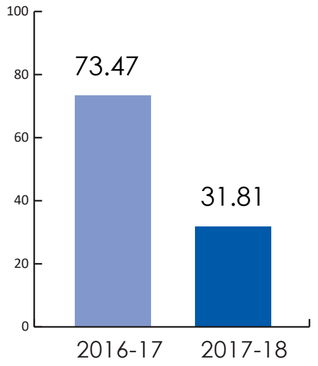
Debt-Equity (x)



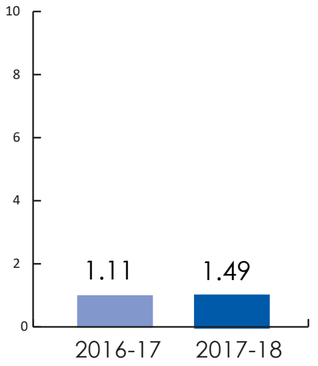
Debt/ EBIDTA (x)



Net Cash Flow From Operation (Rs crore)



Current Ratio (x)



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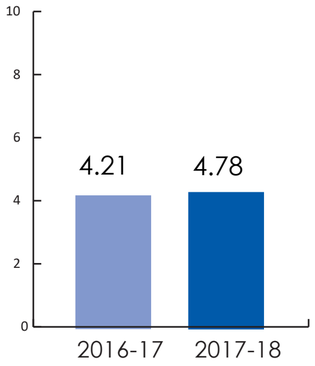
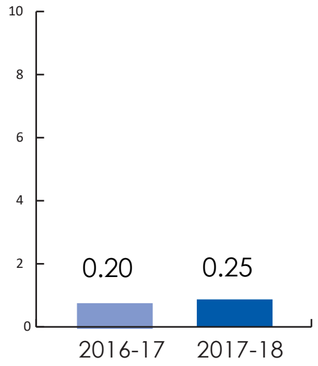
SHAREHOLDER VALUE CREATION

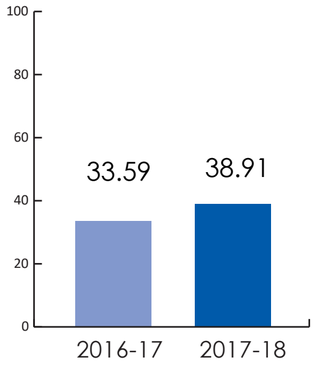
Earnings Per Share (Rs)



Dividend Per Share (Rs)



Book Value Per Share (Rs)



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THANK YOU FOR YOUR TIME!

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For you queries, please touch base with

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