

Vaishali Pharma Ltd.

(Formerly known as Vaishali Pharma Pvt. Ltd.)



CORPORATE & REGISTERED OFFICE :
706-709, 7th Floor, Aravali Business Centre,
R. C. Patel Road, Off. Sodawala Lane,
Borivali (West), Mumbai-400 092.
Tel.: +91-22-4217 1819 (30 Lines)
Fax: +91-22-2892 8833
E-mail : info@vaishalipharma.com
export@vaishalipharma.com
CIN - L52310MH2008PLC181632

27th May, 2020

To,
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1,
G Block, Bandra-Kurla Complex,
Bandra (East), Mumbai – 400 051

Stock Code: VAISHALI

Dear Sir/Madam,

Sub: Disclosure of Material Events / Information under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Investor Presentation.

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith copy of Investor Presentation.

You are requested to take the same on record.

Thanking you.

Yours faithfully,
For Vaishali Pharma Limited

Atul Arvind Vasani
Atul Arvind Vasani
Managing Director



An ISO 9001:2015 & Crisil Certified Company
Website : www.vaishalipharma.com

Vaishali Pharma Limited

Investor Presentation

May 2020



Vaishali Pharma Ltd.

► www.vaishalipharma.com

Safe Harbour



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Executive Summary



- Established in 1989 as Vaishali Pharmachem, an APIs trading company by Shri Atul Vasani, the Company has made steady transformation from a Partnership Firm into Private Limited Company and then to a Listed Company known as Vaishali Pharma Limited (Vaishali). Vaishali is one of the fastest-growing and most versatile companies in the pharmaceutical industry. It is engaged in manufacturing and marketing of pharmaceutical formulations, Active Pharmaceutical Ingredients (APIs), surgical products, veterinary supplements, herbal, nutraceutical, and oncology products.
- Vaishali has a strong and diverse product portfolio comprising products across varied therapeutic areas catering to both humans and animals. Recently, it launched novice nutraceutical oral sprays, dissolvable strips, and gummies for vitamin supplements under its brand, which offer multiple benefits including convenience, faster absorption, and are more effective as compared to capsules, tablets, powders, and supplements.
- Vaishali has a presence in both domestic (83% of revenues mainly from trading in APIs) and export markets (17% of revenues from trading & marketing of APIs, formulations, surgical products, veterinary products and others).
- The company has been catering to semi-regulated and non-regulated export markets across the globe and has applied for over 275 registrations in more than 20 countries with over 117 approvals in place. Currently, the company exports products to multiple countries, including Kenya, Russia, D.R. Congo, Myanmar, Tajikistan, Bangladesh, Kazakhstan, and Cameroon. Within a span of two years, the company has captured the second position in the veterinary products market of Russia, which is one of the world's leading pharmaceutical markets.
- The company now intends to apply for registration of additional 800 products taking the tally above 1,000 products. Considering a success rate of 80%, the exports portfolio is expected to grow to 800 odd products in the next 5 years.
- Strategy of moving up the value chain from APIs to formulations and generic branded products is expected to aid the company in creating a niche position in the international markets as the company will be in a strong position to leverage the low cost of manufacturing in India compared to global peers. The margins of the company are expected to increase manifold as a result of this move.
- The company is spearheaded by Mr. Atul Vasani, who holds an experience of over 30 years in the pharma industry and is well supported by the second generation young and dynamic team.

Company Overview

One of the fastest-growing and most versatile companies in the pharmaceutical industry



- Established in 1989, Vaishali Pharma Limited is engaged in the manufacturing and marketing of pharmaceutical formulations, Active Pharmaceutical Ingredients (APIs), surgical products, veterinary supplements, herbal, nutraceutical, and oncology products. Moreover, the company is an authorized agent and stockiest for around 35 bulk drug manufacturers across India.
- The company's business evolved from trading and marketing of APIs, and further in the year 2012, it ventured into the marketing of pharmaceuticals formulations catering to export markets. The company gets the formulations manufactured through contract manufacturing from third parties. The company has a warehouse facility located at Bhiwandi, Maharashtra, having a storage capacity of more than 100 tons of traded goods.
- The company has a presence in both domestic and export markets and has an office in Vietnam. The domestic business mostly comprises trading in APIs, whereas in export business, the company is engaged in trading and marketing of APIs, formulations, surgical products, and others.
- Currently, the company exports formulations, surgical products and APIs to Kenya, Russia, D.R. Congo, Myanmar, Tajikistan, Bangladesh, Kazakhstan, Cameroon, Jordan, Burkina-Faso, Nicaragua, Senegal, Pakistan, Ukraine, Yemen, Cambodia, Turkey, Zimbabwe, Ethiopia, Tanzania, Vietnam, Armenia, Costa Rica, Nigeria, C.A.R. and Guinea-Bissau. During the last year, the company expanded its overseas reach and formed a strategic alliance with D.R. Congo-based company.
- The company caters to over 150 formulation brands (essentially white labels) marketed in multiple countries, including:
 - Tablets: Sipsolin, Vpamox, Zynosi, Vebenda, Cellergy, Kilache, Vipravita, and Seedios
 - Veterinary: Nimoflin (liquid and injection), Anifost, Anizest, Lefcol, and Kilatox
 - Liquid/injection: Vceftri, Tezipena, and VMOX CV.
 - Surgical: Iveny, Flexicast, and Vensor.
 - Oral Sprays
 - Dissolvable Strips
 - Gummy Vitamins
 - Topical Creams

Company Overview

Transformational growth story - Evolving from an “API Player” to a “Formulations & Brands” Company



The inception of Vaishali Pharmachem, an APIs trading company

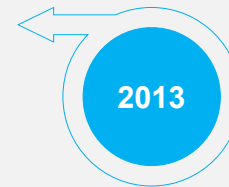
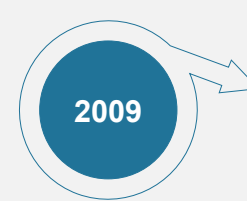
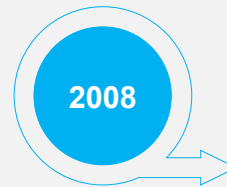
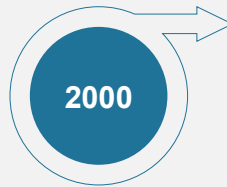
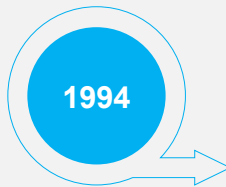
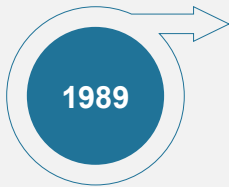
Vaishali Pharmachem entered into a joint venture with APIs manufacturing company, Arochem Industries

Vaishali Pharmachem designed the organizational operations by adding one more office at Vapi, Gujarat

Vaishali Pharmachem transformed to Vaishali Pharma Pvt Ltd. A vital financial year wherein Vaishali Pharma underwent ISO 9001:2008 certification, an operational practice for refined quality

The most significant milestone for Vaishali Pharma’s sales turnover; wherein the turnover increased by 80%

Established own office at Ho Chi Minh City, Vietnam



Launch of lucrative and innovative nutraceutical products like Vitamin Sprays, Gummies in domestic and exports markets

Vaishali Pharma received new product registrations in high growth markets of Myanmar, Russia and Kenya

Certified with export house and conversion of the company from private to public

Established presence in Kenya and exported to 20+ countries

Vaishali Pharma added a vertical of the surgical division

Derived a new vertical in formulation manufacturing and export for the international market. VPL Team set a new benchmark by achieving Rs. 120 crore sales turnover, with consistent efforts, focused attribute and strong vision

Note: Prior to the formation of Vaishali Pharma, the track record of the company to be considered as the track record of the promoters.

Company Overview

Has a global presence across multiple markets



Company Overview

Relationship with esteemed clients bring credibility to product offerings



Key Clientele in Domestic Market

Customer Name	Address	Product	Relationship Tenure
Claris Life Sciences Limited	Gujarat	Pharmaceutical raw materials, intermediates, APIs, herbal, veterinary, nutraceuticals and oncology products	15 Years
Medopharm Private Limited	Tamil Nadu		11 Years
Emcure Pharmaceuticals Limited	Maharashtra		10 Years
Hesa Pharmaceuticals			
Kesar pharma Private Limited			
Relax Laboratories			
Centurian Remedies			

- Vaishali Pharma caters to over 300 customers across India. Moreover, the company provides various pharmaceutical and healthcare products to more than 50 distributors spread across Kenya, Tanzania, Russia, Tajikistan, Costa Rica, Nicaragua, Kazakhstan, Uzbekistan, Zimbabwe, Utopia, Ghana, Vietnam, Jordan, Myanmar, Zambia, Pakistan, and Madagascar. Each customer accounts for less than 25% of the total sales.
- Within a span of two years, the company has captured the second position in the veterinary products market of Russia, which is one of the world's leading pharmaceutical markets.

Company Overview

Company managed by a seasoned and experienced team of professionals



Mr. Atul Vasani

Chairman & Managing Director

- Over 30 years of experience in the pharmaceutical industry. A phenomenal personality with strong business acumen.
- Good knowledge of business economics to form suitable joint ventures, strategic alliances, etc.

Ms. Priyanka Vasani

Chief Operating Officer

- Five years of professional experience in business management & is responsible for country-specific export
- Strong experience in designing MIS reports and its implementation.

Mr. Dewansh Vasani

Non-Executive Director

- An experienced professional, with the responsibility of purchase management
- Instrumental in coordinating with multiple functional departments & compliance along with the smooth functioning of various logistics functions of the company

Mr. Runit Gopani

Business Development Manager

- Eight years of experience in international marketing & is responsible for country-specific exports
- Good working knowledge related to purchasing of formulation and surgical products

Mr. Hemant Pathak

Chief Executive Officer

- Over 40 years of experience in the pharmaceutical industry & has exposure to more than 90 countries across the globe.
- Responsibilities include export operations, strategic planning and overall management of the company.

Mr. Ratnesh Singh

Chief Financial Officer

- Over 12 years of rich experience in finance and accounts management
- Responsible for complying with statutory requirements about taxes viz. GST, Income Tax, PF, PT, etc. & managing finances of the company, updating management on MIS for analyzing the financial status of the company.

Company Overview

SWOT analysis

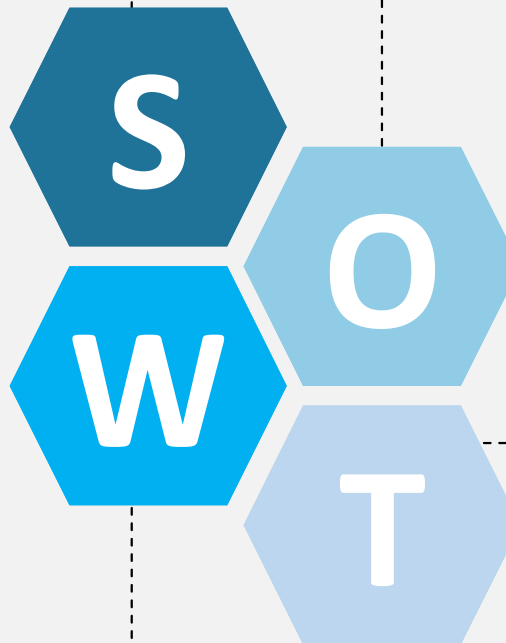


Strengths

- Immense experience in the pharmaceuticals industry
- Dynamic and varied product portfolio
- Customization of products
- Established supplier to global pharma distributors as well as domestic pharma manufacturers, with experienced sales and distribution team
- Sophisticated R&D capabilities
- Low cost of manufacturing

Weakness

- Derives a significant portion of revenue from trading in APIs in the domestic market, which are low margin products
- Long gestation period in product registration and commercialization
- Inadequate funds and stretched working capital cycle hinders export sales opportunities



Opportunities

- Strong market demand for generic and branded formulation products from India in overseas markets
- Significant market potential for novice branded products
- Competitive edge backed by low manufacturing cost

Threats





- Intense competition for generic products, with mostly fragmented nature of the industry
- High demand for new products and formulations
- Change in regulatory norms in the company's target markets

Business Transformation Strategy





Business transformation initiatives to support the long-term growth strategy



Moving Up the Value Chain






-  Foray into high-value products
-  Create differentiated processes and product customization capabilities
-  Explore inorganic route to grow business, achieve a higher number of exports certifications and explore cross-selling avenues
-  Emerge as an integrated player in the pharma sector

Forward Integration






-  Foray into formulations and generic branded products
-  Focus on high-value and high-margin products
-  Explore new product opportunities such as gummy vitamins
-  Enhance operational efficiencies

3 **Business** 4
2 **Transformation** 1

Value Creation

-  Scale-up share of exports in total business and achieve economies of scale
-  Maintain bargaining power with suppliers and distributors
-  Optimal utilization of resources to generate higher margins
-  Manage and groom talent
-  Maintain/enhance financial credibility

Driving Sales

-  Explore prospects for new product registrations
-  Target new geographies
-  Consider inorganic growth for complementary value-added products and access to newer geographies
-  Acquire new customers
-  Focus on R&D

Way Forward

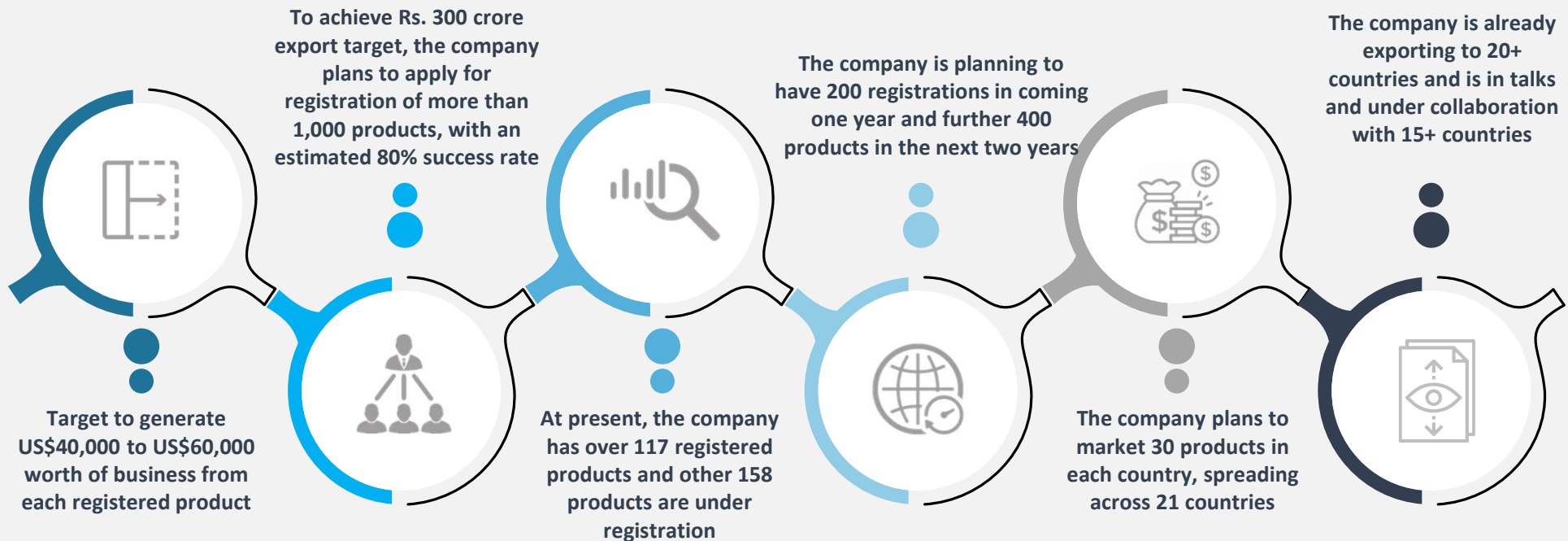
Near-term objectives to achieve higher growth and expansion



- Vaishali Pharma is actively investing in new product registrations which act as an entry barrier in the pharmaceutical industry, in terms of cost as well as time.
- About 20% of the company's products generate 80% revenues. In a bid to ring-fence this business and grow strategically up the value chain, the company needs to shift its focus from APIs to formulations and generic branded products. With this transformation, the margins of the company are expected to increase multifold as a result of this move in the next five years.
- The company has been catering to semi-regulated and non-regulated export markets across the globe and has applied for over 275 registrations in more than 20 countries with over 117 approvals in place. The company now intends to apply for registration of additional 800 products taking the tally above 1,000 products. Considering a success rate of 80%, the exports portfolio may grow to 800 odd products in the next 5 years, which will provide the necessary impetus to the company's export business. In general, the product approvals in semi-regulated or non-regulated markets take around one to three years, depending upon competent government authorities and rules and regulations.
- Over the past few years, Vaishali Pharma has been continuously scaling up its research and development (R&D) capabilities and efforts, which has helped the company to identify new opportunities and create novel products such as nutraceutical oral sprays, dissolvable strips, and gummies for vitamin supplements under its brand. Higher R&D efforts leading to the creation of such novel pharma products will help the company to penetrate deeper into the existing export markets as well as provide further ground to explore newer global markets.
- The company plans to enter new markets by forming joint ventures and partnerships with local suppliers and dealers or by establishing its marketing and distribution channels.
- Currently, the company has a dedicated marketing team, including seven members for domestic markets and eight members serving export markets. The company plans to enhance its marketing and distribution efforts in export markets through targeted marketing strategy and focusing further on high-value products as against low margin trading in APIs.
- In the near term, the company is also exploring to launch generic branded products in semi-regulated and non-regulated markets, which will be the step-up strategy for the company from the existing approach of catering to other brands in those markets. This strategy would go a long way in establishing the business in export markets, as target countries are in a bid to reduce their overall healthcare costs.
- In the long term, the company envisions to create and establish keys national and international brands valued at ~US\$15 million each.

Way Forward

Multiple steps to be undertaken to achieve exports goal of Rs. 300 crore



Way Forward

Forward integration to strengthen value chain and generate better operational efficiencies



Leverage robust client relationships

Relationship with established customers and the ability to drive sales have been an inherent strength of Vaishali Pharma.



Support growing export business

In FY 2020, the company expected to report an export sales of Rs. 15 crore. Currently, APIs domestic business contributes over 70% of total revenue, which is characterized by low margins. In the future, the company aims to increase the share of the export business to drive margin expansion.



Focus on high-value products

To enhance the margins, the company plans to strengthen its formulations business and enter the generic branded products market. Such products create a strong value proposition, strengthen competitive positioning, drive better utilization of resources, improve economies of scale along with higher revenues and margins.



Explore new product opportunities

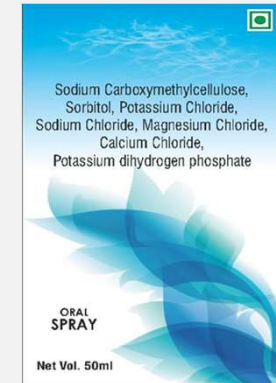
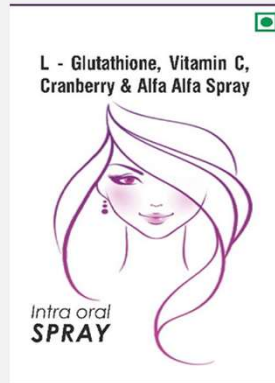
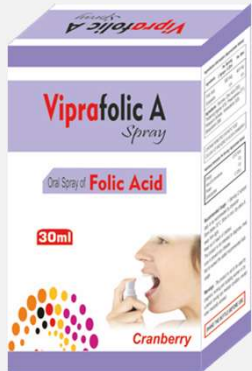
Recently, the company has launched novice nutraceutical oral sprays, dissolvable strips, and gummies for vitamin supplements under its brand. In the future, the company aims to focus on producing more such novice products having high demand and better growth prospects.

Nutraceutical Sprays

New line of products by the Company



Recently, the company has launched novice nutraceutical oral sprays, which are available in different flavours and have high compliance rate due to the convenience of consuming it. The company has conviction to sell these products both in exports and domestic markets. The intra oral products include sprays such as Multivitamin, Folic Acid, B12 and Folic Acid, Vitamin C, Vitamin D3.



Gummies

New line of products



Apart from being healthy and tasty, gummy vitamins are easy to swallow and light to digest, making them an ideal choice for geriatric population and children. Gummies, which come in the form of soft chewable toffies can replace these conventional supplements and create a strong foothold in the Indian market. With the advent of innovative gummy products in its product portfolio, Vaishali Pharma is expected to benefit from India's growing adoption of gummy vitamins. Backed by high growth prospects for gummy vitamins, market leaders such as Pfizer, GlaxoSmithKline, The Clorox Company, Taura Natural Ingredients Ltd., Unilever, etc. are also seeking to gain exposure to the gummy vitamins market in India through inorganic routes.

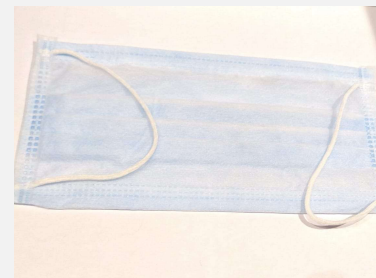


Essentials for COVID-19 Pandemic

New line of products by the Company



- Vaishali Pharma has followed a dynamic and flexible business approach in its endeavour to cater to the Healthcare needs of the Society.
- The company has taken a stride forward to fight against the COVID-19 pandemic by launching personal care and hygiene products, such as sanitizers, PPE, face shields and face masks in a very short span of time since the outbreak of pandemic – right from innovation, manufacturing and marketing.
- COVID-19 essentials are targeted to cater to both Domestic and Export market. (Currently there is ban of export of these items by Government)
- The company has received a lot of enquiries for export of Covid-19 essentials and with recent notification of some relaxation in the export norms, the company is likely to explore to start executing its exports orders for Covid-19 essentials.
- The foray into the Covid-19 essentials would play a significant role for driving the growth of the company from both Domestic & Export markets.



Industry Overview

Pharmaceutical market growth



Global Pharmaceutical Market and Outlook



Source: IQVIA Market Prognosis, Sep 2018; IQVIA Institute, Dec 2018

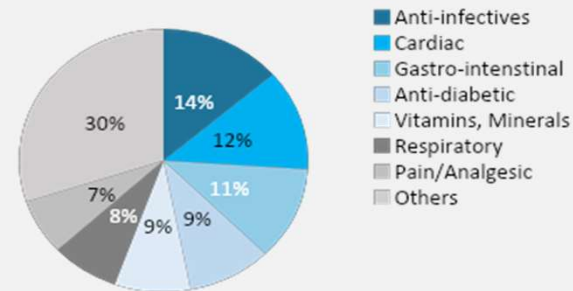
Indian Pharmaceutical Market and Outlook



Source: IBEF Update, December 2019

- Indian Pharma growth is likely to **Outpace** the Global Pharma growth.

Major Therapeutic Areas in India - By Value (2018)



Key Growth Drivers

India's vast population and the growing number of stress-related diseases due to change in lifestyle

Increasing incomes leading to higher affordability of healthcare facilities and drugs

Availability of better diagnostic facilities and increased penetration of health insurance (Ayushman Bharat-National Health Protection Scheme)

Growth in government spending on social sectors with a focus on healthcare

A robust business plan enables Vaishali Pharma to establish a strong foothold in the Indian pharmaceutical market.

Industry Overview

Indian APIs Market Overview



Indian APIs Domestic Consumption Market



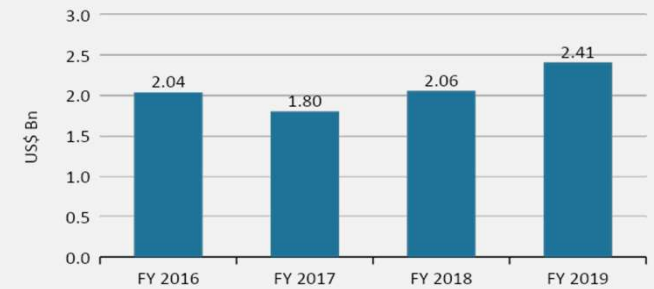
Source: ASSOCHAM Report, RNCOS Estimation

India's Overall APIs Imports



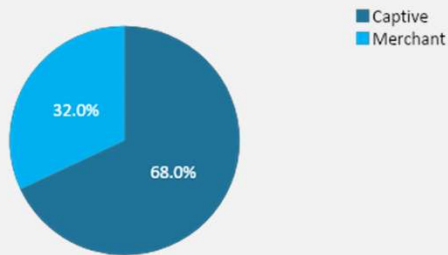
Source: News Articles

India's APIs Imports from China



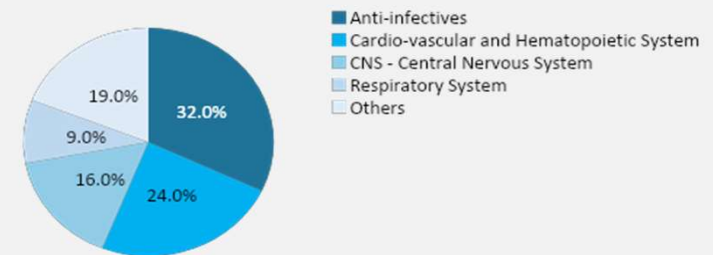
Source: News Articles

Indian APIs Market - Share of Captive and Merchant Market (FY 2016)



Source: ASSOCHAM Report, RNCOS Estimation

Indian APIs Market - Share by Application in Therapeutic Areas (FY 2016)



Source: ASSOCHAM Report, RNCOS Estimation

With a significant portion of revenues from the sale of API's, the growth in Indian API industry is slated to benefit Vaishali Pharma.

Industry Overview

Issues pertaining to imports of APIs from China...

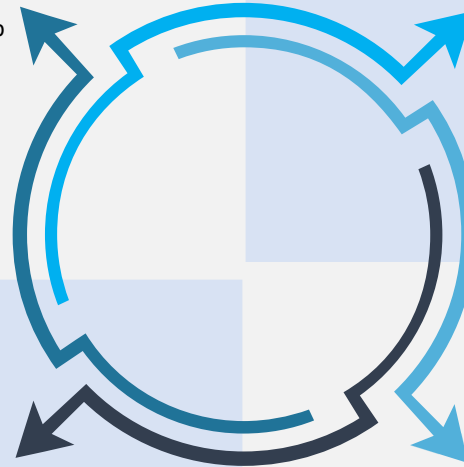


High Dependence on Chinese Imports

- India sources over 65% of APIs used in the manufacturing of various antibiotics, antihypertensive drugs, anti-HIV/AIDS drugs, and anti-TB drugs from China.
- Considering high dependence on Chinese APIs and its criticality in pharmaceutical manufacturing, any issues about India's relationship with China could potentially create an adverse impact on the healthcare sector in India.
- Further, over-dependence on Chinese APIs manufacturers would pose various threats to the pharmaceutical industry, including price volatility and supply-side shocks due to the abrupt closure of manufacturing units on environmental concerns.

Non-adherence to Standard Manufacturing Practices

- At the beginning of 2012, the Central Drugs Standard Control Organization (CDSCO) informed the Chinese FDA concerning that some Chinese drug manufacturers have not complied with standard manufacturing practices, resulting in issues with the final products.



Quality Issues

- Indian pharmaceutical manufacturers witnessed quality issues in APIs inputs from China.
- Indian manufacturers have faced troubles in the past about the quality of drugs, which the Central Drugs Standard Control Organization (CDSCO) is working to address.
- Substandard quality of ingredients supplied by Chinese manufacturers has impacted the business prospects of Indian drug makers as the US and European regulators initiated strong actions against them.

Fake "Made in India" Labels

- Some media reports in the past highlighted that few Indian authorities had blamed Chinese pharmaceutical manufacturers of intentionally using "Made in India" labels for counterfeit drugs that are produced in China.

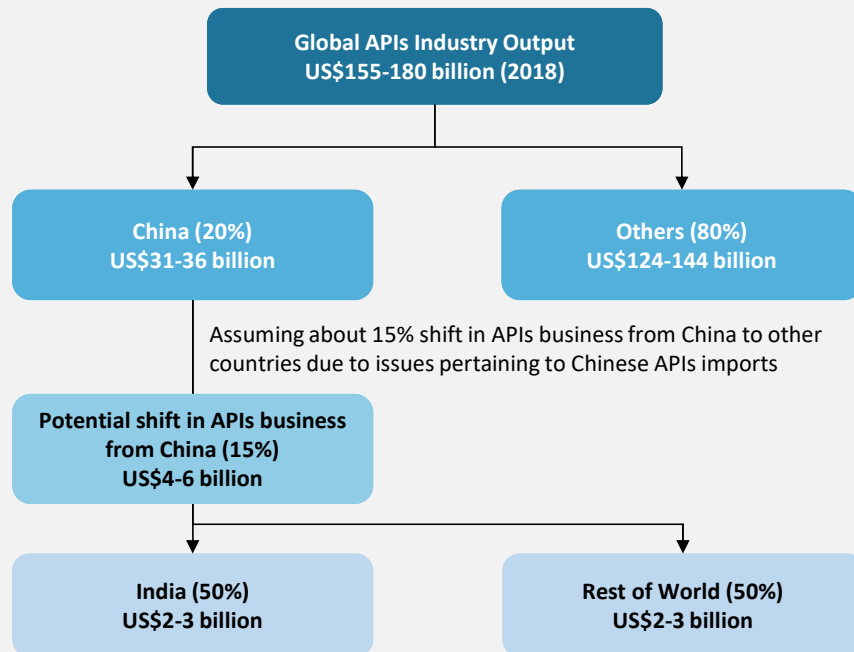
The quality issues associated with Chinese imports create ample opportunities for Indian API manufacturers, making the sourcing process easier for Vaishali Pharma

Industry Overview

...Which offers significant opportunity to domestic APIs manufacturers

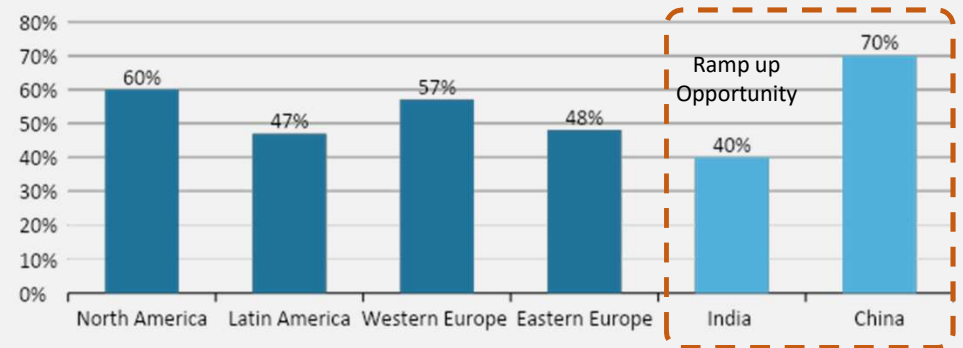


Potential Incremental Opportunity for Indian APIs Manufacturers



Source: Industry Articles, Media Publishing, Internal Calculations

Average Capacity Utilization Rates of APIs Manufacturing Units



Source: News Article

- Many global pharmaceutical companies are looking at India as their APIs sourcing partner, in a strategic shift from single sourcing to multiple sourcing of APIs and intermediates to counter risks and uncertainties associated with the single largest supplier of APIs, China.
- Further, Indian APIs manufacturers are operating at low capacity utilization levels compared to global peers, thereby offering headroom to ramp up operational efficiencies to cater to any sudden demand shift from China.

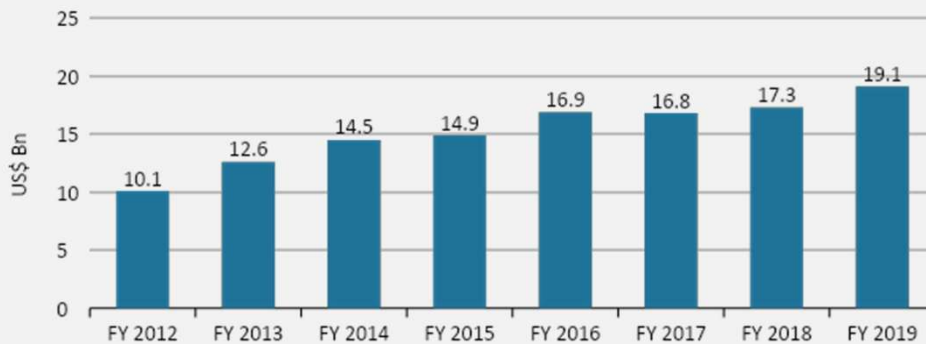
The outbreak of COVID-19 in China is expected to create ample demand for Indian API manufacturers and traders, thereby benefitting the company

Industry Overview

India is one of the largest exporters of pharmaceutical products

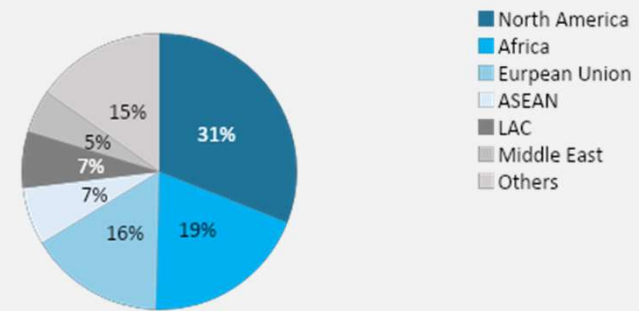


India's Pharmaceutical Exports



Source: IBEF Presentation April 2019, News Article

India's Pharmaceutical Exports (Region-wise FY 2018)



Source: IBEF Presentation April 2019, News Article

- Indian pharmaceutical companies are exploring export avenues in regulated, semi-regulated as well as non-regulated markets. India's pharmaceutical exports have seen steady growth in the past three years, rising from US\$16.8 billion in FY 2017 to over US\$19 billion in FY 2019. The growth in the past three years was mainly driven by higher demand in regions such as North America and Europe.
- According to the data released by Commerce Ministry, North America constitutes about 30% of the Indian pharmaceutical exports, followed by Africa and the European Union with 19% and 16% share, respectively.
- According to industry commentators, the Chinese market is also gradually opening-up, and the government is working to push India's exports to this market as significant demand exists. Additionally, Indian pharmaceutical manufacturers are experiencing substantial demand from some of the other destinations, including South Africa, Russia, Nigeria, Brazil, and Germany.

The strong growth trajectory of Indian pharmaceutical exports lays a strong foundation for Vaishali Pharma to achieve its export goals.

Industry Overview

ASEAN pharmaceutical market



Large Population

Almost 700 million people, 9% of the world population, live in ASEAN

Baby Boom

Each year 7.3 million babies are born in ASEAN

Urbanization

Population density grew by more than 15% in the last ten years

Affordability

Since 2015, more than 50% of ASEAN's population is in the consuming class

Ageing Society

By 2025, ASEAN will have 90 million people older than 60 years

Morbidity

Non-communicable diseases causing 3.2 million deaths in ASEAN in 2017 and growing 5% faster than ROW

ASEAN Pharma
Market Size
**US\$20
billion**

Expected
Growth Rate
5%

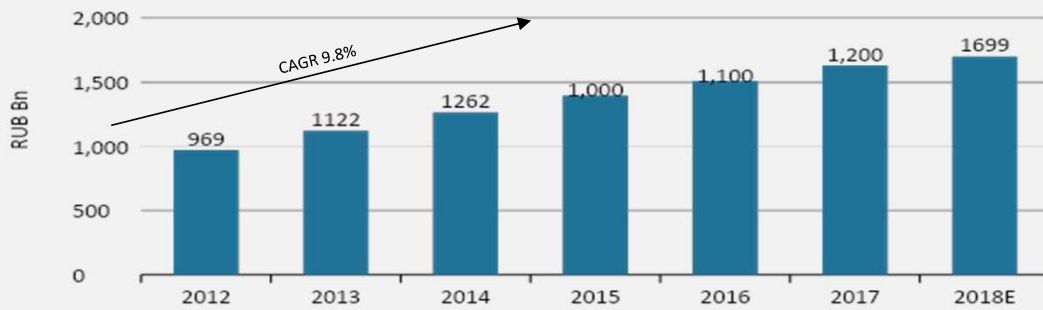
Backed by a strong focus on innovation and exports, Vaishali Pharma is strongly positioned to grab a lions share in the ASEAN, African & Russian pharma growth journey

Industry Overview

Russian And African pharmaceutical market

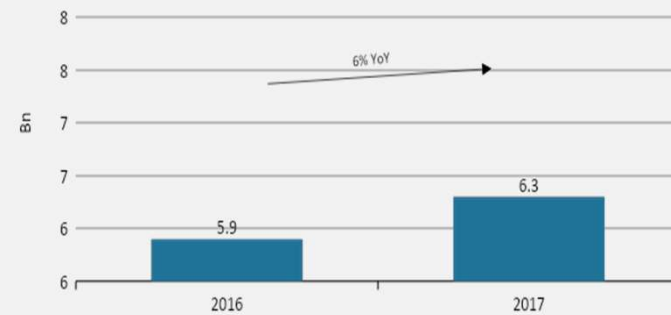


Russian Pharmaceutical Market



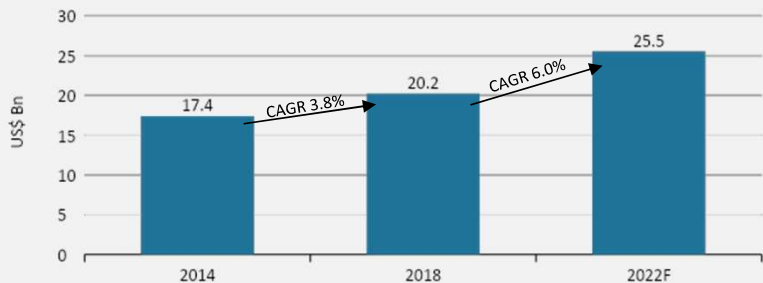
Source: Deloitte Report, 2018

Drug Packages Sold in Russia



Source: News Articles

African Pharmaceutical Sales



Source: IQVIA Market Prognosis April 2018 for Africa

Growth Drivers of African Market

1.3 Billion People

- Projected to be added to African population between 2015 and 2050

4.3%

- Forecasted GDP growth rate for 2018 - growth projections are positive after slowdown

US\$57.5 Billion

- FDI to Africa in 2017, underpinned by large investments from the Far East and Middle East

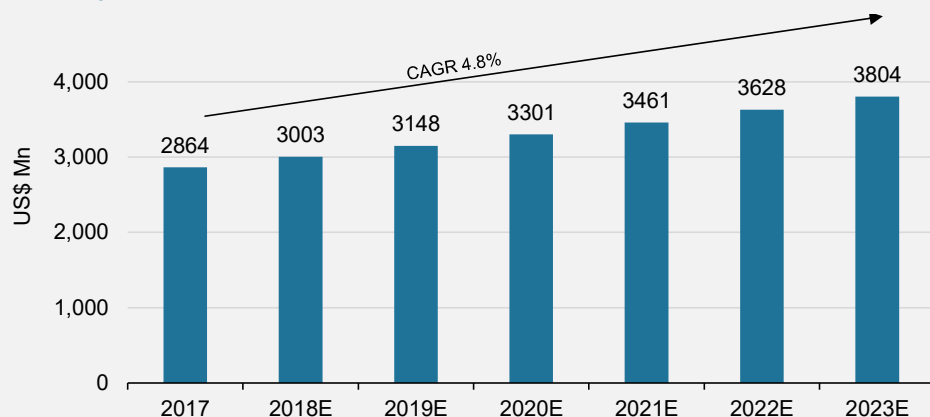
Backed by a strong focus on innovation and exports, Vaishali Pharma is strongly positioned to grab a lions share in the ASEAN, African & Russian pharma growth journey

Industry Overview



The gummy vitamins market is gaining traction across the globe as well as in India

Gummy Vitamins Market



Source: Industry ARC Analytics Report

- As per Industry ARC Analytics, the gummy vitamins market across the globe was valued at US\$2,864 million in 2017 and is projected to reach US\$3,804 million by 2023, registering a CAGR of ~4.8%. The primary factors supporting the growth of this market include growing focus on preventive care, rising prevalence of undernourishment in developing countries, and high consumer preference for tasty and healthy gummies over tablets and capsules. Major players in the global gummy vitamins market include Zanon Vitamec, Pharmavite LLC, Nutranext, LLC, Life Science Nutritionals Inc., etc. German company Haribo generates revenues of EUR 2 billion through its portfolio of gummies, which also includes gummy vitamins.
- Backed by high growth prospects for gummy vitamins, market leaders such as Pfizer, GlaxoSmithKline, The Clorox Company, Taura Natural Ingredients Ltd., Unilever, etc. are also seeking to gain exposure to the gummy vitamins market in India through inorganic routes.

“ The India Growth Story

Apart from being healthy and tasty, gummy vitamins are easy to swallow and light to digest, making them an ideal choice for geriatric population and children. Indian households predominantly rely on supplements such as Horlicks, Bournvita, Complan, etc. to fulfil the nutritional needs of their children. Elders often rely on tablets or capsules for addressing the problem of vitamin deficiency. Gummies, which come in the form of soft chewable toffies can replace these conventional supplements and create a strong foothold in the Indian market. Few gummy vitamin brands which have already established their presence in India include Super Gummy, Purna, Power Gummies, Nutrazee, Top Gummy, Goli, Meadbery, Carbamide, Simply Nutra and many more. With the advent of innovative gummy products in its product portfolio, Vaishali Pharma is expected to benefit from India's growing adoption of gummy vitamins. ”

Financial Performance

Revenues stable at Rs. 70 crore in the last four years, aided by domestic sales of bulk drugs



Total Revenue (Net Sales) and Growth



Source: Company

EBITDA and EBITDA Margin



Source: Company

Gross Profit and Gross Margin



Source: Company

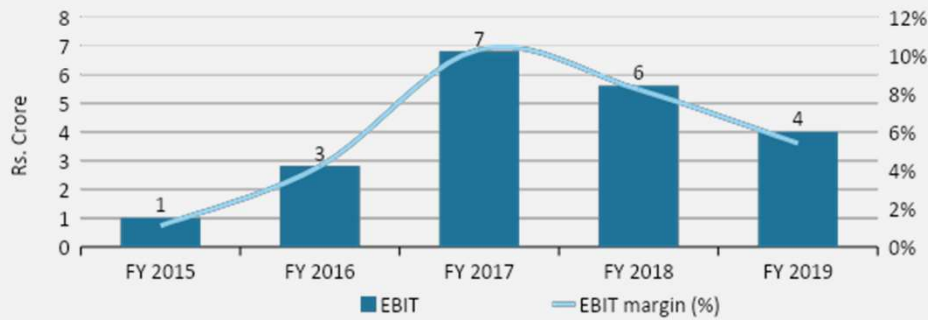
- Supported by robust domestic sales, Vaishali Pharma posted consistent growth in revenues from FY 2016 to FY 2019. Domestic sales of bulk drugs constituted 73.2% of the total revenue from operations in FY 2019.
- In the export segment, revenue from the sale of generic branded products contributed the highest to total revenue at 16.6%.
- As the cost of goods sold increased at a higher rate than revenue growth, gross profit, as well as gross margin, showed compression since FY 2017.
- With declining gross profit and rising employee benefit expenses, the EBITDA of the company has been decreasing too.

Financial Performance

Efficient utilization of debt has supported net profit after FY 2017



Operating Profit and Operating Margin



Source: Company

Net Profit and Net Profit Margin



Source: Company

- A substantial decline in the cost of goods sold had a significant bearing on operating profit in FY 2016 and FY 2017, when EBIT grew by 168.0% and 141.6%, respectively. The operating profit of the company declined from Rs.5.6 crore in FY 2018 to Rs.4.0 crore in FY 2019, a decline of 27.6%. Due to higher product registration and costs related to it have been largely responsible for the decline in margins.
- The company has followed a prudent Policy of writing off the product registration cost instead of amortizing the same, which impacted margins.
- Due to prudent management of finance and other expenses, the net profit of the company has remained mostly above Rs.0.5 crore since FY 2017.

As approved products achieves scales and maturity and higher contribution from exports - margins would witness consistent improvement.

Financial Performance

H1FY2020 Performance



Particulars	H1FY2019-20	H1FY2018-19	% yoy	FY2018-19	FY2017-18	% yoy
Total Revenue	29.44	20.68	42.38%	77.07	69.42	11.02%
Raw Material Cost	25.30	16.26	55.56%	68.66	59.90	14.63%
Employee Cost	1.00	1.44	-30.83%	2.13	2.04	4.33%
Other Expenses	1.04	1.00	3.75%	2.25	3.03	-25.94%
EBIDTA	2.10	1.96	6.85%	4.04	4.45	-9.26%
EBIDTA Margins (%)	7.13%	9.50%		5.24%	6.41%	
Depreciation & Amortization	0.12	0.13	-3.30%	0.27	0.25	5.49%
Finance Cost	1.19	1.41	-15.79%	2.64	2.85	-7.49%
Profit Before Tax	0.79	0.43	84.29%	1.13	1.35	-15.82%
Tax	0.21	0.12		0.42	0.55	
Profit After Tax	0.58	0.31	88.09%	0.71	0.80	-10.52%
PAT Margin (%)	1.99%	1.50%		0.93%	1.15%	
Diluted EPS (Rs)	0.89	0.47		1.08	1.41	

Financial Performance

Balance Sheet



Liabilities	FY2016-17	FY2017-18	FY2018-19
Share Capital	3.00	6.59	6.59
Reserves & Surplus	0.98	14.01	14.81
Net worth	3.98	20.60	21.40
Long Term Borrowings	3.37	2.65	4.78
Deferred Tax Liabilities	-	-	-
Other Non-Current Liabilities	0.20	0.18	0.09
Non-Current Liabilities	3.57	2.83	4.87
Short Term Borrowings	17.75	14.91	11.45
Trade Payables	15.38	22.38	24.53
Other Current Liabilities	4.18	3.48	6.49
Short Term Provisions	0.01	0.01	0.01
Current Liabilities	37.32	40.79	42.48
Total Liabilities	44.87	64.22	68.75

Assets	FY2016-17	FY2017-18	FY2018-19
Net Block	1.29	1.35	1.37
Capital Work-In-Progress	-	-	-
Other Non-Current Assets	3.54	3.71	4.30
Deferred Tax Assets	0.14	0.12	0.11
Non-Current Assets	4.96	5.17	5.78
Inventories	1.15	1.87	0.98
Trade Receivables	37.47	44.58	49.42
Cash & Cash Equivalents	0.18	0.28	0.32
Other Financial Assets	0.44	9.59	9.06
Other Current Assets	0.65	2.74	3.19
Current Assets	39.91	59.05	62.97
Total Assets	44.87	64.22	68.75

Thank You

For Further Information – contact:



Maithili Thakker / Saloni Kubadia
Cell No.: + 91 97250 26676 / 99304 03766
research@bluestonefidelis.in