



Pharmaceuticals Limited

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Date: 06<sup>th</sup> August, 2024

To,  
The Manager,  
Corporate Filings Department,  
BSE Limited,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai- 400 001

The Manager,  
Listing Compliance Department,  
National Stock Exchange of India Ltd.  
Exchange Plaza, Plot no. C/1, G Block,  
Bandra-Kurla Complex, Bandra (E),  
Mumbai - 400 051.

**Security Code: 532815**

**Symbol: SMSPHARMA**

Dear Sir/Madam,

**Sub: Investor Presentation**

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, we are enclosing here herewith a copy of investor presentation of the Company for the quarter ended 30<sup>th</sup> June, 2024.

This Investor Presentation may also be accessed on the website of the Company at [www.smspharma.com](http://www.smspharma.com)

Kindly take the same on record and disseminate on your website.

Thanking you  
Yours Faithfully

**For SMS Pharmaceuticals Limited**

**Thirumalesh Tumma**  
Company Secretary

# Investor Presentation

August 2024



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## Building a sustainable global business

From a single unit-product facility to becoming a diversified API player with a global presence, we have...

- **Global and domestic leadership** in key APIs
- An **integrated business model** with accredited facilities
- Strong presence in **regulatory markets**
- Focus on **R&D**



**#1**

Largest single-block  
Ibuprofen plant in Asia

**87%**

Revenue contribution of  
regulatory markets

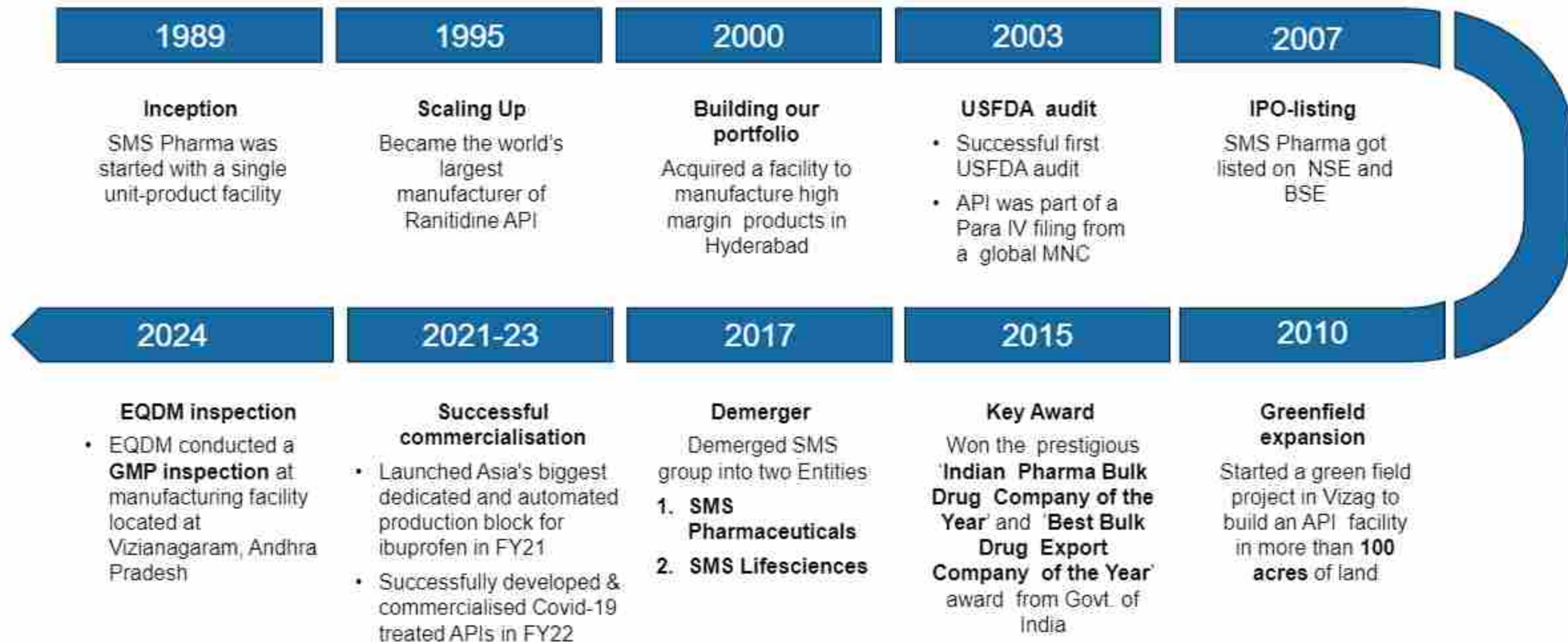
**₹709 Cr**

Revenue in FY24

**₹49 Cr**

PAT in FY24

# 35+ history of delivering value



## Poised for growth

**~20% revenue growth**

**20% EBITDA margin**

### Growth drivers

**Market leadership** in ibuprofen in the next 2-3 years

**Ramp up** of select products

**Cost optimisation** through backward integration and process improvements

**Launch** new products to drive incremental revenue

# State-of-the-art, accredited manufacturing facilities



## Hyderabad

**Manufacturing capacity:** 120 KL for niche small-volume molecules

.....

**Regulatory approvals:** USFDA, EUGMP, KFDA, CDSCO, PMDA

Five times approved by the USFDA

**Total area:** 48,158 m<sup>2</sup>



## Visakhapatnam

**Manufacturing capacity:** 3,000 KL for niche large-volume molecules

.....

**Regulatory approvals:** USFDA, KFDA, CDSCO, PMDA

Three times approved by the USFDA

**Total area:** 3,45,007 m<sup>2</sup>

# Healthy product mix of high-value and high-volume products



Therapeutic areas	Key products	Category
<b>High growth products</b>		
Anti-inflammatory	Ibuprofen	High-volume
Anti Retro Viral (ARV)	Tenofovir	High-volume
Anti-diabetic	Sitagliptin, Empagliflozin, Dapagliflozin, Vildagliptin	High-value
<b>Stable growth products</b>		
Anti-migraine	Sumatriptan, Rizatriptan, Eletriptan	High-value
Anti-ulcer	Famotidine, Pantoprazole	High-volume
Anti-erectile dysfunction	Tadalafil, Sildenafil, Vardenafil	High-value
Anti-epileptic	Levetiracetam, Perampanel, Lamotrigine	High-value
Anti-anginal	Ranolazine	High-value

**63:37**

Revenue mix of high-value to high-volume products in FY24



## Strong thrust on R&D

### New product development

Added 18 new products

### Consistent investment in R&D

Allocation of 1.5-2% of sales to R&D

### Strong partnerships

JV with Spanish pharma giant Chemo Iberica S.A.

### Large technical team

60+ scientists

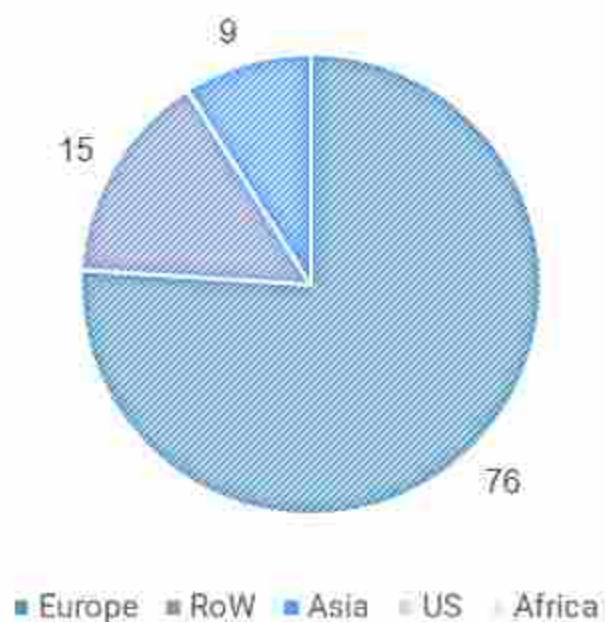
### Focus on commercialisation

20+ DMFs filed



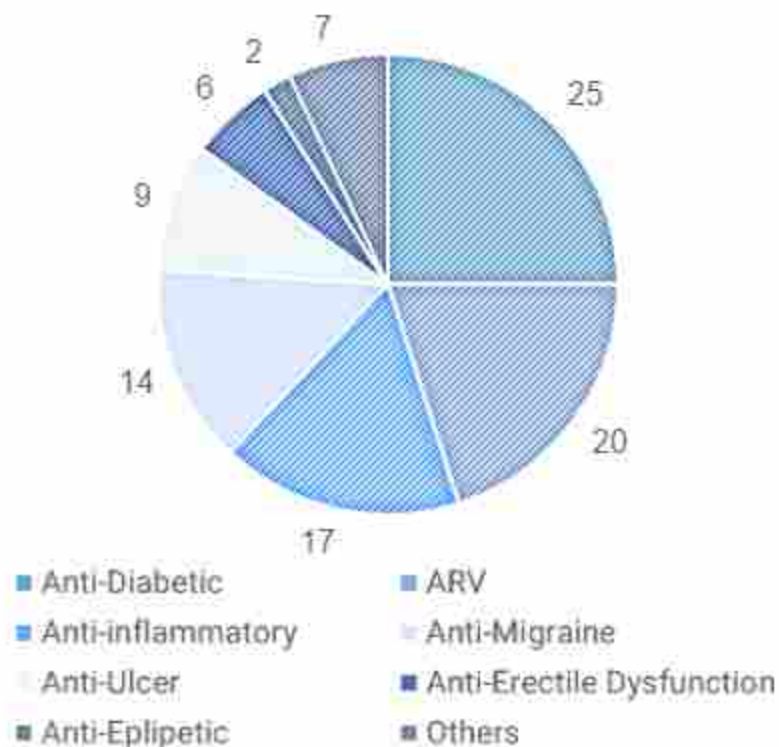
# Diversified to mitigate risk and optimise growth

**GEOGRAPHY**



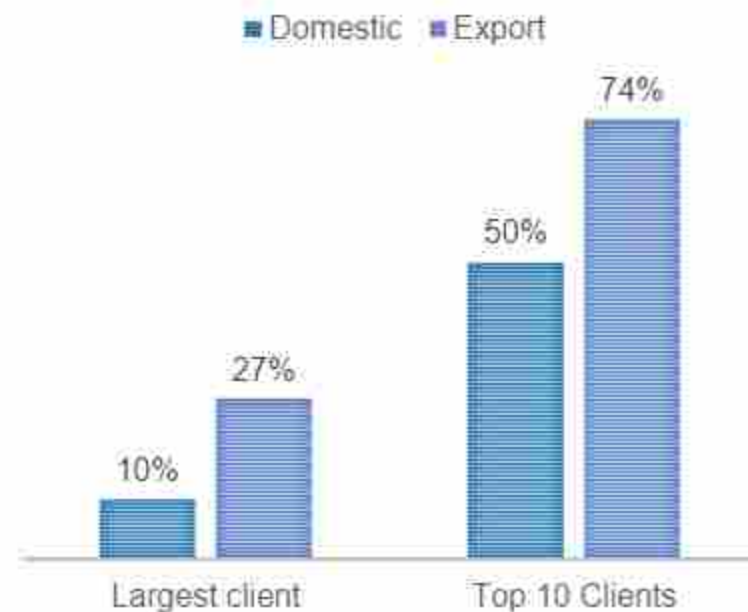
**87% contribution from regulated markets in FY24**  
 (Export: Domestic mix at 87%:13%)

**THERAPEUTIC AREAS**



**Top five therapies contributed ~86% of sales in FY24**

**CUSTOMERS**



**Largest customer contributed ~24% of revenue in FY24**

Our Strength

## Marquee customer base



The logo for Teva, featuring the word 'teva' in a lowercase, blue, sans-serif font with a green leaf-like graphic integrated into the letter 'v'.

The logo for Sun Pharma, consisting of an orange circular graphic above the words 'SUN PHARMA' in a bold, black, sans-serif font.

The logo for Zydus, with 'Zydus' in a bold, blue, sans-serif font and the tagline 'dedicated to life' in a smaller, green, cursive font below.

The logo for Cipla, featuring the word 'Cipla' in a bold, blue, sans-serif font.

The logo for Alkem, featuring a stylized blue 'a' inside a diamond shape above the word 'ALKEM' in a bold, blue, sans-serif font.

The logo for ScieGen Pharmaceuticals Inc., featuring a blue square icon with 'ES' inside, followed by 'ScieGen' in a bold, black, sans-serif font and 'Pharmaceuticals Inc.' in a smaller font below.

The logo for Granules, featuring a blue circular graphic with a red dot above the word 'GRANULES' in a bold, black, sans-serif font.

The logo for Sanofi, featuring a stylized blue and yellow 'S' graphic above the word 'SANOFI' in a bold, blue, sans-serif font.

The logo for Johnson &amp; Johnson, featuring the company name in a red, cursive font.

The logo for Dr. Reddy's, featuring the company name in a black, sans-serif font next to a purple graphic of a cluster of dots.

The logo for Mylan, featuring a blue square icon with three vertical bars above the word 'Mylan' in a bold, black, sans-serif font.

The logo for Laurus Labs, featuring a blue and green circular graphic above the words 'LAURUS Labs' in a bold, black, sans-serif font, with the tagline 'Knowledge. Innovation. Excellence' in a smaller font below.

The logo for Glenmark, featuring a red 'G' icon above the word 'glenmark' in a bold, red, sans-serif font, with the tagline 'A new way for a new world' in a smaller font below.

The logo for Chemo, featuring a blue circular graphic above the word 'CHEMO' in a bold, black, sans-serif font.

The logo for Aurobindo, featuring a stylized blue 'A' graphic above the word 'AUROBINDO' in a bold, blue, sans-serif font.

# Strategy

**Achieve global scale in Ibuprofen**

**Leveraging diversified portfolio for growth**

**Backward integration to drive profitability**

**New Product Development for additional growth options**

**Capacity expansion**



# Achieve global scale in Ibuprofen

Winning the Ibuprofen market

IBUPROFEN TARGET PRODUCTION

**1,000 MT/Month**

Enabled by

Asia's largest single-block ibuprofen plant

Fully integrated operations

Globally accredited facility

Diversified customer base

Geographic expansion

## Why Ibuprofen

**Ibuprofen is a large global market**

45,000 MTPA+ global market with evergreen industry growth of 5%

**Potential for disruption with low cost of production**  
by backward integrated producers in the world

## Leveraging diversified portfolio for growth

<b>Anti-inflammatory</b>	<ul style="list-style-type: none"><li>● Started providing commercial supplies in several of regulated countries in FY24</li><li>● Long-term strategy expected to payoff in FY25</li></ul>
<b>ARV</b>	<ul style="list-style-type: none"><li>● Strong rebound expected to continue in FY25</li></ul>
<b>Anti-diabetic</b>	<ul style="list-style-type: none"><li>● Sitagliptin expected to go off-patent in the US in FY25</li><li>● Cost optimisation to maintain profitability</li><li>● Commercialise new production under JV with Chemo</li></ul>
<b>Stable growth products*</b>	<ul style="list-style-type: none"><li>● Strong customer relationships of 20+ years</li><li>● Process optimisation to deliver quality at low cost</li><li>● Steady increase in revenue contribution</li></ul>

\*Stable growth includes anti-migraine, anti-ulcer, anti-erectile dysfunction, Anti-epileptic, anti-anginal

# Backward integration to drive profitability

## Progress made

- Completed backward integration for key KSMs
- Ongoing capex expected completion by mid-FY25

## Way forward

- Deliver 20%+ EBITDA margin
- Vertical integration of select products



# New Product Development for additional growth options

Aim to add 8-10 products in the next 12-18 months in existing and new therapeutic areas



## Strategy to disrupt markets

Leverage strengths to capitalise on process improvement opportunities

Develop high-growth APIs across therapeutic areas

Achieve economies of scale to gain cost advantage



# Capacity expansion

## Expanding capacities to maintain growth

- Capacity utilisation at ~70% in FY24; expected to reach ~80% in FY25
- Ongoing capex of ₹150 crore on backward integration and new product lines

## Expected growth in OCF to fund capex plans

- Revenue growth and margin expansion
- Working capital rationalisation

## Fresh infusion of capital

- 55% of convertible equity warrants worth ₹114 crore will be used for capex



# Experienced BoD to deliver on strategy



**Mr. Ramesh Babu Potturi**  
Chairman & MD

Post-graduate Technocrat with over three decades of experience. Instrumental in securing USFDA approval for Ibuprofen. Innovative R&D leader. Acquired SMS Pharmaceuticals Limited in 1990, now serving as Managing Director.



**Mr. P. Sarath Kumar**  
Director

Founder partner of Sarath & Associates. Chartered Accountant with 26 years. Bachelor of Law, Certified Fraud Examiner & Forensic Accounting Professional. Advisor to law enforcement agencies in major Economic Offence cases.



**Sri. Sarvepalli Srinivas**  
Director

Seasoned business leader with 30+ years of experience in both public and private sectors. Served as Managing Director of NHDC and Chairman & Managing Director of NTC.



**Sri. Sravan Kudravalli**  
Director

Partner in a renowned Chartered Accountancy firm. Specialises in auditing, accountancy, company law, taxation, and finance. Experienced in conducting internal and statutory audits for various public and private companies.



**Mr. Vamsi Krishna Potturi**  
Executive

Bachelor's in Engineering in Electrical and Electronics from BITS Pilani Dubai Campus. Holds a Masters in Engineering Management from Missouri University of Science & Technology. Experienced in supply chain management at Ohm Labs.

# Robust growth is expected in revenue and profitability

REVENUE (₹ CR)



## Key Drivers:

Portfolio approach to drive revenue

Cost optimisation and enhanced operational efficiency

Improved profitability through backward integration

Launch of new products

EBITDA (₹ CR) — MARGIN (%)



# Summary

	FY22	FY23	FY24	Q1 FY25
<b>P&amp;L Summary (₹ Cr)</b>				
Revenue from operations	519.87	522.05	709.26	164.45
Gross Profit	249.62	132.56	211.56	58.29
EBITDA	119.53	54.48	116.62	33.51
PAT	62.22	(7.06)	49.83	16.48
<b>Margins (%)</b>				
Gross Margin	48%	25%	30%	35%
EBITDA Margin	23%	10%	16%	20%
PAT margin	13%	0%	7%	10%
<b>Return profile (%)</b>				
RoCE	13%	4%	12%	-
RoE	15%	1%	9%	-

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2047K-100  
50-02-112710  
VI 11/2016  
11/2016

6LR-83-31  
2047K-100

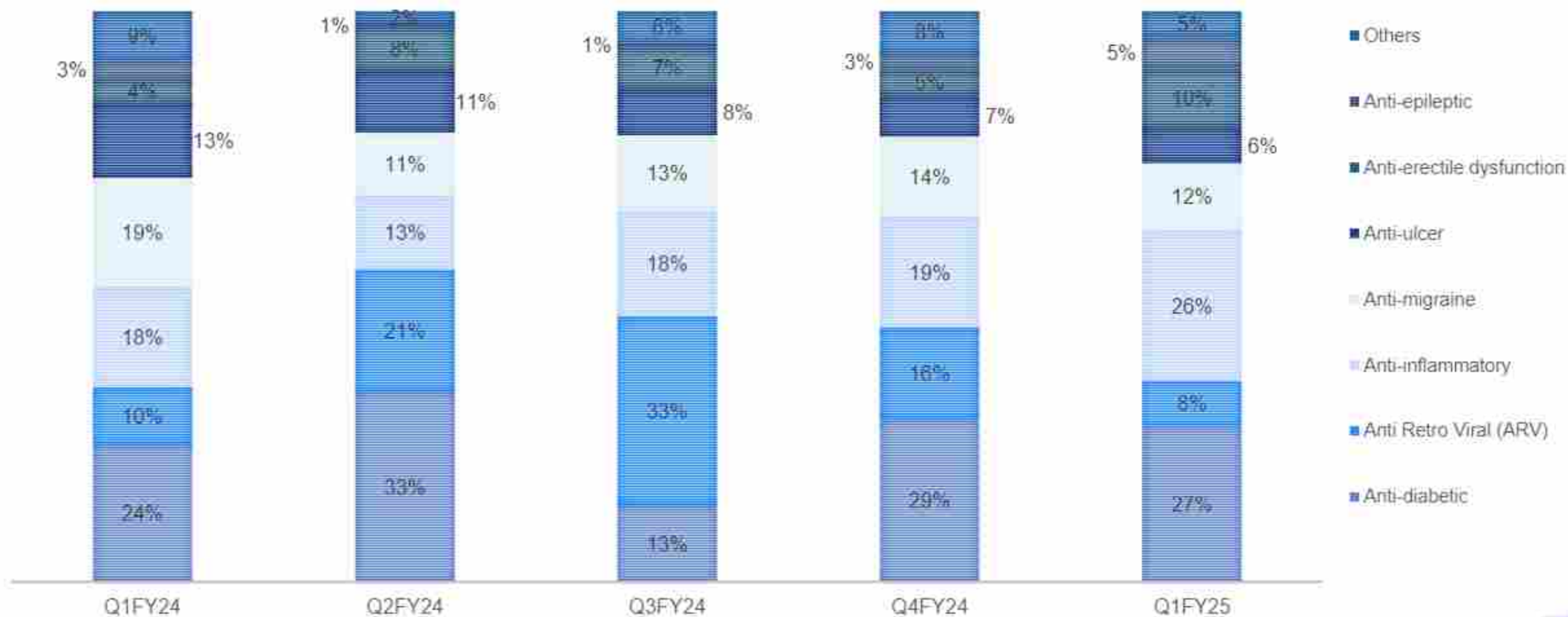
# Quarterly Performance Review



# Key operating metrics



REVENUE BY THERAPEUTIC AREA (%)

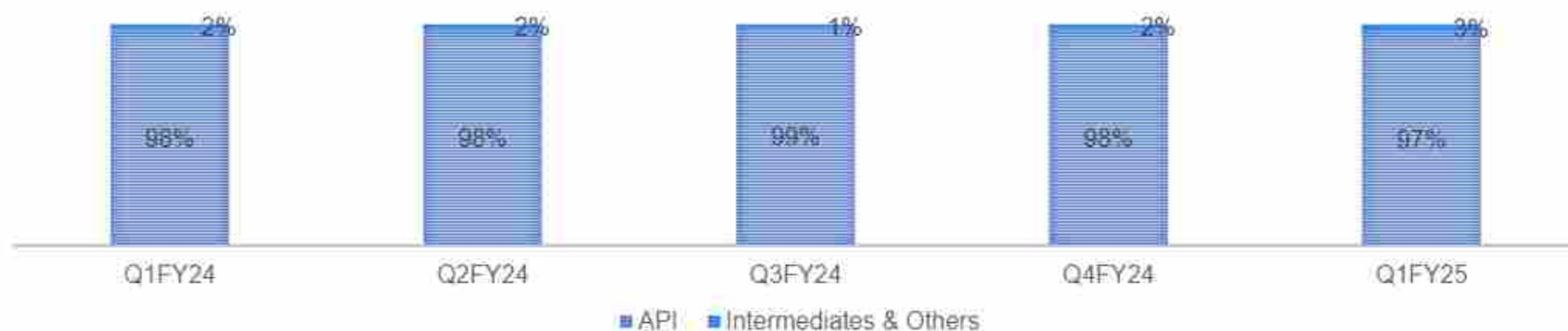


# Key operating metrics

### REVENUE BY GEOGRAPHY-WISE (%)



### REVENUE BY SEGMENT-WISE (%)



# Consolidated P&L statement

Particulars (₹ Cr)	Q1FY25	Q1FY24	YoY%	Q4FY24	QoQ%	FY24	FY23	YoY%
Revenue from operations	164.45	135.34	22%	245.80	(33%)	709.26	522.05	36%
COGS	106.16	87.89	21%	182.54	(42%)	497.70	389.49	28%
<b>Gross profit</b>	58.29	47.45	23%	63.26	(8%)	211.56	132.56	60%
<b>Gross margin (%)</b>	35.45%	35.06%	39bps	25.74%	971bps	29.83%	25.39%	444bps
<b>EBITDA</b>	33.51	26.18	28%	33.63	0%	116.62	54.48	114%
<b>EBITDA margin (%)</b>	20.38%	19.34%	103bps	13.68%	670bps	16.44%	10.44%	601bps
Other income	1.37	0.51	169%	1.64	(16%)	4.46	4.91	(9%)
Finance costs	4.67	6.32	(26%)	5.61	(17%)	23.46	21.91	7%
Depreciation	8.38	7.69	9%	7.92	6%	31.51	32.13	(2%)
<b>PBT</b>	21.83	12.68	72%	21.74	0%	66.11	5.35	1136%
Taxes	5.45	3.87	41%	5.69	(4%)	16.91	1.47	1050%
<b>Reported PAT</b>	16.38	8.81	86%	16.05	2%	49.2	3.88	1168%
Add: Share of associates profit/loss	0.1	0.53	(81%)	1.23	(92%)	0.63	(10.94)	(106%)
<b>PAT after MI &amp; Assoc</b>	16.48	9.34	76%	17.28	(5%)	49.83	(7.06)	(806%)
<b>PAT margin (%)</b>	10.02%	6.90%	312bps	7.03%	299bps	7.03%	-1.35%	838bps
Earnings Per Share (EPS)	1.95	1.1	77%	2.04	(4%)	5.89	-0.63	-810%

Strong growth in anti-diabetic and ibuprofen segments

Lower raw material prices, improved product mix and operating leverage led to improved profitability





**Mr. Thirumalesh Tumma**



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**Aditya Dutta**



**EQSPONENT Partners LLP**



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# Thank You

