

FOOD PILL AND MEALS

NUTRIENT POWER WITHOUT CALORIES



NUTRACEUTICALS

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Business overview



About Deccan Healthcare

- Incorporated in 1996, Nutraceuticals and wellness product Company;
- DHC's food pills and meals categorized under Fast Moving Consumer Healthcare (FMCH) products are popular with millennials and GenX
- Food pills and meals covering 52 consumer wellness goals preventing/curing over 200 diseases, disorders and disabilities due to micro nutritional deficiency
- Driving sales of BE YOUNG brand through e-commerce platform www.beyoungstore.com
- Expanding into international geographies with STAY YOUNG brand. Commenced exports to Kenya and Mauritius

Key facts and figures

1,61,000+

NO. OF CUSTOMERS SERVICED

6100+ | 140+

MARKETING AGENTS | DISTRIBUTORS

1,500

PRODUCT OFFERING

160+

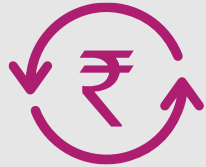
NO. OF EMPLOYEES



Note: All figures as on FY18

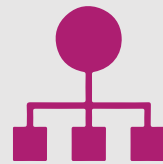
Journey So Far

Phase 1: 1996-2005



Trading of pharmaceuticals

Phase 2: 2005-2010



Third party manufacturing

2008 – In addition to third party manufacturing, DHC launched an in-house brand called OxayFlax. It is a revolutionary food pill containing vegetarian source of Omega 3 and essential nutrient

Phase 3: 2010 onwards



Own manufacturing facility, E-commerce platform, Exports

2010 – Set up owned manufacturing facility in tax benefit zone at Rudrapur, Uttarakhand
2011 – Accelerating portfolio of food pills through Nutridecc
2015 – Certified as an ISO 9001:2008 company
2016 – Launched “Be Young” brand for Domestic Market
– Launched Beyoungstore.com – E-commerce platform for domestic market
2017 – Awarded the Fastest growing SME of the year – Large Size – by Navbharat SME Business Excellence Award
– Honored at “Kokila Dhirubhai Ambani Hospital and Medical Research Institute”
– Launched “Stay Young” brand for international geographies
2018 – Awarded the “Leader with a purpose award 2018” – by India Leadership Summit and Awards
– Awarded the “SKOCH Order-of-Merit” by Sameer Kochar, Chairman, SKOCH Group
– “Stay Young” brand shipment to Mauritius and Kenya
– FIDSI Charter Membership
– Awarded as the Best “Fastest growing online nutrition store” – by ASSOCHAM Nutraceutical Excellence Award
– Awarded with Best Wellness Brand – by ASSOCHAM Nutraceutical Excellence Award
– Awarded with “Sustainable Product Innovation Award” – by World federation of CSR and World Sustainability Congress
– Received “Certificate of Appreciation” for supporting gender diversity in India – by Asian Women in Leadership Summit India



Unleashing the Power of E-commerce

- Awarding winning nutraceutical branded products + E-commerce platform to drive strong growth for DHC

DHC E-commerce Platform

DHC's Growth engines



Domestic market

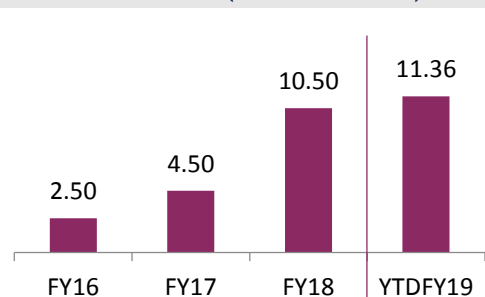


Export market

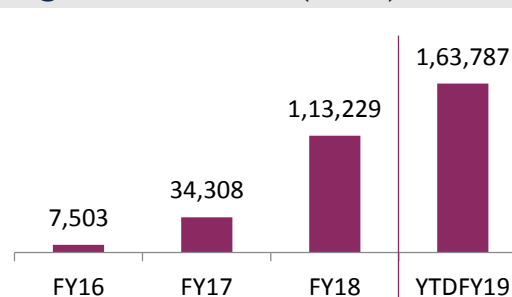
Unique features

- Private label products - generate higher margins
- 100% genuine products
- Strong customer support over Phone, Email and WhatsApp
- Ease of shopping and delivery

Online Sales (Rs. Crores)



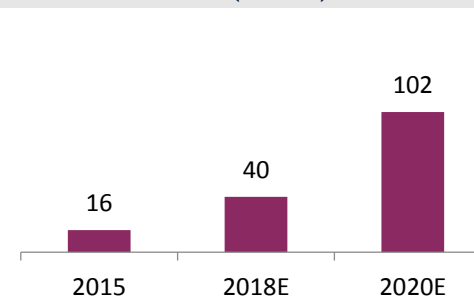
Registered Users (Nos.)



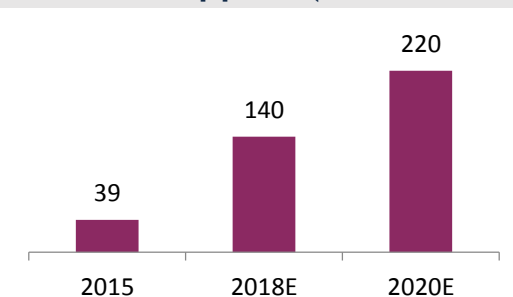
Indian E-commerce industry

- 40% of Indian population has access to internet (6 mn new entrants every month)
- Annual spend per shopper is expected to increase from \$247 in 2015 to \$288 and \$464 in 2018E and 2020E respectively

Online Sales (\$ bn)



Online Shoppers (Nos. in mn.)

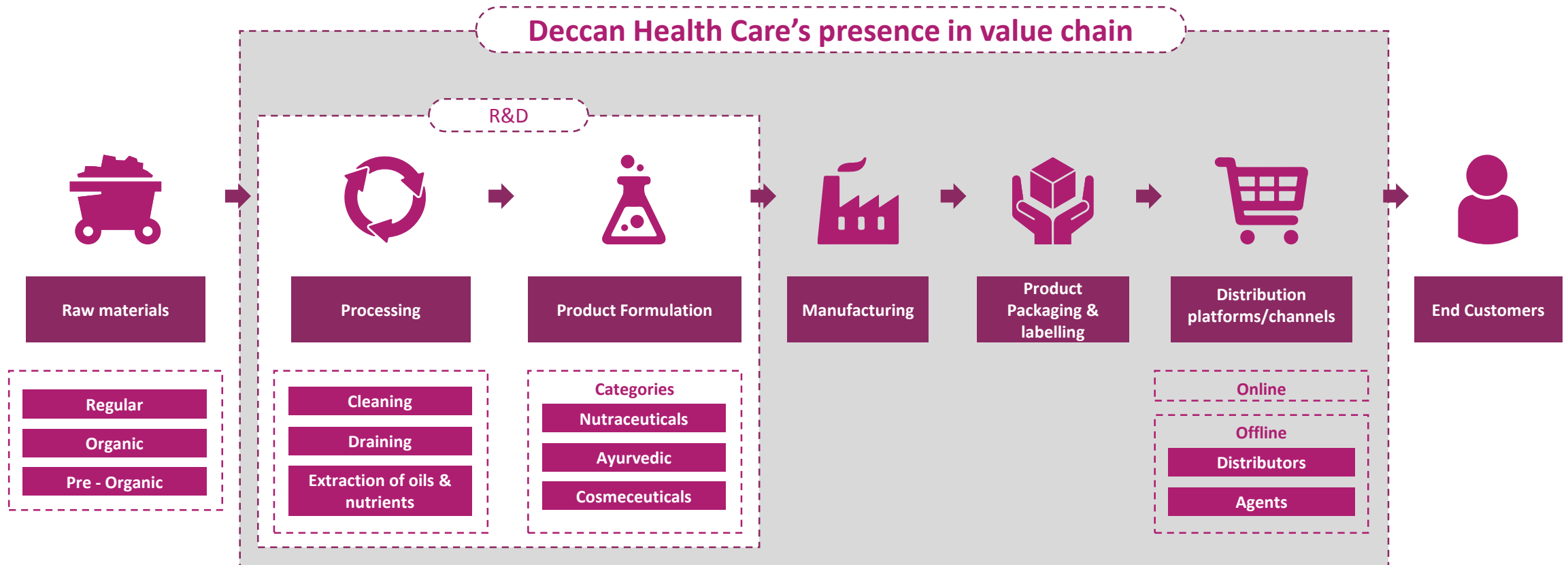


Sources: CII report, Industry data

Targeting e-commerce revenues of Rs. 100 crore in 5 years from Rs.10.5 crore in FY18

Business Value Chain

- Strong presence across value chain viz. R&D, manufacturing, branding and distribution
- Benefits of pricing power, superior cost control and data leveraging for decision making across various points of the value chain





Nutrition goals

- **Daily body cell nutrition**
 - Boys micro nutrition
 - Body cells nutrition
 - Daily micro nutrition
 - Girls nutrition
 - Kids bone nutrition
 - Men nutrition
 - Protein daily food
 - Women nutrition
- **Organ specific nutrition**
 - Bone nutrition
 - Brain nutrition
 - Eye nutrition
 - Hair nutrition
 - Heart nutrition
 - Joint nutrition
 - Nerve nutrition
 - Prostate nutrition
 - Skin nutrition



Condition specific goals

- Energy booster
- Good for heart
- Good for eyes
- Good for diabetes & its ill effects
- Good for colon guts and stomach
- Good for liver
- Good for digestion
- Good for active sex in men & women
- Good to reduce weight & obesity
- Good for specific risk & discomfort



Ingredient focus goals

- **Ingredient focused nutritional solutions**



Daily care solutions

- Good for daily hair care
- Good for daily skin care
- Good for daily dental care

Innovation and Manufacturing Centre

SIDCUL Pantnagar, Rudrapur, Uttarakhand – A Tax Exempt zone till FY-2020.



Capabilities Softgels, Hardgels, Tablets, Creams and Lotions, Liquids, Powders, Pastes, Special dosages

Approvals CGMP, FSSAI, UK Certified WHO-GMP++, EQFS Certification, German Certification, ICM certification, USP Registered

Installed Capacity	Particulars	Production Capacity at present (Quantity Per Month)
	Soft Gel Food Pills (SGC)	45,62,50,000
	Hard Gel Food Pills (HGC)	12,16,66,667
	Liquid orals	6,08,333
	Tablet Food Pills	2,43,33,333
	External preparations (Lotions and Ointments)	2,12,916

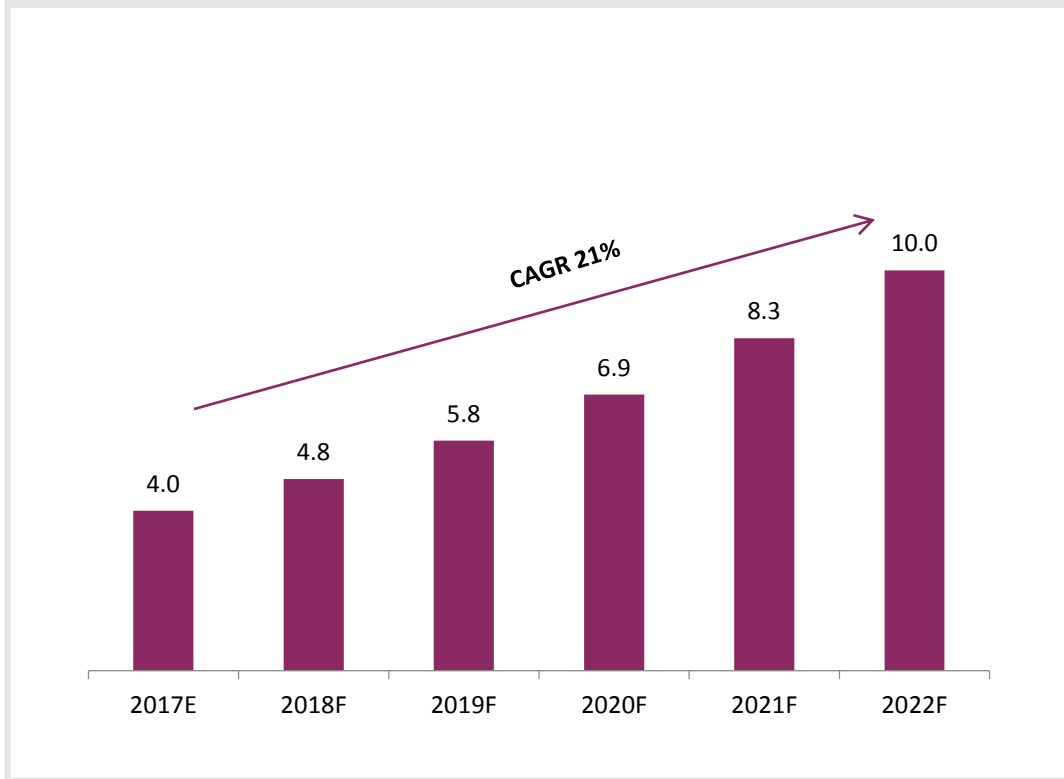
Key Strategic Initiatives



Industry Overview



India's Nutraceutical Market Size and Growth

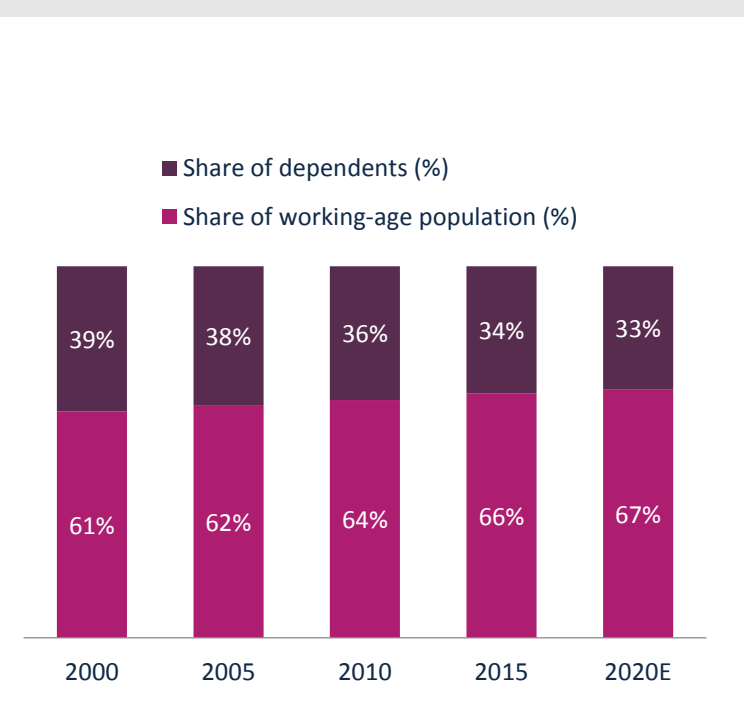




Favorable Demographics

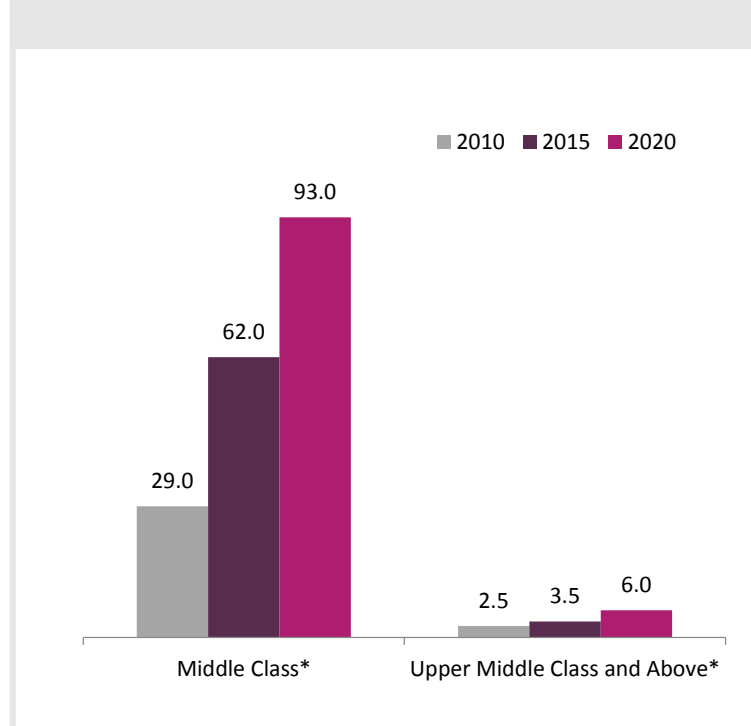
- Higher working population calls for busier schedules, high stress and lesser time for self care for large number of people
- Rising standard of living leads to preference for better healthcare and rising spends

Share of working population (%)



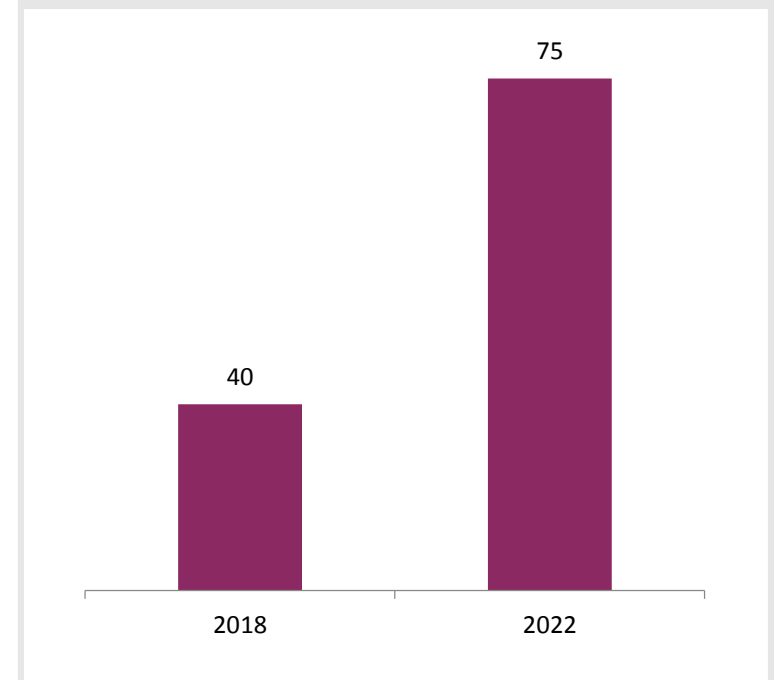
2/3rd Indians in working-age with median age of <28 years

Numbers of households (mn)



Rise in number of households in Middle and Upper income class

Per capita spend on preventive healthcare in India (\$)



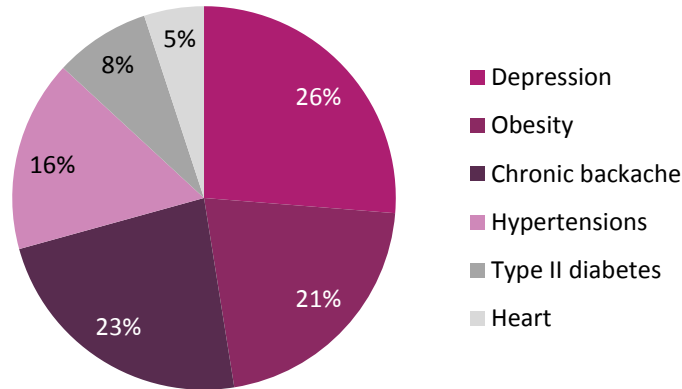
~2x rise expected in preventive healthcare spends



Interest in Preventive Health

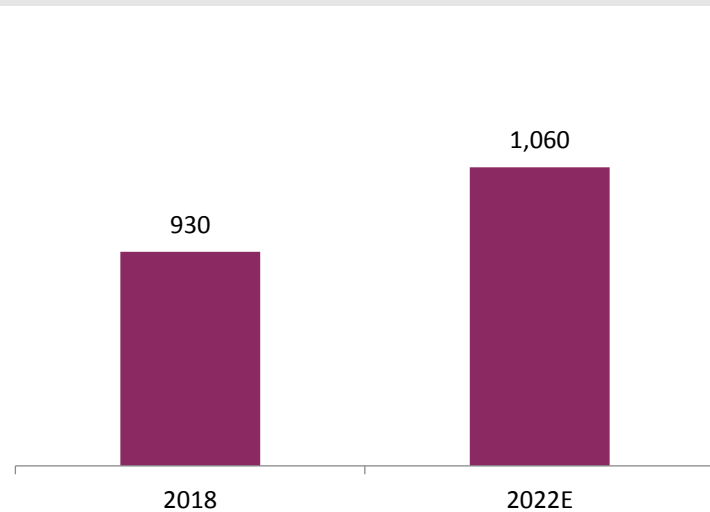
- Shift in mindset from “Life span” to “Health span”
- Rising cost of healthcare driving interest in preventive health – per capita healthcare expense grew 7% CAGR to \$63 between 2010 to 2015 (as per The World Bank)
- Vulnerability to lifestyle ailments – arising from transforming food habits, less physical work and sedentary desk jobs

Lifestyle diseases



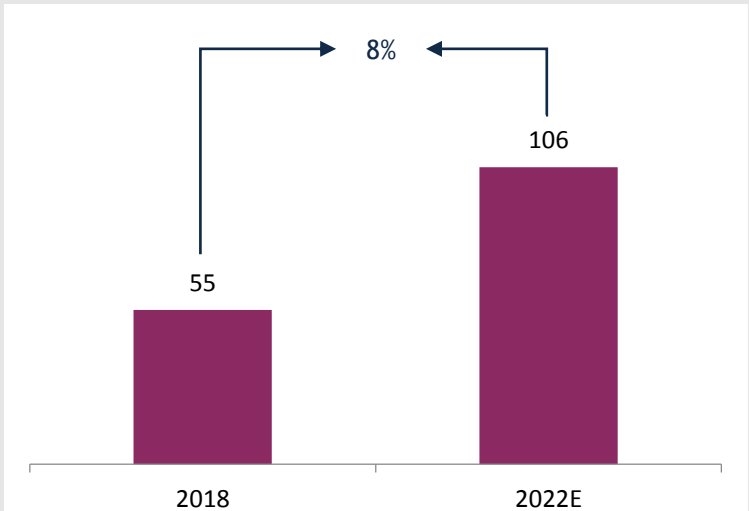
Estimated split of Lifestyle disease incidents (in 2022E)

Lifestyle disease incidents (in mn)



~1 billion lifestyle disease incidents expected by 2022E in India - one of the largest in the world

Total expenditure on preventive healthcare (\$ bn)



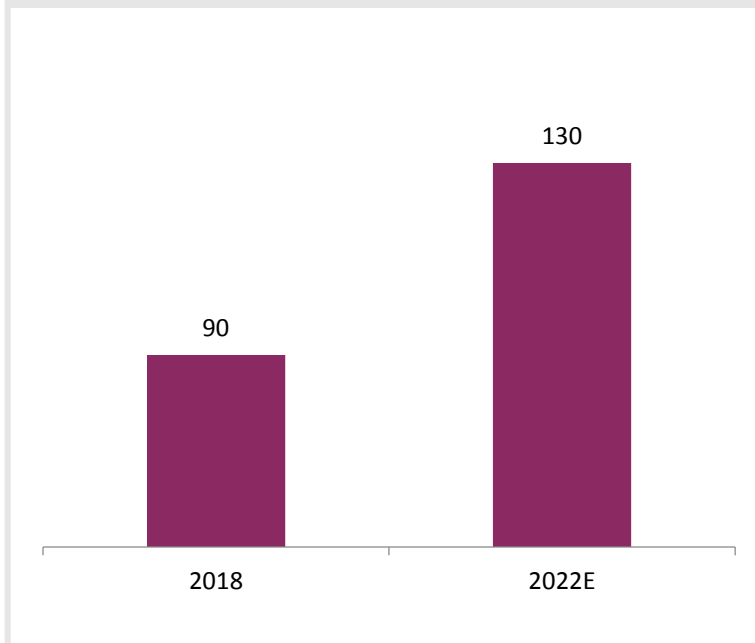
Strong interest expected in preventive healthcare



Consumer Preferences

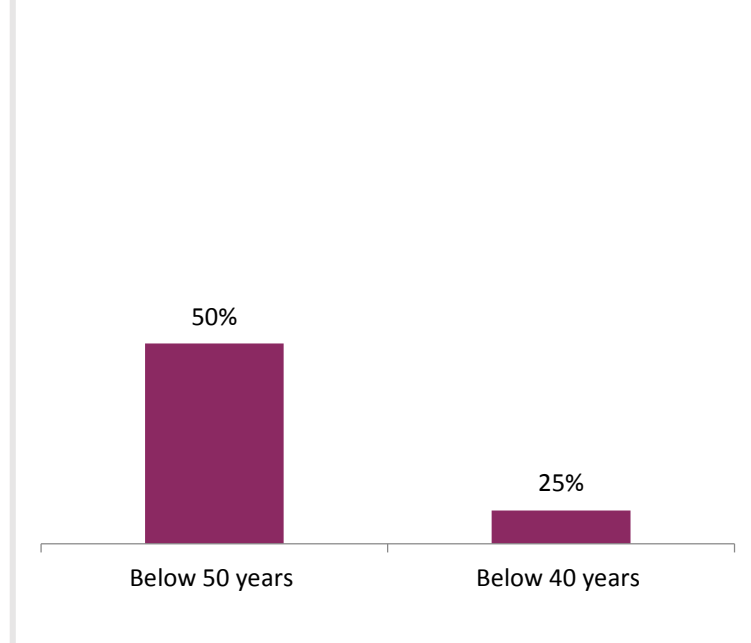
- Baby Boomers - focused on preserving a healthy lifestyle as they enter into retirement age
- Millennials - preference for active lifestyle for physical endurance, mental alertness and to be active & awake

Health Conscious Individuals (in mn)



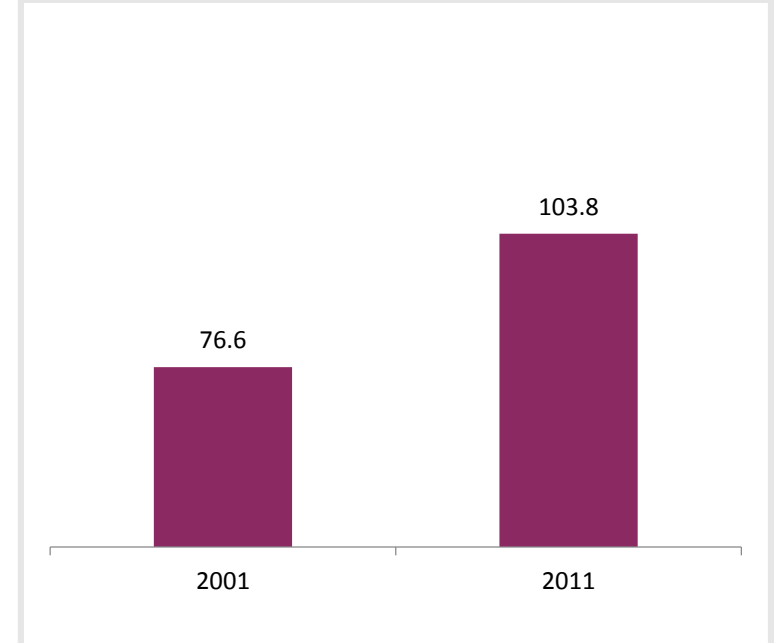
Health consciousness is trending upward in India

Incidences of heart attacks as per age (%)



Risks of heart attacks rising at a younger age. India is seen as coronary heart disease capital of the world.

Elderly population (in mn)



Large elderly population opens wide market for health preservation options



Convenient Formats

- Availability of nutraceuticals in various formats viz. Softgels, Hardgels, Tablets, Creams and Lotions, Liquids, Powders, Pastes has made consumption convenient and easier



Awareness

- An ASSOCHAM report states “One rupee spent on prevention saves Rs. 132.33 in absenteeism costs and Rs. 6.62 in healthcare costs”
- Presence of Global Nutraceutical Companies viz. Amway and Herbalife in India since last two decades has contributed awareness about nutraceuticals



Ease in Regulation

- Nutraceuticals unlike Pharmaceutical do not go through long development and approval cycle
- Faster rollout of new products as industry is regulated by FSSAI and not FDA

Experienced and Dynamic Management



“There is no success without failure. When you’re pursuing ground-breaking innovations, setbacks go with the territory – unless you have the courage to fail, you’ll never be successful. Innovation is about taking risks and accepting failure.”

Mr. Minto Gupta started Deccan Healthcare in 1996 with experience of over 20 years and has steered the company on a profitable journey. He has extensive experience and know-how in the field preventive and wellness products. His direction for Deccan Healthcare is critical in achieving strong a business performance and creating value for shareholders.

Mr. Minto Gupta is an M.Sc. Bio-Chemistry from University of Mumbai. His career background includes research and management positions in companies such as Rallis India Ltd. (TATA Company), Ranbaxy Laboratories and SOL Pharmaceuticals. As early as 1998, he had written his vision: “to move health care from curative medicines to preventive supplements”.

Mr. Minto Gupta

Promoter & Managing Director



Mr. Mohak Gupta

Chief Operating Officer, Commerce & Materials

- MBA from IIM-A and attended management courses at the London School of Economics;
- He has worked as a senior positions in ICICI Bank and Idemistu Kosan Co.;
- Currently, looks after brand building & operations in the Company and instrumental force behind launching BeYoung brand.



Ms. Mohita Gupta

Chief Development Officer - Business Strategy & CSR, BE YOUNG

- Currently responsible to lead online sales and CSR;
- MBA from NALSAR and double Master’s degree from London school of economics (LSE) by qualification;



Leader with a Purpose Award 2018
INDIA LEADERSHIP - Summit & Awards



Fastest growing SME of the year – Large Size – by
Navbharat SME Business Excellence Award - 2017



Honoured at Kokilaben Dhirubhai Ambani Hospital
and Medical Research Institute - 2017

Awards & Recognition



Fastest Growing Online Nutraceutical Store - CIMS Medica Nutrition & Wellness Awards 2018



Sustainable Product Innovation Award – 2018 and FIDS I Award - 2018.



Best Wellness Brand - Fastest Growing Online Nutrition Store – ASSOCHAM Nutraceuticals Excellence Awards 2018



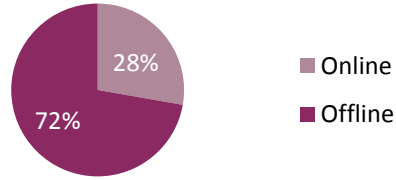
SKOCH Award - 2018

Financial Snapshot

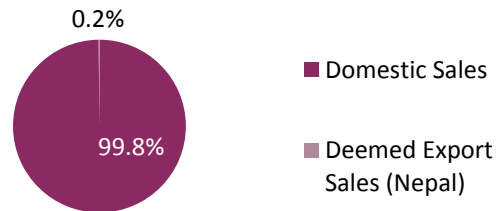


Revenue Break-up

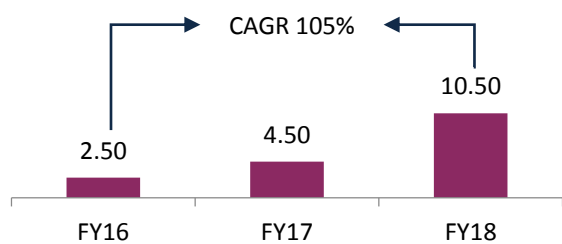
Sales Channels (%)



Geographic Sales



Online sales (Rs. Crores)



Domestic state-wise sales break-up (Rs. Crores)

Offline Sale

States	Amount (Rs. Crores)
Uttarakhand	8.21
Maharashtra	4.75
Delhi	4.13
Uttar Pradesh	3.24
Madhya Pradesh	2.25
Andhra Pradesh	1.36
Chandigarh	1.10
Others	3.96
Total	29.00

Online Sale

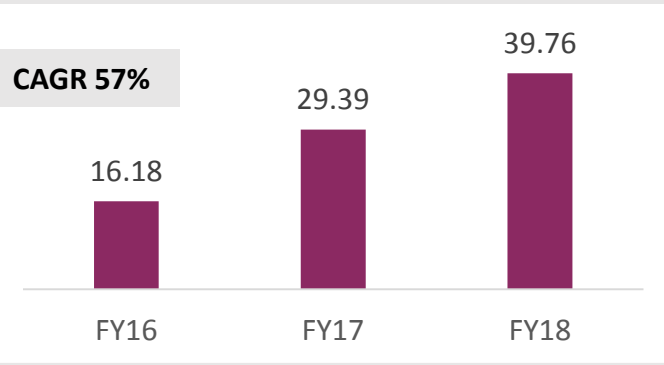
States	Amount (Rs. Crores)
Gujarat	1.12
West Bengal	1.08
Delhi	1.02
Uttar Pradesh	1.01
Haryana	1.00
Punjab	0.97
Maharashtra	0.97
Orissa	0.88
Assam	0.70
Madhya Pradesh	0.66
Others	1.07
Total	10.48

Note: All figures as on FY18

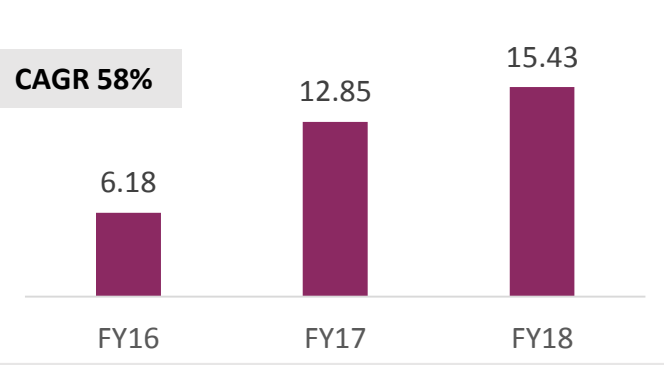
Sales grew by 35% YoY to Rs.39.5 crores in FY18; Online sales growing rapidly

Financial Highlights

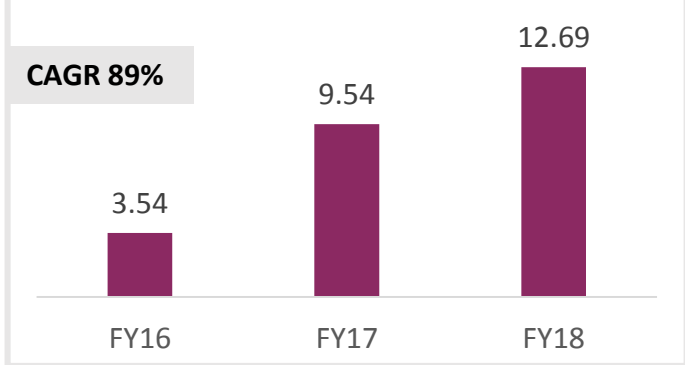
Total Revenue (Rs. Crores)



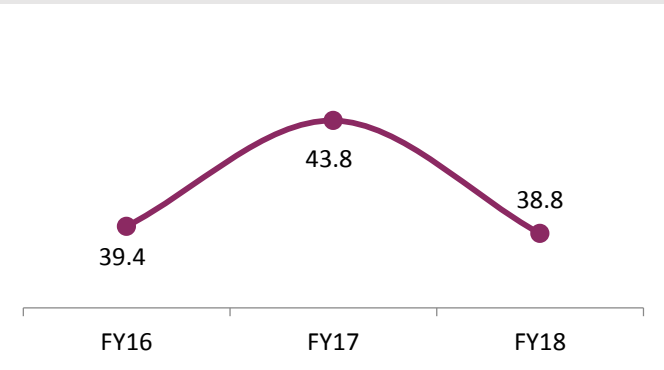
EBIDTA (Rs. Crores)



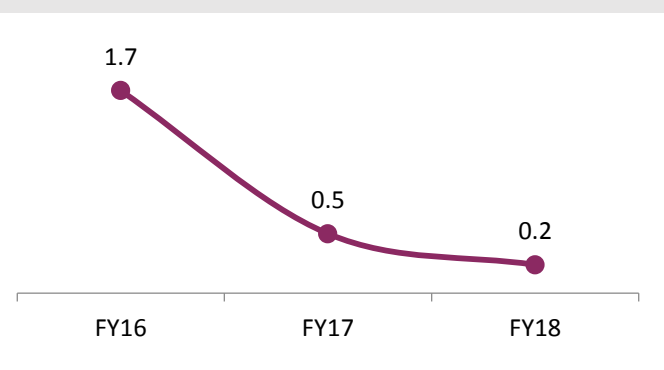
PAT (Rs. Crores)



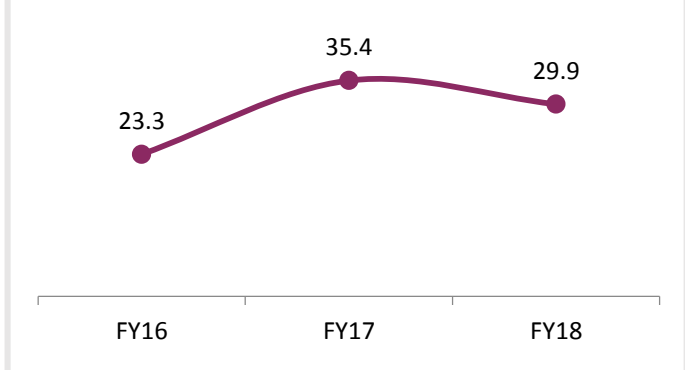
EBIDTA (%)



Debt to Equity (x)



RoCE (%)



Virtually debt free | Strong returns ratios

Financial Statements



Balance Sheet

(in Crores)



Particulars	Jun 30, 2018	FY18	FY17	FY16
Shareholders Fund				
Share Capital	13.50	13.50	12.93	10.43
Reserves & Surplus	25.43	22.97	9.21	(2.02)
Total Net-worth	38.93	36.48	22.14	8.40
Long term borrowing	7.98	8.41	10.76	13.94
Deferred Tax Liabilities	1.70	1.68	1.70	1.72
Other Non Current Liabilities	0.22	0.22	0.12	0.16
Trade Payables	4.93	4.94	9.18	2.94
Other Current Liabilities	4.76	5.58	3.71	1.67
Short Term Provisions	6.97	5.58	1.96	0.49
Total	65.53	62.92	49.59	29.34
Total Fixed Assets	20.92	21.21	17.32	17.11
Non Current Investments	0.01	0.01	0.01	-
Other Non Current Assets	5.83	5.21	1.54	-
Inventories	19.36	19.61	10.26	3.59
Trade Receivables	16.87	14.65	18.48	8.05
Cash & Cash Equivalents	0.60	0.29	0.06	0.14
Short-term loans & advances	1.89	1.91	1.89	0.43
Total	65.53	62.92	49.59	29.34

Profit & Loss Statement

(in Crores)



Particulars	Jun 30, 2018	FY18	FY17	FY16
Revenue from operations	8.54	39.47	29.34	16.15
Other income	0.04	0.28	0.04	0.01
Total Revenue	8.59	39.76	29.38	16.17
Cost of materials consumed	2.51	15.71	9.41	5.22
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	(0.11)	(3.72)	(0.74)	(0.35)
Employee benefits expense	1.15	4.22	3.33	1.71
Other expenses	1.92	8.10	4.52	3.23
EBITDA	3.10	15.43	12.85	6.17
Depreciation and amortization expense	0.30	1.28	1.19	1.15
EBIT	2.80	14.15	11.66	5.02
Finance costs	0.32	1.47	2.14	1.47
EBT before extraordinary items	2.47	12.67	9.52	3.73
Extraordinary Item	-	-	-	0.18
EBT	2.47	12.67	9.52	3.54
PAT	2.45	12.68	9.53	3.54

❖ Key Ratios

Particulars	Jun 30, 2018	FY18	FY17	FY16
EBITDA Margin	36.19%	38.82%	43.74%	38.19%
PAT Margin	28.60%	31.91%	32.46%	21.90%
ROCE	[●]	29.89%	35.26%	22.50%
RONW	[●]	34.78%	43.08%	42.15%
Debt-Equity Ratio	0.27	0.30	0.49	1.66
EPS	[●]	9.75	9.06	5.48

Cash Flow Statement

(in Crores)



Particulars	Jun 30, 2018	FY18	FY17	FY16
Cash Flow from Operating Activities				
Restated Net profit Before Tax	2.47	12.67	9.52	3.54
Adjustments For:				
Depreciation	0.30	1.28	1.19	1.15
Provision of Gratuity	0.00	0.16	0.05	0.00
(Interest Received)	(0.00)	(0.00)	(0.01)	(0.00)
Interest and Finance Charges	0.32	1.47	2.14	1.47
Operating Profit before working capital changes	3.11	15.58	12.90	6.18
Changes in working capital	(2.10)	(10.29)	(10.61)	(3.13)
Taxes Paid/ Refund Received	-	-	(0.01)	-
Net Cash From / (Used In) Operating Activities	1.00	5.29	2.27	3.04
(Purchase) / Sale of Fixed Assets/ Capital Work In Progress	(0.00)	(5.17)	(1.39)	(0.00)
Decrease/(Increase) in Non-Current investments	-	-	(0.01)	-
Interest Received	0.00	0.00	0.01	0.00
Net Cash From / (Used In) Investing Activities	(0.00)	(5.16)	(1.40)	(0.00)
Proceeds from Issue of Shares	-	0.56	2.50	-
Security Premium	-	1.08	1.70	-
Interest and Finance Charges	(0.32)	(1.47)	(2.14)	(1.47)
(Decrease)/Increase in Long Term Borrowing	(0.35)	(0.07)	(3.00)	(1.43)
Net Cash From Financing Activities	(0.68)	0.09	(0.94)	(2.91)
Net Increase / (Decrease) in Cash (A)+(B)+(C)	0.31	0.22	(0.07)	0.13
Cash and Cash equivalents at the beginning of the year	0.29	0.06	0.14	0.01
Cash and Cash equivalents at the end of the year	0.60	0.29	0.06	0.14

IPO Highlights

Details	Particulars
Issuer	Deccan Health Care Limited
Price	Rs. 100
Issue Size	Rs. 42.12 crs
IPO Venue	BSE SME
Listed On Date	31st December, 2018
Issue Size	42,12,000 Equity Shares of Rs. 10/- each, Fresh Issue: 22,12,000 Equity Shares, Offer For Sale: 20,00,000 Equity Shares

Particulars	No. of Equity Shares	Aggregate Nominal Price (Rs in crores)
Issue, Subscribed and Paid up capital before the Offer	1,35,01,430	13.50
Fresh Public Offer	22,12,000	2.21
Offer For Sale	20,00,000	2.00
Issue, Subscribed and Paid up capital after the Offer	1,57,13,430	15.71

Particulars	Pre Issue Holding (%)	Post Issue Holding (%)
Promoter & Promoter Group	74.51	51.30
Others	25.49	48.70



**Deccan
Healthcare**
for wellness
Since 1996

Stay WoW

Healthy Lifestyle Food Products



ISSUER COMPANY



**Deccan
Healthcare**
for wellness
Since 1996

Delays Ageing & Disease

Deccan Health Care Limited
247, 2nd floor, Dwarakapuri Colony,
Punjagutta, Hyderabad, Telangana -
500082, India