



ANALYST PRESENTATION

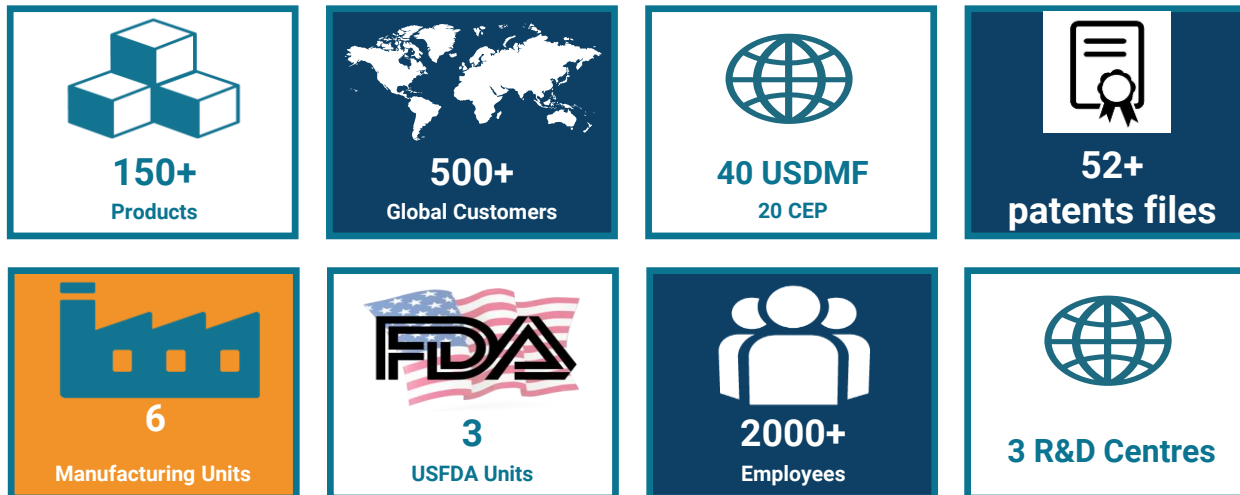
About Aarti Pharmalabs



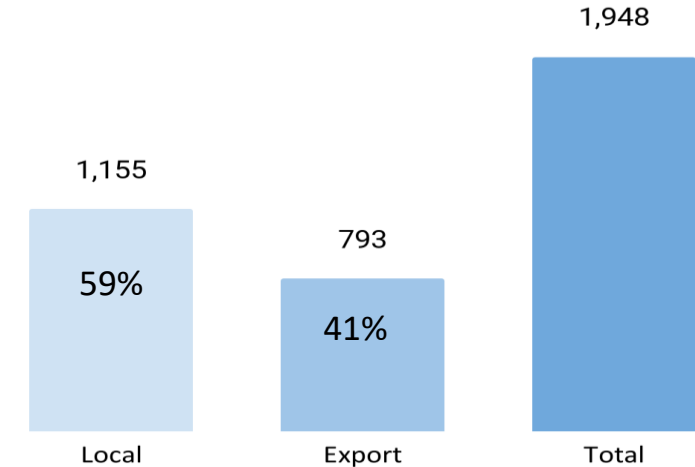
Overview

- Established by first generation technocrats in **1984**
- Specialized key business verticals
 - API & Intermediates,
 - CDMO & CMO Services
 - Xanthine derivatives & allied
- Strong **R&D capabilities** with IPRs for customized products
- Strategically located:** In western India with proximity to ports
- Largest Indian Manufacturer for Xanthine Derivatives (Caffeine and Others)

Key Metrics



FY 23 - Consolidated Revenue Breakup (Rs. Crores)

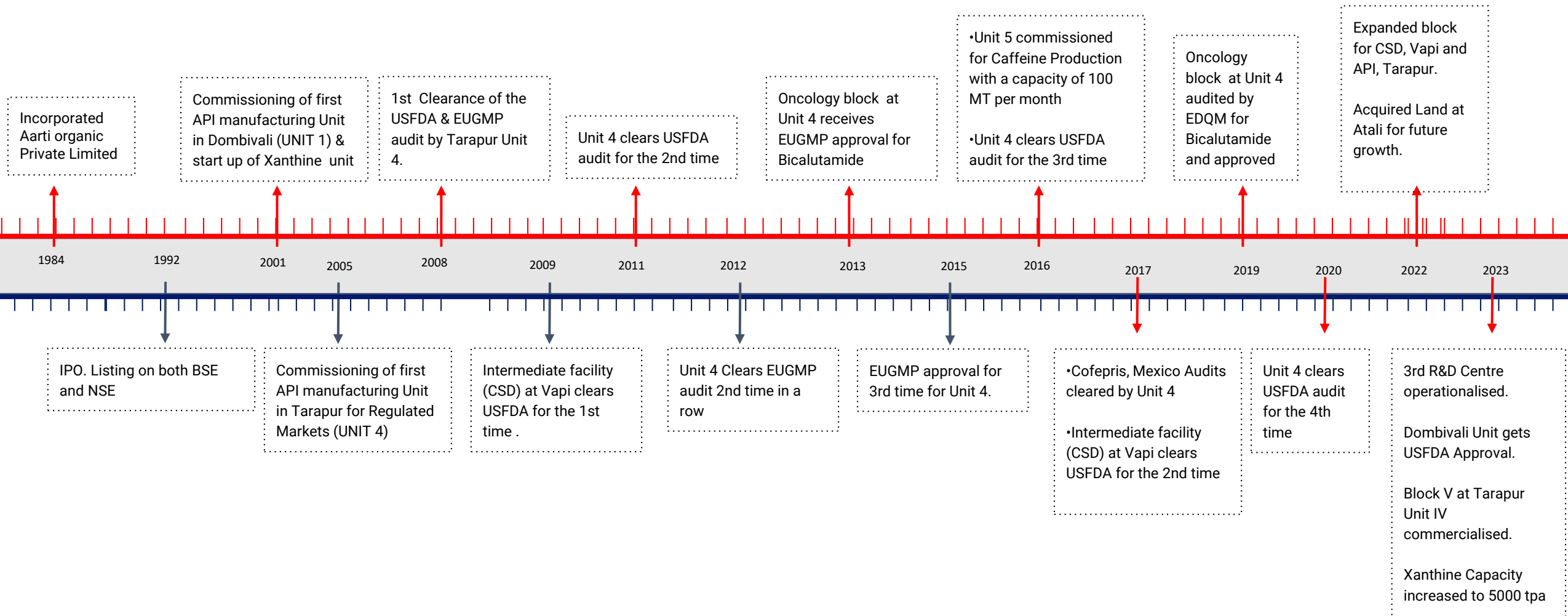


Financial Highlights



Amt in Crs.

Journey



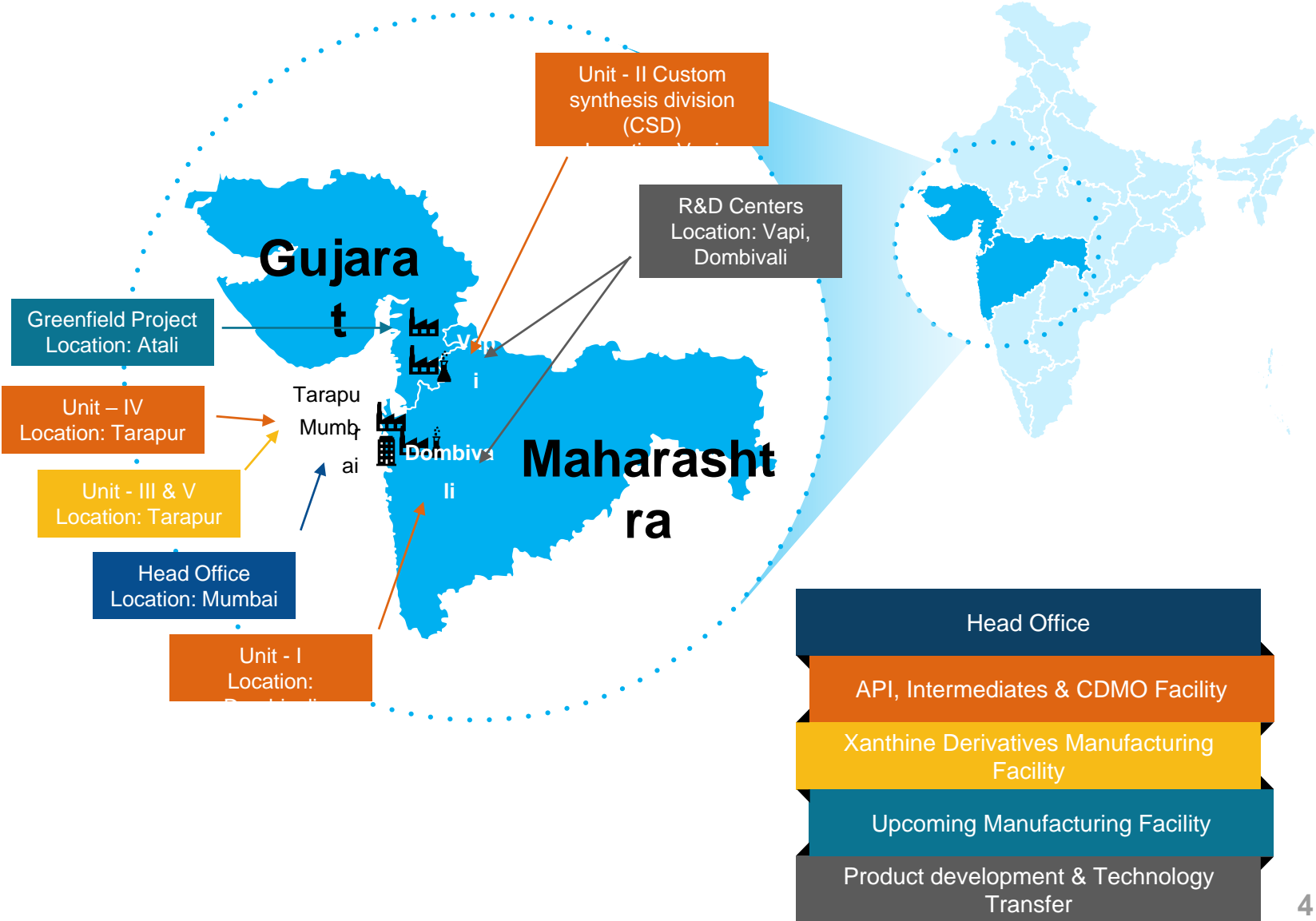
Manufacturing Facilities



Manufacturing Units	Location
Dombivali	Unit - I (API & Intermediates)
Vapi	Unit - II (API Intermediates & Custom Synthesis Unit)
Tarapur	Unit - III (Xanthine Unit)
	Unit - IV (API Unit)
Atali	Unit - V (Xanthine Unit)
	New unit under construction



Other Set-ups	Location
Research and Development Centers & Pilot Plant	Vapi, Gujarat Nerul and Dombivali-Maharashtra
Corporate & Head Office	Mumbai, Maharashtra





Chandrakant Gogri

- Founder of Aarti group of industries
- Pursued Chemical Engineering from UDCT with varied experience in areas of Operations, Project, Process Development, Sales & Distribution.
- Started the company from a small unit and took it to the path-breaking enterprise it is today.
- Has strong business acumen and flair for finance have helped steer the group to great heights
- Retired as Chairman on 16th August, 2012, and has, on request of the Board, accepted the post of Chairman Emeritus for his valued guidance and expertise.
- Awarded the prestigious "Distinguished Alumnus Award" from UDCT (UICT) in the year 1995 for his excellent performance as an Entrepreneur in the Chemical Industry.

Chandrakant Gogri-Lifetime Achievement Awards

Lifetime Contribution Award at the Chemical and Petrochemical Awards, India Chem Series-FICCI

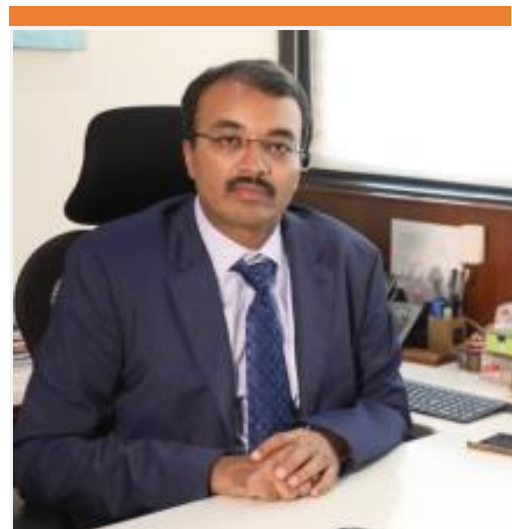


Lifetime Achievement Award by GDMA (Gujarat Dyestuff Manufacturer Association)

Lifetime Achievement Award 2018 for outstanding contribution towards the Indian chemical industry.



Board of Directors (1/2)



Rashesh Gogri
Chairman

Production Engineer

29 Years experience of working in Pharma and chemical Industry in Leadership role



Hetal Gogri Gala
Vice Chairperson & Managing Director

Electronics Engineer and MDP from IIM – A

27 years of experience in Chemical & Pharma
Leading - Strategy, Commercial, Finance



Narendra Salvi
Managing Director

MSc (Organic Chemistry)

30+ years of experience in Pharma
Portfolio - Operations, Projects, R&D



Parimal Desai
Non-Executive Director

Chemical Engineer from UDCT

Rich chemical and pharma industry experience for 45 years



Rajendra Gogri
Non-Executive Director

Masters – Chemical Engineer (IOWA State USA)

40 Years experience of working in chemical Industry in Leadership role

Board of Directors (2/2) - Independent Director



Bhavesh Vora

Chartered Accountant
Experience of around 28 years in the field of stock brokers' audits, compliances, derivatives, futures and options, accounting standards and internal management audit.



Vinay Nayak

A Pharmaceutical professional with a technical background has specialized in the areas of manufacturing, quality, R&D, compliance and regulatory affairs, both for API and formulation manufacturing.



Jeenal Savla

Chartered Accountant
Experience of around 14 years in the areas of Internal Audit and Risk Management.



Rupal Vora

Law Graduate
Practicing Advocate having more than 30 years of experience and having specialization in Direct Taxation.

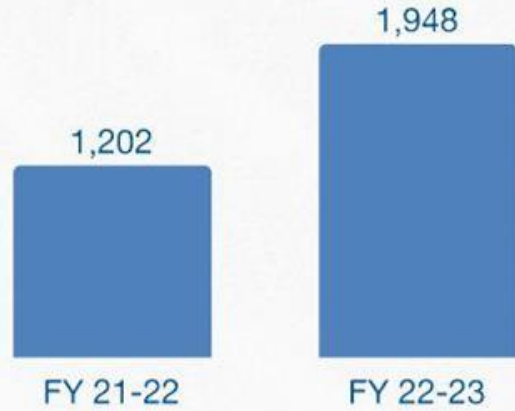


Vilas Gaikar

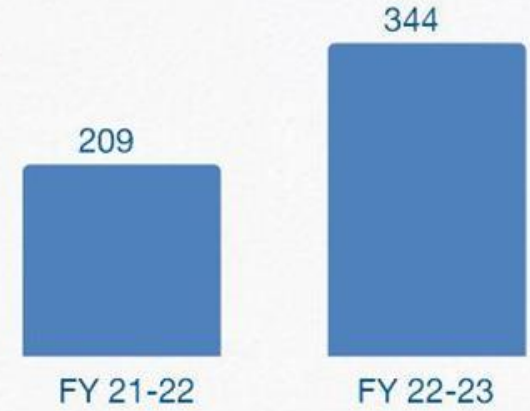
Ph.D. degree in Chemical Engineering
He is presently serving as the Distinguished Professor of Chemical Engineering in ICT. He is a recipient of numerous awards and has published more than 190 publications in International Journals

Key Financial - Consolidated Financials

Revenue
INR Crs



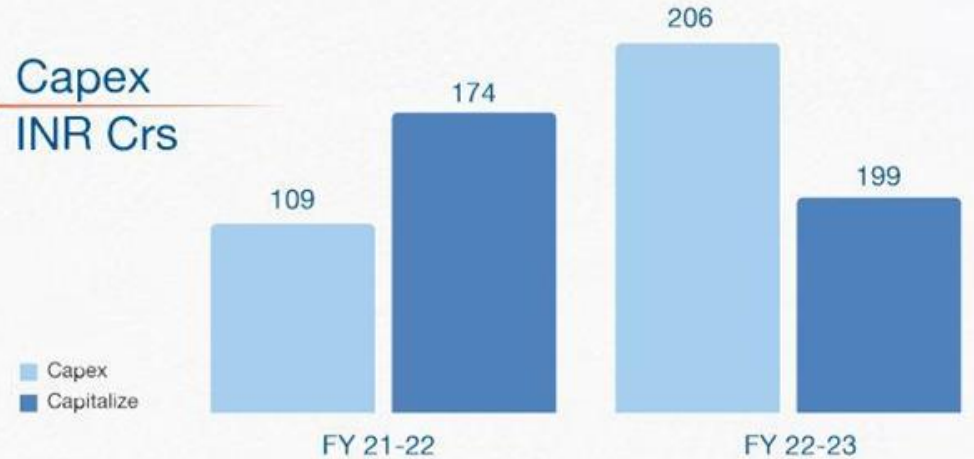
EBIDTA
INR Crs



EPS
INR



Capex
INR Crs



Note: The scheme of Demerger of Pharma business of Aarti Industries Limited into Aarti Pharmed Labs Limited was effective from 1-Jul-2021. Hence the figures for FY 2022-23 are not comparable with that of FY 2021-22

Key Business Verticals

APIs and Intermediates

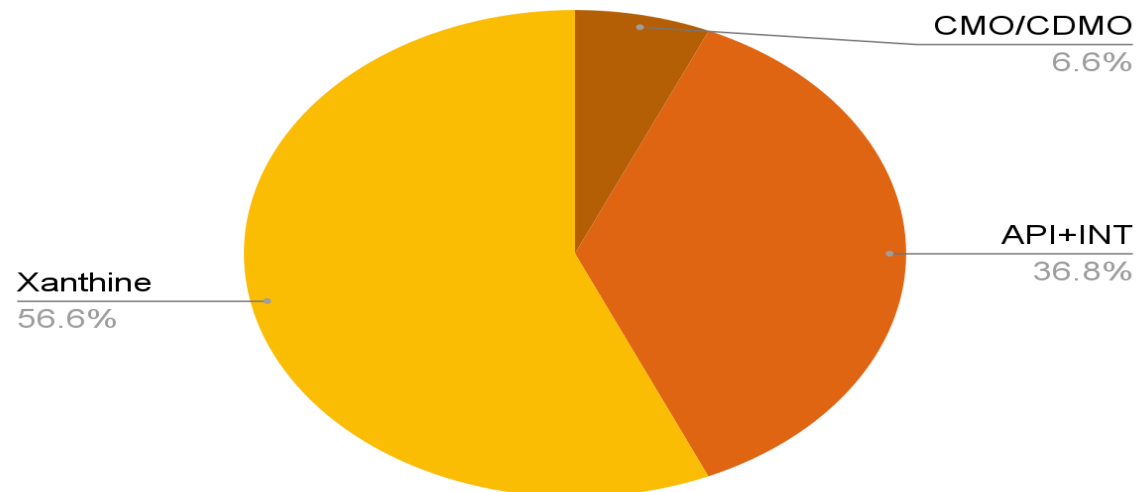
- ❑ **US FDA approved manufacturing facility**
- ❑ Exports to lucrative regulated markets - US, EU and Japan contributes to 53% of total exports.
- ❑ **Backward integrated intermediates** for most APIs
- ❑ Distinct advantage having dedicated USA, Japan and EU approvals
- ❑ **Dedicated blocks for Anti-Cancer and Cortico Steroids products**
- ❑ HPAPIs development and manufacturing
- ❑ Flow chemistry from lab to manufacturing
- ❑ Complete CMC documentation support

CDMO / CMO Services

- ❑ CRAMs activity focused on API & intermediates
- ❑ Working with **14** Innovators & Big Pharma companies
- ❑ Development and manufacturing of RSMs, KSMs for NCEs
- ❑ **Dedicated R&D & Pilot facilities** focusing CDMO.
- ❑ **16 Products commercialized** and **12 products under development by Innovators.**
- ❑ CMO offerings for regulated markets.

Xanthine derivatives & Allied (Caffeine and others)

- ❑ Largest Indian Manufacturer for Xanthine Derivatives (Caffeine and others)
- ❑ Xanthine derivatives find applications in **beverages, nutraceuticals, cosmetics and pharmaceuticals**
- ❑ Aarti's capabilities – **2 dedicated plants**
- ❑ Key certifications – “Star Kosher”, “HACCP”, “Sedex SMETA-4PillarP”, “FSSC-22000 (GFSI)” for manufacturing & testing..



Strong Presence in API & Intermediates

50

APIs have been commercialized by APL since it entered the pharma business in year 2000

10

New APIs are under development at APL's dedicated R&D facility for pharmaceuticals

40

US DMF approvals obtained across multiple therapeutic areas

20

CEP approvals available for sale in European Union across multiple therapeutic areas

~100

Generic Intermediates are available at R&D, Pilot and Commercial scales

Major therapeutic categories of Generic APIs for regulated markets

Cardiovascular

Anti Asthmatic

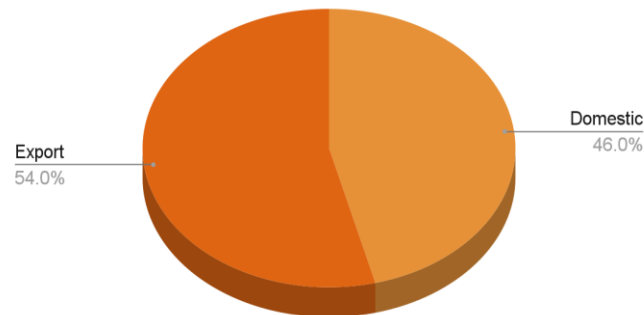
Anticoagulant

Anti Cancer

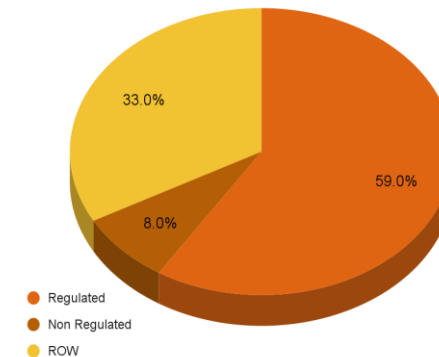
Anti Diabetic

CNS Agents

FY23 Export and Domestic Revenue



Revenue Share



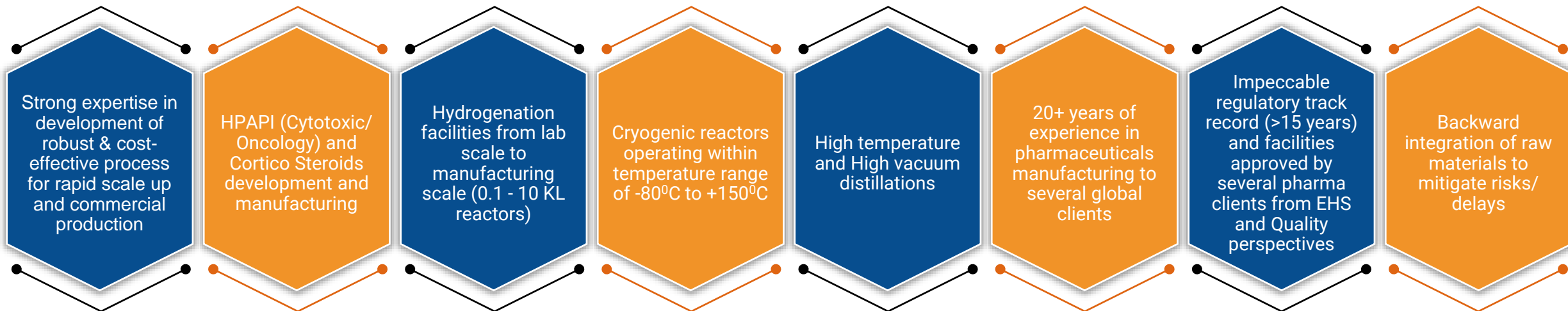
- ❑ Sustainable supply for APIs/NCEs/Intermediates in commercial scale
- ❑ Global regulatory accreditations (USFDA ,EUGMP, EDQM, KFDA, COFEPRIS)
- ❑ EHS and Quality are the highest priority. Facilities were audited as per PSCI principles
- ❑ High potent molecules (Oncology/Cytotoxic) development and manufacturing
- ❑ Backward integration strength for raw materials

CDMO/CMC Services

- ❑ Synthetic Route Scouting & Design
- ❑ Process Development (DoE and QbD) & lab demonstration
- ❑ Process Engineering (Data Generation)
- ❑ Analytical method development and validations
- ❑ Custom Synthesis from kg to multi ton scales
- ❑ Kilo & Pilot Scale Manufacturing (non-GMP & GMP) for IND phase and Tox batches
- ❑ Drug substances manufacturing for Clinical supplies (Ph-I/II/III)
- ❑ Process Validations
- ❑ HPAPIs (OEL: 1 - 10 $\mu\text{g} / \text{m}^3$; OEB: 4) development and manufacturing
- ❑ Impurity Profiling (including impurities & reference standards synthesis)
- ❑ CH Stability Studies
- ❑ Launch support and commercial manufacturing
- ❑ Strong know-how in end-to-end CMC documentation for regulatory filings



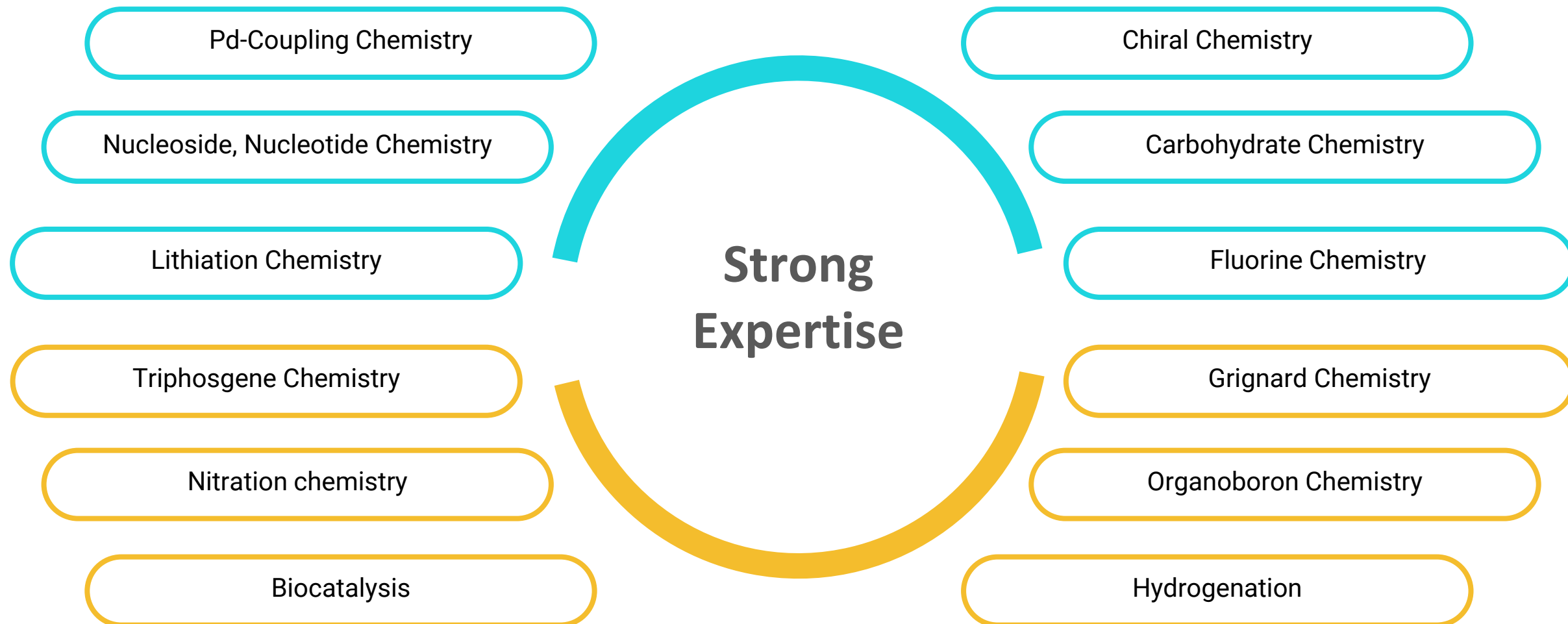
Manufacturing Capabilities & Strengths

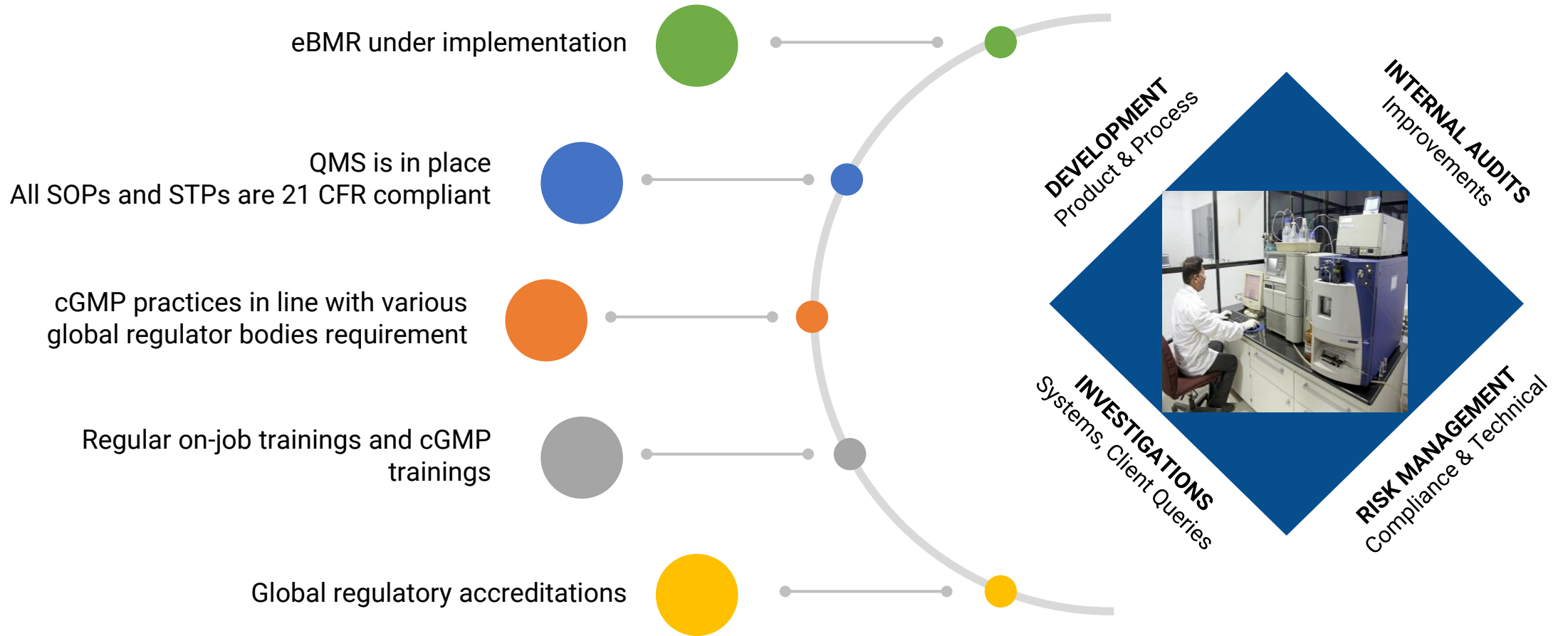


Strong footprints with global Accreditation



Site/Unit Name	Regulatory Agency	Month and Year of Audit
Unit IV, Tarapur, Mumbai	USFDA	Mar 2008, Sep 2011, Mar 2015, Dec 2016, Feb 2020
	EUGMP	Apr 2008, May 2012, Aug 2013, Jan 2015
	EDQM	Sep 2019
	KFDA	Nov 2017
	COFEPRIS	Apr 2017, May 2017
Unit II, CSD, Vapi, Gujarat	USFDA	Sep 2009, Aug 2017
Unit I, Dombivli, Mumbai	USFDA	Jun 2022





Xanthine Derivatives

- Xanthine derivatives are synthetic compounds that resemble natural occurring xanthines such as caffeine etc.,
- Commonly used as mild stimulants & bronchodilators, notably in the treatment of asthma or influenza symptoms
- 2 dedicated manufacturing units
- Aggregate Capacities of about 5000 MTA for Xanthine Derivatives.
- One backward integrated unit for providing KSM for Xanthine derivatives.
- APL has about 15-20% Global Market Share
- Sole Non Chinese integrated manufacturer. Benefitting from China + 1.

End Use



Cola Drinks



Energy Drinks



Pharmaceutic
als

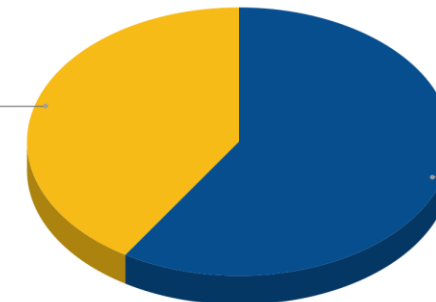


Nutraceutical
s

Certifications



Export
41.0%



Domestic
59.0%

R&D Strengths & Capabilities

3	70+	7	13	52
State-of-the-art R&D centres at Maharashtra & Gujarat	Scientists	PHDs.	Patents Granted	Process patents filed



150+	50+
Process for more than 150 Intermediates developed and manufactured on kilo lab scale	More than 75 API commercialized



160	39 crs
Developing 40 products per Year in next four years	R&D Spend in FY23

Strong Focus on R&D & Process Innovation

Innovation at various reactions

- Carbohydrate Chemistry
- Chiral Chemistry
 - Asymmetric Synthesis
 - Bio Catalysts
 - Chiral Epoxides
 - Kinetic Resolution
- Coupling Reactions Chemistry
 - C-C Coupling
 - C-N Coupling
- Isomerization Reactions
- Triphosgene Reactions
- Steroids synthesis
- Flow Reaction with Phase transfer catalyst.



Strong focus on R&D and process innovation

- Aarti has been increasing its presence in the fast growing Pharma segment by going through various inhouse innovations and having its own IP.
- Focus on **lifestyle APIs and Intermediates**

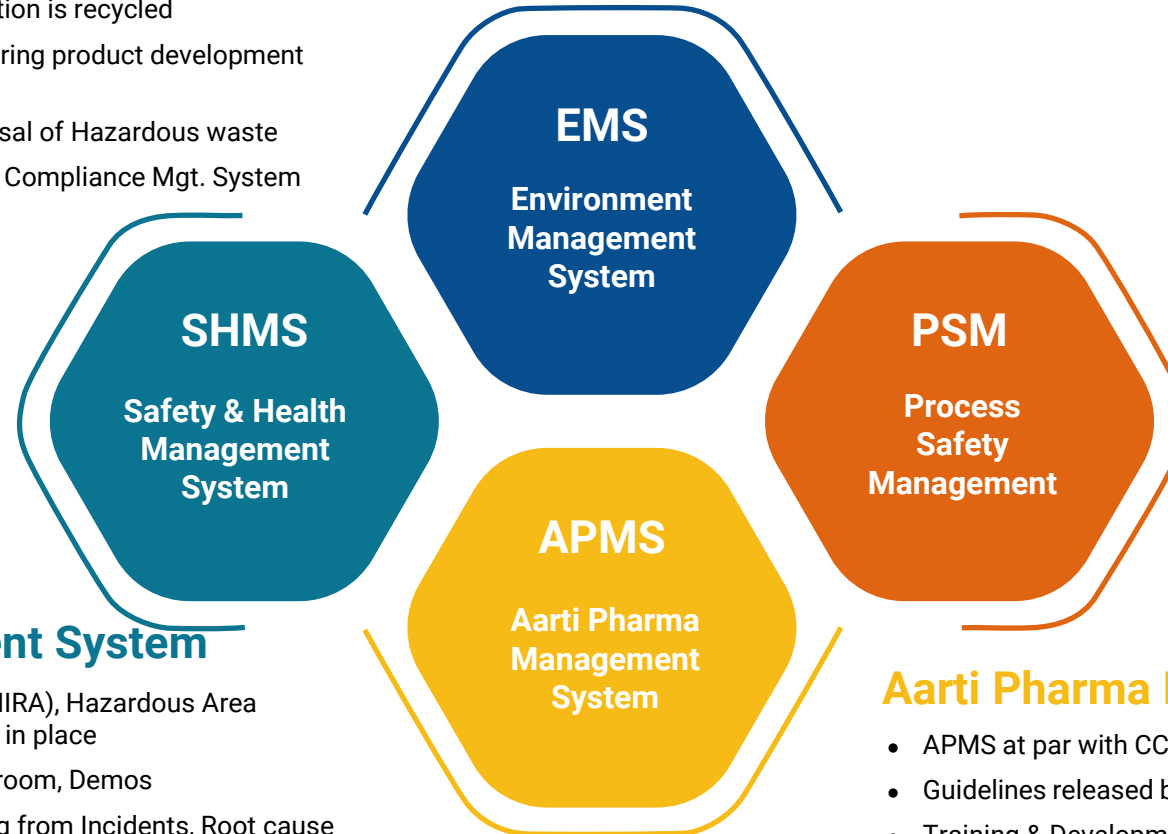
Data integrity & IP protection

 <p>Access control at all locations and Labs</p>	 <p>No mobile phones access to labs and manufacturing areas</p>	 <p>Laptops and desktops are encrypted</p>	 <p>Mobile phone data management system is in place</p>
 <p>Pen drives & external drives disabled for computers and laptops</p>	 <p>Restricted access to email/websites</p>	 <p>Use secured share folder for large data transfer to clients</p>	 <p>Customer data confidentiality maintenance</p>
 <p>Systems to protect organization data from day-attacks/malware</p>	 <p>HR training on IP protection & Data integrity</p>	 <p>Confidentiality clauses in offer letters</p>	 <p>All generated IP belongs to respective clients</p>



Environment Management System

- ISO 14001 : 2015 certification
- All plants are Zero Liquid Discharge (ZLD) plants
- Approx. 50% water of total water consumption is recycled
- Green chemistry principles incorporated during product development stage
- Recycle & reuse of solvents and safe disposal of Hazardous waste
- Regulatory compliance monitoring through Compliance Mgt. System (CMS)



Safety & Health Management System

- Hazard Identification and Risk Assessment (HIRA), Hazardous Area Classification (HAC) and work permit system in place
- Safety Trainings - Induction, On the job, Classroom, Demos
- Incident management - "Safety Alert", Learning from Incidents, Root cause analysis and Global CAPA Implementation
- Safety Thought For The Day- One slide tool circulated
- Industrial Hygiene study conducted

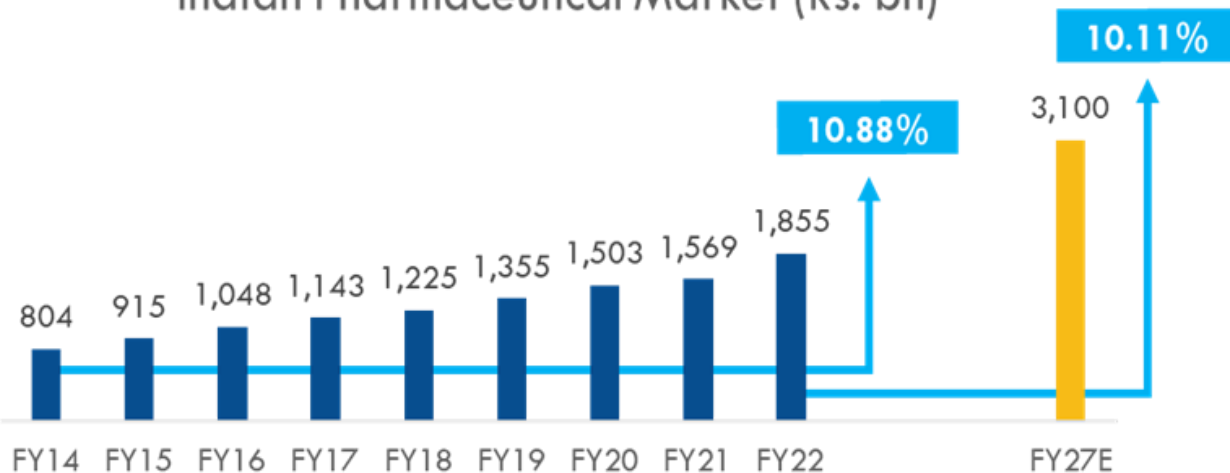
Process Safety Management

- In-house Process Safety Laboratory - RC1 and TSU studies for all processes
- Designed inherently safe processes
- Powder safety studies conducted & applied in commercial scale.
- Hazop studies at various stages & Implementation of recommendations at sites
- Management of Change (MOC) through Change control
- Pre Start-up Safety Review (PSSR) at various stages
- EHS aspects checklist for New Technology Transfers & product development

Aarti Pharma Management System

- APMS at par with CCPS & OHSAS
- Guidelines released by corporate then site SOPs initiated
- Training & Development of EHS coordinators
- Behaviour Based safety
- Near Miss reporting
- Reward & Recognition
- EHS cultural transformation

Indian Pharmaceutical Market (Rs. bn)



The Indian pharmaceutical industry (IPM) has demonstrated strong growth over the past few decades, contributing ~1.72% of the GDP of the nation

- IPM has consistently grown at 10.88% CAGR over FY12-22
- This growth is expected to sustain, at 10-11% CAGR over FY22-27
- Driven by preference for branded products, increasing demand for affordable and high-quality medicines, as well as exports among others

Vibrant API market in India

The Indian API industry contributes 35% to the Indian Pharmaceuticals market

India is the 3rd largest producer of API, accounting for 8% share of the Global API Industry

500+ different APIs are manufactured in India

Estimated size at ₹ 1-1.1 lakh crore in 2022, grew by 15-18% over FY21 and FY22

Expected to grow at a CAGR of 7-8% over the next 3-4 years

Govt. focus on reducing RM import dependence on China by incentivising local production through PLI and the bulk drugs parks scheme

Implementation of these schemes will reduce the dependence on China by 25-30% in 4-5 years, from 65-70% currently

Key drivers boosting growth for Indian APIs



Rising drug
research



Increase in
development
and
manufacturing
of drugs



Higher uptake of
biopharmaceutical
s



Greater
demand of
active
pharmaceuticals
post COVID-19
pandemic



Shift in global
supply chain
benefiting India,
in-line with
China+1
strategy

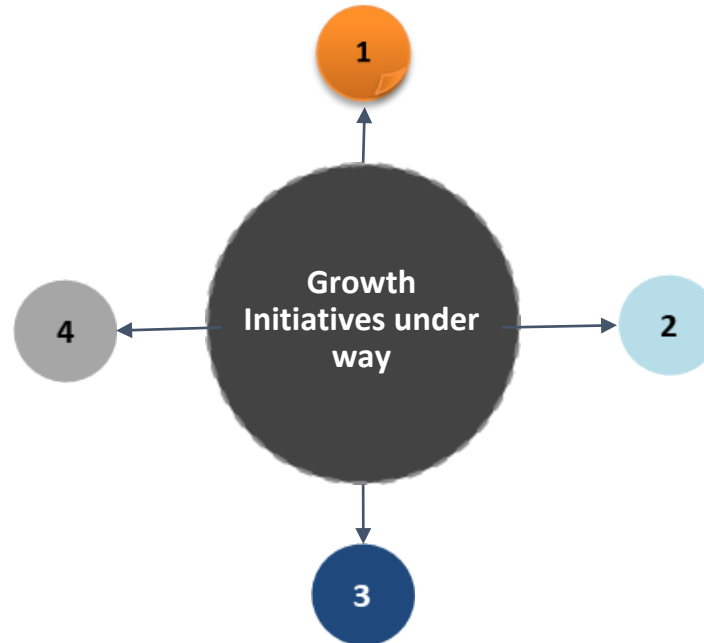


Supportive
Government
policies such as
Atmanirbhar
Bharat, Pharma
Vision 2020 and
Production
Linked Incentive
Scheme among
others

Our Growth Strategy

Increase in capacities of existing products & Adding new 40+ Value added product each year.

Develop and explore more opportunities for innovator for APIs and Intermediates



Atali Project

- ~ 80 acres of land in Gujarat (between Dahej & Bharuch)
- Adding 400+KL reactor volume in Phase1 and target to add similar capacities in future
- Capex of about 350-500 crs in Phase 1
- Construction works initiated.
- Commercialization expected in FY25

Increase presence in regulated market

FY24

- ◆ Rampup of new expended blocks at Unit IV, Tarapur & Xanthine Derivatives
- ◆ Expected EBIDTA Growth to be about 10-15%

FY25 and beyond

- ◆ Commissioning of Blocks at Atali in phased manner from FY25.
- ◆ Rampup @ Atali project will bring in operating leverages in FY26 and beyond
- ◆ Expecting EBIDTA growth to be about 12-17% over next 2-3 years.



THANK YOU

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