



Aarti Pharmalabs Limited
Q1 FY 24
Results Presentation

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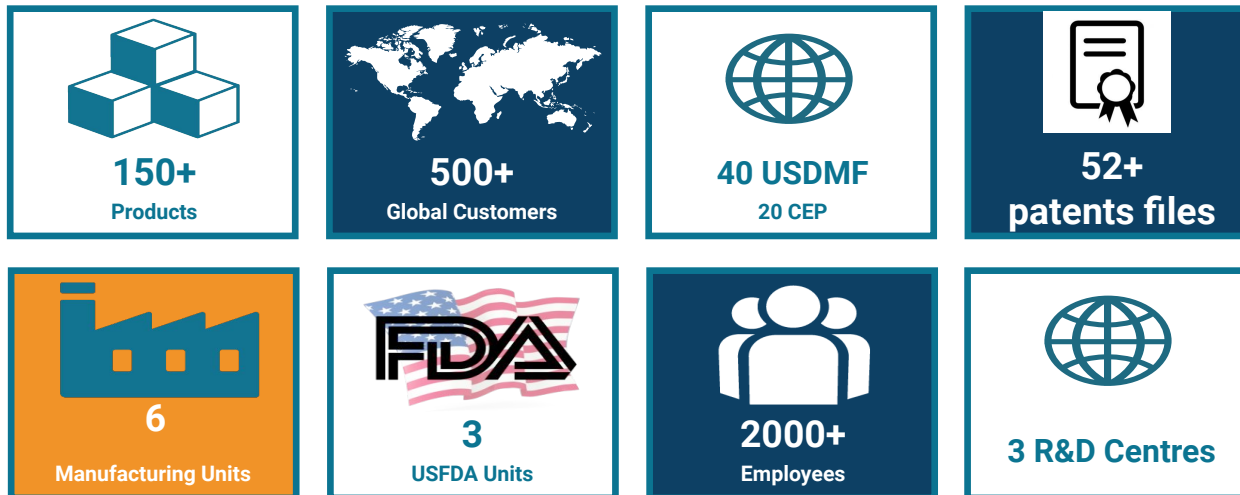
Company Overview

Aarti Pharmalabs at a Glance

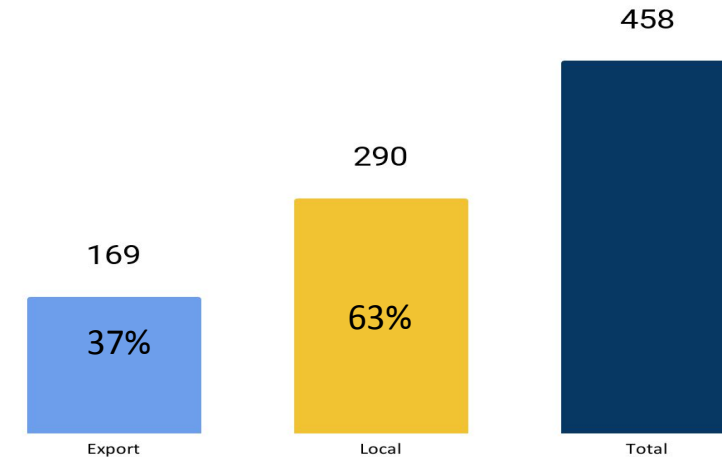
Overview

- 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 23-24 Q1 - Consolidated Revenue Breakup (Rs Cr)

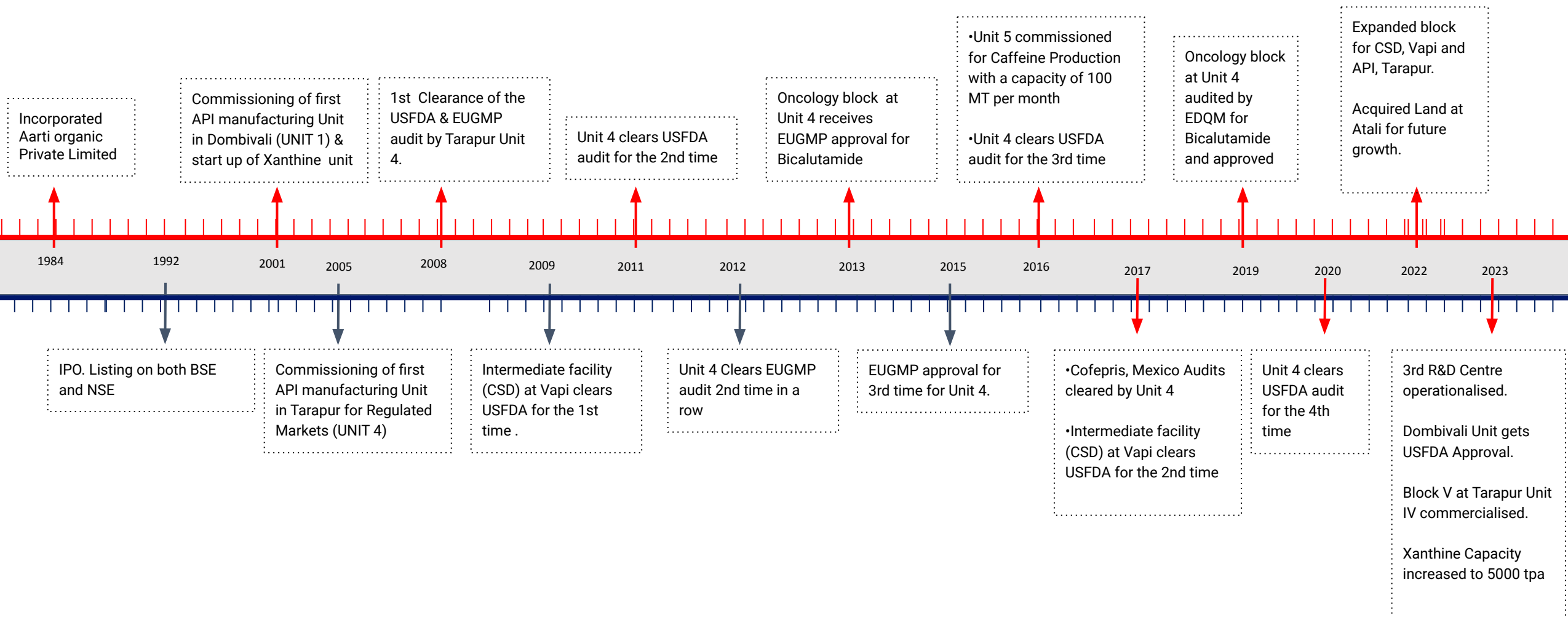


FY 23-24 Q1 Financial Highlights



Amt in Crs.

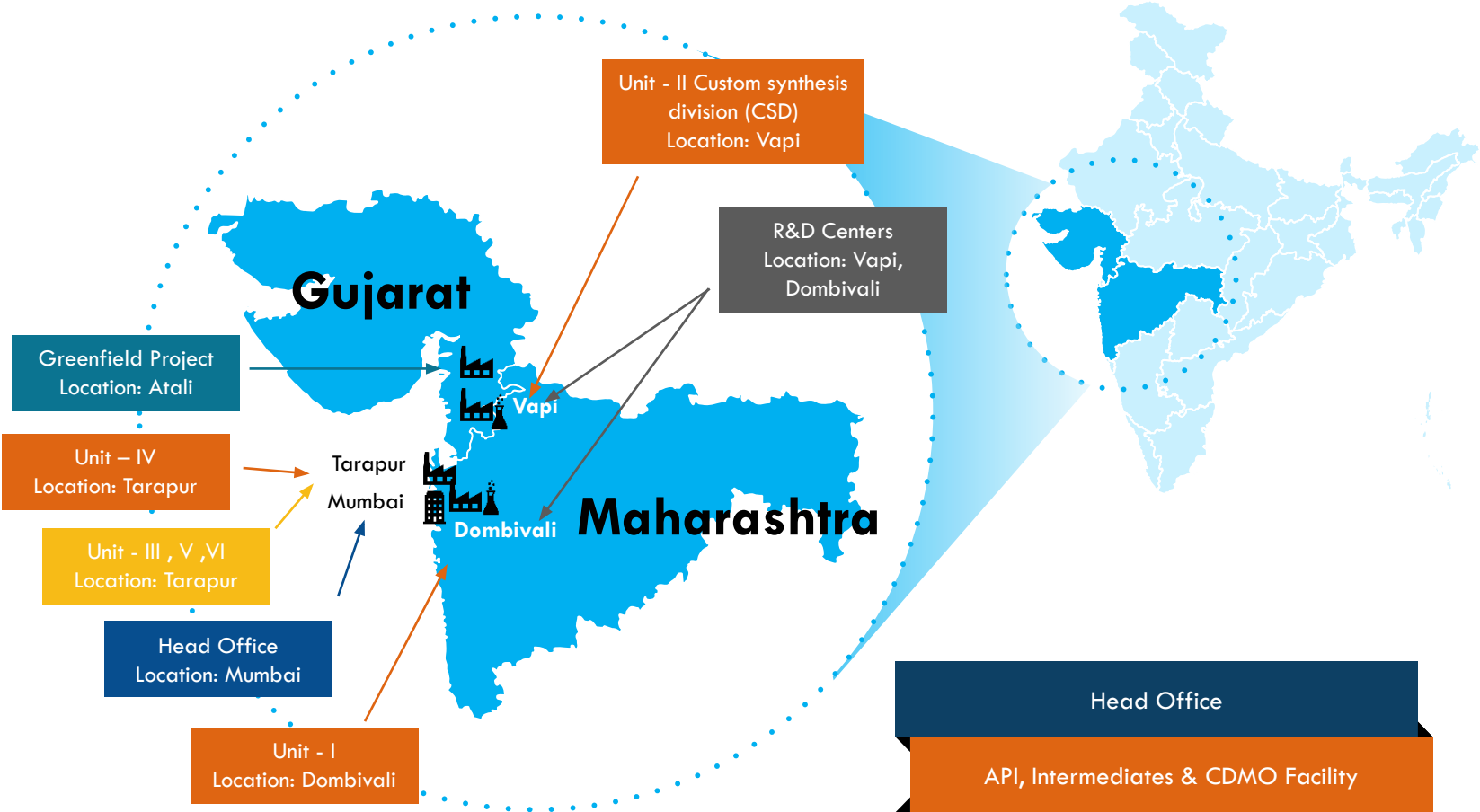
Journey



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)
	Unit - V (Xanthine Unit)
Tarapur	Unit - VI (Spack Unit)
	Unit - VI (Spack Unit)
Atali	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



- Head Office
- API, Intermediates & CDMO Facility
- Xanthine Derivatives Manufacturing Facility
- Upcoming Manufacturing Facility
- Product development & Technology Transfer

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)

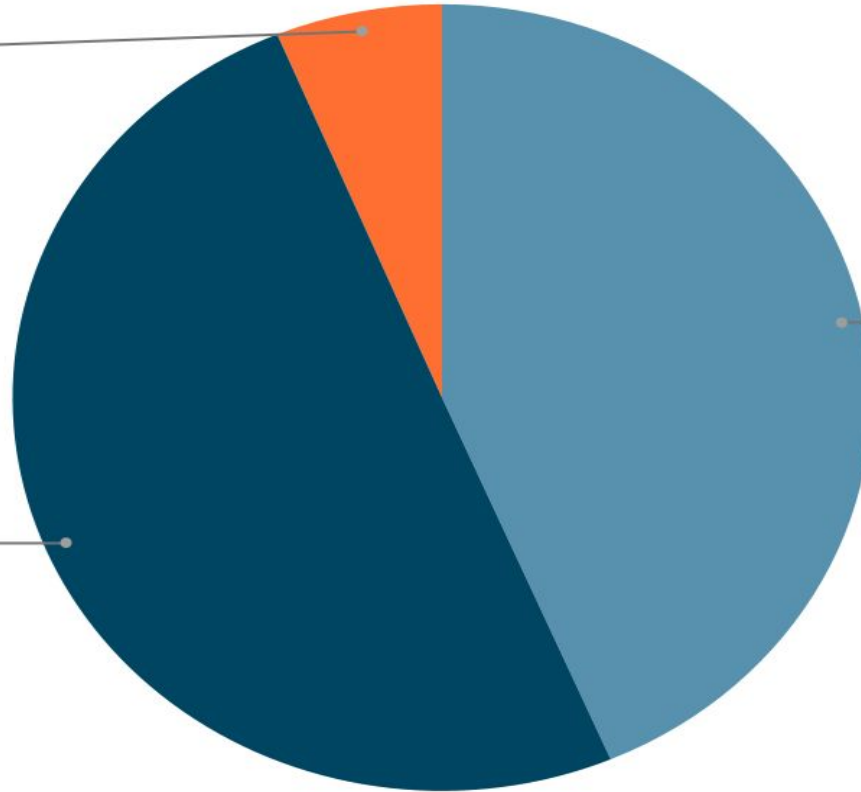
- ❑ Largest Indian Manufacturer for Xanthine Derivatives (Caffeine and others)
- ❑ Xanthine derivatives find applications in **beverages, nutraceuticals, cosmetics and pharmaceuticals**
- ❑ Aarti's capabilities – **2 dedicated plants**
- ❑ Key certifications – “Star Kosher”, “HACCP”, “Sedex SMETA-4PillarP”,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

Business wise sales break up Q1 FY 24

CMO CDMO
6.3%

Xanthine & Others
50.2%

API & Intermidates
43.6%



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

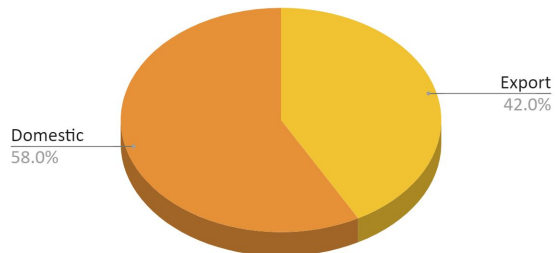
Anticoagulant

Anti Cancer

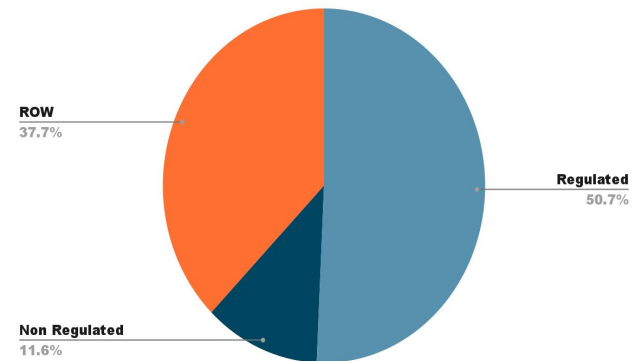
Anti Diabetic

CNS Agents

Q1 FY24 Export and Domestic Revenue



Market Segmentation



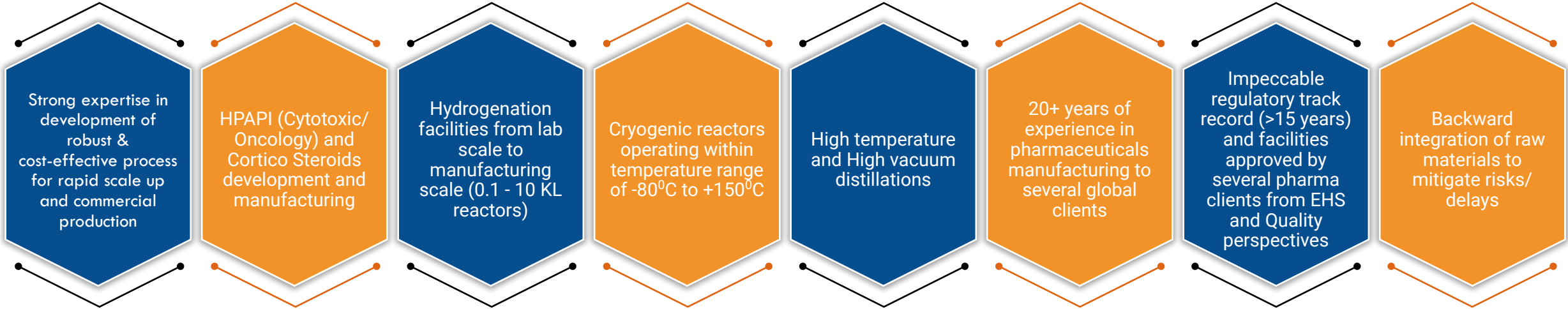
- ❑ Sustainable supply for APIs/NCEs/Intermediates in commercial scale
- ❑ Global regulatory accreditations (USFDA ,EUGMP, EDQM, KFDA, COFEPRIS)
- ❑ EHS and Quality are the highest priority. Facilities were audited as per PSCI principles
- ❑ High potent molecules (Oncology/Cytotoxic) development and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



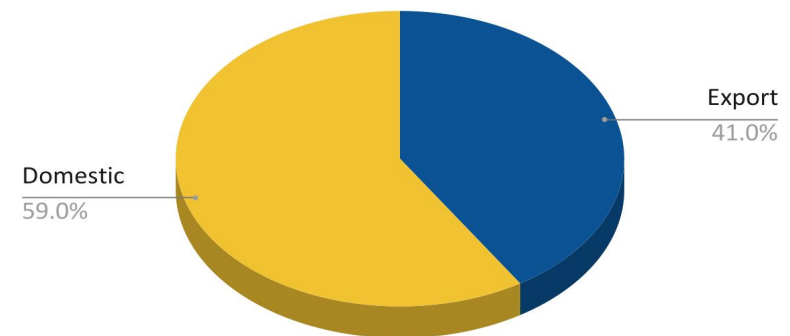
Strong footprints with global Accreditation



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.



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**

Environment - Highlights

- 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)

Social - Highlights

- 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
- Strengthened HR policies and procedures, Incorporating requirements of UN Global Compact, International Labour Organisation's (ILO) Declaration and Sexual Harassment of Women at Workplace Act, 2013, etc
- Various initiatives to improve diversity and inclusion

Governance - Highlights

- Robust Compliance Monitoring Framework - implemented PWC's GRC tool to track & regularly monitor various governance aspects
- Internal monitoring and control systems for anti - corruption, bribery and anti - competitive practices
- Core Business Process digitized on a robust SAP ERP backbone
- Environment, Health, Safety & Quality processes digitized on Intelx Cloud platform
- APMS at par with CCPS & OHSAS

Financial Performance

Q1 FY24 : Highlights (Consolidated)

Revenue from operations

INR **458** Crs
↓ -5.5% QoQ

EBITDA

INR **85** Crs
↑ 6% QoQ

PAT

INR **47** Crs
↑ 10% QoQ

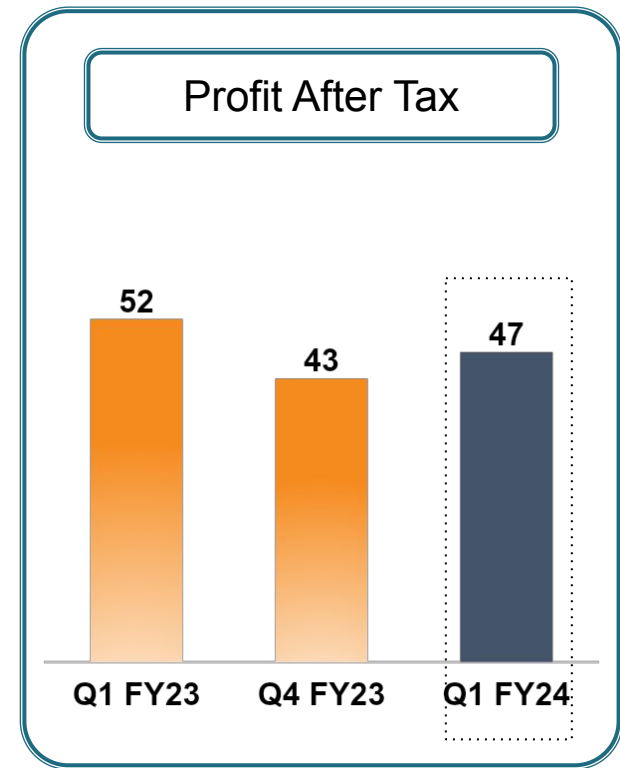
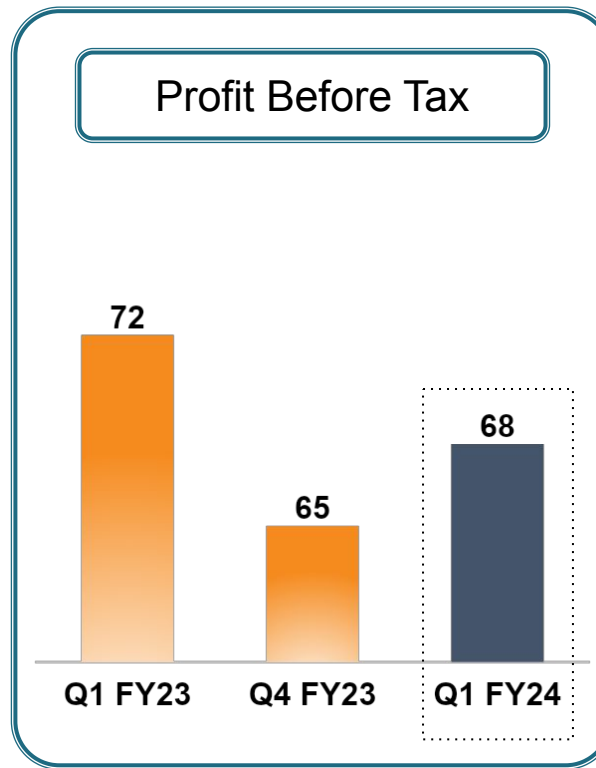
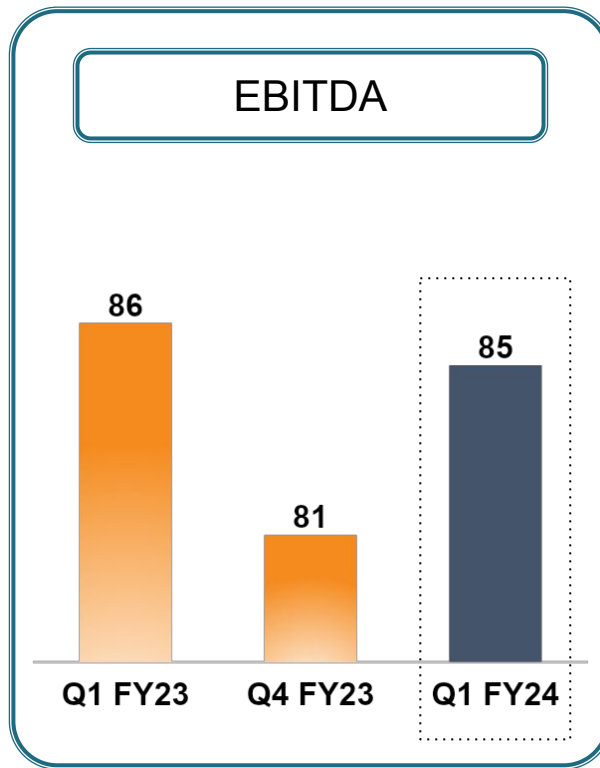
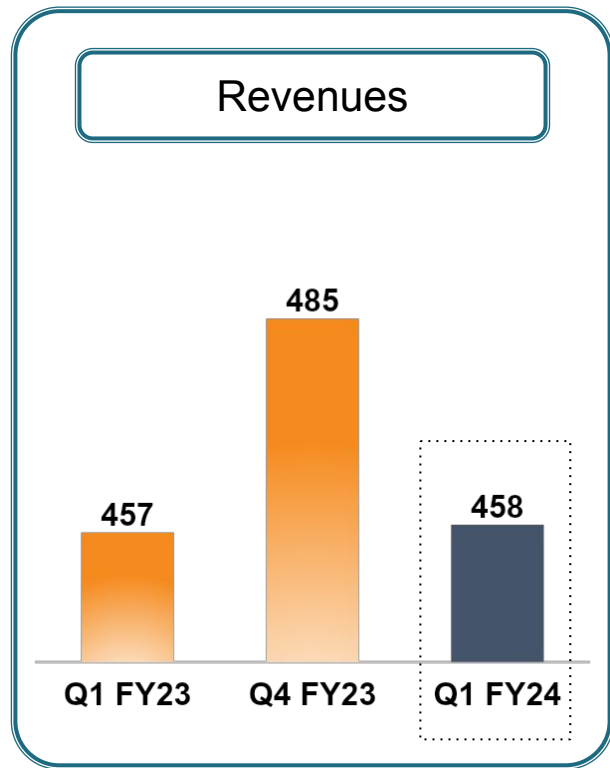
Domestic : Export

63:37

Highlights of Q4 FY 24

- Revenues declined on account of a drop in prices mainly of Xanthine Products. The decrease in Selling price was to a significant extent was compensated by increase in Volume.
- EBITDA on consolidated basis was higher by 5.73% on Quarter in Quarter basis.
- PAT and EPS increased by 9.85% Quarter on Quarter.
- Capex of 38 Crs in Q1FY24

Q1 FY24 Highlights (Consolidated)



Key Performance Indicators

Q1 FY24 – Consolidated Profit & Loss

Particulars (Rs. Crore)	Q1 FY24	Q4 FY23	Q-o-Q (%)	Q1 FY23	Y-o-Y (%)
Gross Income from Operations	458	485	-5.50%	457	0.21%
Exports	169	204	-17.32%	193	-12.58%
% of Total Income	36.7%	42.0%		42.1%	
EBITDA	85	81	5.73%	85	0.76%
EBITDA Margin (%)	18.6%	16.6%		18.5%	
EBIT	68	65	5.20%	72	-5.74%
EBIT Margin (%)	14.85%	13.33%		15.81%	
PAT	47	43	9.85%	52	-9.15%
PAT Margin (%)	10.26%	8.82%		11.33%	
EPS (Rs.)	5.20	4.73	9.85%	5.72	-9.15%

Key Performance Indicators

Q1 FY24 – Standalone Profit & Loss

Particulars (Rs. Crore)	Q1 FY24	Q4 FY23	Q-o-Q (%)	Q1 FY23	Y-o-Y (%)
Gross Income	363	374	-3.01%	373	-2.72%
Exports	143	162	-11.73%	179	-20.11%
<i>Exports %</i>	39%	43%		48%	
EBITDA	82	77	6.26%	79	3.67%
<i>EBITDA (%)</i>	22.48%	20.52%		21.09%	
EBIT	66	63	5.79%	66	-0.21%
<i>EBIT (%)</i>	18.23%	16.71%		17.77%	
PAT	48	40	19.09%	47	0.80%
<i>PAT (%)</i>	13.12%	10.69%		12.66%	
EPS (Rs.)	5.26	4.41	19.09%	5.21	0.80%

Q1 FY 24 other highlights

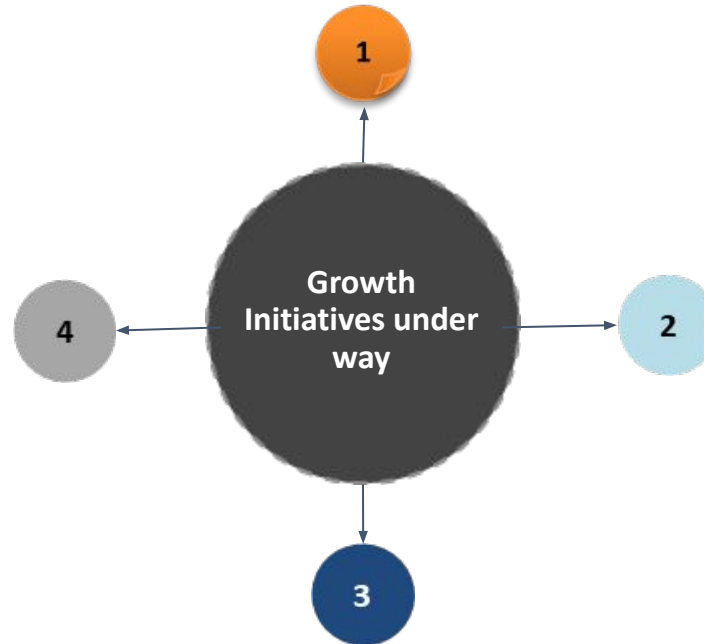
- The Company continues to focus on selling APIs and Intermediate in the Regulated markets. During the last financial year 22-23, the Company commissioned an additional Block in its API manufacturing plant. The validation batch samples for a few key products are awaiting customer approvals.
- The CDMO / CMO pipeline remains strong and would continue to remain a significant growth area.
- On the CDMO / CMO business, strong scale-up & commercial manufacturing expertise of over 2 decades, is helping to enhance customer confidence and hence service needs of Innovators.
- The Company in Q1 expanded Xanthine Products capacities by debottlenecking.
- With its strong Chemistry and manufacturing capability, we will continue to look for Backward integration opportunities to become China independent. One of the projects estimated to be completed in Q2 of this year is to manufacture the main RM for Xanthine Products which is currently being imported.
- The work on the Greenfield Project at Atali, Gujarat has gained momentum in this Quarter. The Company expects to complete the Project in H2 of FY 24-25.

Growth Strategies

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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