



November 8, 2023

To,
Listing/ Compliance Department
BSE LTD.
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

SCRIP CODE: 543748

Dear Sir/Madam,

To,
Listing/ Compliance Department
**National Stock Exchange of
India Limited**
“Exchange Plaza”, Plot No. C/1,
G Block, Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051
SYMBOL: AARTIPHARM

Sub: Results Presentation
Ref: Regulation 30 of the SEBI (LODR) Regulations
2015

Please find enclosed herewith the Q2 FY24 Results Presentation of the Company for your records.

The same is also being uploaded on the Company's website <https://www.aartipharmalabs.com/presentation>.

Please take the same on your records.

Thanking you,

Yours faithfully,
For AARTI PHARMALABS LIMITED

NIKHIL NATU
COMPANY SECRETARY
ICSI M. NO. A27738

Encl. a/a.

AARTI PHARMALABS LIMITED

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Regd. Office : Plot No. 22-C/1 & 22-C/2, 1st Phase, G.I.D.C., Vapi 396 195, District - Valsad, Gujarat, INDIA, T : +91 260 2400467, +91 99099 94655



Aarti Pharmalabs Limited
Q2 FY 24
Results Presentation



AARTI PHARMALABS LIMITED may, from time to time, make written and oral forward looking statements, in addition to statements contained in the company's filings with BSE Limited [BSE] and National Stock Exchange of India Limited [NSE], and our reports to shareholders. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the AARTI PHARMALABS LIMITED.

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1 **Company Overview**

2 **Financial Performance**

3 **APL Growth Strategies**

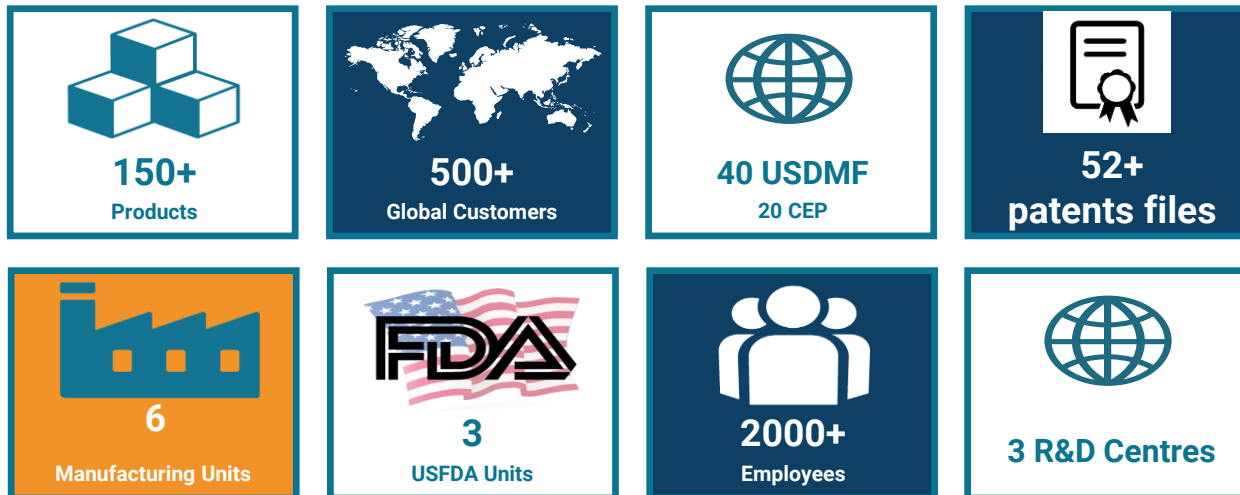
Company Overview

Aarti Pharmalabs at a Glance

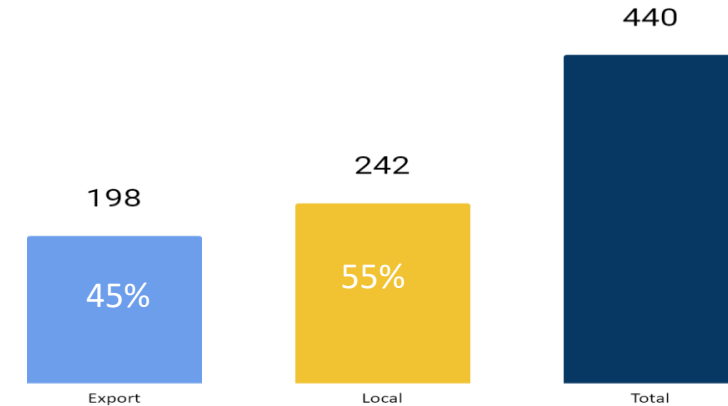
Overview

- 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 Q2 - Consolidated Revenue Breakup (Rs Cr)

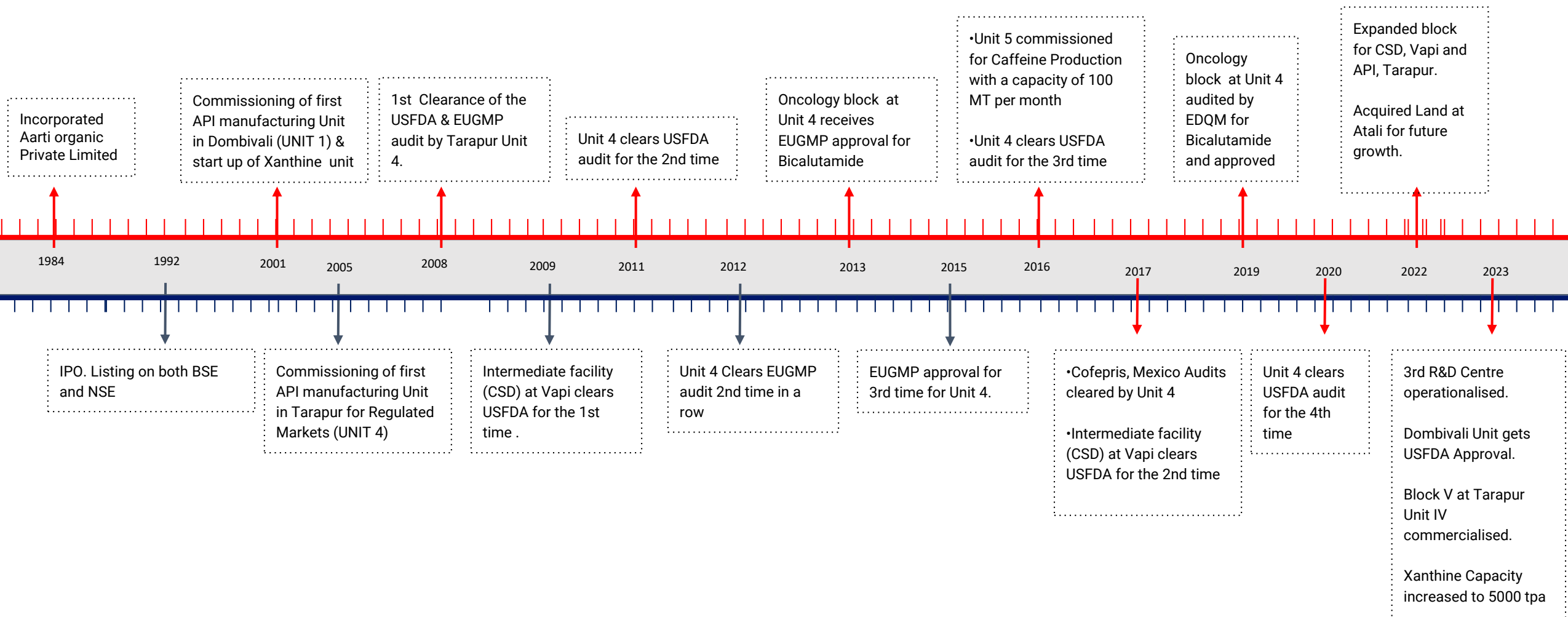


FY 23-24 Q2 Financial Highlights



Amt in Crs.

Journey



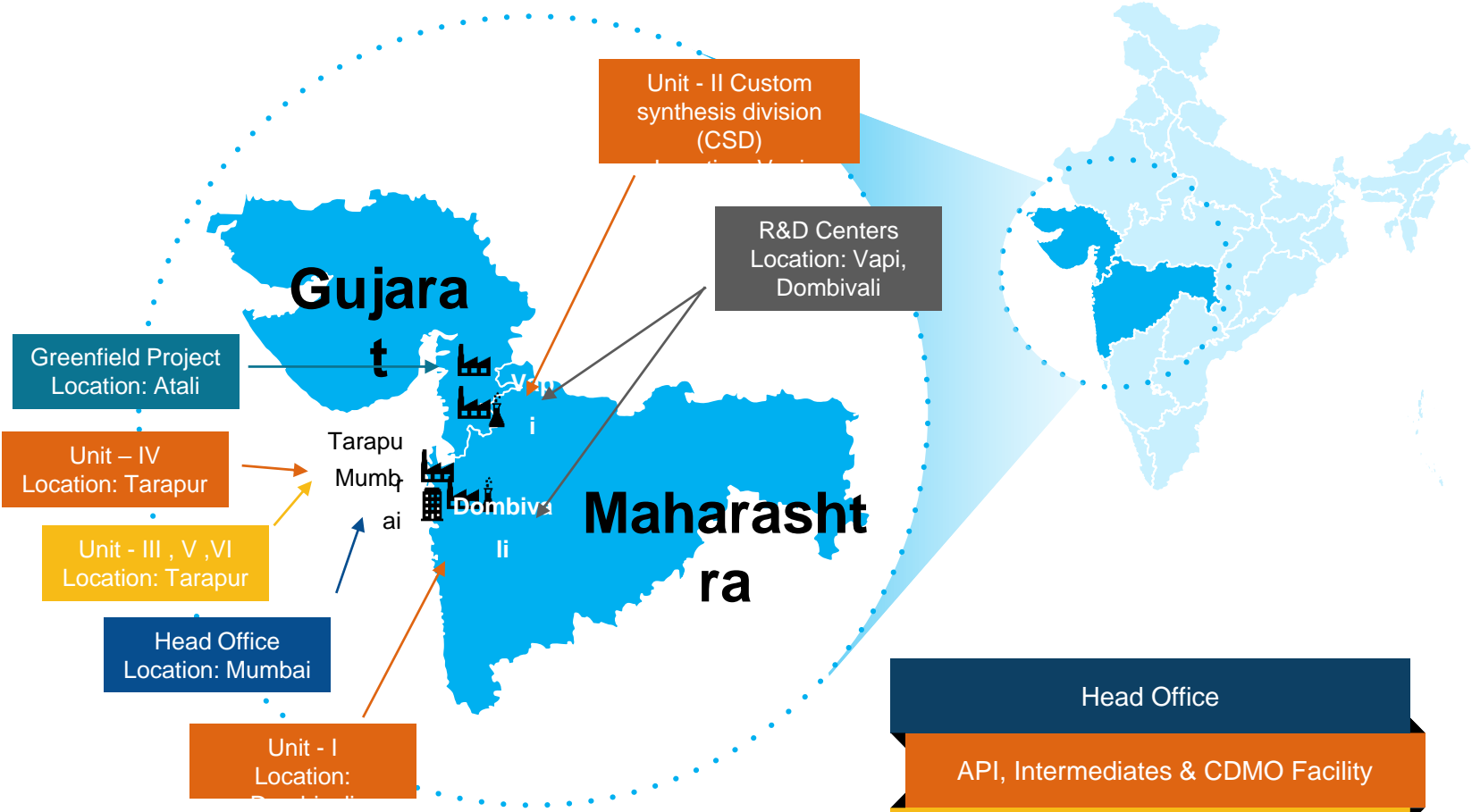
Manufacturing Facilities



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)
	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

Key Business Verticals

APIs and Intermediates

- ❑ **US FDA approved manufacturing facility**
- ❑ Exports to lucrative regulated markets - US, EU and Japan contributes to **58%** 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

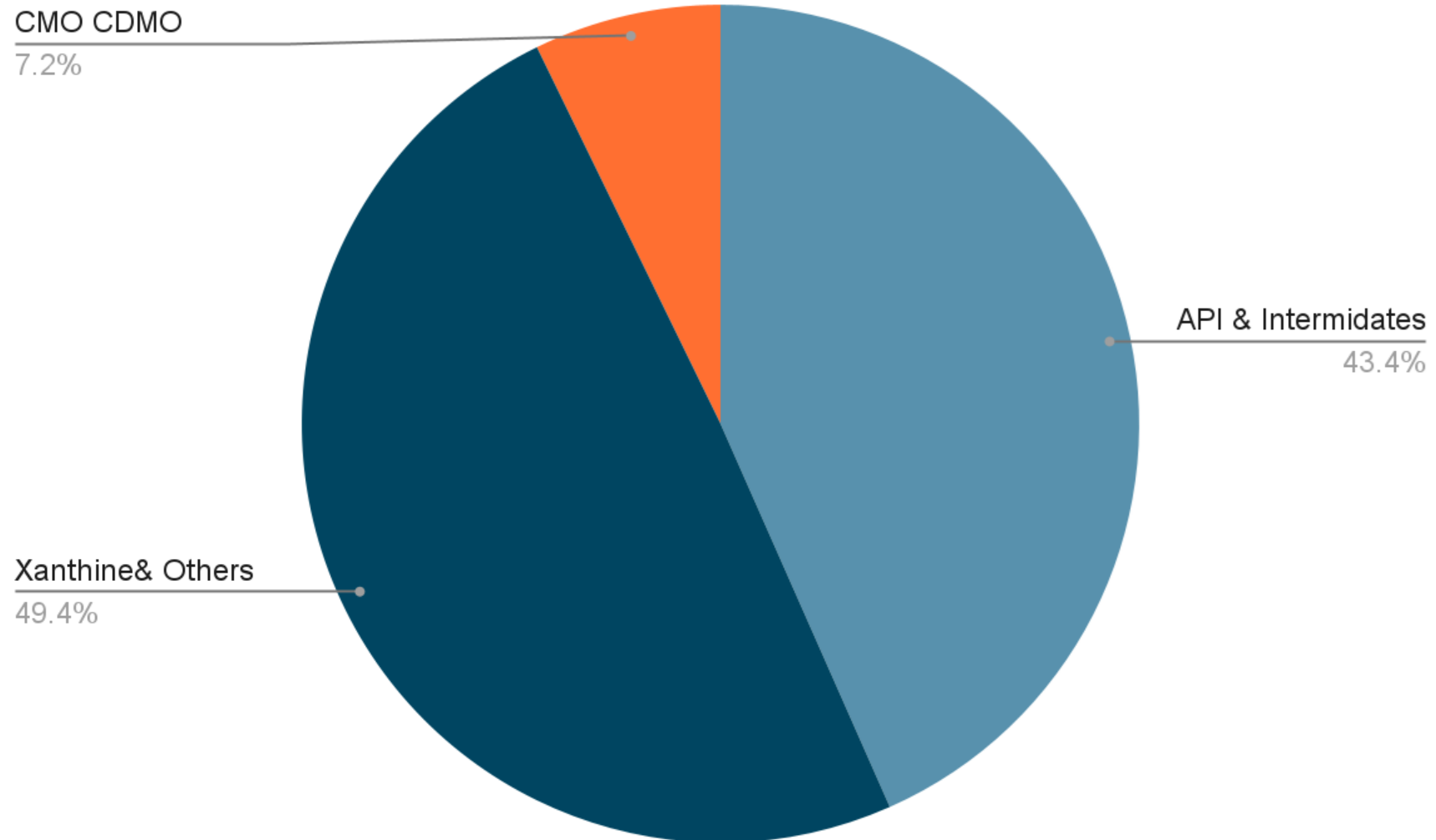
CDMO / CMO Services

- ❑ 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 **14 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..

Key Business Verticals



Strong Presence in API & Intermediates

54

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

13

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

40

US DMF approvals obtained across multiple therapeutic areas

21

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

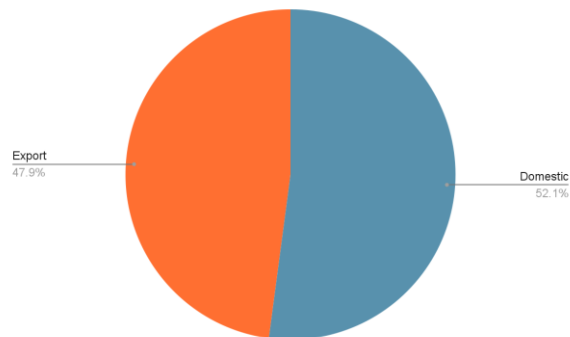
Anticoagulant

Anti Cancer

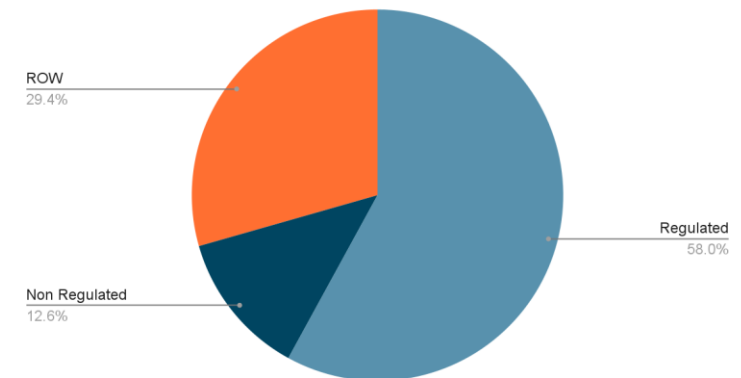
Anti Diabetic

CNS Agents

Q2 FY24 Export and Domestic Revenue



Market Segmentation



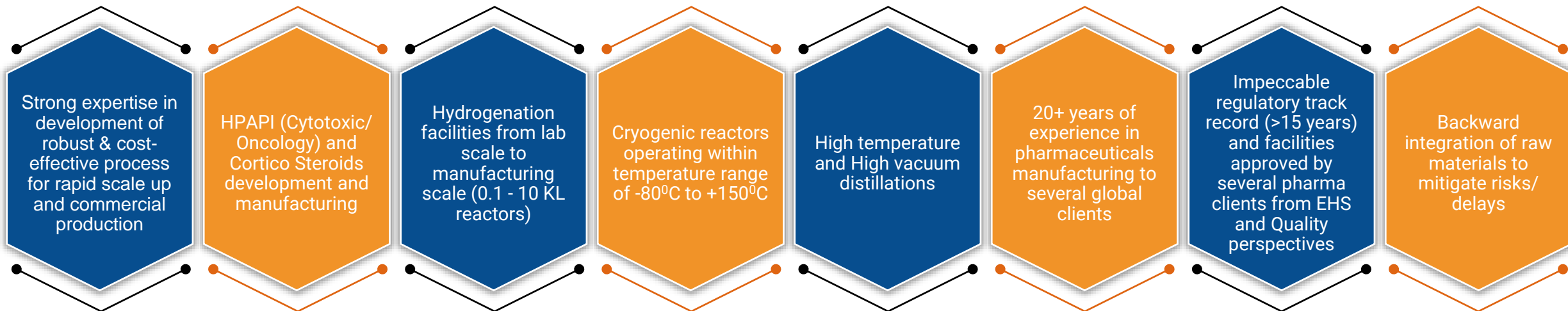
- ❑ Sustainable supply for APIs/NCEs/Intermediates in commercial scale
- ❑ Global regulatory accreditations (USFDA ,EUGMP, EDQM, KFDA, COFEPRIS)
- ❑ EHS and Quality are the highest priority. Facilities were audited as per PSCI principles
- ❑ High potent molecules (Oncology/Cytotoxic) development and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

End Use



Cola Drinks



Energy Drinks

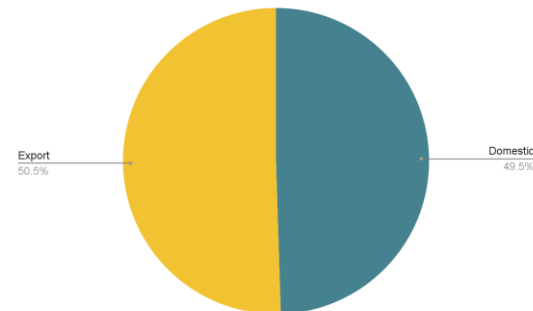


Pharmaceutic
als



Nutraceutical
s

Certifications



R&D Strengths & Capabilities

3	70+	7	19	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

Q2 FY24 : Highlights (Consolidated)

Revenue from operations

INR **440** Crs
↓ -3.9% QoQ

EBITDA

INR **89** Crs
↑ 4.7 % QoQ

PAT

INR **52** Crs
↑ 10.0 %QoQ

Domestic : Export

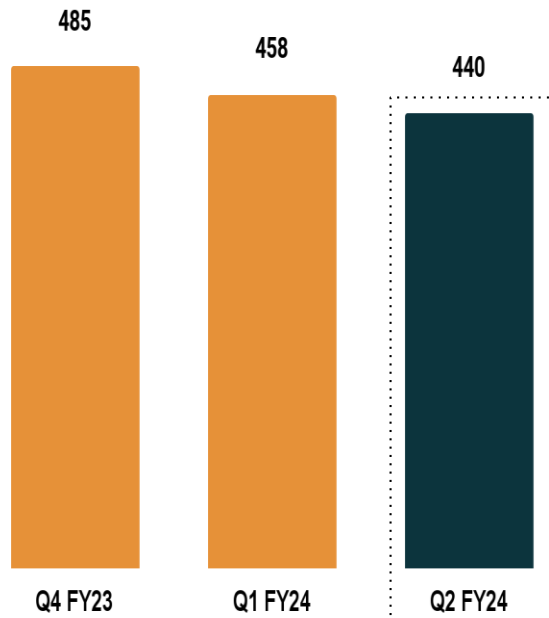
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Highlights of Q2 FY 24

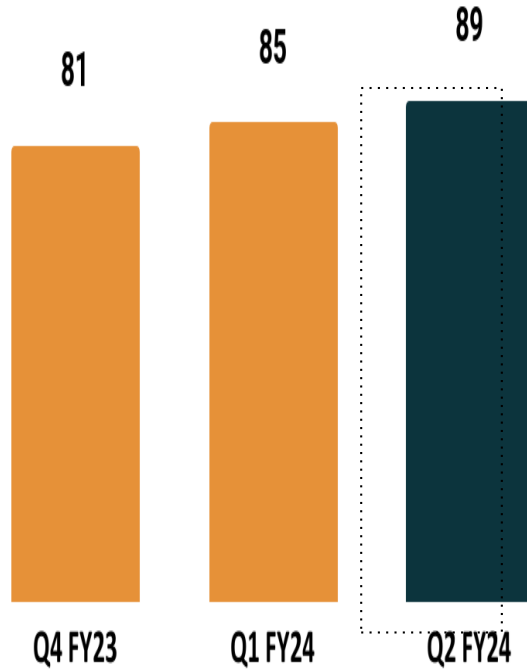
- ❑ Revenues declined slightly on account of a drop in prices of some Products. The decrease in Selling price was to a significant extent was compensated by increase in Volume and decrease in RM prices.
- ❑ EBITDA on consolidated basis was higher by 4.71% on Quarter in Quarter basis.
- ❑ PAT and EPS increased by 10 % Quarter on Quarter.
- ❑ Addition to Tangible Assets of 32 Crs in Q2 FY24

Q2 FY24 Highlights (Consolidated)

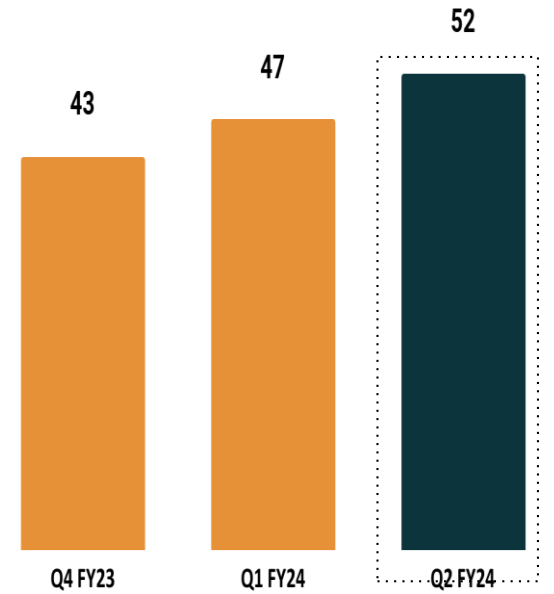
Revenues



EBITDA



Profit After Tax



Key Performance Indicators

Q2 FY24 – Consolidated Profit & Loss

Particulars (Rs. Crore)	Q2 FY24	Q1 FY24	Q-o-Q (%)	Q2 FY23	Y-o-Y (%)
Gross Income from Operations	440	458	-3.9%	532	-17.4%
Exports	198	169	17.1%	229	-13.4%
% of Total Income	45.0%	36.9%		42.9%	
EBITDA	89	85	4.7%	91	-2.2%
EBITDA Margin (%)	20.2%	18.6%		17.1%	
EBIT	71	68	4.2%	74	-4.8%
EBIT Margin (%)	16.1%	14.8%		14.0%	
PAT	52	47	10.0%	51	1.4%
PAT Margin (%)	11.8%	10.3%		9.6%	
EPS (Rs.)	5.72	5.20	10.0%	5.64	1.4%

Key Performance Indicators

Q2 FY24 – Standalone Profit & Loss

Particulars (Rs. Crore)	Q2 FY24	Q1 FY24	Q-o-Q (%)	Q2 FY23	Y-o-Y (%)
Gross Income from Operations	356	363	-1.9%	405	-12.0%
Exports	172	143	20.3%	192	-10.4%
% of Total Income	48.3%	39.4%		47.5%	
EBITDA	74	82	-9.5%	82	-9.4%
EBITDA Margin (%)	20.7%	22.5%		20.1%	
EBIT	57	66	-13.1%	67	-14.1%
EBIT Margin (%)	16.1%	18.2%		16.6%	
PAT	42	48	-12.2%	46	-9.0%
PAT Margin (%)	11.7%	13.1%		11.3%	
EPS (Rs.)	4.61	5.26	-12.4%	5.07	-9.0%

Q2 FY 24 other highlights

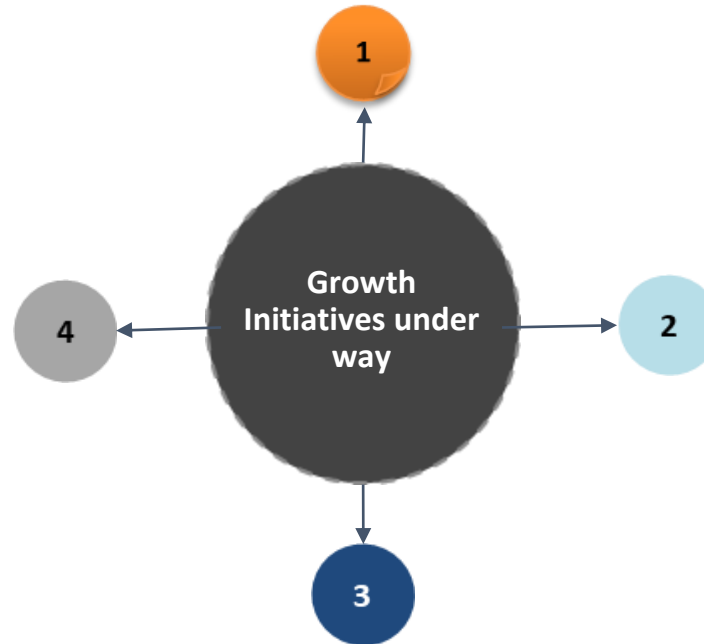
- The Company continues to have similar breakup of all three vertices of the businesses.
- The API+Intermediates regulated business remains the focus growth driver for the company inching 58% for Q2.
- The CDMO / CMO pipeline remains strong and would continue to remain a significant growth area.
- On 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.
- With its strong Chemistry and manufacturing capability, we will continue to look for Backward integration opportunities to become China independent. The project to manufacture the main RM for Xanthine Products, which is currently being imported, is scheduled to be commissioned in Q3.
- 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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