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KWALITY PHARMACEUTICALS LIMITED

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Date: May 27, 2024

To,

The Corporate Services Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai-400001

Scrip Code: 539997

Subject: Investor Presentation

Dear Sir/Madam,

Pursuant to Regulation30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find the enclosed a herewith a copy of investor presentation of the Company for the Financial Year Ended 31st March, 2024.

You are requested to take the above information on record.

Thanking You

Yours Faithfully,
For **Kwality Pharmaceuticals Limited**

Ramesh Arora
Managing Director
DIN: 00462656

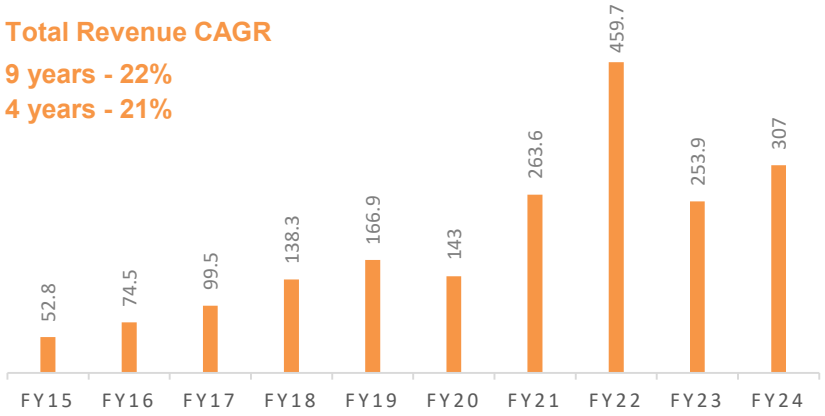
DISCLAIMER

Some of the statements made in this presentation are forward-looking statements and are based on the current beliefs, assumptions, expectations, estimates, objectives and projections of the directors and management of Kwality Pharmaceutical Limited about its business, the industry and markets in which it operates.

These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the control of the Company and are difficult to predict.

Kwality Pharmaceutical Limited does not undertake to update these forward-looking statements to reflect events or circumstances that may arise after publication.

KWALITY PHARMA – AT A GLANCE



KPL Consolidated Revenues In Crores

*FY21/FY22 spike in sales was due to one time covid period demand

About Kwality Pharma

- Catering to a wide range of Pharmaceutical Products
- Facilities based in Punjab & Himachal Pradesh
- With Focus on Global Markets

Manufacturing Setup

Have 5 Formulation Units
- 3 Units in Amritsar, Punjab
- 2 Units in Jassur, Himachal Pradesh

Target Markets

Products Reach in 60+ Countries
- Strong Setup in ROW Market
- With New Openings from Regulated Markets

Two out of Five Manufacturing units setup after 2021

3 Units out of 5 have approval from Stringent Regulatory Authorities like Brazil (ANVISA) , Columbia (INVIMA) & EU GMP

With Major Capex Program Completed

Setting up plants, getting site approvals & product approvals is a 4 year process

Having Differentiated Manufacturing Capabilities

- Liposomal Pegylated Injectables
- Peptide (Long Acting) based Injectables
- Lyophilized injectables
- Nano particle based Tech
- Emulsion & Implant Tech
- Niche Biological Injectables

Strong Product Registration Track Record

High Regulated = 9*
Regulated = 26*
Semi Regulated = 124
ROW = 297

*Filed

Available in 25+ Therapeutic Areas

Across All Dosage Forms & Across 600+ SKUs

Strong Promoters & Management

Strong & committed promoters with deep understanding of
- Manufacturing process
- Pharmaceutical Technologies
- Engineering & Plant Design
- Regulatory Affairs
- Balance Sheet Management

Team strength doubled in ~3 years

FY24: 1500+ Employees
FY21: 900+ Employees
FY19: 750+ Employees
FY17: 530+ Employees

*Includes Permanent, Contractual & Others

Gearing For Regulated Markets

Registration for semi-regulated & regulated markets targeted with right product basket.

BUSINESS MODEL

Manufacturing Plants	• Each of the 5 manufacturing units have both injectables and OSD capabilities • Manufacturing all type of products including complex molecules across all dosage forms including niche Biologics
Product Categories	• Product portfolio of more than 3000+ formulations across 25+ therapeutic areas • Wide product categories including generics, cephalosporin, beta-lactam, oncology & biologics • Injectable have contributed to more than 50% of sales for KPL in last many years.
Markets	• Exports to 60+ countries with current business coming from Middle East, French West Africa and Latin American region • Improving access to Multiple LATAM & ASEAN markets • New entrant into the Brazilian & EU Region
Sales & Distribution	• Tie-ups with pharma MNCs having strong distribution capabilities • Strong long standing relationships with number of distributors catering to multiple countries
Regulatory Approvals	• All Plants are GMP compliant • 3 out of 5 units are approved by BRAZIL (ANVISA) • 2 out of 5 units are approved by INVIMA & EU GMP

PROMOTERS PROFILE

Mr. Ramesh Arora, Managing Director

Ramesh Arora is a highly regarded figure in the pharmaceutical industry with an extensive experience. His visionary leadership has propelled Kwality Pharma Ltd to new heights, establishing it as a trusted name in the international market. Today, Ramesh Arora guides the company on strategic decision-making for the company's growth along with grooming the next generation of management.

His strategic inputs and relationship managements with various stake holders have helped the company be ahead in a competitive industry. He also plays a important role in building internal technology and exploring new business opportunities.

Mr. Ajay Arora, Director

As the director at Kwality Pharma, Mr. Ajay Arora assumes a crucial role in overseeing the company's manufacturing planning and operations. With a B. Pharm. degree and more than 20 years of experience, his contribution to organizational development is of paramount importance. Primarily, he takes charge of procurement of raw material including API, ensuring the acquisition of machinery and other essential requirements. Additionally, he actively manages day-to-day manufacturing activities and provides oversight to various departments, including conducting initial audits of documentation, production, and inspections.

Ajay Arora's extensive knowledge of pharmaceutical processes and plant-level engineering design proves invaluable when establishing multiple plants efficiently within the company. His entrepreneurial spirit and technocratic mindset further enhance his capabilities.

Mr. Aditya Arora, Director

Aditya Arora is a dynamic and highly motivated leader who has quickly grasped the intricacies of the pharmaceutical business. Despite being a commerce graduate, his level of attention to detail and understanding surpasses expectations, often leading industry professionals to mistake him for a formal pharmaceutical expert.

During his early years at the company, Aditya took on various roles encompassing QA, QC, and manufacturing processes. Recognizing the potential in both semi-regulated and regulated markets, he has now taken charge of spearheading the organization's transition towards regulated markets. His enthusiasm and comprehensive understanding of regulatory requirements across different countries and regions have been instrumental in establishing new plants and seizing new opportunities for the company.

Currently, Aditya is actively involved in all aspects of the company, including production, quality assurance, quality control, and regulatory filings. His efforts are focused on shaping the organization for the next phase of growth, as he navigates Kwality towards a prosperous future.

COMPANY'S TIMELINE

1983-2000

1983
- First Manufacturing Setup at Amritsar with Generic Liquid Orals & Injectables Facility

2000
- Target Markets of Africa & ASEAN Countries

2000-2010

2007
- New manufacturing with OSD and Injectable capabilities for general therapies and beta-lactam added

2010
- Started Marketing Office in Africa
- Setup of new manufacturing in HP

2010-2015

2012
- WHO approval for Amritsar facility
- New facility setup for Oncology products
- Started Exporting to Gulf Countries

2015
- Libya, Ivory Coast, Nigeria approval for Amritsar facility

2015-20

2016
- Listed on BSE SME Exchange

2017. 2018. 2019
- Upgraded Generics Block
- PICs/GMP from Iran, Iraq & Tanzania
- Upgraded Oncology facility Unit 3 in HP

2019
- New Cephalosporin facility in HP

2020-2024

2021
- 11 molecules registered in EMs
- WHO approval for Cephalosporin Unit
- Enhanced injectables capabilities at Amritsar

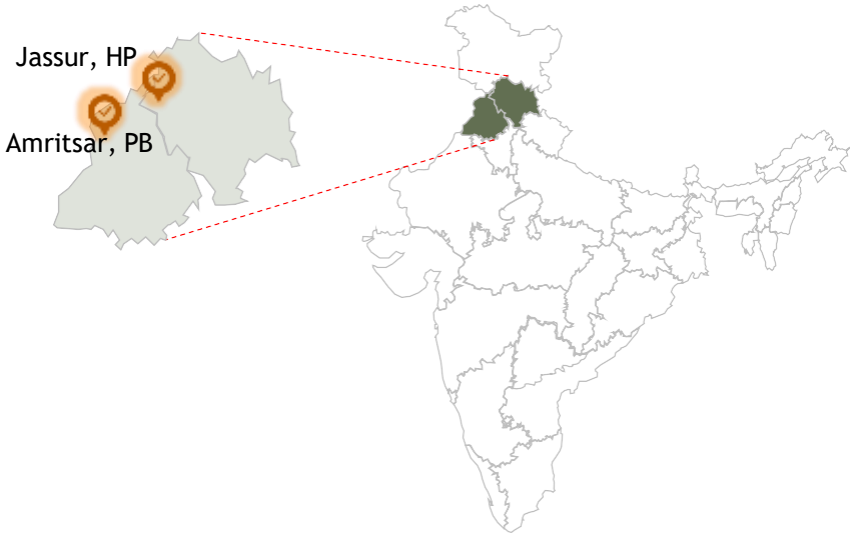
2022
- Established Beta-lactam Unit
- Developed 10+ complex products including microspheres, Liposomes, Ophthalmic susp.
- PIC/s GMP from Brazil for 3 Units

2023
- EU-GMP for Cephalosporin & Oncology Units
- Established Biologics Unit

2024
- INVIMA Approval for 2 units
- Started the Hormone Unit

REGULATORY APPROVALS

Five Manufacturing Units Across Two Locations



Regulatory Approvals Already Received

Importance of Approvals –A testimony to KPL manufacturing capabilities

- While exporting any pharmaceutical product, there are two types of approvals that may be required across most semi-regulated and regulated markets: 1) Facility / Plant Approval 2) Product Approval. The competent authority audits the manufacturing facility along with the processes, product capability and many other areas before giving final approvals.

- Though the concept of approval process on a high level is same for different inspecting authorities, there are many nuances that differ from country to country in terms of compliance procedures, documentations, process timelines and the regulatory costs.

- **KPLs manufacturing capabilities validated through approvals:** Kwality Pharma has been successfully pivoting itself from being a ROW player to semi-regulated and regulated markets. This is demonstrated by building up new plants and getting multiples plants approved from various regulatory authorities across the world including the stringent regulatory authorities of the world. Further, KPL also plans to get additional plant approval from stringent regulatory authorities so as to cater to a larger product basket in the global markets.

MANUFACTURING SETUP

MANUFACTURING SETUP

Locations	Amritsar, Punjab				Jassur, Himachal Pradesh	
Unit Names	Unit-1 Block A & Block W1	Unit-2	Unit 5 *Construction commenced	Unit-6	Unit-3	Unit-4
Establishment Year	2017 (Upgraded) 2007 (First Built)	FY22	FY26 Estimated	FY24	FY18	FY19
Therapy	Critical Care, Anaesthesia, Cardiac, Pain Management and systemic anti infectives	Beta-lactam, anti infectives	Sex Hormones and synthetic hormones	Biologics – mammalian cell line (Chinese hamster ovary derivative)	Cytotoxic (Onco) & Allied products	Cephalosporins, Anti Infectives
Dosage Forms	Tablets, Capsules, Oral liquid, Sachets, Dry powder for suspension, Lyophilized injections, Vials & ampoules Eye / Ear / Nasal drops & cream / ointment / lotion / Gel / Suppositories	Tablets/Capsules, Dry powder for suspension, Injections	Tablets, Lyophilized injections, implants, Vials and ampoules, Cream / ointment / lotion / Gel / Suppositories	Pre filled syringes (PFS) and Vials Lyophilized injections	Tablets/Capsules, Lyophilized injections	Tablets/Capsules, Dry powder for suspension, Lyophilized injections
Key Regulatory Approvals	Already Approved From PIC/S, ANVISA (Brazil), INVIMA (Columbia)	Medium Term Plan to apply for ANVISA , EU GMP and USFDA	Future	Long Term Plans to apply for ANVISA & EU GMP	PIC/S, ANVISA (Brazil) EU GMP, INVIMA (Columbia)	PIC/S, ANVISA (Brazil) EU GMP

***Unit 5 is being planned for Hormones. The estimated cost for the same can go up to Rs 40 crores**
Cost to be incurred for the year – 15 crores.

DIFFERENTIATED CAPABILITIES

Complex injectable drug products	Key Technologies Involved	Key Products Developed
Liposomal Pegylated Injectables	• Tissue targeting • Intracellular targeting • Increase exposure time • Drug solubilization and stabilization	Developed complex oncology injectables with stability data of 24 months such as **Doxorubicin Liposomal Injection** and **Amphotericin B Liposomal Injection** Products are under registration in 12+ countries of LATAM & 5 countries of SEA
Long-acting Injectables using micro-sphere technology	• Sustained drug release • Peptide based injections with nano tech • Polymeric microspheres • In-situ forming depots • Advanced in-vitro efficacy read-outs • Advanced polymer characterization	Developed complex long acting injectables such as • **Leuprolide Depot** being manufactured for domestic and export markets and is registered in Peru, Venezuela, Dominican Republic and Bolivia. • **Octreotide Acetate** for injectable suspension registered in Peru • **Goserelin Acetate Depot** injectable filed in markets of Chile, Honduras, Nicaragua and other LATAM markets
Lyophilized Injectables	• Solubility using freeze-drying • Improved stability & solubility	Developed complex Lyophilized Injectables such as • **Caspofungin Acetate** injection filed in Ecuador , El Salvador and other LATAM Markets • **Isoniazid** injection & **Rifampicin** injection (Columbia registered) and filed in LATAM Countries such as Chile • **Tenoxicam** injection & **Aprotinin** injection (Uzbekistan and Tajikistan registered) • **Suxamethonium** injection in FWA
Niche Biological Injectables	• Selectivity for specific protein targets • Higher potency & reduced toxicity • Improved stability & control release	Developed protein based injectables such as • **Erythropoietin** Injection at Pre CT stage • **Alteplase** Injection • **Etranercept** injection • **L-Asparginase** injection is Mexico Registered and filed in Ecuador, El Salvador and Malaysia
Emulsion Technology	• Fast Absorption • Low globule size • Low osmolality	Key Products under the emulsion technology includes • **Propofol** Injection is under registration in 50+ countries in the Brazil, EU & SEA markets, Registered in 8+ countries • **Verteporfin** Injection – Off patent product under development

KEY MARKETS BY SALES

South and Central America	
Colombia	Costa Rica
Guatemala	El Salvador
Chile	Ecuador
Peru	Honduras
Nicaragua	Panama
Dom. Republic	Jamaica
Mexico	Brazil

Africa	
Botswana	Uganda
Kenya	South Africa
Namibia	Tanzania
Nigeria	Sudan
Ethiopia	Zambia
Guinea	French W Africa - 16 Countries
Zimbabwe	

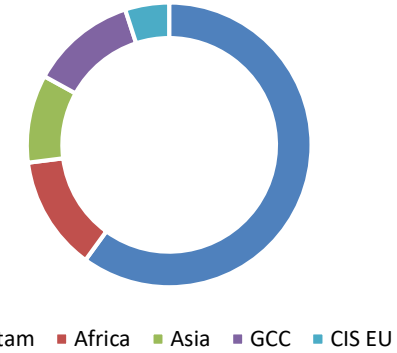
Middle East	
Iran	Egypt
Iraq	Algeria
Oman	Morocco
Lebanon	Jordan
KSA	
UAE	
Kuwait	

Asia	
India	Uzbekistan
Sri Lanka	Indonesia
Philippines	Malaysia
Nepal	Vietnam
Bhutan	
Pakistan	
Kyrgyzstan	

Sales – Region Wise (FY24)

Latam	-	60%
Africa	-	13%
Asia	-	10%
GCC	-	12%
CIS / EU	-	5 %

Sales – Region Wise



- Country: Brazil
- Brazil is among the top 15 pharmaceuticals market by country in the world in value terms

- Region: Europe
- Europe region is 2nd largest pharma market after North America in value terms

- Country: Mexico
- Mexico is among the top 15 pharmaceuticals market by country in the world in value terms

FUTURE PLANS

Strategic Goals

1. Leveraging the excellence in manufacturing to enter the global stringent regulated markets
2. Building long terms commercial partnerships both locally & globally
3. Focus on niche high margin portfolio of difficult to manufacture / register molecules
4. Increasing R&D efforts for off-patent drugs that are complimentary to existing portfolio to be an early entrant in the global markets

Operational Goals

1. All remaining units to be EU GMP approved in FY25
2. Audits planned – Peru, Iran, EUGMP for Injectables, ANVISA for BETALACTAM and other key regulatory markets
3. Build a biologics product portfolio of 3 Molecules – Erythropoietin supply to commence by end of FY25

- Completion of product development stage of other 2 molecules of Biologics by end of FY25 and completion of clinical trials by FY26

4. To operationalise Hormone Unit in next 2 years
5. Substantial Increase in Filings in Regulated and Semi Regulated countries and getting maximum approvals
6. Increased foot print in existing markets of LATAM, French West Africa and across other Ems

Financial Goals

1. Achieving Rs 500 crores sales by FY26
2. Sustaining EBITDA Margins in the range of 22%-25%
3. Improving Working Capital Efficiency

KEY FINANCIALS

Income Statement	FY20	FY21	FY22	FY23	FY24
+Revenue from Ops (Gross)	139.3	262.0	456.2	251	307.2
+Other Income	3.66	1.59	3.51	2.9	1.83
Total Income	143.0	263.6	459.7	253.9	309.0
Total Expenses	125	233.2	284.5	190.9	240.9
EBITDA	18.0	30.4	175.2	63.0	68.1
-Finance Cost	2.5	2.7	2.9	6.0	10.4
-Depreciation	4.4	6.5	10.7	15.0	19.6
-Exceptional Items	0	0	0	-16.5	-7.1
Profit Before Tax	11.0	21.2	161.6	25.5	31.0
-Tax Expense	3.0	6.2	41.6	6.5	7.0
Profit After Tax	8	15	120	19	24

***Notes:**

1. In FY24, Exceptional items include Loss due to fire incident that happened back in October

BALANCE SHEET	FY20	FY 21	FY 22	FY 23	FY 24
LIABILITIES	**132.69**	**166.26**	**340.59**	**353.63**	**394.21**
Shareholders' fund	46.01	61.15	181.14	200.52	224.21
Minority Interest in Subsidiary	-1.04	-1.3	-1.35	-1.45	-1.63
Non-current liabilities	19.98	28.12	30.5	28.62	19.77
Current Liabilities	67.75	78.29	130.31	125.94	151.85
Assets	**132.69**	**166.26**	**340.59**	**353.63**	**394.21**
Non-current assets	43.66	60.36	112.77	146.43	151.52
Current assets	89.03	105.9	227.82	207.19	242.69
(a) Current Investments	3.34	4.44	0	0	0
(b)Inventories	22.42	17.36	53.36	86.31	78.39
(c) Trade receivables	30.33	35.71	69.13	71.69	114.38
(d)Cash & cash Eq	1.54	5.81	12.95	7.37	5.95
(e) Short term L& A	31.37	42.58	92.38	6.89	16.39
(f) other current assets	0.03	0	0	34.93	27.58

THANK YOU

Kwality Pharmaceuticals Limited

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