KWALITY PHARMACEUTICALS LTD.

Investor Presentation – FY23

QUALITY YOU CAN TRUST

KWALITY PHARMACEUTICALS LTD.

Topics Covered

1. KPL – At a Glance
2. Business Model
3. Promotors Profile
4. Company History
5. Regulatory Approvals
6. Manufacturing Setup
7. Differentiated Capabilities
8. Key Markets By Sales
9. Future Plans
10. Financials

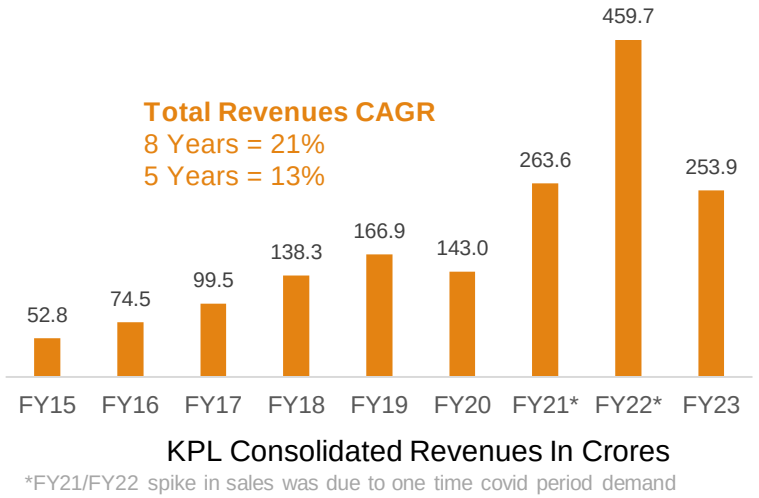
DISCLAIMER

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) & 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 = 6*
Regulated = 26*
Semi Regulated = 82
ROW = 278

*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

FY23: 1600+ 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 EU GMP

MANAGEMENT TEAM 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.

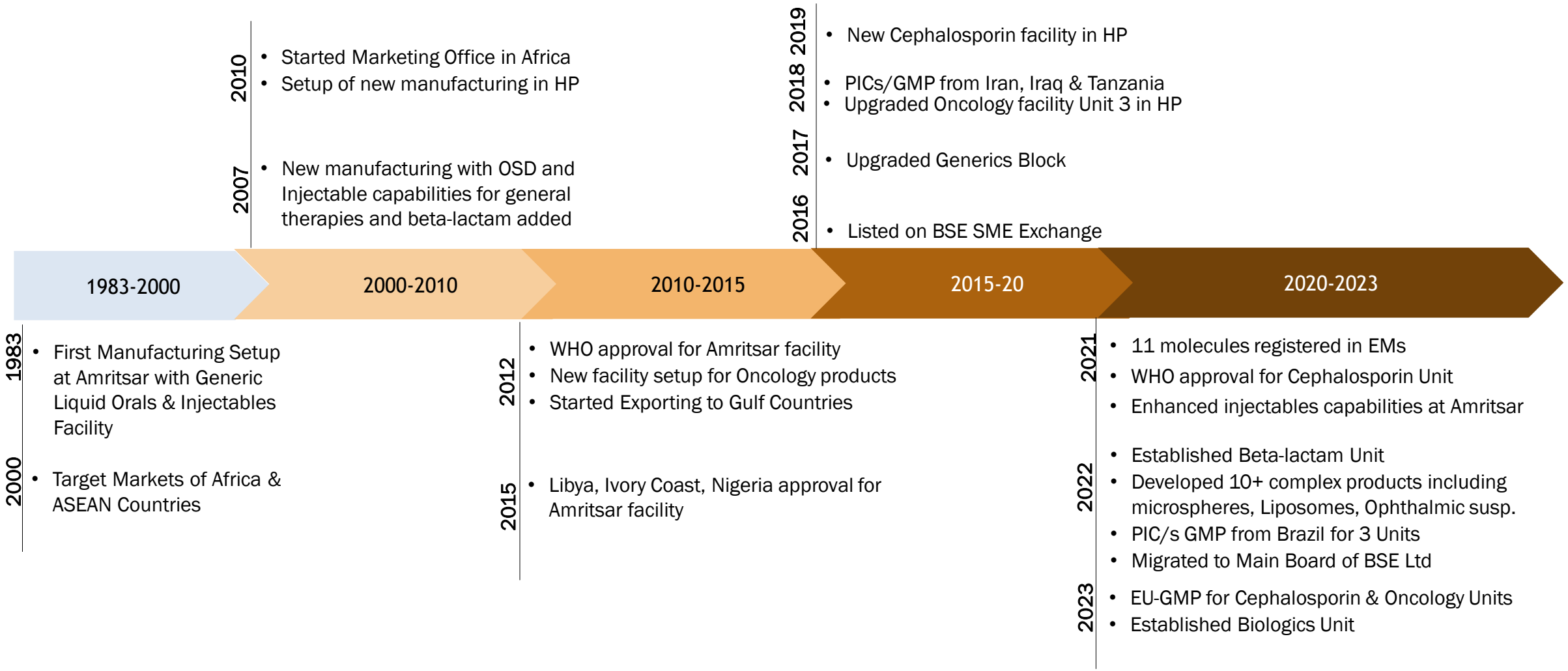
Mr. Aditya Arora, Director

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.

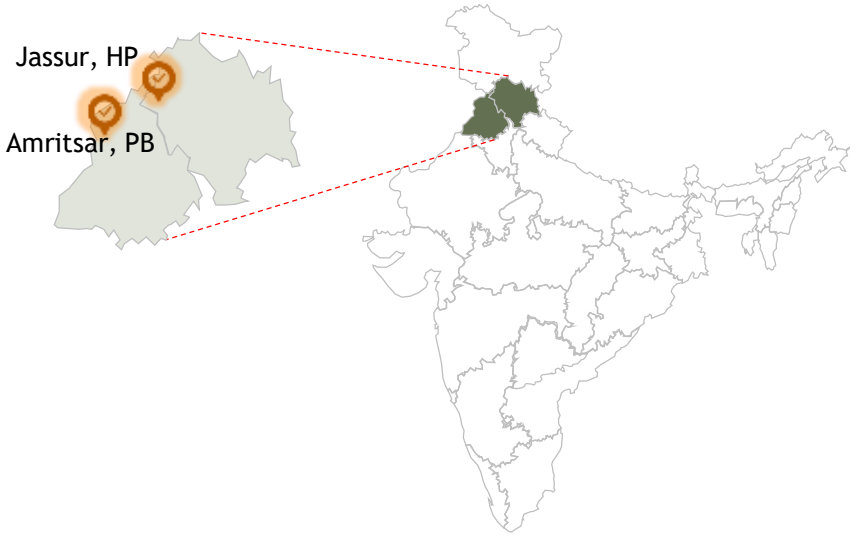
Currently, Aditya is actively involved in all aspects of the company, including production, quality assurance, quality control, and regulatory filings. His efforts are focused on shaping the organization for the next phase of growth, as he navigates Kwality towards a prosperous future.

COMPANY'S TIMELINE



REGULATORY APPROVALS

Five Manufacturing Units Across Two Locations



Regulatory Approvals Already Received

WHO-GMP · ANVISA · EUROPEAN UNION GMP · Cofepris – Comisión Federal para la Protección contra Riesgos Sanitarios · DPML · Ministère de la Santé · Pharmacy and Poisons Board · NAFDAC

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

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Locations	Amritsar, Punjab				Jassur, Himachal Pradesh	
Unit Names	Unit-1 Block A & Block W1	Unit-2	Unit 5 *Proposed	Unit-6	Unit-3	Unit-4
Establishment Year	2017 (Upgraded) 2007 (First Built)	FY22	FY25 / 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)	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	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.

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** registered in Peru and Bolivia • **Octreotide Acetate** for injectable suspension • **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 • **Isoniazid** injection & **Rifampicin** injection (Columbia registered) • **Tenoxicam** injection & **Aprotinin** injection (Uzbekistan registered) • **Suxamethonium** injection
Niche Biological Injectables	• Selectivity for specific protein targets • Higher potency & reduced toxicity • Improved stability & control release	Developed protein based injectables such as • **Erythropoietin** Injection • **Alteplase** Injection • **Etranercept** injection • **L-Asparginase** injection (Mexico Registered)
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 • **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	

- 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 by FY24/FY25
2. Apply for USFDA Approval from Unit 2 starting FY25 in phases
3. Build a biologics product portfolio starting with 3 molecules in initial phase
4. Increased foot print in existing markets of LATAM, French West Africa and across other Ems
5. Get 3 molecules registered in high regulated markets on back of EU GMP / ANVISA approvals
6. PIC/s and EU approval for the most anticipated and fastest growing segment of Oncology

Financial Goals

1. Doubling Revenues before FY26
2. Sustaining EBITDA Margins in the range of 22%-25%
3. Improving Working Capital Efficiency

KEY FINANCIALS

Income Statement	FY19	FY20	FY21	FY22	FY23
+Revenue from Ops (Gross)	**166.29**	**139.30**	**262.01**	**456.19**	**251.03**
+Other Income	0.61	3.66	1.59	3.51	2.94
Total Income	**166.90**	**142.96**	**263.60**	**459.70**	**253.97**
Total Expenses	150.59	125.11	233.17	284.52	190.89
EBITDA	**16.31**	**17.85**	**30.43**	**175.17**	**63.08**
-Finance Cost	2.28	2.50	2.67	2.92	6.02
-Depreciation	3.12	4.43	6.49	10.69	14.96
-Exceptional Items	0	0	0	0	16.53
Profit Before Tax	**10.91**	**10.92**	**21.27**	**161.57**	**25.57**
-Tax Expense	3.35	2.71	6.38	41.63	6.29
Profit After Tax	**7.56**	**8.21**	**14.89**	**119.94**	**19.28**

Balance Sheet	FY19	FY20	FY21	FY22	FY23
LIABILITIES	**105.38**	**132.69**	**166.26**	**340.59**	**353.63**
+Shareholders' funds	37.30	46.01	61.15	181.14	200.52
+Minority Interest in Subsidiary	-0.98	-1.04	-1.30	-1.35	-1.45
+Non-current liabilities	8.23	19.98	28.12	30.50	28.62
+Current liabilities	60.83	67.75	78.29	130.31	125.95
ASSETS	**105.38**	**132.69**	**166.26**	**340.59**	**353.63**
+Non-current assets	30.03	43.66	60.36	112.77	146.43
+Current assets	75.35	89.03	105.90	227.82	207.20
(a) Current investments	4.04	3.34	4.44	0.00	0.00
(b) Inventories	11.25	22.42	17.36	53.36	86.31
(c) Trade receivables	38.43	30.33	35.71	69.13	71.69
(d) Cash & Cash Eq	1.40	1.54	5.81	12.95	7.36
(e) Short-term L&A	20.21	31.37	42.58	92.38	41.83
(f) Other current assets	0.03	0.03	0.00	0.00	0.00

***Notes:**

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

2. In FY23, Exceptional items include a one time covid related inventory write-off of Rs 7.05 crore & one time write off of accumulated non-refundable GST of Rs 9.48 cr

THANK YOU

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