

# COHANCE LIFESCIENCES

## INVESTOR PRESENTATION

H1FY25



## DISCLAIMER

*This document and information herein is solely for information purposes and must not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. This document may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to media or reproduced in any form, without prior written consent Cohance Lifesciences.*

*This document is based on information obtained from public sources and sources believed to be reliable and information contained in this presentation concerning our industry, competitive position and the markets in which we operate is based on information from independent industry and research organizations, other third-party sources and management estimates.*

*Under no circumstances shall Cohance Lifesciences or its employees, consultants, agents or representatives be liable for any costs, expenses, losses, claims, liabilities, or other damages (whether direct, indirect, special, incidental, consequential, or otherwise) that may arise from, or be incurred in connection with, the content or any use thereof.*

- 1. Executive Summary**
2. CDMO Segment Philosophy
3. API++ Segment Philosophy
4. Mfg. and R&D Capabilities
5. Management Capabilities
6. Transformation Journey
7. Financials Statements

# EXECUTIVE SUMMARY - KEY BUSINESS UPDATES

## Overview

### Key highlights H1FY25 performance below:

- Revenue
  - Cohance achieved 13%+ CAGR over FY19-24
  - In H1FY25, the revenue was INR 604.3Cr with decline of 4%YoY primarily related to major CDMO orders shipment scheduled in H2
  - Basis the current order visibility (as of Oct'24), we are confident of growth in FY25 across both API+ as well CDMO.
  - H1FY25 earnings were driven by growth in API++, while there was decline in the CDMO business YoY owing to its lumpy nature
    - **API++ segment** posted a growth of 7% YoY in H1FY25; contributed 71% of sales; Growth was driven by healthy order book owing to team's concerted BD efforts and market demand recovery
    - **CDMO segment** has sustained 30% growth CAGR over FY20-24 and is tracking well on the scale-up in the ADC-led business; declined 22% YoY in H1FY25 owing to order shipment schedules towards H2FY25; CDMO too remains on track for full year growth in FY25
- Margins: Improved demand and utilization, along with favorable product mix, supported adjusted EBITDA margins to 25.4% in H1 while Q2 adjusted EBITDA margins were 30.3%.

## CDMO

- Increasing trend of RFQs and sample orders for new ADC payload portfolio, from both innovators and large CDMOs
- Commercial launch of an innovator product from our pharma CDMO pipeline; expected to drive near-mid-term growth
- R&D pipeline of new designer and adjacent ADC payloads in advanced stage of development
- Continued traction in 2 new innovator lifecycle management opportunities, with 1 expected to commercialize in FY25

## API++

- Completed 2 new product validations (API) in H1FY25 with 3 more planned in Q3; targeting 7+ new products (API) in FY25

## Regulatory Approvals

- Successfully completed 3 audits across platform in H1FY25
  - ANVISA (Brazil) audit at API Unit-III with zero observations
  - ANVISA (Brazil) audit at FDF Unit-I with no DI, critical or major deficiencies
  - NPRA (Malaysia) audit at CRBio facility

## Awards & other updates

- API Unit-III awarded "Bronze" rating by Ecovadis; API Unit-I was awarded "Silver" rating by Ecovadis in Oct'23
- API Unit-III awarded CII Southern Region 5S Process Maturity award
- Cohance became a participant of "UN Global Compact Network India"

# BUILDING BLOCKS IN PLACE FOR MEDIUM-TERM GROWTH

- Multiple growth levers in place for near-to-mid term growth

- **Strong focus on Innovator clients**; growth in ADC led CDMO business with expanding portfolio and customer base

- **Ramp-up from new product launches** across CDMO, API++ and formulations; pipeline with near-term commercialization opportunity



- **Expansion in high-quality emerging markets**; strong momentum with new DMF approvals and customer partnerships in these geographies

- **Increasing SoW with existing customers** and **addition of new blue-chip customers**

# ABOUT COHANCE PLATFORM

- One of the leading, diversified CDMO + merchant API++ platforms in India with ~INR 1,341 Cr revenue and ~INR 418Cr EBITDA in FY24; for pharmaceuticals and specialty chemicals customers across the globe
- Well-invested asset with complex chemistry capabilities.

Leading player	Global leadership	Innovator CDMO <sup>3</sup>	Leading metrics <sup>4</sup>	Capex invested	Top management
<p><b>Among Top Indian</b> CDMO+ Merchant API++</p> <p><i>One of India's leading CDMOs + merchant API++<sup>1</sup> players</i></p>	<p><b>8/10</b> top molecules with global leadership</p> <p><i>Leadership (top 3 position)<sup>2</sup> in key molecules driven by deep cost position due to backward integration</i></p>	<p><b>~42%</b> share of CDMO in FY24 Gross profits</p> <p><i>Delivered 125+ innovator projects from gram to multi-kilo scale</i></p> <p><i>CDMO biz. growth at ~30% 4Y CAGR (faster than other segments)</i></p>	<p><b>13%+</b> revenue CAGR<sup>5</sup> of overall business</p> <p><i>Industry leading financial metrics - growth (13%+), EBITDA margins (31%+), and return on capital employed (27%+)</i></p>	<p><b>&gt;1.5x</b> expansion potential on invested capex</p> <p><i>Invested in capex enough to support &gt;1.5x current scale; ~INR 457 Cr. invested since acquisition</i></p>	<p><b>7</b> CXOs hired from top global companies</p> <p><i>Top tier management team with 250+ years of cumulative experience of handling businesses 2-3x the size of Cohance</i></p>

*Built on back of deep chemistry capabilities (incl. ADCs, HPAPI) and with deep focus on Safety, Quality & Compliance*

**Note:** 1. Basis market work by independent consulting organizations considering revenues from CDMO segment of leading CDMO/API++ players;

2. Ranking based on data from IQVIA

3. CDMO includes revenue purely from innovators in the pharmaceutical and specialty chemical industries; FDF CMO business and other business lines including clinical & analytical services, toll manufacturing etc. are included in API++

4. FY24 metrics; Till FY23, proforma and adjusted financials of Cohance entities (RAC, ZCL and Avra) have been extracted from report issued by Deloitte Touche Tohmatsu India LLP. Adjusted P&L numbers are reported numbers adjusted out for one-time expenses and income; FY24 numbers as per audited financials of the merged entity (Cohance);

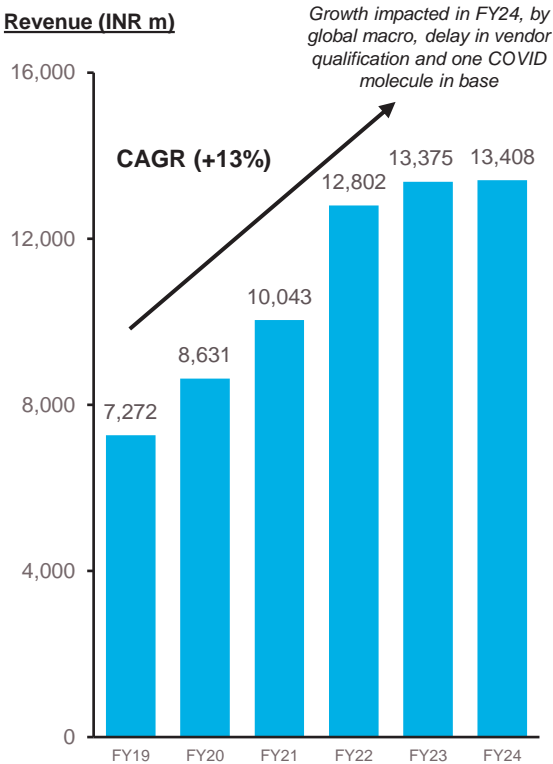
5. 5-year CAGR (FY19-24)

# COHANCE'S FINANCIAL HIGHLIGHTS

- Cohance has delivered consistent revenue growth (13% 5Y CAGR)<sup>1</sup> and EBITDA growth (21% 5Y CAGR)<sup>1</sup>, with healthy financial metrics (31%+ EBITDA margins, 27%+ ROCE)<sup>3</sup>
- FY24 growth impacted due to API++ segment experiencing short-term macro headwinds (destocking), delay in vendor qualification for some products, and one COVID molecule in base. H1 was muted with major CDMO orders moving to H2, bullish on full year growth for Cohance both API+ and the CDMO business.

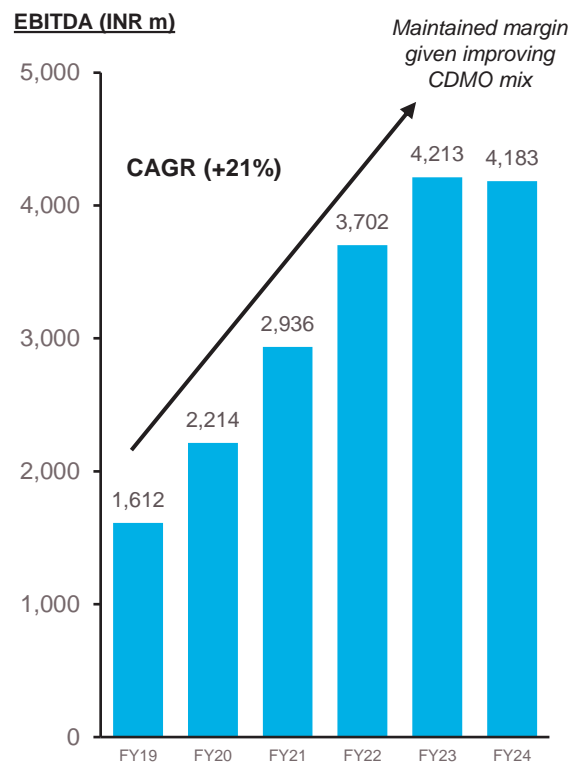
## Revenue<sup>1</sup>

Revenue (INR m)



## Adjusted EBITDA<sup>1</sup>

EBITDA (INR m)



EBITDA % 22% 26% 29% 29% 31% 31%

## Profitability



27%+

Return on Capital Employed<sup>2</sup>  
(FY24)<sup>3</sup>



31%+

Industry leading EBITDA Margins  
(FY24)<sup>3</sup>



~19%

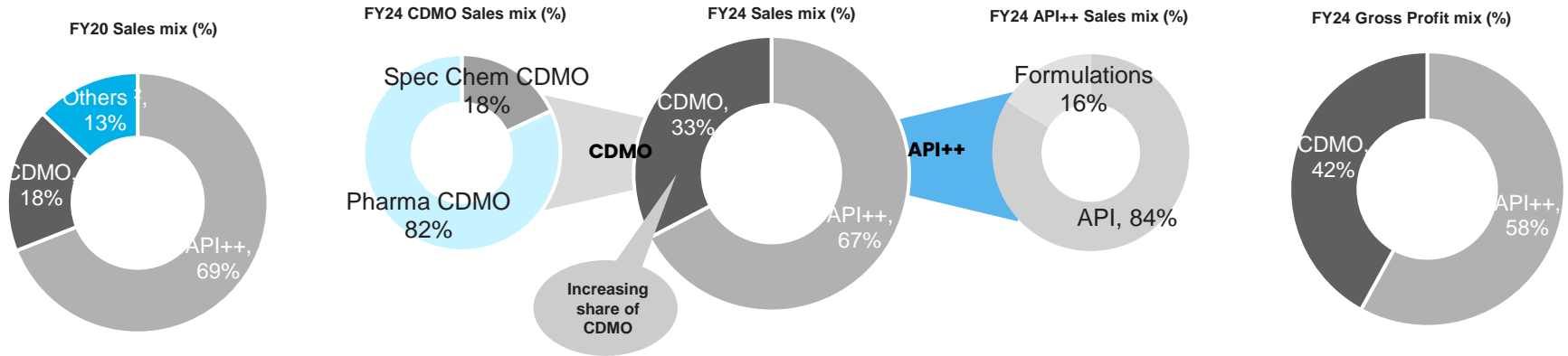
Industry leading PAT Margins  
(FY24)<sup>3</sup>

**Note:** 1) Till FY23, proforma and adjusted financials of Cohance entities (RAC, ZCL and Avra) have been extracted from report issued by Deloitte Touche Tohmatsu India LLP. Adjusted P&L numbers are reported numbers adjusted out for one-time expenses and income; FY24 numbers as per audited financials of the merged entity (Cohance) 2) ROCE = EBIT/Avg capital employed [Net fixed assets + NWC + other net assets]; 3) FY24 metrics

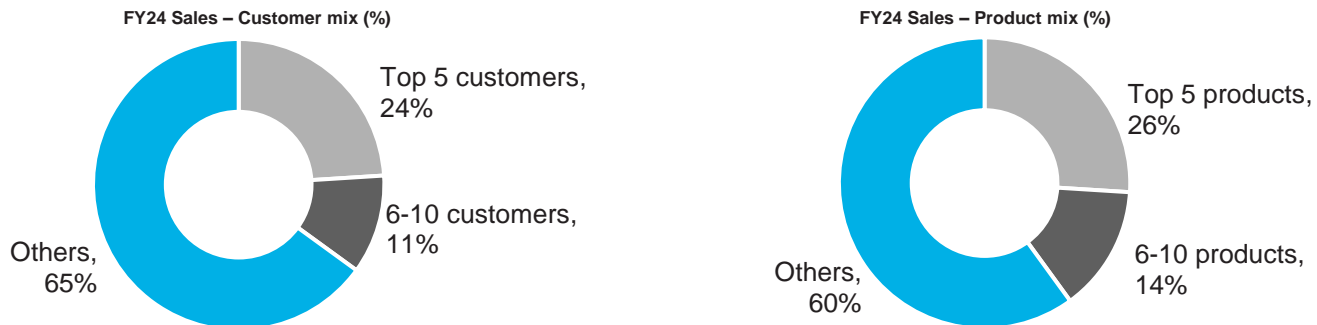
# BUSINESS MIX – FY24

- Increasing share of CDMO to 33% of sales in FY24 (vs 18% in FY20)
- Well diversified customer and product mix

## Business Units



## Minimal concentration across customers & products



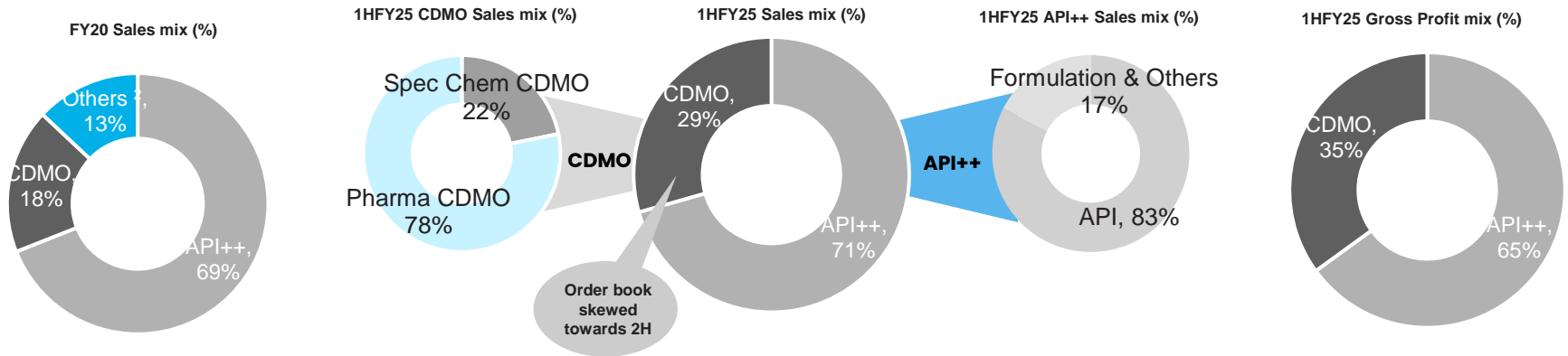
**Note:** CDMO includes revenue purely from innovators in the pharmaceutical and specialty chemical industries; FDF CMO business and other business lines including clinical & analytical services, toll manufacturing etc. are included in API++



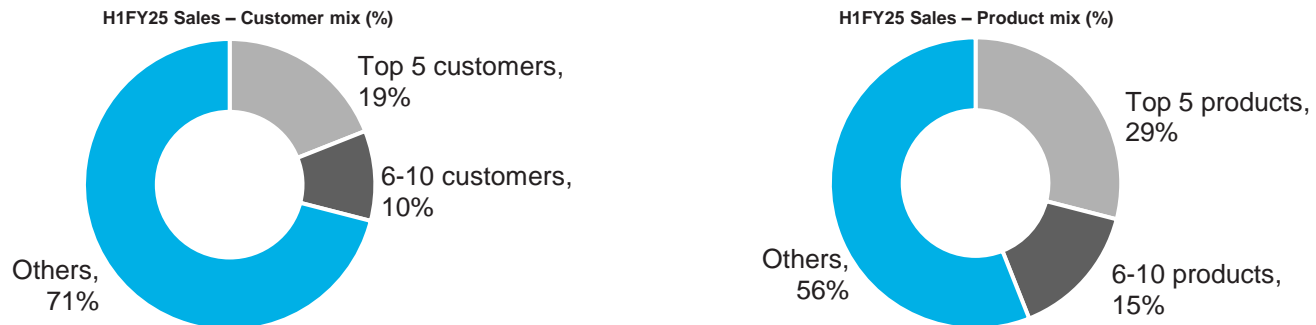
# BUSINESS MIX – H1FY25

- Diversity of Customers and Products sustains in H1
- CDMO share in H1FY25 stood at 29% given order book skewed towards H2; CDMO share expected to be higher on a full year basis

## Business Units



## Minimal concentration across customers & products



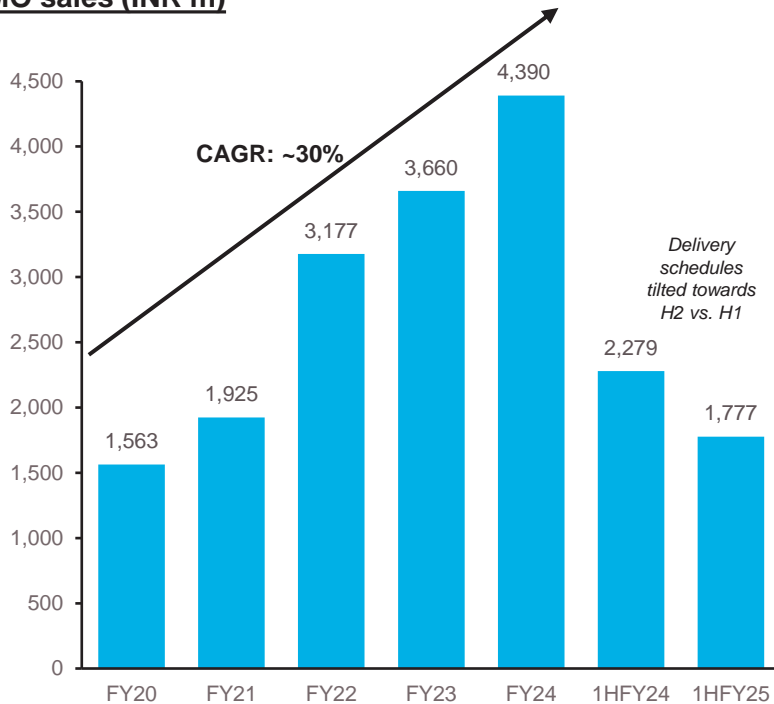
**Note:** CDMO includes revenue purely from innovators in the pharmaceutical and specialty chemical industries; FDF CMO business and other business lines including clinical & analytical services, toll manufacturing etc. are included in API++

# REVENUE GROWTH BY SEGMENT

- Cohance based on Oct YTD is already on growth path, Strong revenue growth in CDMO segment (~30% L4Y CAGR) and API++ driven by healthy mix of increasing wallet share in existing customers, new customer additions and new products.
- In 1HFY25, API++ segment reported growth of 7%YoY, contributing 71% of revenue.
- H1 CDMO segment performance softer vs last year, given lumpy nature of business with order schedules weighed towards H2; growth expected on a full year basis in FY25.

## CDMO Segment

### CDMO sales (INR m)

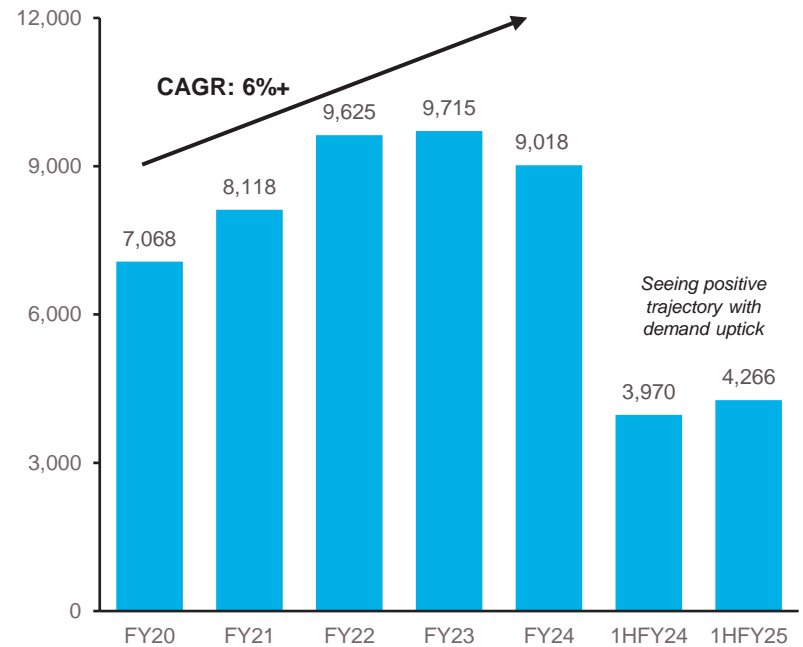


% of Total Sales

18% 19% 25% 27% 33% 36% 29%

## API++ Segment

### API++ sales (INR m)



% of Total Sales

82% 81% 75% 73% 67% 64% 71%

**Note:** CDMO includes revenue purely from innovators in the pharmaceutical and specialty chemical industries; FDF CMO business and other business lines including clinical & analytical services, toll manufacturing etc. are included in API++

## CDMO BUSINESS



### 1 Deep innovator relationships

1

- ▶ Relationships with ~25 pharma and spec chem innovators
- ▶ Delivered 125+ innovator projects from gram to multi kilo scale<sup>2</sup>



### 2 Complex chemistry capabilities

2

- ▶ Handle complex, multi-step chemistries: ADC payloads, cross coupling, carbon monoxide, cryogenic reactions, etc.
- ▶ Leverage synthetic proprietary ADC platform capabilities to expand designer and adjacent payloads portfolio



### 3 Lifecycle management of molecules

3

- ▶ Capabilities to handle a drug end-to-end throughout its lifecycle
- ▶ Working on various lifecycle molecules for Innovators



### 4 Specialty Chemicals segment

4

- ▶ Amongst India's leading manufacturers of high purity electronic chemicals
- ▶ Expanding portfolio of fine chemicals



## API BUSINESS

1

### 1 Uniquely curated portfolio



- ▶ Focus on low-mid volume APIs with low competitive intensity
- ▶ Built deep cost position through backward integration
- ▶ Top 3 players by global market share<sup>1</sup> across most top molecules

2

### 2 Diversified business mix



- ▶ Diversified mix of customers & molecules
- ▶ Balanced presence across regulated and high-quality emerging markets

3

### 3 Complex chemistry capabilities



- ▶ Expertise in handling multi-step complex chemistry: Onco APIs, etc.
- ▶ State-of-the art Analytical labs with NMR, ICP - OES HPLC, UPLC, GC, GC-MS, GC-MS/MS

4

### 4 Robust molecule selection process



- ▶ Add only 7-8 new products each year in development pipeline
- ▶ Focus on molecules where we can build deep cost position and gain global market leadership

**Note:** 1. Market share based on data from IQVIA; 2. Pertains to projects in the last 5 years only

## KEY ELEMENTS OF COHANCE PLATFORM (1/2) - OVERALL

- One of India's leading contract developer and manufacturer (CDMO) and merchant API player serving marquee customers across Pharmaceuticals and Specialty Chemicals



Focused portfolio and market leadership in low-mid volume, specialty APIs with low competitive intensity

1

CDMO arm contributes 42% of gross profits and 33% revenue in FY24, growing at 30% CAGR<sup>2</sup>

2

Global leadership in 8 of top 10 molecules driven by deep cost position due to backward integration

3

Amongst India's leading manufacturer of high purity electronic chemicals

4

Complex chemistry capabilities, including expertise in controlled substances, ADCs, HPAPIs, etc.

5

Scale manufacturing with 7 facilities across India; well invested capex

6

Deep focus on safety, quality and regulatory compliance

7

Strong financial profile having grown >13% CAGR (L5Y), with 31%+ EBITDA margins<sup>2</sup> and 27%+ RoCE<sup>2</sup>

8

Expanding pipeline of molecules, growing lifecycle management for innovators and fine chemicals

9

**Note:** 1) Till FY23, proforma and adjusted financials of Cohance entities (RAC, ZCL and Avra) have been extracted from report issued by Deloitte Touche Tohmatsu India LLP. Adjusted P&L numbers are reported numbers adjusted out for one-time expenses and income; FY24 numbers as per audited financials of the merged entity (Cohance); 2) FY24 metrics

## KEY ELEMENTS OF COHANCE PLATFORM (2/2) - ESG

- **ESG framework made an integral part of operations**
- **Recently received ISO 14001, ISO 45001 and ISO 9001 accreditations**
- **Published 1<sup>st</sup> external audited ESG report in Mar'24, highlighting our achievements and vision**

### Results achieved in the last 3 years



**Silver**

Ecovadis Rating for API Unit I

**Bronze**

Ecovadis for API Unit III



**UNGC**  
Member



**7.5%**  
Renewable Energy  
Consumption



**30%**

Reduction in water  
consumption/MT  
produced



**15%**

Reduction in CO<sub>2</sub>  
emissions per MT  
produced



**10%**

Reduction in  
generated  
effluents/MT per day



**5%**

reduction in energy  
consumption/MT  
produced

**Note:** Based on internal analysis

# TABLE OF CONTENTS

1. Cohance Summary
2. **CDMO Segment Philosophy**
3. API++ Segment Philosophy
4. Mfg. and R&D Capabilities
5. Management Capabilities
6. Transformation Journey
7. Financials Statements

## COHANCE – CDMO SEGMENT PHILOSOPHY

- **CDMO Segment: 33% business contribution through CDMO arm in FY24; across Pharma and Specialty Chemical Innovators; historically, grown at 30% CAGR<sup>2</sup>**

### 1 Deep innovator relationships

- Relationships with ~25 pharma and spec chem innovators
- Delivered **125+ innovator projects** from gram to multi kilo scale<sup>1</sup>

### 2 Complex chemistry capabilities

- Handle complex, multi-step chemistries: ADC payloads, cross coupling, carbon monoxide, cryogenic reactions, etc.
- Leverage proprietary ADC platform capabilities to expand designer and adjacent payloads portfolio



## PHILOSOPHY FOR CDMO

### 3 Lifecycle management of molecules

- Capabilities to handle a drug end-to-end throughout its lifecycle
- Working on various lifecycle molecules for Innovators

### 4 Specialty Chemicals segment

- Amongst India's leading manufacturer of high purity electronic chemicals
- Expanding portfolio of fine chemicals

**Note:** 1. Pertains to projects in the last 5 years only 2. FY 20-24

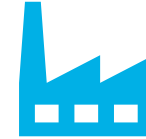
## MULTIPLE CDMO PLATFORMS POISED TO DRIVE GROWTH

- Extensive expertise across areas including highly attractive ADC payload derivatives, controlled substances, clinical trial intermediates and molecule lifecycle management



### ADC payload Technology Platform

- 1<sup>st</sup> in world to develop synthetic route for large-scale production of camptothecin based payloads.
- Commercial supplies of payloads for globally approved Antibody-Drug-Conjugates
- Leverage synthetic ADC platform capabilities to expand designer and adjacent payloads portfolio



### Controlled Substance Platform

- Extensive expertise and global leadership in regulated controlled substance products
- Fully backward-integrated with a diverse portfolio of high-purity APIs and intermediates
- Well-positioned to leverage capabilities to capture synthetic cannabinoid space



### Clinical Trial Intermediate Supply

- Cohance supplies intermediates of several NCE's involved in ongoing clinical trials with large potential including:
  - Active discussions for various other supplies



### Lifecycle management

- Innovator molecules which become Gx post patent
- Post patent supply is to innovator customers



## CDMO SEGMENT GROWTH ANCHORED ON KEY INNOVATOR ACCOUNTS

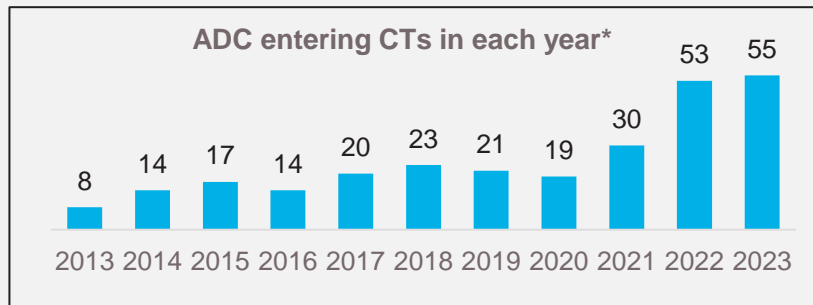
- Deep, long-standing relationships with marquee global innovator customers across pharma & specialty chemicals

Customer	Description	Product Type	Years of relationship
<b>Innovator Customer 1</b>	Leading global biopharmaceutical company	Antibody Drug Conjugate (ADC) Payload Intermediate	>6 years
<b>Innovator Customer 2</b>	Leading global biopharmaceutical company	Antibody Drug Conjugate (ADC) Payload	>5 years
<b>Innovator Customer 3</b>	Global MNC innovator pharmaco	Ophthalmology intermediates	>8 years
<b>Innovator Customer 4</b>	Leading global innovator pharmaco	Oncology Intermediates	>6 years
<b>Innovator Customer 5</b>	Leading global supplier of paints, coatings & specialty chemicals	Speciality Chemicals	>8 years

# ADC PAYLOAD PLATFORM TO BE THE KEY GROWTH DRIVER FOR CDMO SEGMENT

## Growth Momentum in Global ADC Segment

- › Onco projected to be the **fastest growing therapy** segment of this decade<sup>1</sup>
- › Within Onco, '**Targeted Therapy**' has seen a surge in innovation, with ADCs gaining momentum due to increased safety profile and clinical results<sup>1</sup>
- › Big Pharma looking to enhance capabilities and portfolio in ADC space<sup>1</sup> through both **organic and inorganic expansion**. ADC segment witnessing BD deals across the spectrum from acquisition, licensing or collaborations
- › **Increasing number of ADCs entering CTs** with significant advancements in linker technologies, conjugation methods, and novel cytotoxic payloads
- › Industry data projects ADC market to grow at a CAGR of 15-20% over coming 5 years.



1- Source: Industry Data

2- Risk of timeline delays and clinical failure remains

## Key Growth Levers for Cohance ADC CDMO

### Continued Growth from Commercial Stage Assets

- › Driven by end market growth of commercial stage assets with new market and indication approvals of innovator ADCs

### Commercialization of Clinical Stage Assets

- › Advancement of CDMO projects in clinical stage pipeline<sup>2</sup>

### Addition of New Clinical or Lateral Projects

- › Leveraging ADC proprietary platform technology and custom design capabilities to add new ADC CDMO projects

### Expansion of Payload Portfolio

- › R&D pipeline of new designer payloads and adjacent payloads in advanced stage of development.
- › Development thesis inline with evolving clinical landscape of ADC payloads, to cover 70% of the ongoing clinical ADC pipeline

# TABLE OF CONTENTS

1. Cohance Summary
2. CDMO Segment Philosophy
3. **API++ Segment Philosophy**
4. Mfg. and R&D Capabilities
5. Management Capabilities
6. Transformation Journey
7. Financials Statements

## COHANCE – API++ SEGMENT PHILOSOPHY

- **API++ Segment: Focus on select low-mid volume molecules, taking global market share, backed by deep cost position and robust chemistry capabilities**

### 1 Uniquely curated portfolio



- Focus on low-mid volume, high value specialty APIs with low competitive intensity
- Built deep cost position through backward integration
- Top 3 players by global market share<sup>1</sup> across most top molecules

### 2 Robust molecule selection process



- Add only 7-8 new products each year in development pipeline for future growth
- Focus on molecules where we can build deep cost position and gain global market leadership



## PHILOSOPHY FOR API

### 3 Complex chemistry capabilities



- Expertise in handling multi-step complex chemistry: Onco APIs, etc.
- Capability to handle and develop drugs in varied OEB levels
- State-of-the art Analytical labs with NMR, ICP - OES HPLC, UPLC, GC, GC-HS, GC-MS/MS

### 4 Diversified business mix



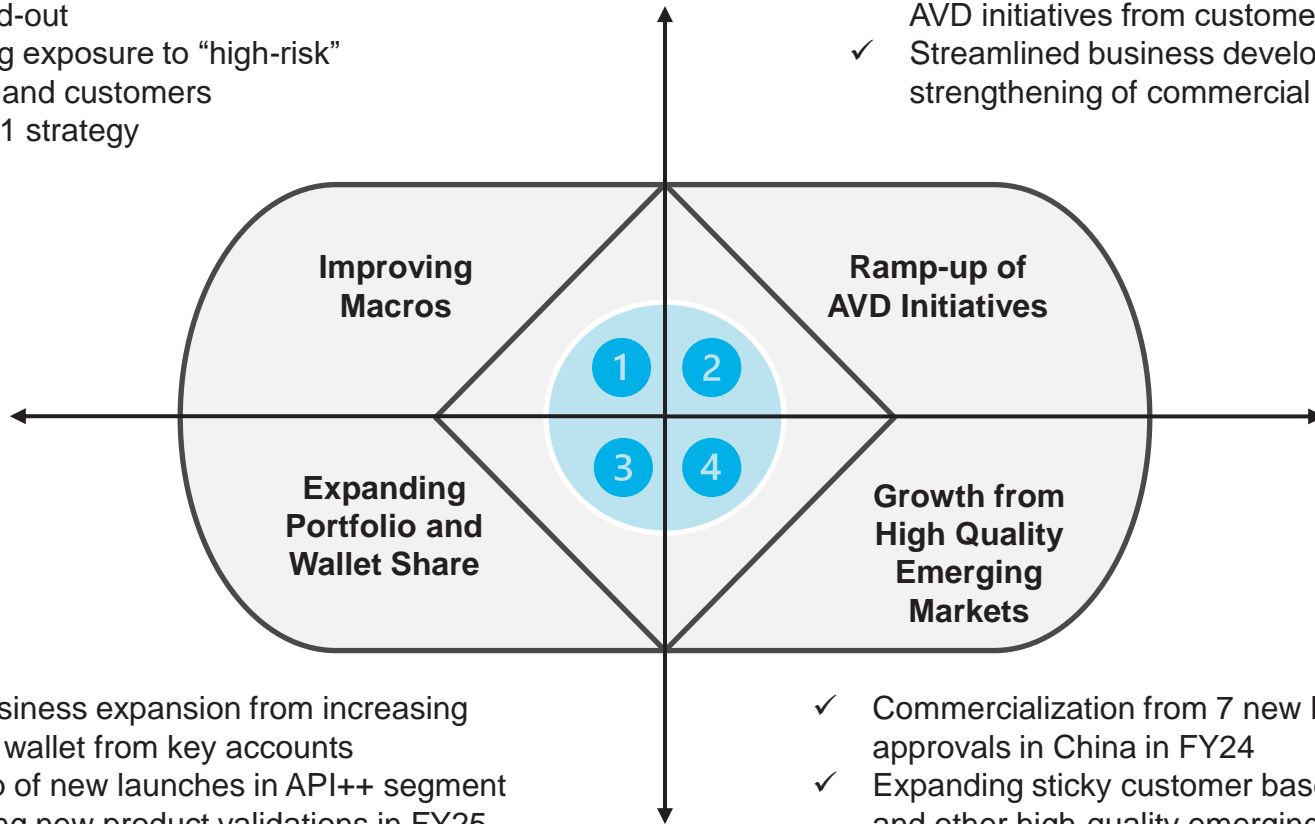
- Diversified mix of customers & molecules
- Balanced presence across regulated and high-quality emerging markets

**Note:** 1. Market share based on data from IQVIA

## API++ SEGMENT IS SHOWING SIGNS OF GROWTH RECOVERY IN LAST 6 MONTHS

- ✓ Global inventory de-stocking cycle bottomed-out
- ✓ Reducing exposure to “high-risk” markets and customers
- ✓ China + 1 strategy

- ✓ Positive traction seen in delayed and new AVD initiatives from customers’ end
- ✓ Streamlined business development with strengthening of commercial organization










# TABLE OF CONTENTS

1. Cohance Summary
2. CDMO Segment Philosophy
3. API Segment Philosophy
4. **Mfg. and R&D Capabilities**
5. Management Capabilities
6. Transformation Journey
7. Financial Statements

## COHANCE'S SPECIALIZED MANUFACTURING CAPABILITIES

- Total capacity of 1250 KL expected to reach ~1,500 KL for API and Intermediates by FY25 through capex already invested

Plant	Location	About the facility	Regulatory Accreditations
 <b>API Unit-I</b>	Andhra Pradesh, India	<ul style="list-style-type: none"> <li>120 reactors, &gt; 520KI capacity</li> </ul>	<ul style="list-style-type: none"> <li>USFDA (latest in 2019)</li> <li>EDQM (latest in 2023)</li> <li>Others: Korea-FDA, PMDA-Japan, COFEPRIS-Mexico, ANVISA-Brazil, MOH-Russia, CDSCO, WHO GMP</li> </ul>
 <b>API Unit-II</b>	Andhra Pradesh, India	<ul style="list-style-type: none"> <li>46 reactors, &gt;140KI capacity</li> </ul>	<ul style="list-style-type: none"> <li>EDQM (latest in 2023)</li> </ul>
 <b>API Unit-III</b>	Gujarat, India	<ul style="list-style-type: none"> <li>68 reactors, &gt;420KI capacity</li> </ul>	<ul style="list-style-type: none"> <li>USFDA (latest in 2023)</li> <li>EDQM (latest in 2017)</li> <li>Others: PMDA-Japan, COFEPRIS-Mexico, Korea-FDA, ANVISA-Brazil</li> </ul>
 <b>API Unit-IV</b>	Telangana, India	<ul style="list-style-type: none"> <li>60 reactors, &gt;40KI capacity, Unit with Oncology facility</li> </ul>	<ul style="list-style-type: none"> <li>USFDA (latest in 2019)</li> <li>EDQM (latest in 2024)</li> <li>Others: WHO GMP</li> </ul>
 <b>API Unit-V</b>	Andhra Pradesh, India	<ul style="list-style-type: none"> <li>49 reactors, &gt;130KI capacity</li> </ul>	<ul style="list-style-type: none"> <li>GMP</li> </ul>
 <b>FDF Unit-I</b>	Telangana, India	<ul style="list-style-type: none"> <li>1.8Bn OSDs and 350MT Pellets per annum</li> </ul>	<ul style="list-style-type: none"> <li>USFDA (latest in 2019)</li> <li>EU GMP (latest in 2023)</li> <li>Others: MHRA, Health Canada, ANVISA, PMDA-Japan, MOH-Russia, WHO GMP, DCGI, Saudi-FDA, Taiwan-FDA</li> </ul>
 <b>FDF Unit-II</b>	Telangana, India	<ul style="list-style-type: none"> <li>480MT Pellets per annum</li> </ul>	<ul style="list-style-type: none"> <li>WHO GMP</li> </ul>

# TABLE OF CONTENTS

1. Cohance Summary
2. CDMO Segment Philosophy
3. API Segment Philosophy
4. Mfg. and R&D Capabilities
5. **Management Capabilities**
6. Transformation Journey
7. Financial Statements



## COHANCE HAS A HIGHLY EXPERIENCED MANAGEMENT TEAM

- Led by experienced, high quality management team who has handled 2-3x the scale of Cohance's business before joining our platform

Strong Management Team with both MNC and Indian pharma company experience

### Dr. Prasada Raju



**Chief Executive Officer**

#### Experience

- 30+ years experience in the CDMO and API industry
- Ex Executive Director, Granules, various leadership positions with Dr Reddy's
- Strong techno commercial expertise
- Experience across Growth strategy, R&D, Quality, IP, Projects
- Education: PhD, PG Dip in patents law, IIMc and trained in Material Sciences in IIT, Chicago, USA



### Sunil U.

**Chief Operating Officer**

28+ years in Pharma; Ex VP Ops, Sun Pharma; Director of Manufacturing, Emcure, Cluster Head Cipla  
Education: BITS Pilani, ICFAI



### Sumit K.

**Chief Commercial Officer**

23+ years of experience  
Ex-VP Sales & Marketing, DRL  
Education: MBA, PG Dip. in Patents Law



### Swaminathan N.

**Chief Supply Chain Officer**

30+ years of experience  
Ex VP, Granules, Nippon Paints, Pidilite Industries, ICI India, Mafatlal, Brooke Bond; Education: Grad in Mathematics



### K. Nagendra Babu

**Chief Quality & Compliance Officer**

25+ years of experience, Ex Quality Dir., Mylan; Head of Global Compliance, Granules; GSK; Education: PhD



### Pushkar Lakhekar

**Chief Transformation Officer**

24+ years; Ex Head, Strategic Mfg, Glenmark LS; Associate Director, Dr Reddy's; Education: Chem Engg (UDCT); IIM Indore



### Amit Agarwal

**Head, Mergers and Acquisition**

13+ years of experience  
Ex Partner-EY, Jefferies  
Education: IIM Indore, IIT Roorkee

Industry veterans on the Board and guiding the Cohance journey

### Abhijit Mukherjee



**Operating Partner**

#### Experience

- 40+ years of experience (20 in Pharma)
- Ex COO, DRL India
- Board member - ICE, Slayback Pharma, Cohance, BSV

### Bhasker Iyer



**Operating Partner**

#### Experience

- ~40 years of experience in Pharma
- Ex Head, Abbott India
- Board Member - Themis Medicare, RPG life sciences, Cohance, BSV

### Anil Chanana



**Independent Director**

#### Experience

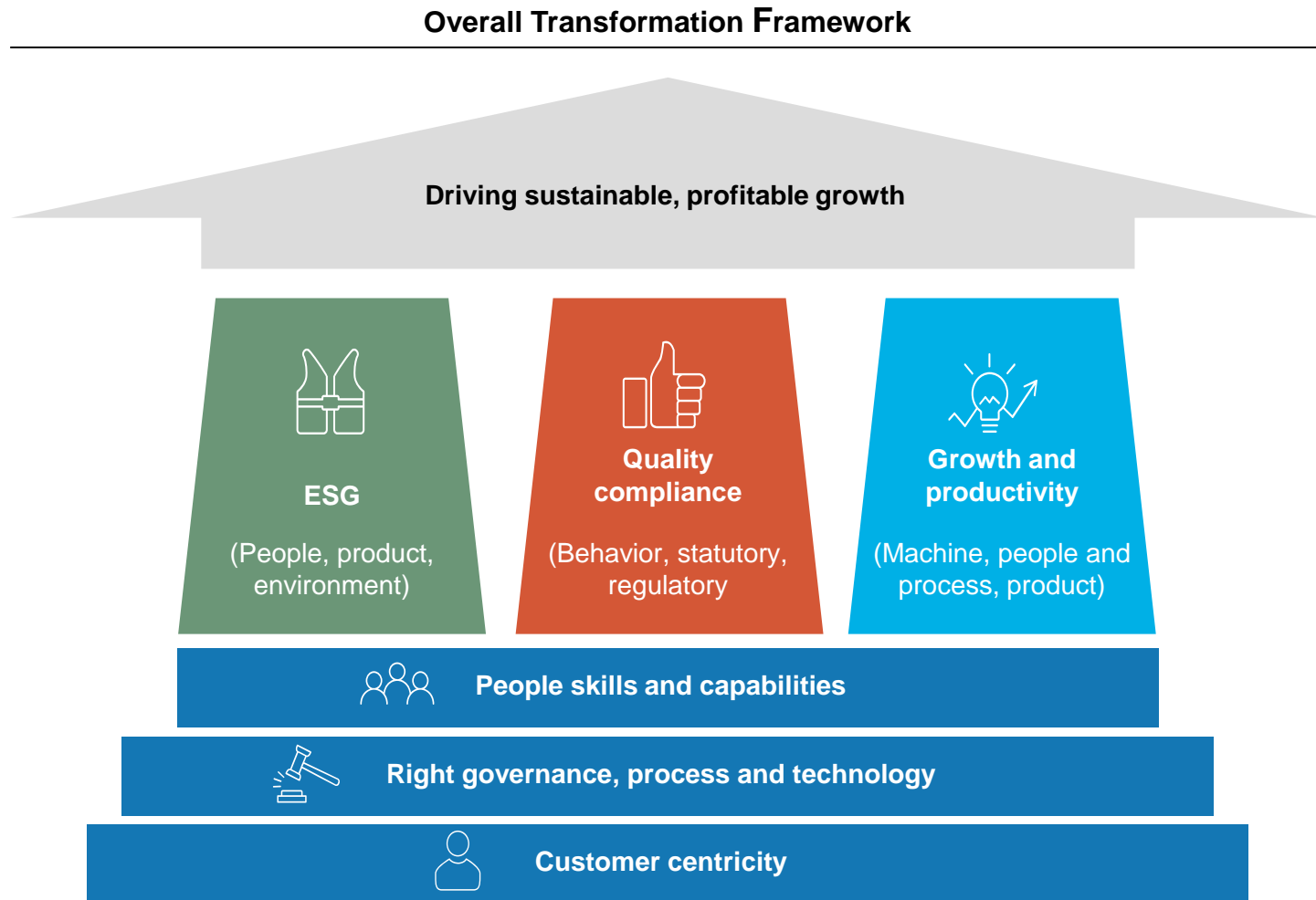
- 40+ years of experience
- Former CFO, HCL Technologies
- Board member – Medi Assist, DFM Foods, Cohance

# TABLE OF CONTENTS

1. Cohance Summary
2. CDMO Segment Philosophy
3. API Segment Philosophy
4. Mfg. and R&D Capabilities
5. Management Capabilities
6. Transformation Journey
7. Financial Statements

# TRANSFORMATION FRAMEWORK TO AUGMENT GROWTH JOURNEY

- 3 pillar transformation framework put in place to unlock full potential of platform and drive sustainable growth



- 
1. Cohance Summary
  2. CDMO Segment Philosophy
  3. API Segment Philosophy
  4. Mfg. and R&D Capabilities
  5. Management Capabilities
  6. Transformation Journey
  7. **Financial Statements**

## COHANCE PROFORMA P&L H1FY25 - SNAPSHOT

- H1FY25 reported revenue was flattish with minor decline of 3.6% YoY; primarily related to order shipments scheduled skewed towards H2, Major annual orders have already been secured as of Oct'24 and basis that, Cohance is already on growth path in FY25.
- Q2FY25 adjusted EBITDA margins at 30.3%, H1 adjusted EBITDA margins at 25.4%.

INR million

Proforma P&L Snapshot	FY19	FY20	FY21	FY22	FY23	FY24	Q2FY25	Q2FY24	H1FY25	H1FY24	YoY		
											CAGR FY19-FY24	Q2	H1
Revenue	7,272	8,631	10,043	12,802	13,375	13,408	3,469	3,993	6,043	6,271	13.0%	(13.1)%	(3.6)%
COGS	(2,900)	(3,705)	(4,004)	(5,300)	(5,058)	(4,990)	(1,252)	(1,502)	(2,197)	(2,361)			
<b>Material Margin</b>	<b>4,372</b>	<b>4,926</b>	<b>6,039</b>	<b>7,502</b>	<b>8,317</b>	<b>8,418</b>	<b>2,216</b>	<b>2,491</b>	<b>3,845</b>	<b>3,910</b>	<b>14.0%</b>	<b>(11.0)%</b>	<b>(1.7)%</b>
<i>Material Margin%</i>	60.1%	57.1%	60.1%	58.6%	62.2%	62.8%	63.9%	62.4%	63.6%	62.4%			
Manufacturing Expenses	(1,058)	(955)	(1,123)	(1,277)	(1,480)	(1,282)	(323)	(320)	(589)	(666)			
Employee cost	(1,137)	(1,273)	(1,433)	(1,714)	(1,933)	(2,447)	(569)	(631)	(1,145)	(1,274)			
Other expenses	(584)	(657)	(693)	(879)	(839)	(1279)	(315)	(212)	(644)	(468)			
<b>EBITDA (pre Fx)</b>	<b>1,593</b>	<b>2,041</b>	<b>2,790</b>	<b>3,633</b>	<b>4,066</b>	<b>3,410</b>	<b>1,010</b>	<b>1,328</b>	<b>1,467</b>	<b>1,502</b>	<b>16.4%</b>	<b>(23.9)%</b>	<b>(2.3)%</b>
<i>EBITDA%</i>							29.1%	33.3%	24.3%	24.0%			
Operating Forex gain / (loss)	19	174	146	69	147	21	18	11	21	13			
One-time Expenses(ESOP&Merger)						752	24	164	49	336			
<b>Adjusted EBITDA (post Fx)</b>	<b>1,612</b>	<b>2,214</b>	<b>2,936</b>	<b>3,702</b>	<b>4,213</b>	<b>4,183</b>	<b>1,052</b>	<b>1,503</b>	<b>1,537</b>	<b>1,851</b>	<b>21.0%</b>	<b>(30.0)%</b>	<b>(17.0)%</b>
<i>EBITDA%</i>	22.2%	25.7%	29.2%	28.9%	31.5%	31.2%	30.3%	37.6%	25.4%	29.5%			
Depreciation & Amortization	(479)	(444)	(469)	(509)	(522)	(637)	(181)	(144)	(332)	(280)			
Finance costs	(169)	(197)	(45)	(110)	(154)	(332)	(83)	(76)	(165)	(142)			
Other income	157	204	189	186	154	193	10	18	11	160			
<b>Adjusted PBT</b>	<b>1,121</b>	<b>1,777</b>	<b>2,610</b>	<b>3,269</b>	<b>3,691</b>	<b>3,408</b>	<b>799</b>	<b>1,300</b>	<b>1,051</b>	<b>1,589</b>	<b>24.9%</b>	<b>(38.6)%</b>	<b>(33.9)%</b>
Tax	(282)	(447)	(657)	(823)	(929)	(863)	(197)	(330)	(264)	(410)			
<b>Adjusted PAT</b>	<b>839</b>	<b>1,330</b>	<b>1,953</b>	<b>2,446</b>	<b>2,762</b>	<b>2,544</b>	<b>602</b>	<b>970</b>	<b>787</b>	<b>1,179</b>	<b>24.9%</b>	<b>(38.0)%</b>	<b>(33.3)%</b>
<i>PAT%</i>	11.5%	15.4%	19.4%	19.1%	20.6%	19.0%	17.3%	24.3%	13.0%	18.8%			
<b>Accounting entries relating to merger of AI Pharmed and RA Chem</b>													
Depreciation and amortization				(185)	(75)	(102)	(28)	(26)	(55)	(51)			
Tax impact of above				47	19	26	7	6	14	13			
<b>PAT (post consol adjustments)</b>				<b>2,307</b>	<b>2,706</b>	<b>2,468</b>	<b>581</b>	<b>951</b>	<b>745</b>	<b>1,141</b>			

In 1HFY25 API++ segment posted growth of 7% YoY driven by healthy product launches and demand recovery.

Based on the current order book visibility, Cohance to post growth in FY25.

EBITDA margins at 25.4%, driven by higher share of API++

CDMO business expected grow in FY25, as orders schedules skewed towards H2

Proforma for acquisitions, organic growth for the platform

**Note:** 1) Till FY23, proforma and adjusted financials of Cohance entities (RAC, ZCL and Avra) have been extracted from report issued by Deloitte Touche Tohmatsu India LLP. Adjusted P&L numbers are reported numbers adjusted out for one-time expenses and income; FY24 numbers as per audited financials of the merged entity (Cohance) 2) Manufacturing expenses include power and fuel, consumption of stores & spares, repairs & maintenance, EHS expenditure, etc. 3) Employee costs include on-payroll employee benefit expenses and contract employee expenses 4) Other expenses include Freight outward, Commission and brokerage, Legal and professional fees, Rates and taxes, Insurance, etc. 5) Adjusted EBITDA includes one-time adjustments of Rs.334mn incl. merger cost and ESOPs cost of Rs 418mn for FY24. One-time adjustments includes ESOP, merger & others Rs.49mn & 336mn for H1FY25 & H1FY24 respectively.

# COHANCE PROFORMA BALANCE SHEET H1FY25 - SNAPSHOT

INR million

Proforma Balance Sheet Snapshot <sup>1</sup>	Mar19	Mar20	Mar21	Mar22	Mar23	Mar-24	H1 FY24	H1 FY25
Property, plant and equipment (PPE)	3,699	3,824	4,128	4,090	4,217	4,601	4,193	7,116
Right of use asset (RoU) <sup>2</sup>	0	13	89	179	202	356	175	427
Capital work-in-progress	45	99	155	458	1,167	2,292	1,621	628
Intangible Assets <sup>2</sup>	47	47	51	123	118	109	136	125
<b>Fixed Assets</b>	<b>3,790</b>	<b>3,982</b>	<b>4,422</b>	<b>4,850</b>	<b>5,704</b>	<b>7,358</b>	<b>6,125</b>	<b>8,295</b>
Inventories	1,674	1,894	2,551	3,266	3,641	3,674	3,649	3,766
Trade receivables	2,434	3,154	3,218	3,654	4,202	5,133	4,630	4,023
Trade payables	(852)	(1,305)	(1,716)	(1,670)	(2,141)	(1,994)	(1,749)	(2,130)
<b>Core Net Working Capital (Core NWC)</b>	<b>3,256</b>	<b>3,743</b>	<b>4,052</b>	<b>5,250</b>	<b>5,703</b>	<b>6,813</b>	<b>6,531</b>	<b>5,659</b>
<b>Other net assets</b>	<b>(70)</b>	<b>(111)</b>	<b>(189)</b>	<b>(196)</b>	<b>218</b>	<b>65</b>	<b>1,328</b>	<b>669</b>
Borrowings	(2,059)	(1,678)	(1,330)	(1,738)	(2,668)	(4,888)	(8,393)	(3,345)
Cash and Cash equivalents (including liquid investments)	3,323	3,470	3,918	4,111	974	1,197	1382	81
<b>Net (debt) / cash</b>	<b>1,264</b>	<b>1,793</b>	<b>2,588</b>	<b>2,373</b>	<b>(1,694)</b>	<b>(3,692)</b>	<b>(7,011)</b>	<b>(3,264)</b>
<b>Net assets</b>	<b>8,239</b>	<b>9,406</b>	<b>10,874</b>	<b>12,277</b>	<b>9,931</b>	<b>10,545</b>	<b>6,972</b>	<b>11,359</b>
<b>Shareholder's funds</b>	<b>8,239</b>	<b>9,406</b>	<b>10,874</b>	<b>12,277</b>	<b>9,931</b>	<b>10,545</b>	<b>6,972</b>	<b>11,359</b>
<b>Accounting entries relating to merger of AI Pharmed and RA Chem</b>								
Goodwill			5,800	5,800	5,800	5,800	5,800	5,800
Tangible assets			397	389	382	376	379	372
Intangible assets			803	624	556	454	505	402
Tax impact			(297)	(137)	(99)			
Other reconciling items			(21)	(20)	0			
<b>Net assets (post consol adjustments)</b>	<b>8,239</b>	<b>9,406</b>	<b>17,556</b>	<b>18,932</b>	<b>16,569</b>	<b>17,174</b>	<b>13,656</b>	<b>17,933</b>
<b>Shareholder's funds</b>	<b>8,239</b>	<b>9,406</b>	<b>17,556</b>	<b>18,932</b>	<b>16,569</b>	<b>17,174</b>	<b>13,656</b>	<b>17,933</b>

Capex of Rs 1.06bn in H1. As we focus on increasing the flexibility towards backward integration, we have purchased a new facility from Avra Synthesis for Rs 415mn. And capitalized Ankleshwar block V with Rs1.38bn

We continue to lower the debt, as cash diverted towards the debt repayment.

As guided, borrowings to go down going forward.

**Note:**

- 1) Till FY23, proforma and adjusted financials of Cohance entities (RAC, ZCL and Avra) have been extracted from report issued by Deloitte Touche Tohmatsu India LLP. Adjusted P&L numbers are reported numbers adjusted out for one-time expenses and income; FY24 numbers as per audited financials of the merged entity (Cohance).
- 2) RoU and Intangible assets Includes RoU under development and intangibles under development respectively

## COHANCE PROFORMA Q2FY25 - KEY RATIOS

- Strong financial metrics

Key Ratios	FY19	FY20	FY21	FY22	FY23	FY24	H1FY24	H1 FY25	Basis
Net Working Capital (as days of sales)	163	158	147	150	156	185	178	157	NWC / Revenue * 365
PPE (as % of sales)	50.9%	44.3%	41.1%	31.9%	31.5%	34.3%	31.3%	54.0%	PPE / Revenue
Capex spend during the year (INR M)	313	498	810	911	1,346	2,089	1,045	1,060	As per proforma cashflows
Capex spend (as % of sales)	4.3%	5.8%	8.1%	7.1%	10.1%	15.6%	7.8%	8.0%	Capex spend / Revenue
(Net Debt)/ Net Cash to adjusted EBITDA (x times)	0.8x	0.8x	0.9x	0.6x	-0.4x	-0.9x	-1.7x	-0.8x	Net Debt / Adjusted EBITDA
Adjusted EBIT (INR M)	1,133	1,771	2,466	3,193	3,691	3,545	3,545	3,180	Adjusted EBITDA - Depreciation and Amortization
Avg Capital employed (INR M)		7,294	7,949	9,095	10,764	12,931	12,804	14,430	Avg of opening and closing Capital employed (Net fixed assets + NWC + other net assets)
ROCE (%)		24.3%	31.0%	35.1%	34.3%	27.4%	27.7%	22.0%	Adjusted EBIT / Avg. Capital employed
Avg Shareholder's funds (INR M)		8,822	10,140	11,576	11,104	10,238	9,038	10,952	Avg of Opening and closing shareholder's funds
ROE (%)		15.1%	19.3%	21.1%	24.9%	24.9%	28.2%	19.6%	Adjusted PAT / Avg Shareholder's funds

**ROCE in FY24 and H1FY25 reflects higher growth capex yet to be optimally utilized**

**Note:**

- 1) Till FY23, proforma and adjusted financials of Cohance entities (RAC, ZCL and Avra) have been extracted from report issued by Deloitte Touche Tohmatsu India LLP. Adjusted P&L numbers are reported numbers adjusted out for one-time expenses and income; FY24 numbers as per audited financials of the merged entity (Cohance).
- 2) RoU and Intangible assets Includes RoU under development and intangibles under development respectively
- 3) Key Ratios / Return ratios (ROCE / ROE) and Net Debt/EBITDA for H1FY25 calculated on annualized basis

# Thank You