



Suven Pharmaceuticals Ltd.

...Towards a Brighter Tomorrow

Earnings Presentation Q2 & H1FY24

Risk Statement

Except for historical information, all of the statements, expectations and assumptions, including expectations and assumptions, contained in this presentation may be forward-looking statements that involve a number of risks and uncertainties. Although Suven attempts to be accurate in making these forward-looking statements, it is possible that future circumstances might differ from the assumptions on which such statements are based. Other important factors which could cause these statements to differ materially including outsourcing trends, economic conditions, dependence on collaborative partnership programs, retention of key personnel, technological advances and continued success in growth of sales that may make our products/services offerings less competitive; Suven may not undertake to update any forward-looking statements that may be made from time to time.

Executive Summary

Key Messages from Management



- **In the first 30 days, transition to the new management is completed smoothly and we feel good about the progress**
 - Met all key customers in person. Customers' feedback has been encouraging, they are happy with the smooth transition and having multiple discussions to work together
 - We have augmented the senior leadership with proven track record and deep experience in the space
 - Initiated building out the commercial engine, already hired key leaders for EU and US; in-process of building the team below them
 - Team has interacted with all our 1200+ employees and is focused on retention of the existing culture and ethos of the company
 - Institutionalized a 4-member Advisory council, with 150+ years of deep global experience, to guide us on our strategic choices
- **Near term macro impacted by destocking in AgChem and base effect of remaining Covid products; current Pharma CDMO momentum is quite positive**
 - We expect the few ensuing quarters continue to be soft due to the impact of global destocking in specialty chem and base effect of remaining Covid products from FY23
 - On Spec Chem: Basis our experience in the past with such cycles, we expect the business to be muted for the next few quarters but remain positive on bounce back post that
 - On Pharma: Continued to see record number of RFQs in Q2 FY24. Many encouraging discussions with our existing and potential new customers are ongoing and we are seeing credible discussion for longer term partnerships.
- **Our H2 FY24 / next 6 months priorities are aligned, and team is on point to execute - intent to stabilize, run and then accelerate the journey**
 - A) Deepen and leverage existing customer relationships B) Build out the commercial engine and set a robust cadence in place C) initiate projects to drive LCM and pro-active cost management D) Outline the mid-term and long-term strategic plan and detail out the initiatives and E) complete capex plan & add new tech capabilities F) Engage employees and build on existing capabilities & talent pool.
- **We are excited about the medium to long term growth opportunities Suven has and with the team we have onboarded we are confident of accelerating growth**
 - Positive Macro: Suven is well placed to capture secular tailwinds of China+1 (diversification) and EU+1 (cost savings)
 - Our marquee customer base and strength of relationships: continuing to scale existing business and SoW, while also winning new business – already seeing positive signs basis customer discussions
 - Suven's multiple engines of growth: Pharma CDMO, Ag Chem CDMO and Innovator lifecycle mgmt. portfolio will help drive sustained growth
 - R&D and ESG: Expanding relevant R&D capabilities and actively investing to make Suven world class ESG organization; that will build a solid long term future
 - We have commenced a 5-year strategy development effort; We will draw up a detailed resource allocation plan after completion of the strategy work
- **While overall revenues are impacted by destocking in AgChem, revenues ex-AgChem continue to show an encouraging trajectory driven by strong Pharma CDMO performance**
 - Q2 Revenues at INR 231 Cr. (vs INR 278 Cr. last year), adjusted EBITDA (44% of rev) at INR 102 Cr (vs INR 103 Cr. last year) and Adjusted PAT at INR 80 Cr. Vs (INR 72 Cr. last year)
 - Revenue ex-AgChem and ex-COVID molecule grew by 42% in H1 YoY



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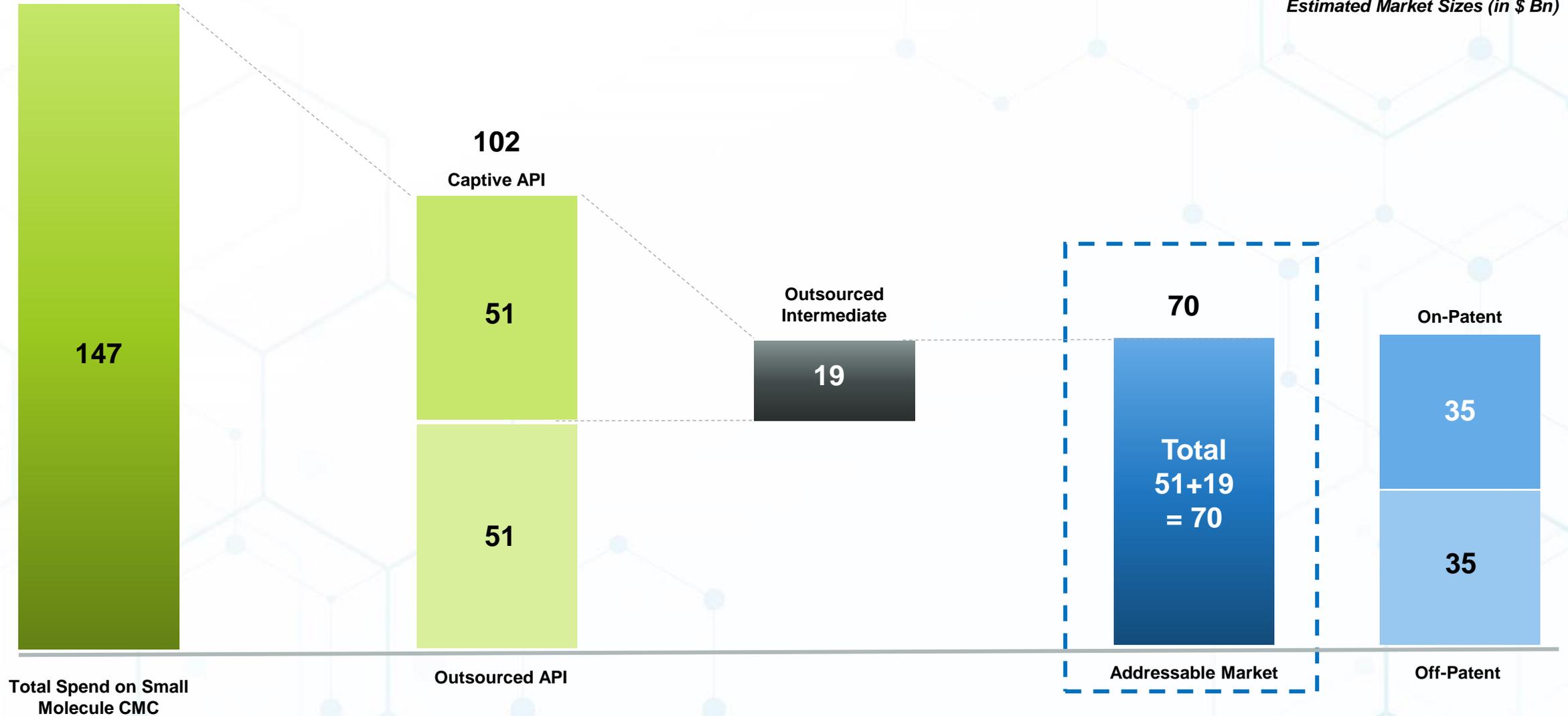


Pharma CDMO Sector Overview

Small Molecule CDMO

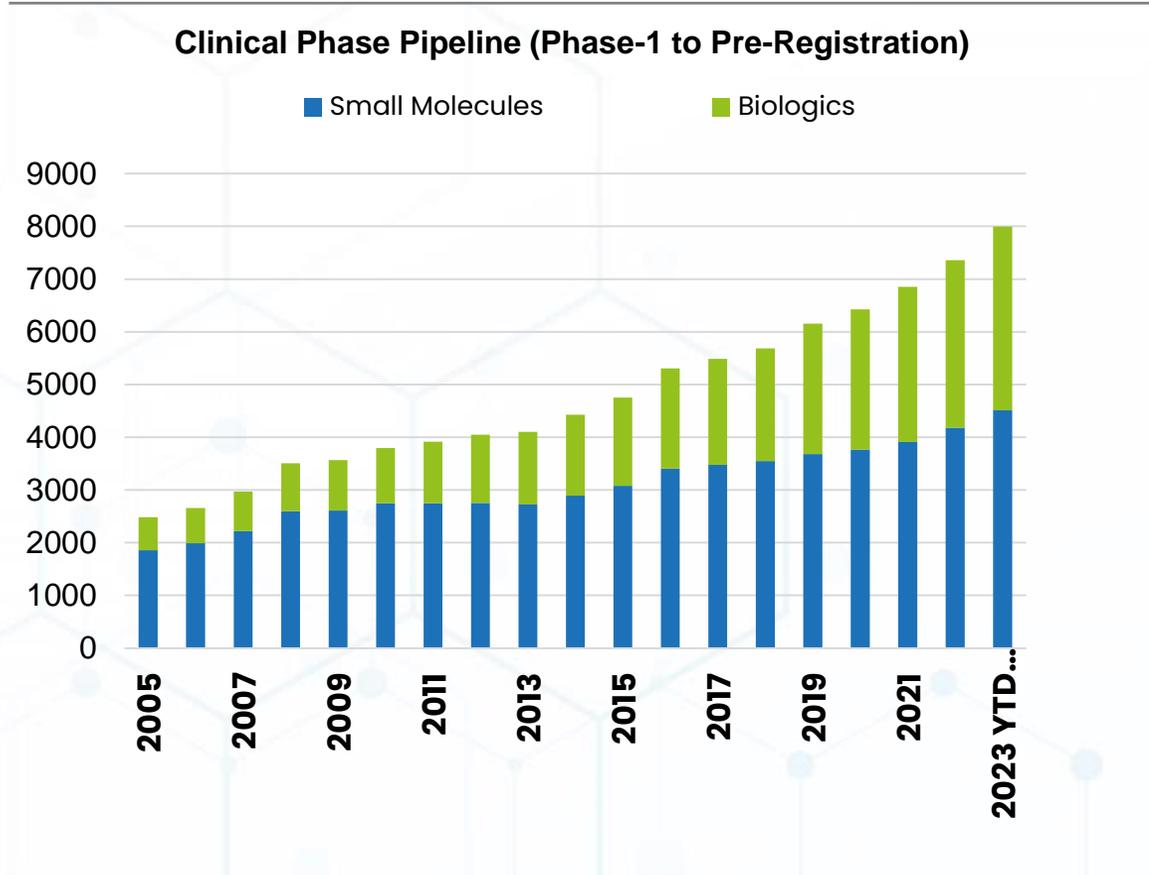
A \$70 Bn+ is the addressable market

Estimated Market Sizes (in \$ Bn)



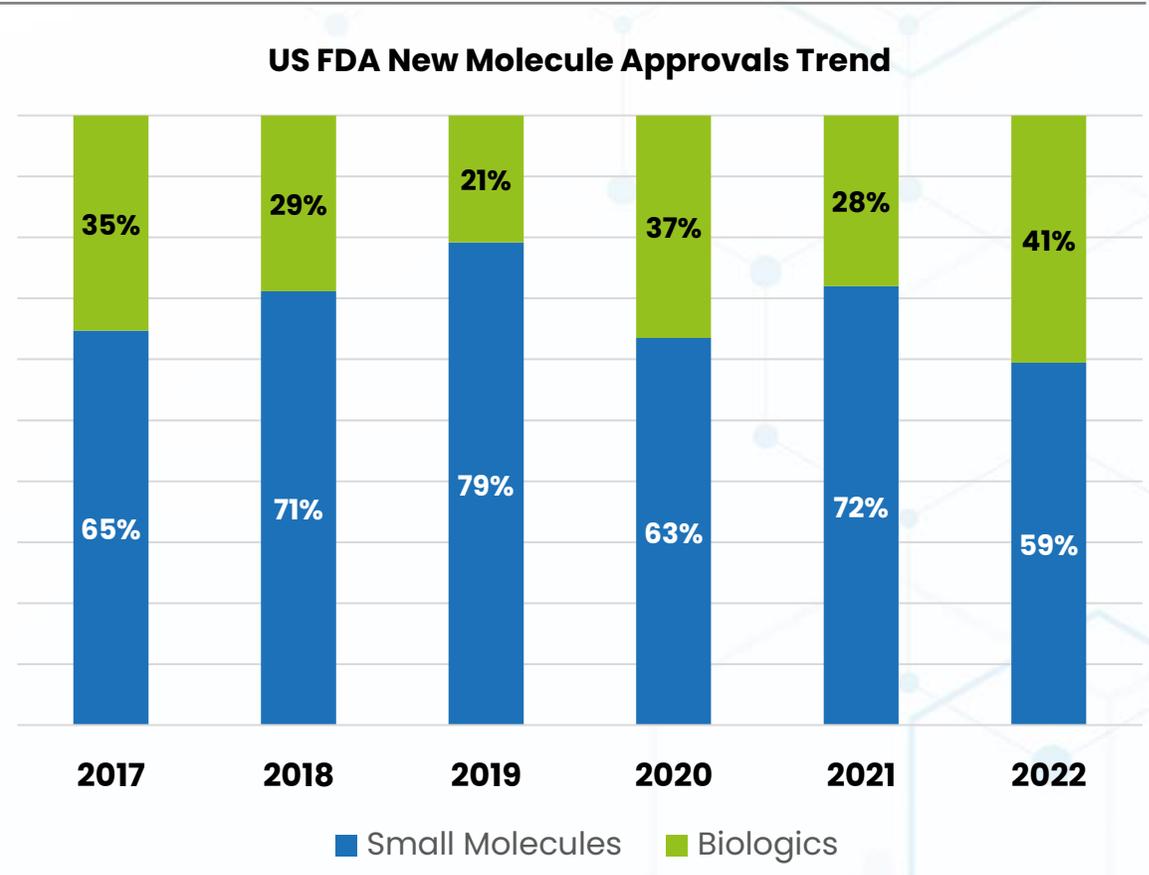
Global CDMO Industry: Small Molecule CDMO Expected Growth of ~7% driven by Macro Tailwinds

A Small Molecule Pipeline continues to grow despite growth in Biologics



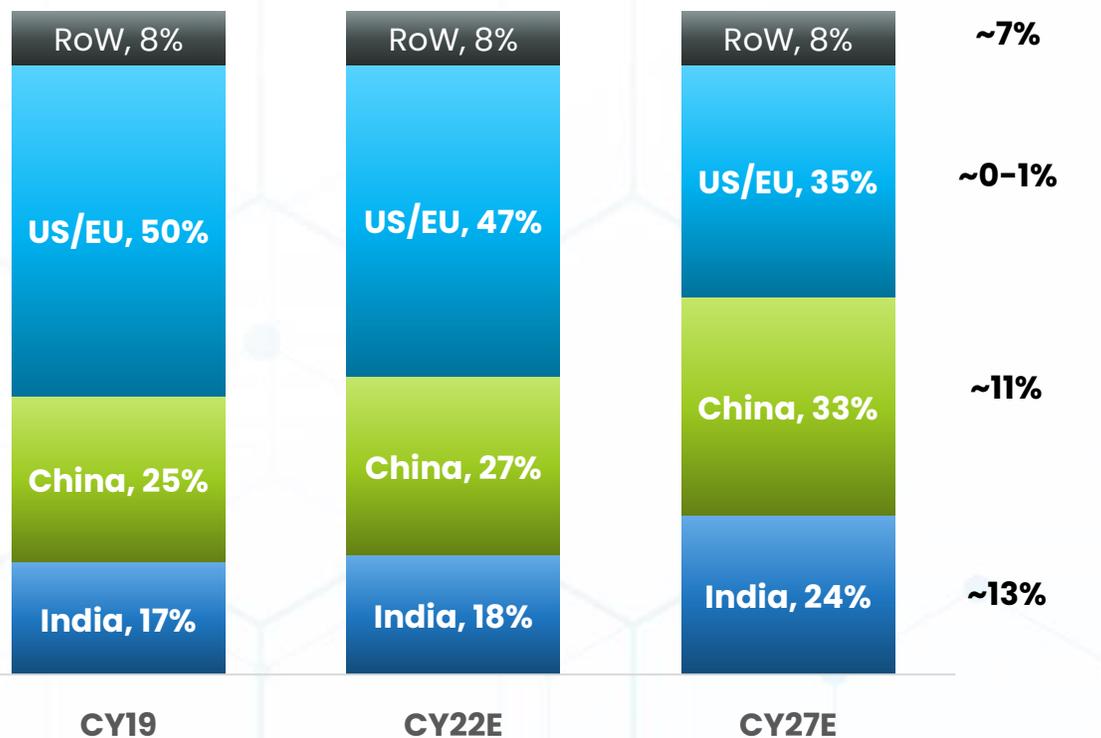
Source: Informa – Citeline Clinical Intelligence

B Small Molecule Approvals remain the majority



Source: US FDA

Both India and China are expected to increase share of Addressable Market (Development + Commercial mfg)



Shift of Outsourcing to Asia

Margin pressures driven by increased manufacturing and labour cost in the west driving shift towards Asia

Better data and IP controls enabling ease of outsourcing to Asia



Slowdown in Outsourcing to China

Policy restrictions on outsourcing to China fueled by geopolitical tensions

Environmental/health/sustainability (EHS) concerns add to apprehension



Rapid Share Gain for India

India is a viable low-cost alternative to companies looking to de-risk supply chains away from China

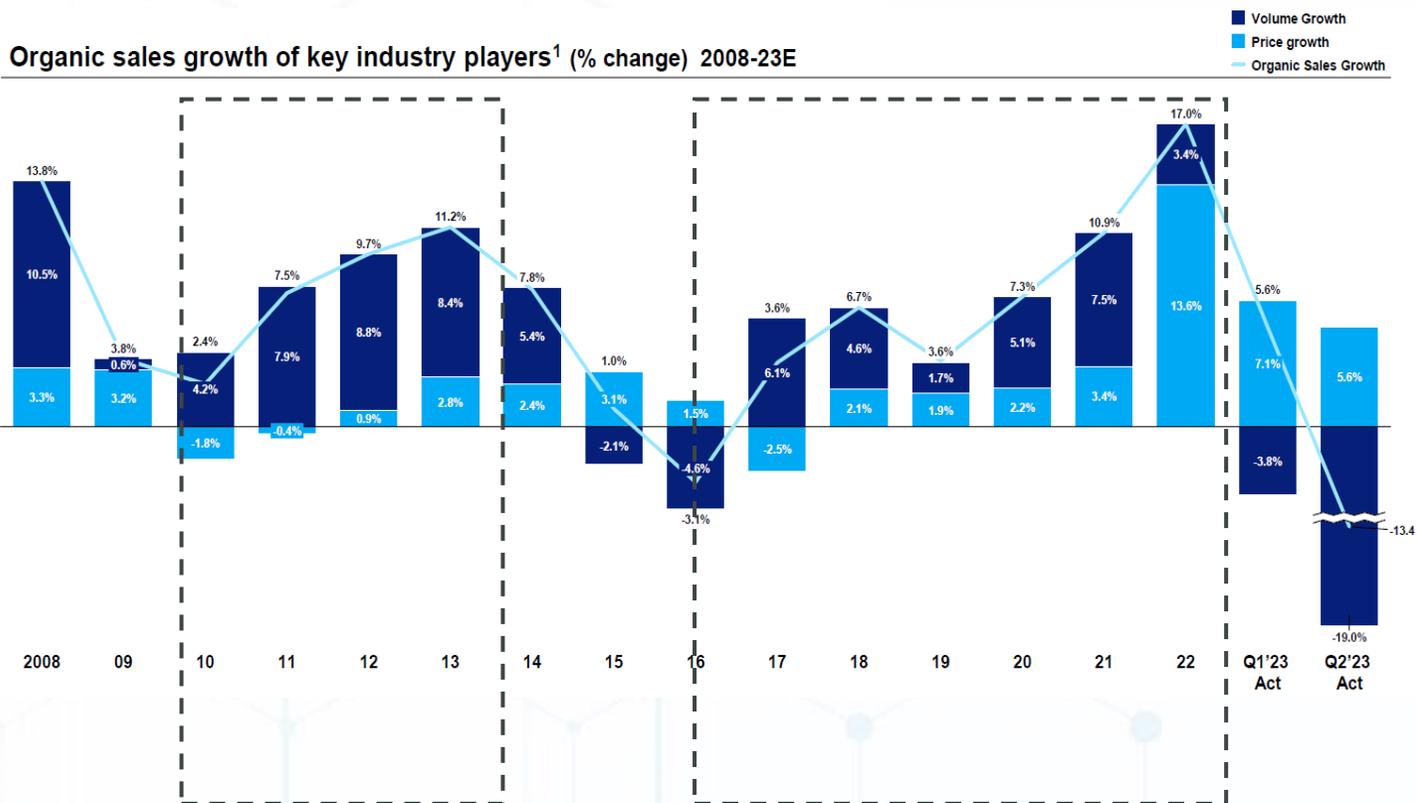
Growing tech capabilities and talent in chemistry, increasingly robust manufacturing capacity in terms of quality

Over 50% of DMFs across the globe are estimated to be submitted by Indian companies



Specialty Chem CDMO Sector Overview

Organic sales growth of key industry players¹ (% change) 2008-23E



Source: Bernstein Research, analysis of key players incl Corteva, BASF, Bayer, FMC



INVENTORY DESTOCKING

Destocking at a large-scale due to inventory pile-up with customers

Stocking Levels in customer channel inventory expected to return to normalcy over next few quarters



ERRATIC INDUSTRY DEMAND

Slowdown in end industry demand caused by erratic weather conditions and delayed crop season

Economic Recovery expected over next few quarters



Business Overview

Suven Pharma: India's Leading Innovator Focused CDMO Company



**STRONG FINANCIAL TRACK-RECORD
OVER 20+ YEARS**



**DEEP CUSTOMER RELATIONSHIPS
WITH MARQUEE BIG PHARMA**



**EXTENSIVE DEPTH AND WIDTH OF
CHEMISTRY CAPABILITIES**



MULTIPLE ENGINES OF GROWTH



Marquee long tenured Customer Base

15+

Our top 10 pharma customers average tenure

.....

20+

Specialty Chemical customers average tenure

.....

100+

Active Phase 1-3 projects

.....

75%+

Projects with global innovators where Suven is partner of choice

.....

13

Active commercial projects

.....



We have built extensive Depth and Width of Chemistry Capabilities...

34 Years Experience

.....

- Alkylations
- Acylation
- Amidation
- Chiral alkylation
- Condensation
- Cyanation
- Cyclo-condensation
- Formylations
- Grignard reactions
- Halogenation Using Br, Cl, POCl₃ etc.
- Heck Arylation
- Chiral Amines synthesis

400+ Scientists

.....

- Asymmetric synthesis
- Carbohydrates
- Grignard reaction
- Horner-Emmons Wadsworth reaction
- Organoborane reduction
- Homogeneous catalytic asymmetric reduction
- Heterogeneous catalytic reduction
- Reaction at -70 degrees to +200 degree
- High vacuum distillation Hydrogenation using Pd-C, Pt/c, Rh/c and Raney-Ni

880+ Projects Executed

.....

- Metallation- MeLi / n n-BuLi / LDA/HMDS
- Mitsunobu Reaction
- Oxidation – Jones, swern , KMnO₄, NaIO₄, Nitric acid
- Reductions – Catalytic, Metal hydrides, High pressure, Metal catalysed , Birch reductions, Diborane , LAH, DIBAL DIBAL-H, Catalytic, NaCNBH₃ and vitride
- Suzuki Coupling
- Asymmetric synthesis
- Enzymatic resolution
- Epoxidation reaction
- Chiral separation by resolution

... With Multiple Engines of Growth Across Business Verticals

H1 FY24 - Consolidated

Pharma CDMO



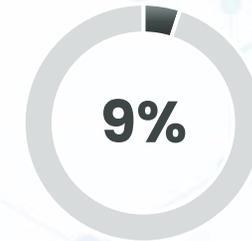
- Core Business Vertical
- Long Term Relationship with Big Pharma

Specialty Chemicals



- 25+ Years of Relationship with an Agro Major
- 3 Commercial Products+ Multiple Products in Pipeline

Formulations And Others



- Strong Relationship with Rising Pharma
- Portfolio of Backward Integrated FDFs
- Two High Volume FDF Sites (including plant acquired from Casper Pharma)



Deepening present customer relationships

- Enhancing basket of offerings
- Expanding scope of relationships



Capabilities

- Widening chemistry capabilities
- Leveraging new manufacturing facility



Mining new customers

- Strengthen business development teams to build new relationships

We aim to rapidly scale Suven Pharma into a globally respected CDMO player backed by our strategic pillars



Scaling work with existing customers

Deepen and leverage existing customer relationships- gain share in existing products and win new projects



Develop select new customers

Winning business with select new customers



Nurture world class talent

Invest & retain best-in-class talent that can deliver market leading growth



Add new technologies

Adding newer differentiated technologies both organically and by value accretive M&A



Optimise Operations

Continue on our cost-focused legacy; optimize utilization of all assets including Formulations

Backed differentiated scientific capabilities and continued delivery excellence



New Leadership Team

...to drive next phase of growth journey

Executive leadership with global techno-commercial expertise to **Accelerate Growth**

Our new Board of Directors with deep and diverse experience



Annaswamy Vaidheesh

Executive Chairperson

- 35+ years of diverse experience in health care & FMCG industry
- Ex-President OPPI



V. Prasada Raju, PhD

Managing Director

- Served as Executive Director at Granules India Ltd.
- Earlier worked with Dr.Reddy's R&D
- PhD (Chemistry) and specialised training in material sciences at IIT, Chicago, USA



Pankaj Patwari

Non-Executive Director

- Managing Director- Advent India
- Ex-Bain Capital, Ex-McKinsey & Co
- Chartered accountant
- MBA (IIM Lucknow)



Shweta Jalan

Non-Executive Director

- Managing Director with Advent India PE Advisors
- Worked with ICICI Venture and Ernst and Young



K G Ananthakrishnan

Independent Director

- Non Exec Chairman PNB
- Ex Director General OPPI
- Executive Development program (Wharton Business School, USA)
- Finance for Non-Finance program from INSEAD, France



Pravin Rao Udhyavara Bhadya

Independent Director

- 35+ years of experience
- Independent Director at Axis Financials, Zensar Technologies and Indegene Pvt Ltd
- Ex COO, Infosys
- BE (Bangalore Univ)



Matangi Gowrishankar

Independent Director

- 40+ years of experience working with Senior Leadership
- Independent director at Cyient, Gabriel, Greenlam
- Ex-BP, Stan-C, Reebok India, GE
- Certified Coach & Catalyst for change
- PMIR (XLRI Jamshedpur)



Vinod Rao

Independent Director

- 35+ years of diverse experience
- Held Senior roles at renowned organisations such as Diageo, PepsiCo and ICI

Augmented our Executive Leadership Team with key leaders from the Industry



Dr. Sudhir Kumar Singh

Chief Executive Officer

- Previously worked with Aragen, Jubilant Chem, Dr Reddy's and Ranbaxy
- PhD (CDRI), Post Doc (US)



Mr. Gaurav Bahadur

Chief Human Resource Officer

- Previously worked with Sanofi India, Vodafone, Yahoo !
- MPM (Symbiosis)



Mr. Raju Komaravolu

Chief Strategy Officer

- Previously worked with Dr.Reddy's, McKinsey & Co and ITC Ltd
- MBA (IIM Ahmedabad), B. Tech(NIT Warangal)



Mr. Brian Shaughnessy

Chief Commercial Officer

- Previously worked with Aragen, Piramal, Dr.Reddy's
- Villanova Univ (US)

Advisory Council: Industry Leaders with Rich Global Experience



Mr. Venkateswarlu Jasti

Chairman, Advisory Council

- 35+ years work-ex
- Founder of Suven Pharma and Suven Life Sciences
- Pioneered the CRAMS business model in India
- He held leadership positions at IPA
- MS (St. John's Univ)



Mr. Abhijit Mukherjee

Advisor

- 40+ years work-ex
- Ex COO for Dr Reddy's Laboratories
- Board member of ICE, Milan, BSV
- B. Tech Chemical engineering (IIT Kharagpur)



Mr. James C Mullen

Advisor

- Recognized CDMO leader with 40+ years' experience
- Executive chairman for Editas
- Served as CEO for Patheon NV
- Masters Business (Villanova Univ)



Mr. Stefan Stoffel

Advisor

- 33+ years work ex
- Holds the position of Chairman-Supervisory Board for Lonza AG.
- Ex-Global COO Lonza
- He holds undergraduate degree from Lucerne University of Applied Sciences & Arts
- Dip in Mech engineering (Engineering college of Lucern, Swiss)



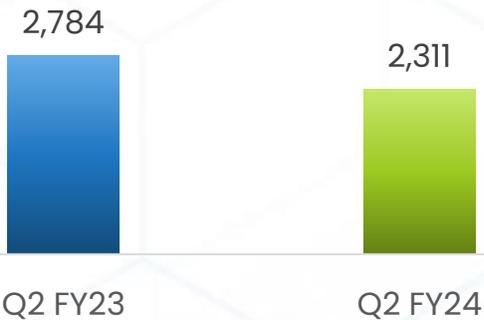
Q2 and H1 FY24 Operating and Financial Performance

Q2 & H1 Financial Performance (Consolidated)

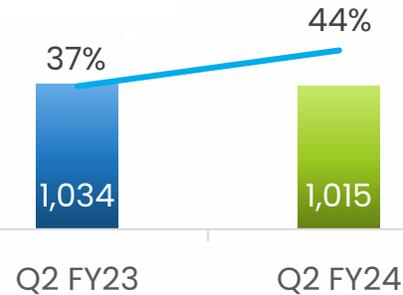
PAT growth of ~10% YoY in Q2FY24 and ~11% YoY H1 FY24; Stable Margins Despite Softness in Revenue

Q2

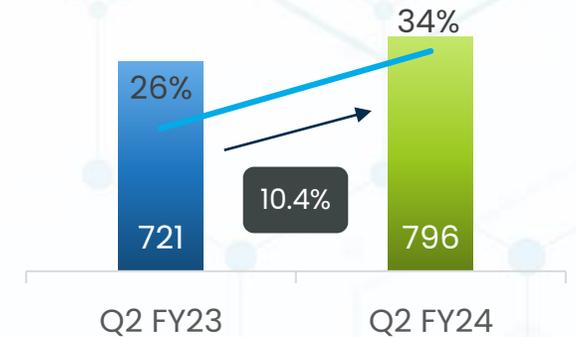
Operational Revenue (INR Mn)



Adjusted EBITDA (INR Mn) — Margin (%)



Adjusted PAT (INR Mn) — Margin (%)

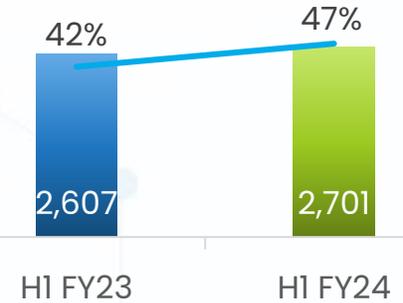


H1

Operational Revenue (INR Mn)



Adjusted EBITDA (INR Mn) — Margin (%)



Adjusted PAT (INR Mn) — Margin (%)



1) H1 Numbers based on unaudited financials 2) Operational Revenue excludes other income (incl. operating Fx gain/ loss) of INR 198Mn for Q2FY24 and INR 305 for H1 FY24 3) EBITDA adjusted to include Operational Fx gain/(loss) 4) Share of Profit/(Loss) of Associate and gain/loss from sale of investment excluded in Adjusted PAT for like-to-like comparability owing to sale of investment

Segmental Break-up – Pharma CDMO seeing sturdy growth; Spec Chem impacted by destocking



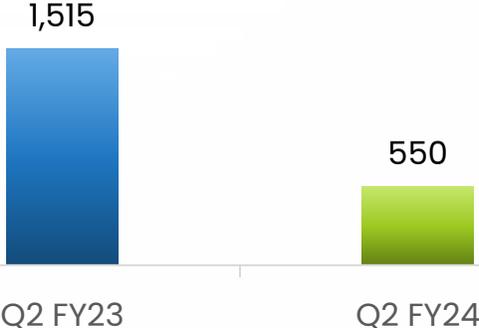
Consolidated Financials

Q2

Pharma CDMO (INR Mn)



Spec Chem (INR Mn)



Formulations & Other Services (INR Mn)

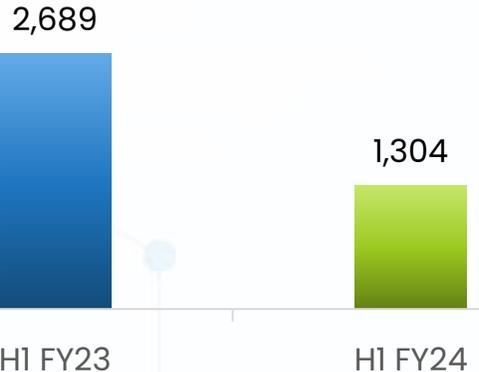


H1

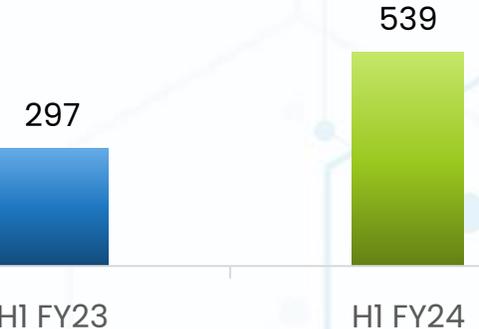
Pharma CDMO (INR Mn)



Spec Chem (INR Mn)



Formulations & Other Services (INR Mn)



Source: Un-audited financials

~10% PAT growth in Q2FY24; FY24 H1 EBITDA% & PAT% Consistent with Last Few Years Trends



INR million									CAGR		
Consolidated P&L Snapshot	FY20	FY21	FY22	FY23	Q2FY23	Q2FY24	H1FY23	H1FY24	FY20-23	Q2 YoY	H1 YoY
Revenue	8,338	10,097	13,202	13,403	2,784	2,311	6,172	5,786	17.1%	-17.0%	-6.3%
COGS	(2,292)	(3,019)	(3,991)	(4,091)	(860)	(576)	(1,831)	(1,589)			
Material Margin²	6,046	7,078	9,211	9,312	1,924	1,735	4,341	4,197			
<i>Material Margin%</i>	72.5%	70.1%	69.8%	69.5%	69.1%	75.1%	70.3%	72.5%			
Manufacturing Expenses ³	(1,038)	(1,338)	(1,732)	(1,763)	(461)	(293)	(885)	(616)			
Employee cost	(651)	(762)	(1,005)	(1,105)	(286)	(286)	(552)	(573)			
R&D expenses	(141)	(111)	(104)	(86)	(21)	(45)	(43)	(66)			
Other expenses	(399)	(462)	(577)	(693)	(157)	(132)	(354)	(294)			
EBITDA	3,816	4,405	5,794	5,665	999	980	2,508	2,649	14.1%	-1.9%	5.6%
<i>EBITDA%</i>	45.8%	43.6%	43.9%	42.3%	35.9%	42.4%	40.6%	45.8%			
Operating Forex gain / (loss)	50	115	138	268	35	36	99	51			
Adjusted EBITDA	3,866	4,520	5,932	5,933	1,034	1,015	2,607	2,701	15.3%	-1.8%	3.6%
<i>Adj. EBITDA%</i>	46.4%	44.8%	44.9%	44.3%	37.1%	43.9%	42.2%	46.7%			
Depreciation & Amortization	(235)	(316)	(391)	(477)	(120)	(119)	(235)	(244)			
Finance costs	(199)	(91)	(62)	(54)	(3)	(5)	(17)	(16)			
Other income (excl. gain from sale of investment in associate)	131	27	123	195	74	163	120	254			
Adjusted PBT⁴	3,563	4,139	5,603	5,597	985	1,054	2,474	2,694	16.2%	7.0%	8.9%
Tax	(875)	(1,053)	(2,138)	(1,484)	(264)	(258)	(678)	(692)			
Adjusted PAT⁴	2,688	3,086	3,465	4,113	721	796	1,796	2,002	15.2%	10.4%	11.4%
<i>PAT%</i>	32.2%	30.6%	26.2%	30.7%	25.9%	34.4%	29.1%	34.6%			
Gain from sale of investment in associates (other income)	-	-	662	-	-	-	-	-			
Share of Profit/(Loss) of Associates	482	537	411	-	-	-	-	-			
Reported PAT	3,170	3,623	4,538	4,113	721	796	1,796	2,002	9.1%	10.4%	11.4%
<i>Reported PAT%</i>	38.0%	35.9%	34.4%	30.7%	25.9%	34.4%	29.1%	34.6%			
Adjusted EPS ^{5,6}	10.56	12.12	13.61	16.16	2.83	3.13	7.06	7.86			
Reported EPS ^{5,6}	12.45	14.23	17.83	16.16	2.83	3.13	7.06	7.86			

1) HI Numbers are unaudited 2) Higher MM% in current quarter on favorable product mix 3) Product mix change & plant run time leading to lower mfg. expenses 4) Numbers are adjusted for Share of Profit/(Loss) of Associates and gain/loss on sale of investment in Associates for comparability 5) EPS & Adjusted EPS are basis existing # outstanding shares (~255 Mn) 6) EPS and Adjusted EPS for Q2 & H1FY23 and Q2 & H1FY24 are not annualized

Strong Balance Sheet with Steady Cash Generation

INR million

Consolidated Balance Sheet Snapshot	Mar-20	Mar-21	Mar-22	Mar-23	Sep-22	Sep-23
Property, plant and equipment (PPE)	3,531	4,371	5,306	5,842	5,910	5,717
Right of use asset (RoU) ²	9	17	14	169	169	172
Capital work-in-progress	1,016	961	300	1,651	869	1,723
Intangible Assets ²	29	26	22	622	623	620
Fixed Assets	4,584	5,375	5,642	8,284	7,571	8,233
Inventories	1,749	2,011	2,834	3,128	3,183	2,715
Trade receivables	1,172	1,024	2,364	1,109	1,112	1,369
Trade payables	(711)	(829)	(1,059)	(652)	(856)	(426)
Core Net Working Capital (Core NWC)	2,210	2,205	4,139	3,586	3,439	3,658
Other net current assets	196	399	424	713	202	264
Other net non current assets	2,863	3,339	738	591	601	554
Borrowings	(1,853)	(1,412)	(956)	(692)	(906)	(491)
Cash and Cash equivalents (including liquid investments)	447	1,902	5,285	4,869	4,123	7,137
Net (debt) / cash	(1,405)	490	4,330	4,178	3,217	6,645
Net assets	8,448	11,808	15,272	17,352	15,030	19,354
Shareholder's funds	8,448	11,808	15,272	17,352	15,031	19,354

Consistently Healthy Financial and Return Metrics

Key Ratios	FY20	FY21	FY22	FY23	H1FY23	H1FY24	Basis
Net Working Capital (as days of sales)	97	80	114	98	102	115	Core NWC / Revenue * 365
PPE (as % of sales)	42.3%	43.3%	40.2%	43.6%	47.9%	49.4%	Closing PPE / Revenue
Capex spend during the year (INR M)	1,029	1,108	752	2,857	1,937	268	
Capex spend (as % of sales)	12.3%	11.0%	5.7%	21.3%	15.7%	2.3%	Capex spend / Revenue
(Net Debt)/ Net Cash to adjusted EBITDA (x times)	-0.4x	0.1x	0.7x	0.7x	0.6x	1.2x	(Net Debt) or Net Cash/ Adjusted EBITDA
Adjusted EBIT (INR M)	3,631	4,203	5,541	5,456	2,372	2,456	Adjusted EBITDA - Depreciation and Amortization
Avg Capital employed (INR M) ³	6,655	7,242	8,739	10,586	9,905	11,168	Avg of Opening and Closing Capital employed (excluding Goodwill, Non current investments and Cash & CE)
ROCE (%)	54.6%	58.0%	63.4%	51.5%	47.9%	44.0%	Adjusted EBIT / Avg. Capital employed
Avg Shareholder's funds (INR M) ⁴	5,638	6,785	11,148	15,141	13,980	17,182	Avg of Opening and closing shareholder's funds net of non current investments
ROE (%) ⁵	47.7%	45.5%	31.1%	27.2%	25.7%	23.3%	Adjusted PAT / Avg Shareholder's funds

Contact Information

Cyndrella Carvalho, Head - Investor Relations,
Suven Pharmaceutical Ltd

Tel: +91 9823615656

Email: cyndrella.carvalho@suvenpharm.com

Gavin Desa / Rishab Barar
CDR - India

Tel: +91 98206 37649/ +91 77770 35061

Email: gavin@cdr-india.com / rishab@cdr-india.com

Appendix – Adequate Capacity to serve current and future demand

Vizag, Andhra Pradesh, India



- 307 KL reactor volume
- 3KL to 12KL Reactors
- GL/SS (45No's)
- API's/Advanced Intermediate's/CMO

**Pashamylaram, Telangana, India
API & Formulation Facility**



- 120 KL reaction volume
- 50L – 6000 L GL/SS (45)
- API Manufacturing
- Formulation R&D

**Suryapet, Telangana, India
Intermediate Mfg. Facility**



- 300 CM reactors (93)
- 500L to 10 KL GL/SS
- GMP Intermediates
- **New 400 KL Capacity for commercialization by Q4 FY24**

**Jeedimetla, Telangana, India
R&D–Pilot Plant**



- Process Research
- Discovery R&D, Analytical R&D
- Killo lab, 30L CM Reactors (32)
- 50L – 4000 L GL/SS

**Banjara Hills, Hyderabad, India
Corporate Office**



- Business Development
- Project Management
- Intellectual Property Management

**USA, New Jersey
Business Office**



Thank You