

REVIEW OF BUSINESS DIVISIONS 2022-2023

Our business divisions make us a vertically integrated player in the pharmaceuticals industry. Our business consists of the following dedicated divisions:

- Pharmaceutical formulation contract manufacturing
- Nutraceuticals and cosmeceuticals contract manufacturing
- Branded formulation marketing
- Generic formulation marketing
- Formulation exports
- Institutional sales
- API manufacturing
- Contract research and development

Pharmaceutical formulation contract manufacturing

Contract manufacturing of pharmaceutical formulations is the flagship business of Akums. This division contributes around two-thirds of the group revenue.

Akums caters to more than 1,100 pharmaceutical companies as their trusted partner for formulations. R&D forms the core of product offerings and Akums has more than 4,000 pharmaceutical formulations to offer to its partners. Akums manufactures pharmaceutical formulations at 10 of its plants.

This vertical is expected to remain the primary division for the group considering the global growth recorded by the pharmaceutical industry and the continued trend towards outsourcing by pharmaceutical marketers over the past several years.

Nutraceuticals and cosmeceuticals contract manufacturing

Nutraceuticals and cosmeceuticals are fast-expanding categories in India. The need for innovative and quality products is rising rapidly, driven by demand for quality nutritional products, focus on prevention of diseases, increasing health awareness, the expanding e-commerce sector and a growing middle class.

Akums has a dedicated wholly owned subsidiary, Maxcure Nutravedics Ltd., which deals exclusively in the development and manufacturing of nutraceutical as well AYUSH products. Further, Akums has a dedicated block at Plant 5 for cosmeceutical products catering to multiple delivery formats. Akums caters to more than 100 clients for the nutraceutical and cosmeceutical range of products.

Branded formulation marketing

The estimated size of the prescription pharmaceutical market in India is US\$20 billion and is expected to grow in double digits in the medium term.

Akums has a dedicated branded marketing company—Akumentis Healthcare Ltd. It operates via nine dedicated divisions catering to multiple physician specialties as well as hospitals. It has a strong focus in gynecology, cardiology, and orthopedic products. As per AIOCD-AWACS data, as of January 2023, it ranks 64th in the Indian pharmaceutical market by revenue.

Generic formulation marketing

Generics is a fast-growing category in India. Driven by channel dynamics, generic products are widely available at retail stores, mostly across acute portfolio. The category accounts for an estimated 15% of the pharmaceutical market and is recording strong double-digit growth.

Akums has multiple wholly owned subsidiaries that provide quality generic products. These include Amazing Research & Laboratories Ltd, Plenteous Pharmaceuticals Ltd, and May & Baker Pharmaceuticals Ltd.

Formulation exports

India's pharmaceuticals exports stood at US\$25.3 billion in 2020-23. This was higher than FY22 exports of US\$24.6 billion, which also had significant exports of COVID care products, representing India's strong and growing shipments of pharmaceuticals across the globe.

The Indian pharmaceutical sector supplies over 50% of global demand for various vaccines, 40% of generics demand in the US, and 25% of all medicines in the UK. Globally, India ranks third in terms of pharmaceutical production by volume.

Akums, via its dedicated export marketing company Unosource Pharma Ltd, markets products in more than 50 countries across a range of dosage forms as well as therapeutic areas.

Institutional sales

Akums actively participates in government as well as private tenders for supply in institutions.

For government supply, Akums directly participates via the manufacturing company for supply in state hospitals, central hospitals, defence organizations, and Bureau of Pharma Public Sector Undertakings of India (BPPI).

For private hospitals, Akums supplies via its subsidiary Nicholas Healthcare Ltd.

API manufacturing

FY22-23 marked the first full financial year of operations for Akums Lifesciences, the company's subsidiary that manufactures Active Pharmaceutical Ingredients (APIs). Akums, after the acquisition of Parabolic Drugs Ltd. via the National Company Law Tribunal route, invested in upgradation of manufacturing facilities to meet the global regulatory standards.

Driven by extensive R&D and a carefully curated portfolio, Akums' API division is looking to serve domestic as well as global clients across regulated and semi-regulated countries.

The growth of pharmaceutical markets, a robust supply chain, a risk-mitigation strategy, the Production-Linked Incentive (PLI) scheme of the Indian government and growth of the Indian formulation market will drive growth for the API business.

Contract research and development

Akums has a strong R&D team comprising more than 250 scientists for API, formulations and analytical development. The company is actively working with leading innovators as well as branded formulation players for global contract research projects.

The group has four R&D centres with capabilities across multiple therapeutic areas, dosage forms and product chemistry. Two of these centres are in Haridwar and cater to domestic formulations. One centre is in Mumbai for export formulations and one is in Barwala, Haryana for R&D on APIs. The Mumbai centre is approved by the Department of Scientific and Industrial Research (DSIR).