

Beyond China+1

*India's API playbook is constantly evolving,
now anchored towards value creation*

October 2026



o3 capital

Your Partners, Your Advisors

Global API demand is compounding at 7%+, with a need for alternate supply base

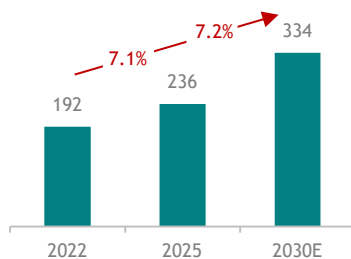


Market keeps growing, but the license to compete is now chemistry & trust, not volumes

Market dynamics: Large, growing and concentrated in high-value regulated geographies

Demand is steady, not cyclical...

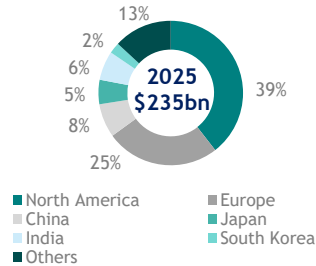
Global API Market (USD bn)



7%+ CAGR to 2030E

...anchored in regulated markets...

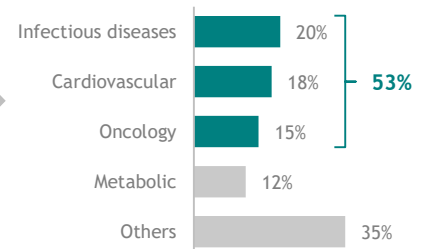
2025 segmentation by region



North America + Europe = 60%+ of global API demand

...& large import-dependent therapies

2025 segmentation by therapy



Infectious, cardio, metabolic & CNS - lean hardest on imports

Several structural forces are accelerating the shift from CAPEX to OPEX - driving outsourcing

1



A widening generic pool

USD 142bn+

Branded sales going off-patent by 2030...

...open-up a large generic API pool

2



Outsourcing is outgrowing in-house

7.7% vs. 6.8%¹

CAGR (%) from 2025-2030

Merchant API share has risen from 24% to 32% in L7Y

3



Complexity pays

8.8% vs. 7.0%

CAGR (%) from 2025-2030

High-potency APIs command premium & are outgrowing

4



Speed is the new moat

> 40%

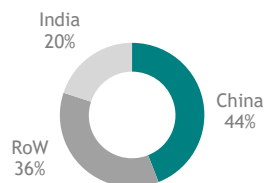
Shorter development cycles...

...reward agile API partners over slow incumbents

China's grip on API supply is prompting the world to diversify

China dominates global API supply

Global API supply by country, 2025 (%)



China alone = 44% of supply

That dominance is now a strategic consideration

Key statistics: China's API dependence

80%

world's supply of generic APIs

90-95%

of antibiotics API



Geopolitical & trade exposure

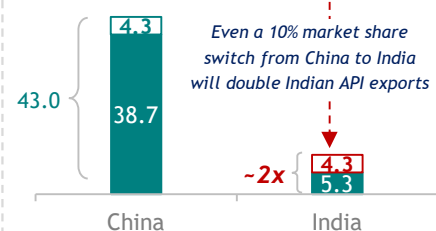


Fragile, single-source supply chains

De-risking from China is now Western policy, not preference

India is the natural "China+1" beneficiary

API exports, 2025 (USD bn)



China+1 turns India's fragmented, sub-scale base into a consolidation play

Source: Modor Intelligence, U.S. Pharmacopeia, FDA, Broker Research

Same pill. Secured supply chain. India is emerging as an alternative to China

China



Mere paas scale hai

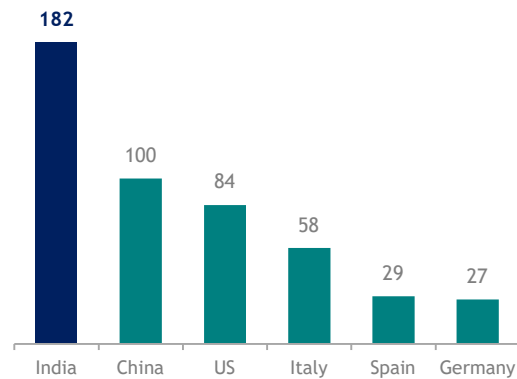
India



*Mere paas approvals,
cost aur policy hai*

India already holds the three assets that a credible China alternative needs

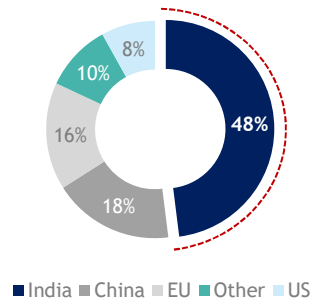
1 The regulatory moat



Highest number of USFDA approved API plants

2 The market access

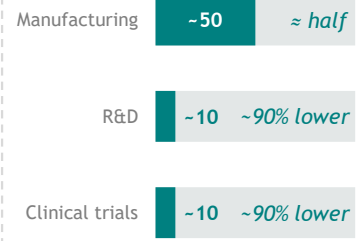
Total active DMFs by country



Highest DMF's in the world

3 The cost edge

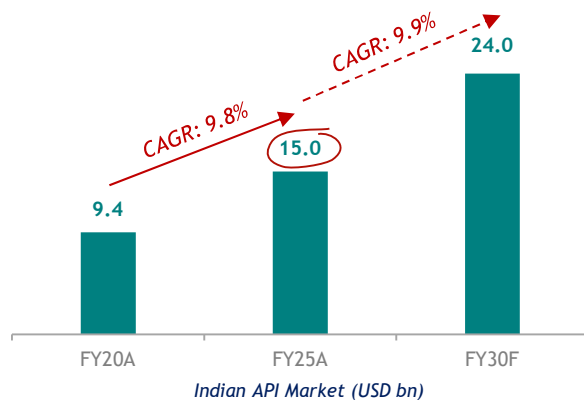
India's relative cost comparison



Developed markets = 100

Competes at a fraction of developed-market cost

\$24bn base by FY30 - compounding ~10%, anchored at home, broadening abroad



Scale that compounds - not a one-off spike

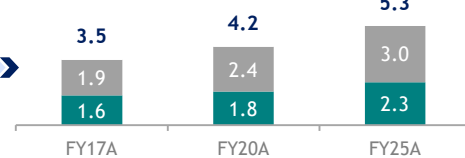
By Mix
(USD bn)

Domestic
65%

Exports
35%

~65% domestic - a resilient home anchor

By Market
(USD bn)



Exports (~\$5.3bn) broadening across regulated and semi-regulated

Rising formulation exports are deepening India's domestic API base, while export momentum remains steady

The US and Indian policy point to the same direction - diversify from China, into India



US's De-risking Policy

Bio-Secure Act, 2025

Restricts US contracts with Chinese biomanufacturers

FDA PreCheck program, 2026

A two-phase facilitation scheme to speed new US API plants

US is looking for alternatives...



India's Policy Push

PLI scheme for Bulk Drugs

INR 69 bn

3 Bulk drug parks

INR 30 bn

Biopharma SHAKTI initiative

INR 83 bn

...while India is subsidizing the supply

Source: Crisil Report, Modor Intelligence, U.S. Pharmacopeia, FDA, Broker Research

Two routes, one playbook: Corporate carve-outs and PE roll-ups are building India's standalone API champions



From carve-outs to an industry-wide playbook

Redirecting capital and management focus to build scalable, standalone API platforms

1 API segments are valuable, but hidden inside diversified pharma

2 Companies are carving them out into focused platforms

3 The outcome is capital release and strategic focus

Subsidiarization and aggregation are emerging as the API platform playbook

Company >>



Deal structure >>

✓ Hived off API business into **RPG Active Pharma**
✓ Overall platform to invest ~INR 7 bn in API assets

✓ API carved out into **Apitoria Pharma**
✓ Increase focus, efficiency and growth leading to value unlocking

✓ Spun off API business into **Glenmark Life Sciences** followed by IPO
✓ Divested majority stake to Nirma

✓ Demerged API business into **Shilpa Pharma Lifesciences**
✓ Explore value unlock potential of the business

✓ Created API-CDMO subsidiary **Lupin Mfg. Solutions**
✓ Explore value unlock potential of the business

Rationale >>

Common PE Playbook >>

Acquire / carve out

Add capabilities

Integrate & scale

Monetise / exit

1 · Anchor asset

2 · Via bolt-ons

3 · Ops + cross-sell

4 · Strategic sale / IPO

Anchor

Bolt-ons

Value chain

01 **Cohance**

(Backed by Advent)



>>



>>

Integrated API → CDMO (full span)

One-stop integrated CDMO for innovators

02 **Viyash**

(Backed by Carlyle)



>>



>>

Intermediates → API (backward-integrated)

Scale backward-integrated generics API, extend into formulations

03 **Sekhmet**

(Backed by PAG and Samara)



>>



>>

Intermediates → API (+ growing CDMO)

Low-cost, broad-based supplier pivoting into CDMO

04 **RPG ACTIVE PHARMA**

(Backed by InvAscent)



>>



>>

Intermediates → API

Scale niche, complex APIs + intermediates into a reliable global API supplier

05 **Synthimed**

(Backed by IndiaRF)



>>



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API + CRAMS

Build a broad regulated-market franchise

Note: Anchor = first asset acquired; subsequent deals shown as bolt-ons. Value chain = current integration span.
CRAMS = Contract Research and Manufacturing Services for generic business

The next API winners will be defined by capabilities, beyond molecules...



From scale to complexity; API players are building new moats

Four strategic levers are reshaping the API growth playbook

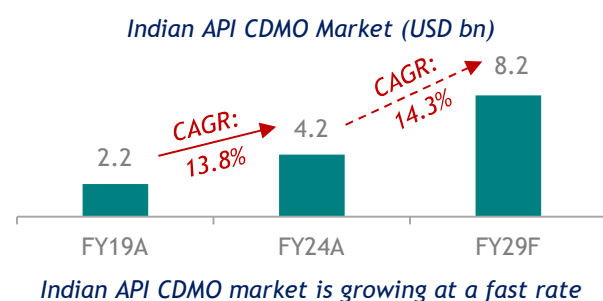
1 API + CDMO Scale-up

2 HPAPI Expansion

3 Backward Integration

4 Regulated-Market Focus

1 The business model is changing to API + CDMO



Creating a structurally stronger business model

- Better, stable margins**
CDMO commands higher margins led by process knowledge.
- Structural stickiness**
High switching costs create durable relationships
- The pull is quality, not price**
Shift is in favor of regulatory, sustainable and reliable quality.

Leading API players are all pivoting to complex molecules + CDMO

API-first, adding CDMO



- Scaling CDMO for MNC / specialty clients
- Built on a chronic-therapy API base



SUPRIYA LIFESCIENCE LTD.

- Building CDMO / CMO to de-risk portfolio
- Anchored by long-term DSM contract

Building complex CDMO capabilities



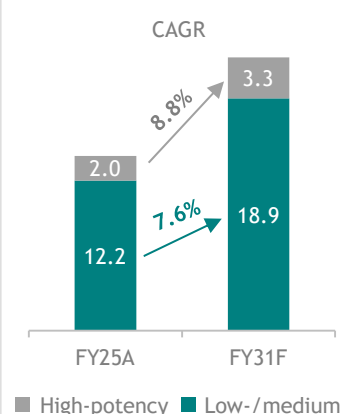
- Launched full-service hybrid CDMO
- Oncology, GLP-1 peptides, biologics, transdermal/ oral-film delivery



- Set up a subsidiary to focus on CDMO
- In-licensed two ADCs; scaling peptides, HPAPIs, hormones and steroids

2 Complexity is becoming the moat - higher R&D and capex are raising entry barriers and re-rating margins

Indian API Market by potency (USD bn)



R&D spend today drives revenue growth tomorrow

INR Cr.	Avg. annual R&D exp. (FY22-24)	Revenue CAGR (FY24-FY26)
	65	16%
	218	13%
	75	6%
	37	14%
	74	16%

Key takeaways

- Mix shift is driving growth**
High-potency APIs are compounding ~1.2x faster than the base.
- Complexity is the next growth engine**
R&D fuels the next revenue leg.
- Capex and compliance lock out rivals**
Capex and regulatory bars keep new entrants out.

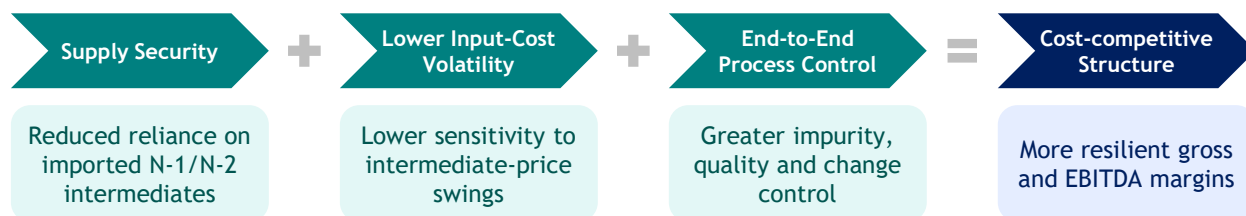
Source: Frost & Sullivan, Company filings and investor presentations, o3 Analysis.

...with integration and regulated-market access emerging as key margin drivers...



Integration and regulated markets drive durable margins

3 Backward integration converts supply-chain control into structurally defensible margins



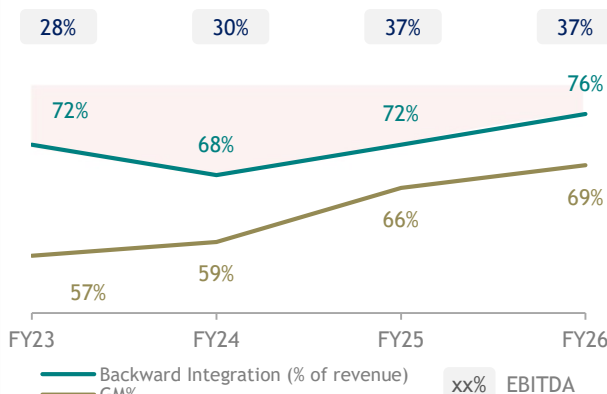
SUPRIYA LIFESCIENCE LTD.

50%

Product Portfolio backward integrated (FY26)

5

Therapies with backward integrated products



Increasing backward integration has led to increased

+12ppt

Gross margins (FY23-26)

+9ppt

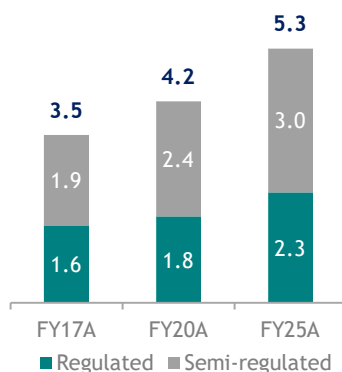
EBITDA margins (FY23-26)

4 Regulated-market sales carry higher ASPs, stronger stickiness and better margin capture

India's API export base keeps expanding

Bulk drugs / drug intermediates exports (USD bn)

~18-20% of India's pharma exports



Regulated markets offer a larger, stickier and higher-value opportunity

1 Regulatory qualification

DMFs / CEPs / USFDA approvals

Export mix → higher-quality earnings

2 Stringent markets beyond US/EU

Stringent compliance requirements with little reliance on US FDA/EMA approvals.



3 Customer stickiness

Switching requires validation + requalification

Longer customer relationships

4 Better economics

Higher and resilient ASPs

Above average sustainable margins

Proof points



Increasing focus on even tougher markets beyond US / EU, viz. China, Japan and Korea¹

Sustained gross margin: 50%+



Bulk of revenue derived from regulated markets with long-term, sticky customer relationships

Lower exposure to products exposed to Chinese pricing

Source: Company filings, press release, Dept. of Pharmaceuticals, Govt. of India, o3 Analysis ; Note 1: Management commentary and ex-lbuprofen business margin as per Investor presentation.

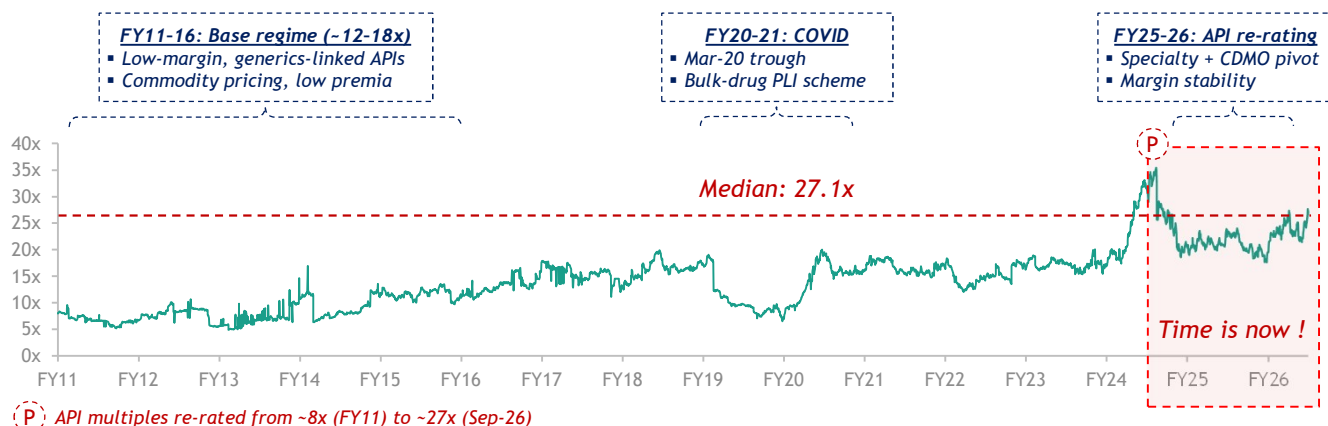
...and markets are rewarding it: Valuation multiples have re-rated, evident from Symbiotec's listing

*Build the capability. Earn the rerating.
Markets pay for complexity*



Indian API multiples have re-rated from ~8x to ~27x since FY11; CDMO-led players now trade at ~48x

EV/LTM EBITDA (Indian API Index¹)



EV/LTM EBITDA (Indian CDMO Index)



The CDMO premium

- CDMO index 47.6x vs API 27.1x (Sep-26)
- Same start: ~8-10x in FY11; gap opens from FY24
- Pivot pays: API players moving into CDMO earn the premium

Symbiotec: Pivot into CDMO & injectables has re-rated valuation from ~12x to ~28x at IPO

Steroid APIs & hormones

FY03-18

- Rau API plant (2004), US FDA cGMP: Rau, Pithampur
- 35 KL fermentation plant (2013)

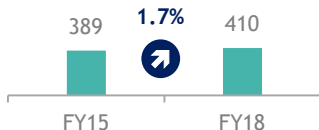
Investor

Amount (INR Cr.)

EV/LTM EBITDA

Post-money (INR Cr.)

EBITDA % 17.5% 16.6%



Global leadership, PE-backed

FY19-25

- Invascent buys out Actis
- Sterile & fermentation APIs added
- #1 globally: 38% share

Invascent

570

12.4x

805

14.4%

528

6.1%

752

FY19

FY25

Fermentation, CDMO & injectables

FY26+

- 400 KL Ujjain plant (2025)
- Biologics subsidiary (2026)
- Moving into CDMO & injectables

IPO (Sep-26)

1,757

28.4x

6,348

26.7%

869

FY26

Note 1: Comprises of Shilpa, Concord, Alivus, Supriya, Solara, Laurus, Aarti, SMS, Fermenta, Neuland, Divi's.

Revenue in INR cr ↗ CAGR

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