Aarti Drugs Limited
Manufacturers of : Bulk Drugs & Chemicals

Corporate Office : Mahendra Industrial Estate, Ground Floor, Plot No. 109-D, Road No. 29, Sion (East), Mumbai - 400 022. (India)
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Fax.: 022-2407 3462 / 2407 0144
Email: admin@aartidrugs.com
website: www.aartidrugs.com
CIN No.:L37060MH1984PLC055433

Ref: ADL/SE/2022-23/21
June 7, 2022

To,
Listing/ Compliance Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001
BSE CODE: 524348

To,
Listing/ Compliance Department
National Stock Exchange of India Limited,
"Exchange Plaza", Plot No. C/1,
G Block Bandra - Kurla Complex,
Bandra (East),
Mumbai – 400051
NSE CODE: AARTIDRUGS

Dear Sir/Madam,

Sub: Revised Investor Presentation
Ref: Regulation 30(6) of SEBI (LODR) Regulations, 2015

Please find attached herewith revised Q4FY22 Results presentation of the Company for your records. Changes have been made in slide number 8, 9, 11 and 13.

Kindly take the same on record.

Thanking you,

Yours faithfully,
FOR AARTI DRUGS LIMITED

AARTI DRUGS LIMITED MUMBAI

RUSHIKESH DEOLE
COMPANY SECRETARY & COMPLIANCE OFFICER
ICSI M.No.: A54527

AARTI DRUGS LIMITED

Q4FY22 Investor Presentation

Safe Harbour

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Company Overview

Vision

We shall become the first-choice vendor of Bulk Drugs and achieve a leadership position by:

- Assuring consistent quality and timely delivery at competitive price
- Providing customized solutions and service to meet changing requirements of customers
- Aim at customer orientation through continuous technology upgrade, high business ethics and new product development
- Adopt processes supported by proven technologies, which are cost effective and safe
- Choose the best and the most flexible manufacturing practices and methods

Mission

- Seek global market leadership
- Focus on growth and development of the product
- Continue to create winning culture, operating in highest standards of ethics and values with co-operation among competitors
- Strive for excellence in customer service, quality and R&D

Management team

Aarti Drugs Ltd

Experienced management with deep understanding of pharmaceutical sector

Mr. Prakash M. Patil

Chairman, MD & CEO

Shri Prakash M. Patil is Chairman, Managing Director and Chief Executive officer (CEO) of the Company and has been associated since inception of the Company's operations. He holds a degree of B.E. – Chemical from Institute of Chemical Technology (ICT) [formerly known as University Department of Chemical Technology]. He has more than 40 years of experience in the field of Chemical & Pharmaceutical Industry. He has expertise in Product Identification, Project Conceptualisation, Planning, Project Engineering & Implementation. His technical experience has helped the Company to emerge as one of the leading Pharmaceutical Company in the country.

Mr. Rashesh C. Gogri

Managing Director

Shri Rashesh C. Gogri has been appointed as Managing Director of the Company with effect from 26th September, 2014. He was the Whole-time Director of the Company since October, 2012. He holds a Production Engineering degree from Mumbai University. He has more than 16 years of experience in field of production, marketing and project implementation in chemical industry. He also serves as
Vice – Chairman & Managing Director of Aarti Industries Limited.

Mr. Harshit M. Savla

Joint Managing Director

Shri Harshit M. Savla is Joint Managing Director of the Company. He is a Commerce Graduate having more than 30 years of experience in Finance, Export and Administration. He played crucial role in expanding the export market for the products of the Company.

Mr. Harit P. Shah

Whole Time Director

Shri Harit P. Shah is a Whole-time Director of the Company. He is a Commerce Graduate and has experience of over 25 years in handling commercial functions encompassing Purchases, Local Sales and Exports.

Mr. Adhish P. Patil

Chief Financial Officer

Shri Adhish P. Patil has experience of over 16 years in the field of finance, consulting, systems engineering and Information Technology. Bachelor of Engineering (IT) from Mumbai University. He is an MBA - Finance & Marketing from University of Florida, Warrington College of Business Administration. He is the winner of prestigious 'Top 100 CFOs India 2014' award.

Key Milestones

Aarti Drugs Ltd

1984

- Incorporation

1993

- Listed on BSE Limited

1996

- Amalgamation of Rupal Chemical Industries Ltd, Rashesh Chemicals & Pharmaceuticals Ltd, Manjarati Chemicals Pvt. Ltd, Manjarati Plastisizer Pvt. Ltd, Effective Chemicals Pvt Ltd, Star Aluminium Industries Ltd and AvezWire Industries Ltd.

1998

- Crossed Rs. 100 crores turnover

2003

- Listed On National Stock Exchange of India Limited

2014

- Crossed Rs. 1,000 crores turnover

Entered formulation through 100% subsidiary - Pinnacle Life Science Pvt. Ltd.

2017

- Pinnacle Life Science Pvt. Ltd. crossed Rs. 100 crores turnover

2020

- Crossed Rs. 2,000 Cr Consolidated Turnover & Rs. 200 Cr Formulations Turnover

---

Crossed Rs. 200 Cr consolidated PAT

2022

- Consolidated Revenue Rs. 2,500 Cr

Key Facts & Figures

Aarti Drugs Ltd

Largest producer of ***Nimesulide*** in the world.

Largest producer of ***Metronidazole*** in India

Largest producer of ***Ketoconazole*** in the world

One of the leading producers of ***Metformin*** in the world

Largest producer of ***Metronidazole Benzoate*** in the world

Largest producer in ***Fluoroquinolones group*** *in the world*

Largest producer of ***Tinidazole*** in the world

12
Manufacturing Facilities

4,077
MT/Monthly Capacity

80+
Finished Products

1,10,330
Sq.m Plant Area

~1,450
Employees

~37%
Export Revenue

50+
API Molecules

Presence across
100+
countries

Diversified presence across segments

Presence Across API, Formulation, Specialty Chemicals, Intermediates Segments

Active Pharmaceuticals Ingredients (API)

- Leading API producer of 50+ molecules for anti-biotics, antiprotozoal, anti-inflammatory, anti-diabetic & anti-fungal, etc.
- Largest manufacturer of 3 molecules in the world
- One of the largest manufacturer of 2 molecules in the world
- 9 manufacturing units
- Contributes ~80% revenues
- Installed capacity of 40,040 MTPA

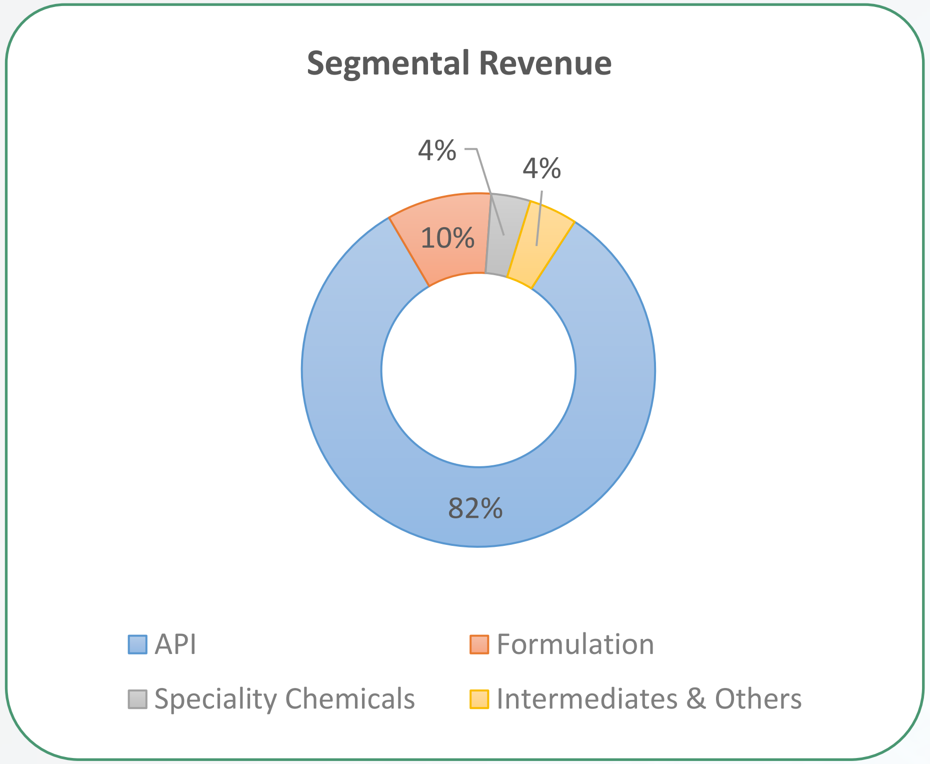
Formulation

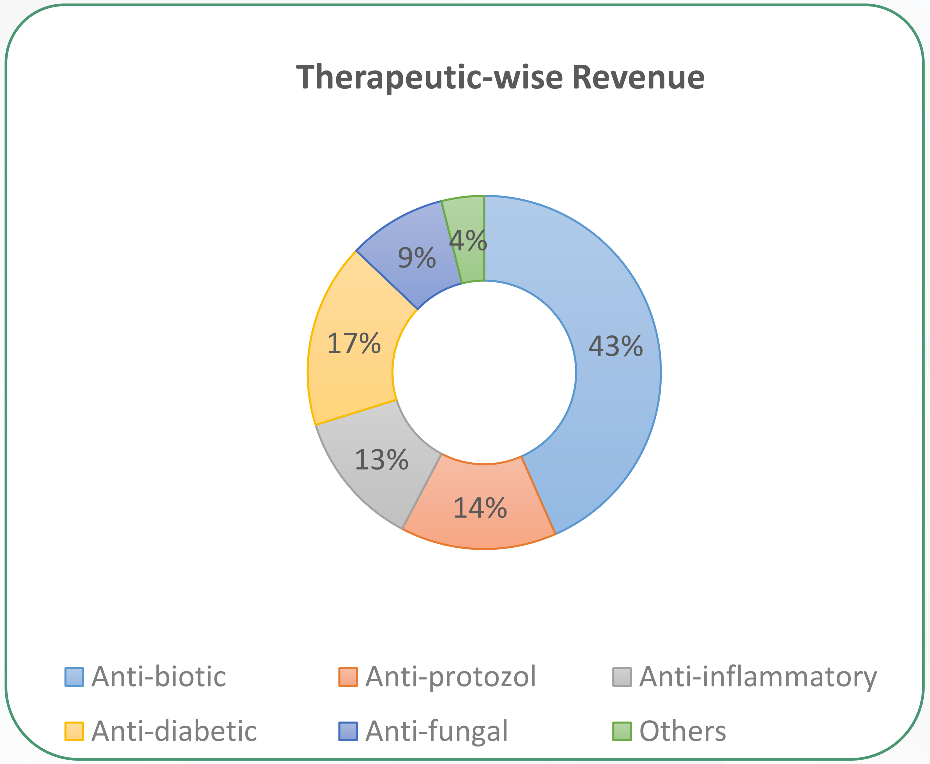
- Diversified into formulation through a wholly owned subsidiary Pinnacle Life Science Pvt. Ltd. in 2014
- Adopted flexible manufacturing approach with combination of in-house manufacturing as well as outsourcing model supported by strong in-house R&D
- Manufacturing plant at Baddi, Himachal Pradesh is WHO – GMP approved
- Installed capacity of 3 billion units tablets and 300 million units capsules

Specialty Chemicals, Intermediates & Others

- 2 manufacturing units; 2 more facilities coming up (currently under greenfield capex)
- Being backward integrated, supply intermediates of anti-biotics, anti-fungal, anti-inflammatory and cardiovascular to the API manufacturers
- Manufacturer of specialty chemicals in Benzene & Chloro-sulphonic chemistry
- Installed capacity of 8,880 MTPA

Revenue Break-up





Focus on growing the contribution from lifestyle & chronic therapeutic areas, reducing share from acute therapies

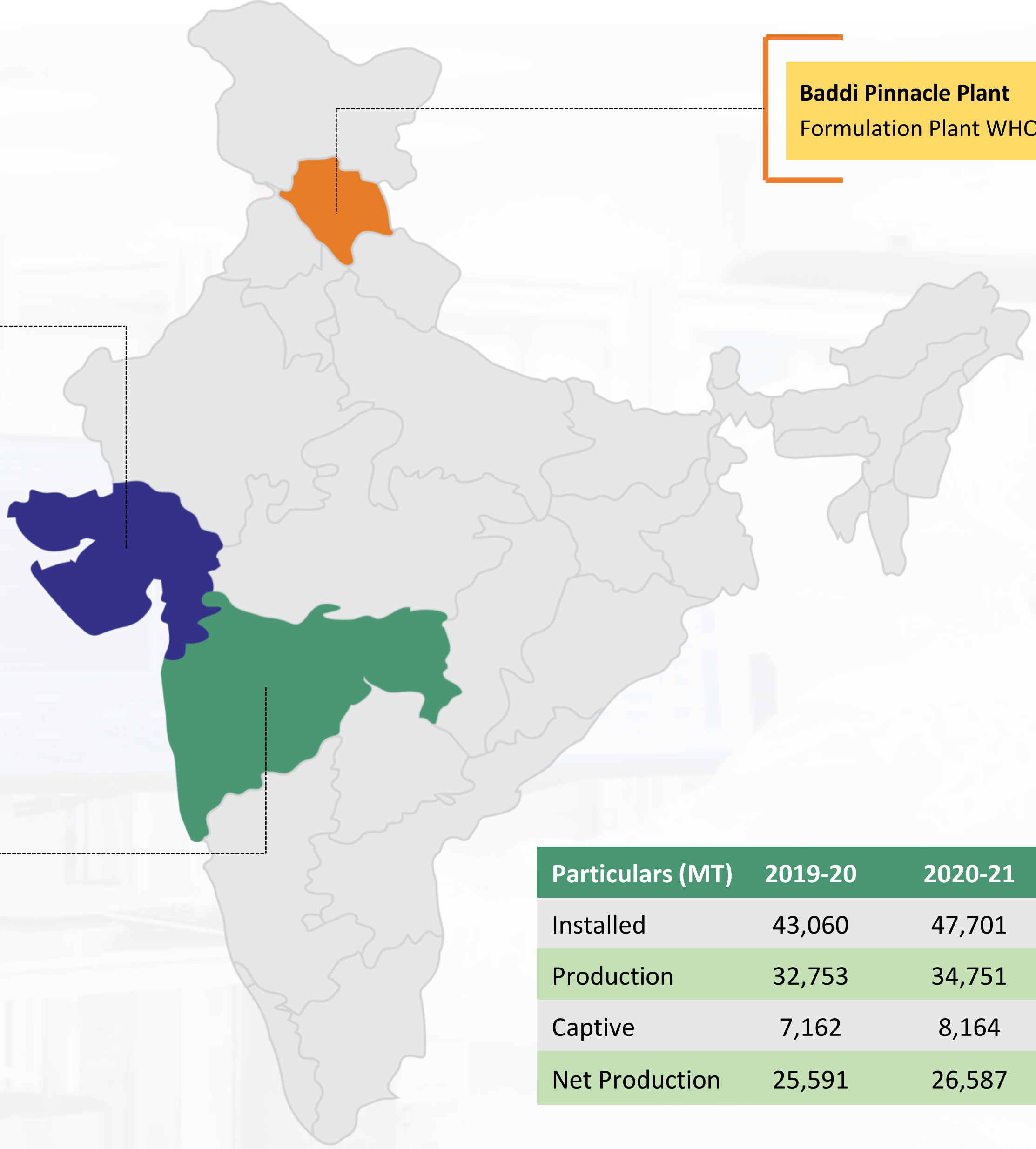
Note: As of Q4FY22, Therapeutic revenue Includes sale to Pinnacle Life Science

State-of-the-art Integrated manufacturing facilities

Baddi Pinnacle Plant
Formulation Plant WHO-GMP

Sarigam-1
WHO-GMP

Sarigam-2
WHO-GMP/ COFEPRIS/CEP



E-22
- Australian Government – Department of Health and Ageing - Therapeutic Goods Administration
- EUGMP / WHO-GMP / Japanese Accreditation
- USFDA*

W-61
EUGMP & WHO-GMP

E-120
WHO-GMP

G-60
- ANVISA-Brazil
- WHO-GMP
- COFEPRIS-MEXICO

E-21
- WHO-GMP
- K-FDA(Korean FDA)

E-9/3
ISO-9001:2008

N-198
EUGMP, WHO-GMP & ISO Certification

K-40
WHO-GMP / COFEPRIS

T-150
Intermediates

Particulars (MT)	2019-20	2020-21	2021-22
Installed	43,060	47,701	48,920
Production	32,753	34,751	37,697
Captive	7,162	8,164	7,657
Net Production	25,591	26,587	30,039

*Import alert under resolution

Note: Maps not to scale. All data, information, and maps are provided "as is" without warranty or any representation of accuracy, timeliness or completeness.

Manufacturing capabilities

Aarti Drugs Ltd

Reaction Capabilities

Noble Metal Hydrogenation (Catalytic Reduction)

Carboxylation at various pressures

Cyclocondensation

Ammonolysis (Amidation)

Grignard Reaction

Methoxylation

Nitration

Condensation

Reduction

Dehalohydrogenation

Aldol Condensation

Halogenation (Cl, Br, I)

Epoxidation (Chiral & Achiral)

Aceylation

Oxidation

Balz-Schiemann (Halex) (Flurination of Amines)

Cynation

Fischer Indolization

Esterification (Including Asymmetric Esterification)

Friedel Craft Reaction

Alkylation

Sulphonation

Diazotization & Related Chemistry

Chloro Sulfonation

Cold chemistry : Reaction capabilities at -90 degree C.

Amination

- The capacity of ***Multi-purpose plant ranges from kilograms to multi tons levels***
- Long term experience of ***Multi-step synthesis and fractionations at high temperatures***
- ***Total reaction capacity in excess of 1300 KL, consisting of SS and GL reactors across its units, varying from 0.5 KL – 18 KL***

Strong R&D thrust on continuous innovation

Aarti Drugs Ltd

02

Doctorates

~Rs. 6.8 Crs.

R&D Spends (FY22)

58

Master Graduates (M.Sc.)

5

Technicians

26

Graduates (B.Sc.) & Engineers

R&D Center at Tarapur

- Supports manufacturing facilities at Tarapur and Sarigam on API process development
- Pilot plant used for kilo scale manufacturing
- Recognized by Department by Science and Industrial Research (DSIR) Government of India
- Frequent visits of Experts and Professors from ICT and Council of Scientific and Industrial Research (CSIR) for guidance for product development

R&D Center at Turbhe, Mumbai

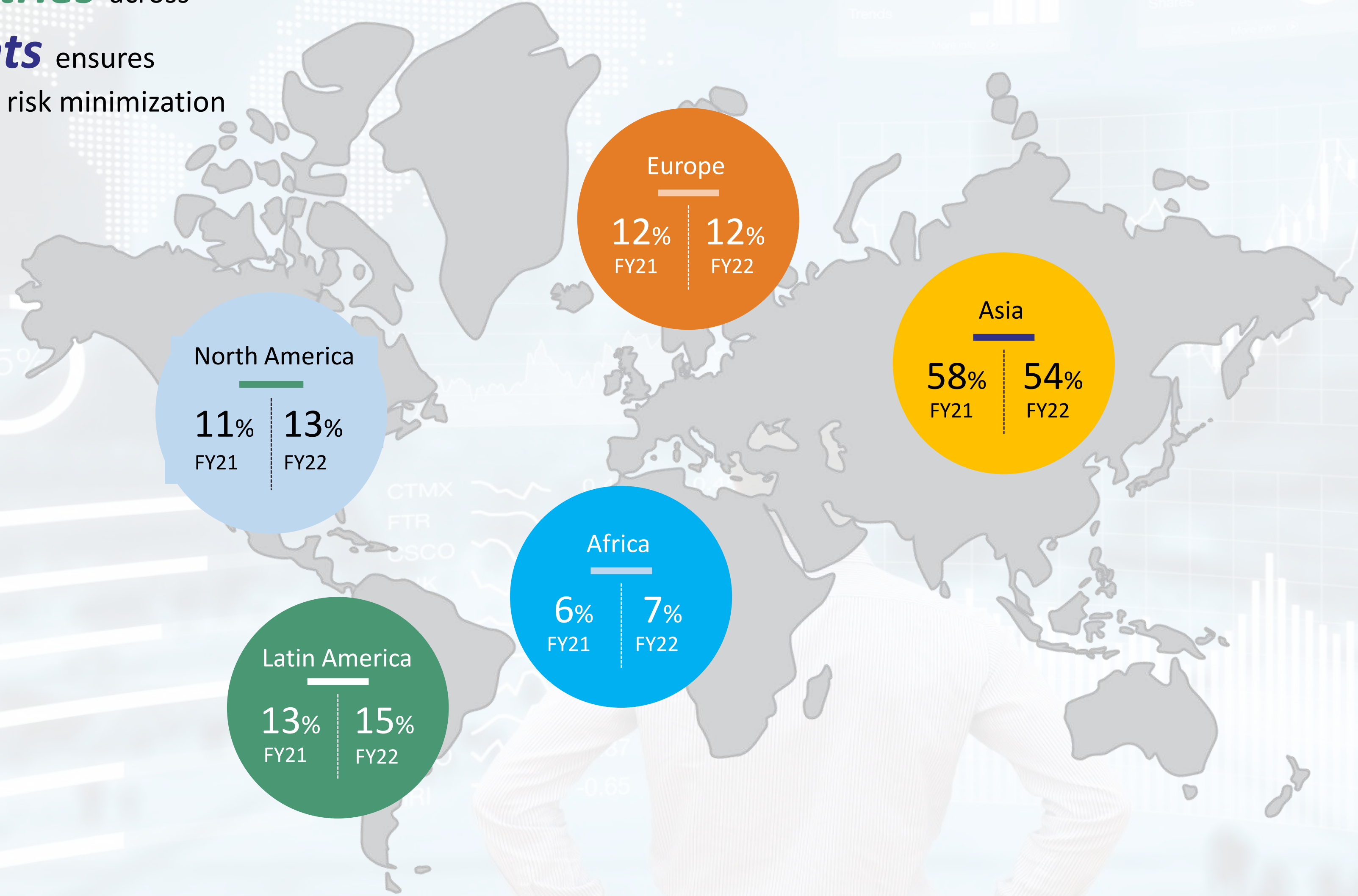
- Supports development of complex generics for in-house formulation business
- Developing complex oral solids for Regulated as well as Emerging markets

- Well supported by in-house project management team to ensure timely implementation of new products on commercial scale
- Developed 30 APIs (new and existing) in last 5 years
- Developing new age Formulation products for Europe, USA, Australia, Brazil, Canada & Chile for Day 1 launches
- Plans to expand R&D capabilities to develop complex Semi solids (creams & ointments) as well as Oral liquids
- Majority of products developed with integrated API provides an end-to-end control

Diversified geographic presence

Aarti Drugs Ltd

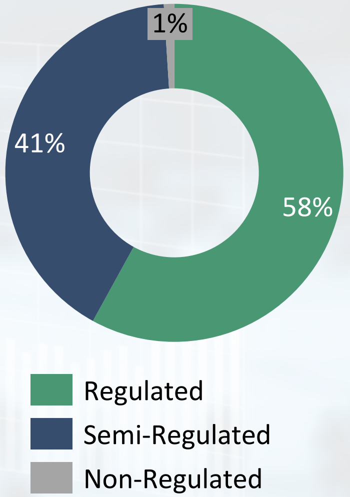
Presence in
100+ Countries across
6 Continents ensures
diversification and risk minimization



Top 10 Countries - Exports

Brazil	Mexico
Pakistan	Turkey
Indonesia	UAE
Egypt	Bangladesh
Switzerland	Germany

Market



As of FY22

Note: Maps not to scale. All data, information, and maps are provided "as is" without warranty or any representation of accuracy, timeliness or completeness

ESG Initiatives

Aarti Drugs Ltd

Environmental

- Converted multiple facilities into to Zero Liquid Discharge (ZLD)
- Dual Fired Boiler in Greenfield Facilities to reduce carbon footprint
- Periodic Forestation
- Waste heat recovery
- Packaging bulk API in paper bags, usage of fibre drums instead of HDPE drums, packing bulk intermediates in jumbo bags (1 MT packing) to reduce excess use of plastic bags
- For efficient utilization of utilities company is using equipment with high end technologies like Agitated Thin Film Dryer (ATFD), Agitated Thin Film Evaporator (ATFE), FBC boilers, membrane type filter press.
- Company is using MEE & MVR for evaporation and has much lesser energy consumption than conventional evaporators.

Social

- **Woman Empowerment:** Free Government approved and certified vocational course training for women to generate employment.
- **Healthcare:** Primary Healthcare Infrastructure Development and Improvement around the manufacturing facilities.
- **Gender Diversity:** ~40% women staff at HO, contributing in various departments such as marketing, finance, procurement. At factory level, women are employed at QC QA, regulatory affairs, etc. departments.
- **Stakeholder Management:** No unfair trade practices events in the last 5 years. stringent product quality control, strict QA and QC dept to ensure that product is at the mark of the quality as per various pharma copeial standards

Governance

- The Board has an optimum combination of Executive and Non-Executive directors and gender diversification
- Risk Management Governance
- Occupational Healthy Policy
- Policies governing related party transactions
- In compliance with all regulatory requirement of the Audit Committee
- Mechanism of periodic reporting to Stakeholders Relationship Committee and Board.
- Regular review and updation of policies in response to the changing requirements
- Vigil Mechanism, Whistleblower and POSH policies

Our Esteemed Clientele across segments

MICRO LABS

INTAS

ALKEM

Cipla

medley
INTEGRITY IN MEDICINE

Abbott

Unique
PURITY EFFICACY STABILITY

Mankind

Zydus Cadila

Alembic
Pharma

LABORATE
PHARMACEUTICALS (INDIA) LTD.

indoco
INDOCO REMEDIES LIMITED

SANOFI

torrent
PHARMA

Kopran

SUN
PHARMA

Pfizer
zoetis

LUPIN
PHARMACEUTICALS, INC.

Awards & Accolades

Aarti Drugs Ltd

1991-92
CHEMEXCIL
Outstanding Performance in Export

2001
CHEMEXCIL
Outstanding Performance in Export, Organization of Pharmaceutical Product, Best Vendor

2005-06
AVAYA GLOBAL CONNECT
Customer Responsiveness

2009
CHEMEXCIL
Outstanding Performance in Export

2012
CHEMEXCIL
Outstanding Performance in Latin American Export

2013
ABBOTT
Best Vendor of the year

2014
CHEMEXCIL
Appreciation as business partner

2014
Government of India (Ministry of commerce and Industry)

Certificate of Recognition - Star Export House

2015-2019
ABBOTT
Business partner of the year

Corporate Social Responsibility

Aarti Drugs Ltd

Donation of Inverter, Water filters, Air coolers Steel cupboards, Table chair sets, Washing Machines, Wooden Medicine Racks, Examination Stools to various villages

Coconut Tree Plantation

Industry Overview

Indian Pharmaceutical Industry

50% Global Vaccine Supply

40% Of Generics demand in US

25% Of medicine demand in UK

20% Of Global generic demand

60% Of Global ARV Drugs

30% Of Annual UNICEF demand

#1 Highest FDA approvals outside USA

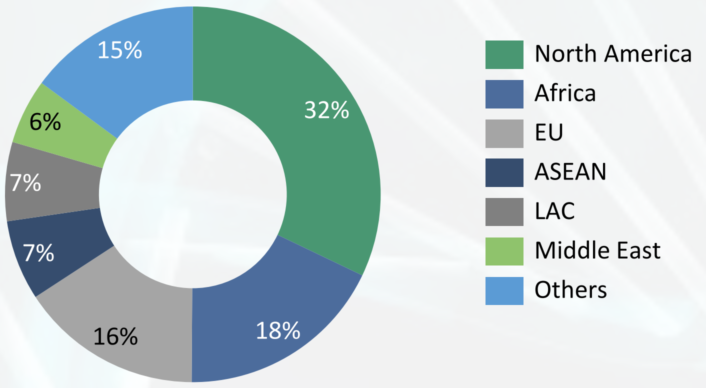
US$55 bn Market Size - 2020

World's largest provider of generic medicines; the country's generic drugs account for ***20% of global generic drug exports*** (in terms of volumes). Indian drugs are exported to ***more than 200 countries in the world, with the US as the key market.***

Exports, including bulk drugs, intermediates, drug formulations, biologicals, AYUSH & herbal products and surgical products, reached US $16.28 billion in FY20. As of October 2020, India exported pharmaceuticals ***worth US$13.87 billion in FY21.***

*The biggest export destination for Indian pharma product is the US. In FY20**, 32.1% of India's pharma exports were to the North America, followed by 17.96% to Africa and 15.70% to the European Union.***

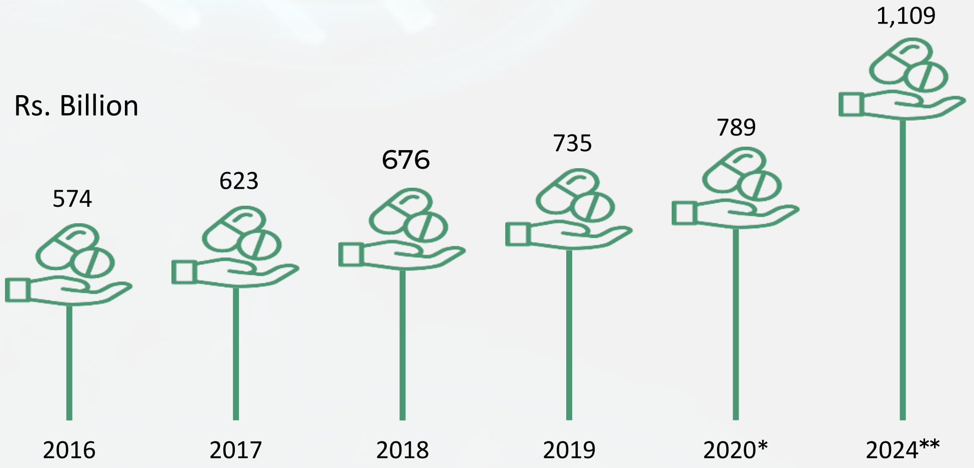
Major export destinations in India's pharma export in FY20 (%)



Active Pharmaceutical Ingredient (API) Market

- India is the third largest active pharmaceutical ingredient (API) market in the Asia-Pacific region
- *The API industries in India include domestic and in-house consumption as well as exports*
- *The Indian active pharmaceutical ingredients manufacturing segment can be divided into two sectors such as innovative or branded and generic or unbranded*

Market size of Active Pharmaceutical Ingredient (API) industry in India from 2016 to 2019 with estimates until 2024



Source: Department of Commerce India, Department of Pharmaceuticals, India Business News, Global Trade Atlas, KPMG US-India

Aarti Drugs Ltd

Experienced management with deep understanding of pharmaceutical sector

Active Pharmaceutical Ingredients (APIs)

- Domestic API consumption is expected to reach US$ 18.8 billion by FY22
- In Apr'19, Constituted a high-level task force to create a roadmap for increasing domestic production of APIs.
- Currently India imports over 60% of its APIs from other countries.

CRAMS

- Fragmented market with more than 1,000 players
- CRAMS industry has posted 48% CAGR between FY15-18 and expected to witness a strong growth over 25% over 2018-21

Formulations

- Largest exporter of formulations in terms of volume, with 14% market share and 12th in terms of export value.
- Double-digit growth is expected over the next five years.

Biosimilars

- As on Aug'19, the moving annual turnover (MAT) for biosimilar molecules sold in the domestic market stood at Rs 1,498 crore (US$ 214.31 million). The govt. plans to allocate US$ 70 million for local players.
- The domestic market is expected to reach US$ 40 billion by 2030.

Notes: OTC- Over The Counter, * including biologicals
Source: IBEF, RNCOS, BMI, Data monitor, Kemwell Biopharma, Chemical Pharmaceutical Generic Association, ICRA Report estimates,

Multiple Triggers will lead to high Growth Momentum

Aarti Drugs Ltd

Robust Domestic Demand

- Rising domestic population
- Higher Insurance Coverage penetration

Increased Investments

- 100% FDI in the pharmaceutical sector under automatic route

Government Support

- Increased government spending on hospitals and healthcare
- Rs. 15,000 crores Production-Linked Incentive (PLI) Scheme for Enhancing India's Manufacturing Capabilities
- Atmanirbhar Bharat scheme for making India self reliant

Technology

- Artificial intelligence will help the pharmaceutical industry to design new and automated algorithms which will help to achieve faster, precise, accurate, and repeatable results

Innovation and R&D

- Focus to develop new complex generic drugs, supplemented by the New Drugs and Clinical Trial Rules, 2019 and the Atal Innovation Mission.

Cost Advantage

- Quality services at marginal costs compared to US, Europe, and South Asia
- Expertise in low-cost generic patented drugs and a movement towards end-to-end manufacturing

Pharmaceutical Production Linked Incentive (PLI) Scheme

Aarti Drugs Ltd

The scheme is aimed towards pushing domestic manufacturing of key starting materials (KSMs), drug intermediates and active pharmaceutical ingredients (APIs) to reduce import dependence on such input materials.

How Sector Will Benefit

- **Objective:** The objective of the scheme is to enhance India's manufacturing capabilities by increasing investment and production in the sector and contributing to product diversification to high value goods in the pharmaceutical sector. One of the further objectives of the scheme is to create global champions out of India who have the potential to grow in size and scale using cutting edge technology and thereby penetrate the global value chains.
- **Outlay:** ₹ 15,000 crore worth of incentives for 6 years (for financial years 2020-21 to 2028-29)
- **Incentives:** The rate of incentive on incremental sales (over base year) of pharmaceutical goods covered under Category 1 & 2 will be 10% for FY 2022-23 to FY 2025-26, 8% for 2026-27 and 6% for 2027-28. The rate of incentive on incremental sales (over base year) of for pharmaceutical goods covered under Category-3 will be 5% for FY 2022-23 to FY 2025-26, 4% for 2026-27 and 3% for 2027-28.
- **Impact:** Total incremental sales worth ₹2.94 trillion and incremental exports of ₹1.96 trillion expected during the six years.

How Aarti Drugs Will Benefit

- Aarti Speciality Chemicals Limited (ASCL), a wholly-owned subsidiary of the company has received an approval under PLI scheme.
- Received approval for 2-Methyl-5Nitro-Imidazole (2-MNI) with a committed production capacity of 4,000 MTPA and a committed investment outlay of ~ ₹78 crores under Target Segment III (Key Chemical Synthesis Based KSMs/Drug Intermediates)
- **Expecting ~ ₹80 crores of incentives over 6 years** through this scheme
- This will help the company to diversify its product portfolio, increasing the top-line, and enhancing the profitability & margin profile.
- Backed by a strong balance sheet, and robust free cash flow generation, **the committed capex will be funded mostly through internal accruals**

Aarti 2.0: Sustainable Growth & Long-term Value Creation

Aarti Drugs Ltd

1. High Entry Barriers : Presence in Highly Specialized API Segment
2. Unique Competitive Position
3. Poised to overcome industry challenges
4. Diversified product and client mix
5. Robust Balance Sheet
6. Capex to drive the next leg of growth

High Entry Barriers : Presence in Highly Specialized API Segment

Aarti Drugs Ltd

Over a decade, API manufacturing has transitioned towards highly regulated, specialized business

How API Manufacturing Has Evolved

Regulations

- **Stringent pharmacopoeia standards**
- **Addition of elemental**
- **Tightened impurity profiling**
- **Rigorous carcinogenicity checks**

Cost Structure

Higher capex requirements to adhere to ever rising quality, environmental & regulatory requirements

High R&D costs

Impact

- **Lower Competitive Intensity:** Various small-scale manufacturers have exited due to unviability of cost structure
- **High Entry Barriers:** High entry barriers for new entrants due to cost structure and compliance requirements
- API manufacturing has **evolved from a commodity business into niche, specialized and highly regulated business**
- Manufacturers have carved a niche for themselves in specific products/ segments within API manufacturing space

Tightened Regulations

Quality & Environmental Standards

Higher Capex Requirements

- ***Higher Entry Barriers***
- ***Low Competitive Intensity***

Unique Competitive Position

Economies of scale

Long-term relationship; repeat business from customers

Superior quality

Client diversification

International presence

Good purchasing power

3+ decades of experience

Less regional dependence

Known brand in API space

Reliable in terms of quality and timely deliveries. Honouring commitments in changing market conditions.

Process improvement R&D, cost leadership

Thus, fundamentals right from procurement, production till sales have a strong foundation and sound setup.

Phase-Wise Capex to mitigate debt trap risks

Newer capacities established since last two years will help grow top-line.

Green field projects

Sufficient land parcels in industrial zones in Maharashtra and Gujarat to take care of green field projects in next 3 to 4 years

High entry barriers

- High regulatory standards
- Capex requirements
- Long gestation period
- R&D costs

Well poised to overcome industry challenges

Aarti Drugs Ltd

Specialised player in the highly challenging Pharmaceutical Industry

Industry's Unique Challenges

- High R&D costs
- Long gestation period
- Time consuming approval procedures

- Demands large variety and small batch size orders
- Highly complex manufacturing

- Stringent quality & compliance requirements in developed markets
- Highly competitive industry

Our Core Competencies

- Demonstrated manufacturing excellence for 3+ decades
- R&D focused, driven by continuous improvement and innovation
- Ability to consistently deliver high quality products on timely basis
- Meeting stringent regulatory & compliance requirements of domestic & international regulators
- Long standing relationships with leading pharmaceutical companies
- Fully integrated facilities – lower outside dependence for sourcing raw materials

Well placed to capitalize on future growth opportunities

Diversified Product and Client mix

Aarti Drugs Ltd

Presence across Segments, Geographies, API Therapies & Customers to ensure Growth and Risk Minimization

Segmental Mix

- API business contributes ~80% of sales in FY22
- Focus on increasing contribution from Speciality Chemicals, Intermediates & Others, going forward

Geographic Mix

- Domestic - Export mix at 63%:37% for FY22
- Presence across 100+ countries
- None of the region contributes more than 2/3rd of the revenue with Asia contributing the highest at 54% of total sales

API Therapy Mix

- Top 5 therapies contributes ~88% of sales in FY22
- Anti-biotic products contributes highest at 41% to sales in FY22
- Top 10 products contribute to ~76% to sales in FY22
- Leaders in Domestic market in most of top 10 products

Customer Mix

- Domestic: Largest client contributes ~4.7% of domestic sales whereas top 10 clients contribute ~29.2%
- Exports: Largest client contributes ~4.2% of exports sales whereas top 10 clients contribute ~20.9%

Expanding Product Portfolio

Geographic Expansion

Diversified Customer Base

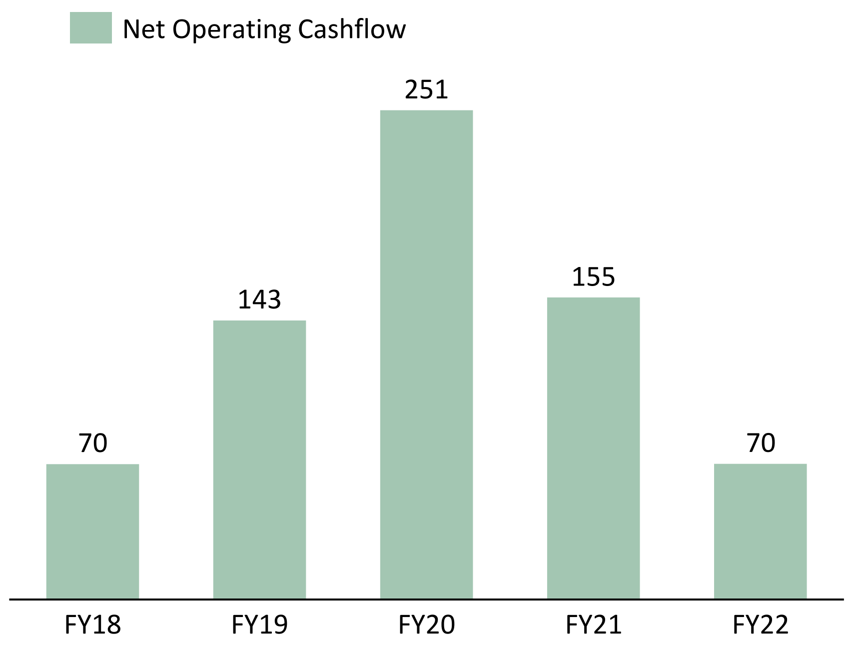
- ***Growth***
- ***Risk Minimization***

Robust Balance Sheet

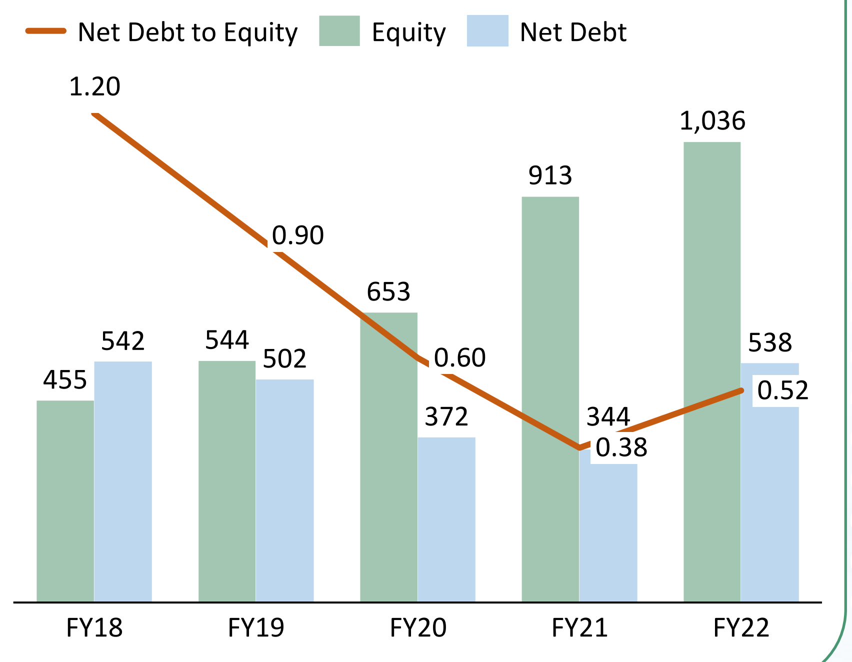
Aarti Drugs Ltd

Strong cashflows led to robust Balance Sheet giving financial flexibility for Growth

Strong net operating cashflow generation



Low leverage provides Balance Sheet strength



Rs. crores	Mar-22
Net Debt	538.1
Equity	1,036.3
Total Assets	2,208.0

Key Ratios	Mar-22
Net Debt/ Equity (x)	0.52x
Net Debt/ Assets (x)	0.24x

Rs. crores

Capex to drive the next leg of growth

Aarti Drugs Ltd

Capex of Rs. 600 crores planned

Capex plans

- Phase wise capex will lead to distributed investments
- Majority of the capex to be funded through internal accruals and minimal debt
- Brownfield expansion and debottlenecking of API facilities
- Brownfield expansion at Baddi plant will lead growth for Formulation business
- Backward integration to lead cost synergies

Brownfield Capacity Expansion

Backward Integration

De-bottlenecking

→

Asset Turn - 2.5x

Revenue:
Rs. 1,200 crores
+
Captive consumption:
Rs. 300 crores

→

Revenue Growth

Higher Margins

Higher RoCE

Product-wise Capex Plans

Aarti Drugs Ltd

Anti Diabetic

- CEP approval in 2016 which opened up European markets
- Manufacturing over 1,000 TPM making it one of the largest metformin player
- Coming up with 2,000 TPM capacity via brown field expansion in Phase I
- Launch of Gliptins will further strengthen this therapeutic category.

Fluoro-Quinolones

- Further 40% brown field expansion of one antibiotic product

Antiprotozoal

- Further consolidating the position in Indian Market. Existing technology and Chinese JV.
- Incremental expansions and downstream products improvement
- Plans to further backward integrate, apply for PLI scheme.

Vitamins / Anti- Inflammatory

- Multi-purpose facility under construction. Targeting highly regulated markets.
- Brown field expansion of its existing anti inflammatory products commissioned at the end of FY20 which will drive future growth in this therapeutic category
- Installed capacity will give revenues of around Rs. 50 crores / Rs. 35 crores per annum as per product selection – currently on HOLD.
- USFDA re-inspection to be triggered soon.

Cardiovascular Products

- Planning to double the capacity of one of its leading cardiovascular product

Anti - Fungal

- Further consolidation of its worldwide leading position.
- Recently expanded the capacity, further extending the lead.

Speciality Chemicals

- Incremental expansion of our multipurpose chloro-sulphonation line in existing block
- Greenfield expansion in near future

R&D Product Pipeline

- Strong pipeline of products under R&D for future growth
- Contract manufacturing of specialty chemicals and intermediates

Formulations

- Started with commercial operations in Latin America, selective African markets. Doing new registrations in export markets and government tenders
- Toll manufacturing of formulations. About 330 filings across 16 geographies. Foreign subsidiary to tap opportunities

Tie-ups

- Tied up with European distributor on profit sharing basis. Market authorisation of UK market for finished products of 2 molecules obtained and launched in FY19. 1 more in pipeline
- Partnered with USA company on formulation revenues wherein we would be supplying API at cost.

Aarti 2.0: Sustainable Growth & Long-term Value Creation

Aarti Drugs Ltd

Growth Drivers

Expansion

Increased product offering to existing customers

New customer acquisition in domestic and exports markets for API and Formulation Segment

Addition of skincare therapy for API segment

Capex

Brownfield expansion for existing products at various facilities to scale-up the capacity

Brownfield expansion for the new product line in API segment

Sustainable Growth

Long Term Value

Value Creation Drivers

Backward Integration

Backward integration for the API and Formulation segments to drive cost synergies

Robust expansion in margins and return ratios is expected through backward integration over next 5 years

Prudent Capital Allocation

Planned capex predominantly to be funded through internal accruals and minimal debt

Maintain Optimal leverage

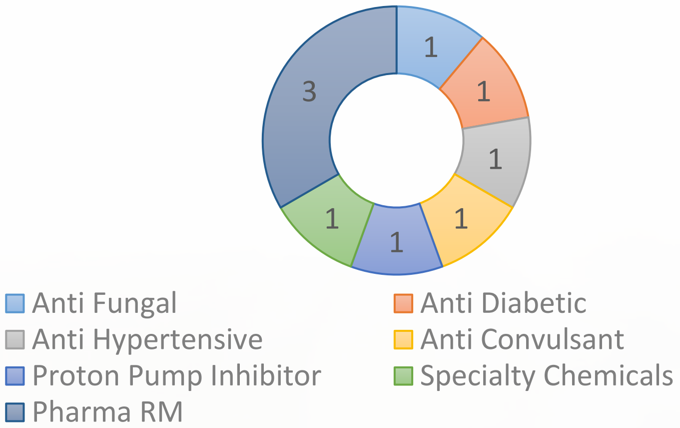
Healthy Asset Turnover and Working Capital Cycle

Full ramp-up of existing capacity and New Capacity post Rs. 600 crores capex
Revenue potential: Rs. 4,200 – 4,500 crores with higher margin profile in next 5-6 years

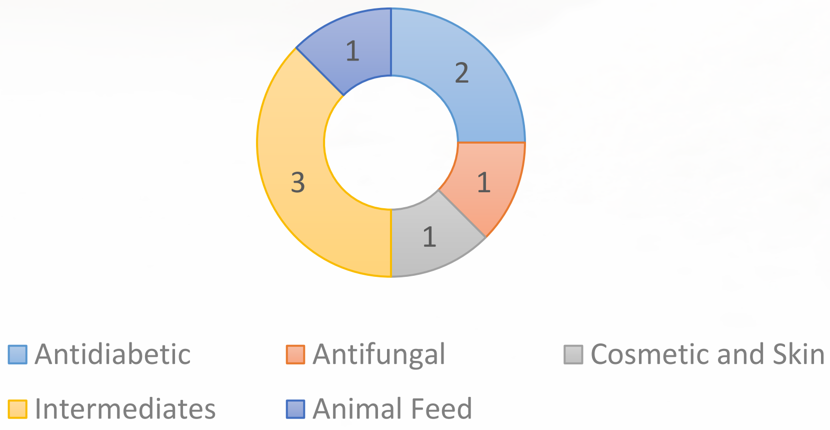
As of 31-Mar-22

API

Product Under Development

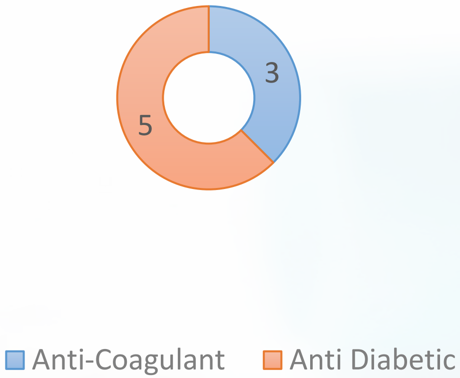


Product Under Pipeline

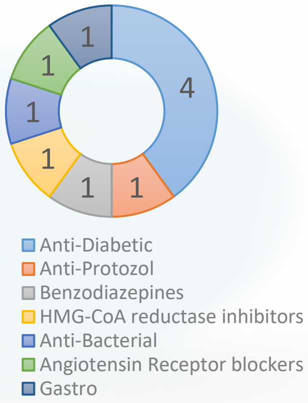


Finished Dosages

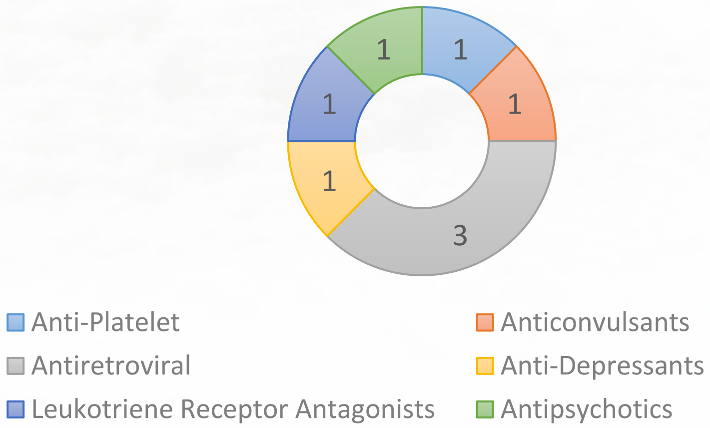
Product Under Development : New Age Molecules For regulated Markets



Product Under Development: LATAM & Emerging Markets



Product Under Development



Number of products

Financial Highlights

Key Highlights

Aarti Drugs Ltd

Q4 Highlights

Rs. 697.2 Crores	**Rs. 89.0 Crores**	**Rs. 55.3 Crores**
Consol. Revenue	Consol. EBITDA	Consol. PAT

~ 82.3%	**~9.6%**
Share of API Business	Share of Formulation Business

FY22 Highlights

Rs. 2,499.9 Crores	**Rs. 340.8 Crores**	**Rs. 205.0 Crores**
Consol. Revenue	Consol. EBITDA	Consol. PAT

~80.1%	**~11.4%**
Share of API Business	Share of Formulation Business

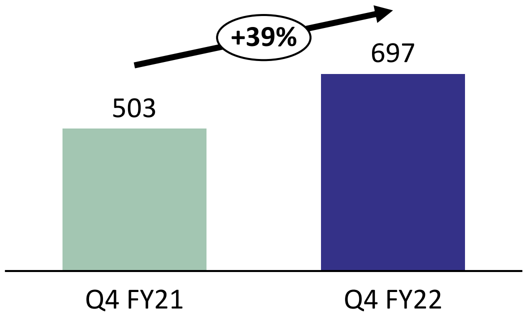
Result Highlights

Aarti Drugs Ltd

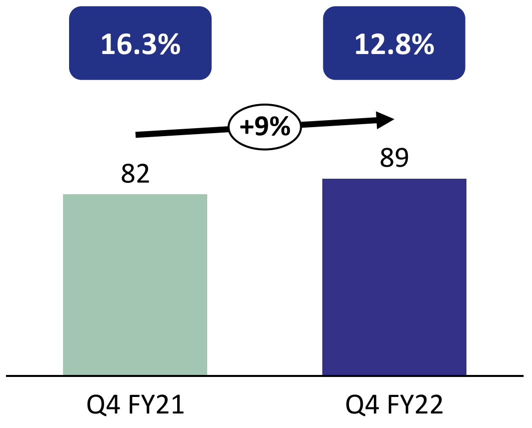
Rs. crores

Q4 FY22 Highlights

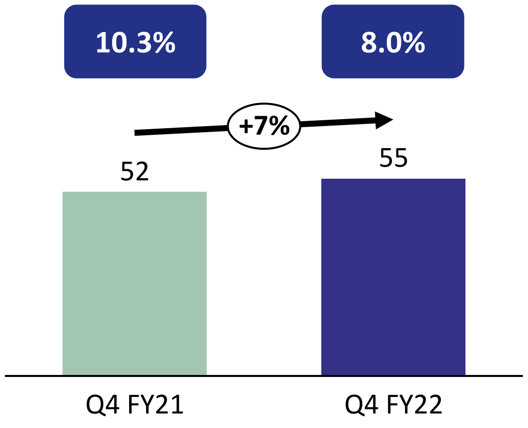
Revenue



EBITDA & EBITDA Margin (%)

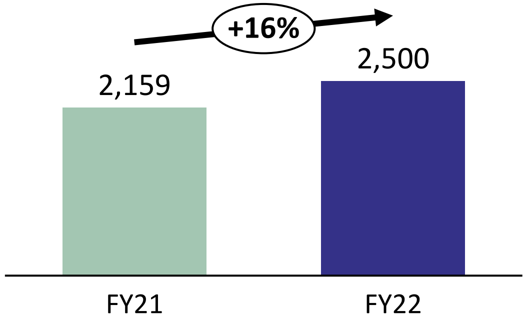


PAT & PAT Margin (%)

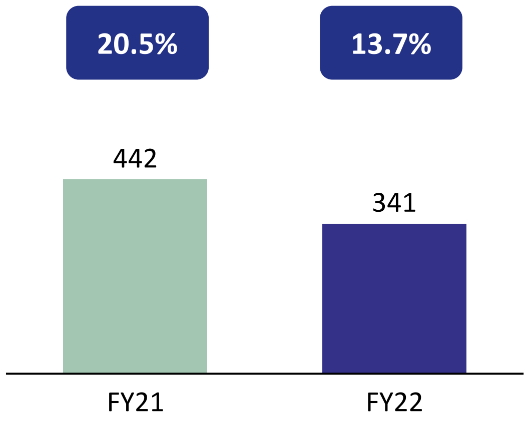


FY22 Highlights

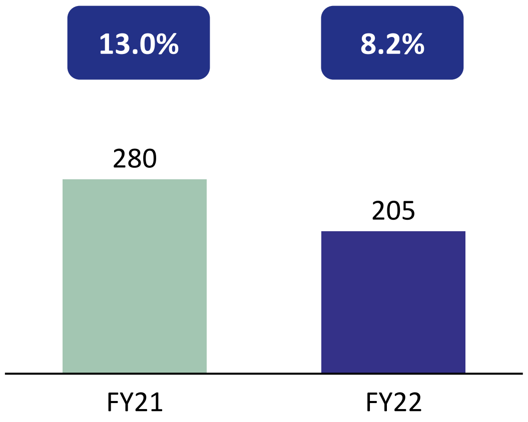
Revenue



EBITDA & EBITDA Margin (%)



PAT & PAT Margin (%)



1. EBITDA includes other income & excludes exceptional items

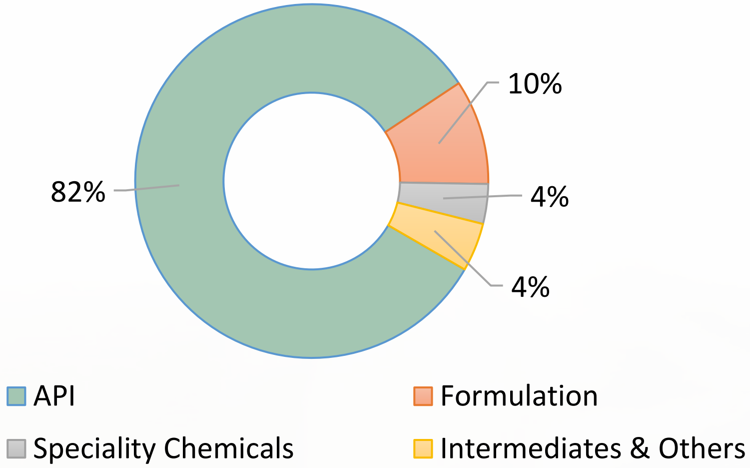
Segmental Break-up

Aarti Drugs Ltd

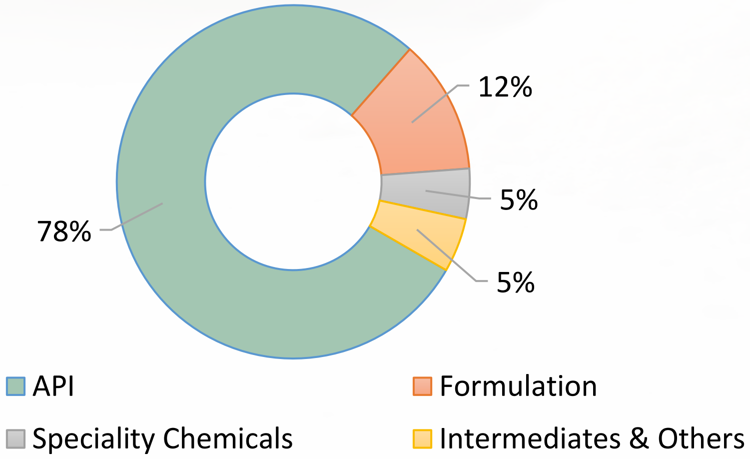
Rs. crores

Quarterly

Q4FY22

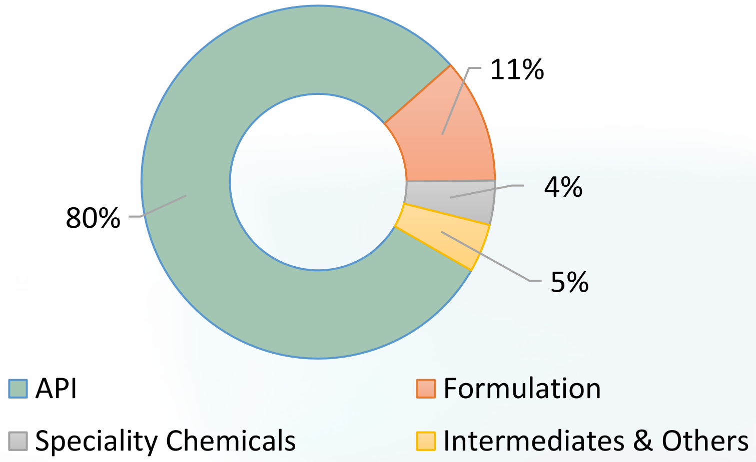


Q4FY21

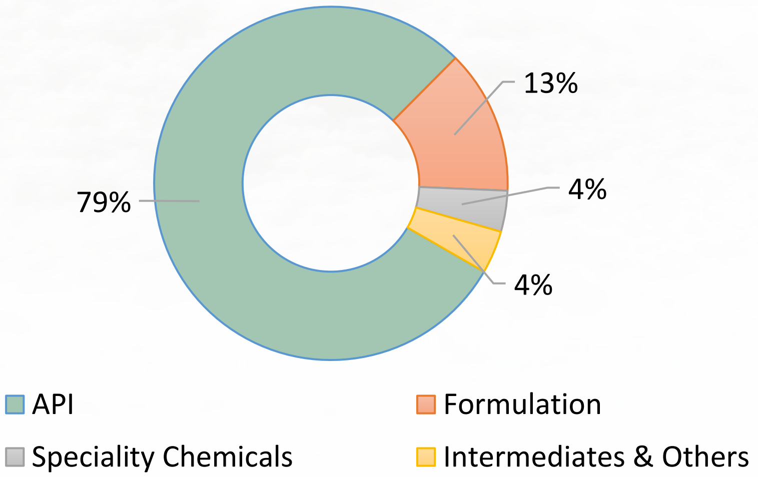


Year Ended

FY22



FY21



Consolidated Profit & Loss Statement

Particulars (Rs. Crores)	Q4FY22	Q4FY21	YoY%	FY22	FY21	YoY%
Net Revenue from Operations	**694.3**	**501.8**	**38%**	**2,488.6**	**2,154.8**	**15%**
Other Income	2.9	1.O		11.3	4.5	
Total Revenue	697.2	502.8		2499.9	2,159.3	
COGS	477.6	319.6		1688.8	1,321.0	
Gross Profit	**219.6**	**183.1**	**20%**	**811.1**	**838.3**	**(3)%**
Gross Margin (%)	**31.6%**	**36.5%**	**(487) bps**	**32.6%**	**38.9%**	**(631) Bps**
Employee Expenses	21.5	19.9		82.8	80.5	
Other Expenses	109.1	81.3		387.5	316.1	
EBITDA	**89.0**	**81.9**	**9%**	**340.8**	**441.6**	**(23)%**
EBITDA Margin (%)	**12.8%**	**16.3%**	**(351) bps**	**13.7%**	**20.5%**	**(680) Bps**
Finance Costs	5.9	4.4		20.7	23.0	
Depreciation	12.6	12.3		50.0	49.9	
Exceptional Item	0.0	0.0		0.0	-0.2	
PBT	**70.5**	**65.2**	**8%**	**270.0**	**369.0**	**(27)%**
Taxes	15.2	13.6		65.0	88.6	
Reported PAT	**55.3**	**51.6**	**7%**	**205.0**	**280.4**	**(27)%**
PAT Margin[1] (%)	**8.0%**	**10.3%**	**(233) bps**	**8.2%**	**13.0%**	**(478) bps**
Cash PAT	67.9	63.9		255.0	330.3	
Earnings Per Share (EPS)	5.97	5.54		22.12	30.09	

1. Reported PAT / Revenue from Operations

Consolidated Balance Sheet

Aarti Drugs Ltd

Equities & Liabilities (Rs. Crores)	Mar-22	Mar-21
Equity		
Equity Share capital	92.6	93.2
Other Equity	943.8	820.2
Non Controlling Interest	-0.1	0.0
Total Equity	**1,036.3**	**913.4**
Financial liabilities		
(i) Borrowings	138.5	147.6
(ii) Lease Liabilities	1.9	0.0
(iii) Other Financial liabilities	9.6	10.9
Other non current Liability	0.0	0.0
Deferred tax liabilities (Net)	72.4	77.1
Provisions	9.2	21.7
Total Non Current Liabilities	**231.6**	**257.2**
Financial liabilities		
(i) Borrowings	399.8	157.2
(ii) Lease Liabilities	2.6	0.0
(iii) Trade Payables	468.7	330.0
(iv) Other financial liabilities	0.0	0.0
Provisions	3.7	2.8
Other current liabilities	65.2	105.4
Current tax liabilities (Net)	0.0	0.0
Total Current Liabilities	**940.1**	**595.4**
Total Equity and Liabilities	**2,208.0**	**1,766.0**

Assets (Rs. Crores)	Mar-22	Mar-21
Non Current assets		
Property, Plant and Equipment	685.7	659.2
Capital work in progress	76.7	19.3
Intangible assets	0.2	0.3
Right to use assets	4.1	5.9
Financial Assets	0.0	0.0
(i) Investments	19.5	17.3
(ii) Loans	0.0	0.0
Deferred Tax Assets (net)	0.0	0.0
Other non-current assets	28.4	7.3
Total Non Current Assets	**814.6**	**709.2**
Current Assets		
Inventories	525.9	415.0
Financial Assets	0.0	0.0
Investments	0.0	0.0
(i) Trade receivables	749.9	555.2
(ii) Cash and Bank Balances	22.3	9.8
(iii) Loans	12.6	12.7
Current Tax Assets(Net)	0.0	0.0
Other current assets	82.6	64.1
Total Current Assets	**1,393.4**	**1,056.8**
Non current Asset held for sale		
Total Assets	**2,208.0**	**1,766.0**

Consolidated Cash Flow Statement

Particulars (Rs. crores)	FY22	FY21
Net Profit before Tax and Extraordinary items	**270.0**	**369.0**
Adjustments for: Non Cash Items / Other Investment or Financial Items	70.4	68.6
Operating profit before working capital changes	**340.4**	**437.6**
Changes in working capital	-187.4	-186.1
Cash generated from Operations	153.0	251.5
Direct taxes paid (net of refund)	-83.4	-96.7
Net Cash from Operating Activities	**69.6**	**154.8**
Net Cash from Investing Activities	**-148.9**	**-71.7**
Net Cash from Financing Activities	**92.0**	**-81.1**
Net Decrease in Cash and Cash equivalents	12.8	2.0
Add: Cash & Cash equivalents at the beginning of the period	8.8	6.8
Cash & Cash equivalents at the end of the period	**21.6**	**8.8**

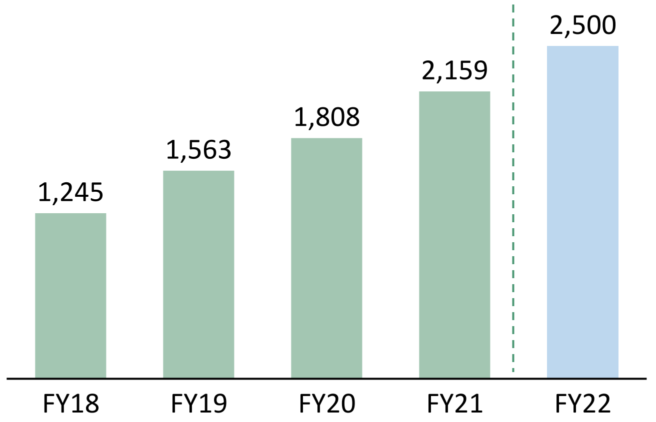
Historical Performance At A Glance

Strong Financial Performance

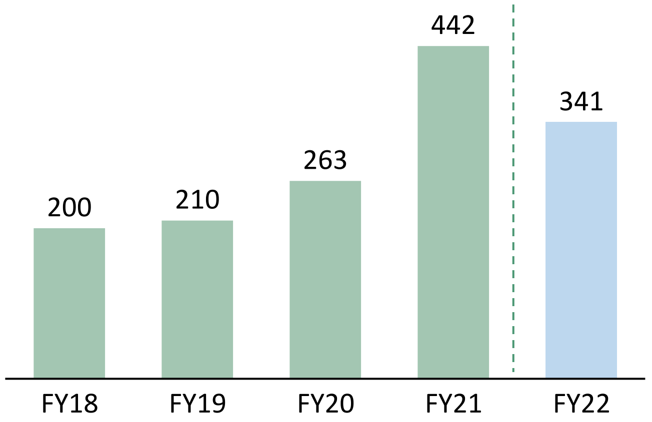
Aarti Drugs Ltd

Consolidated

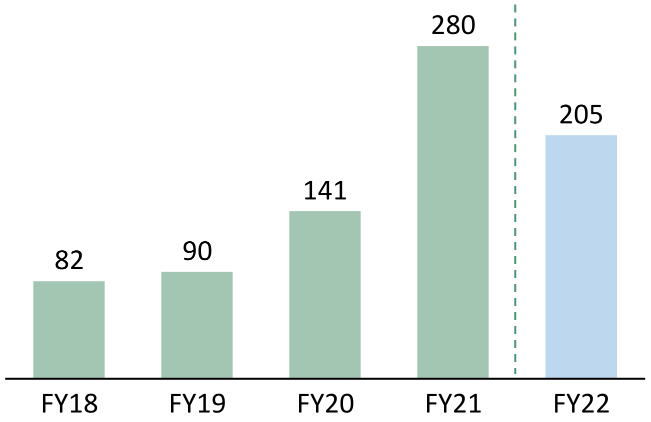
Revenue (Rs. Crores)



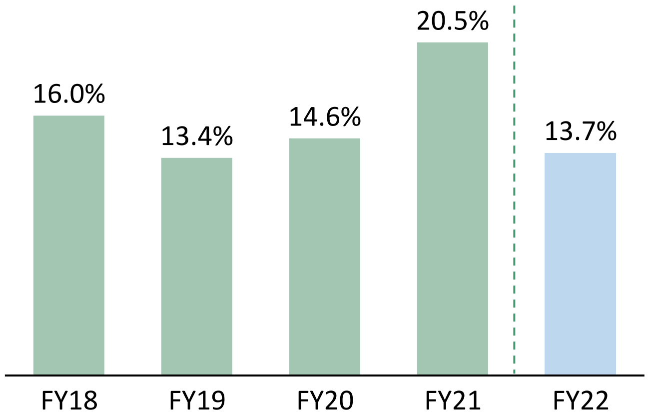
EBITDA (Rs. Crores)



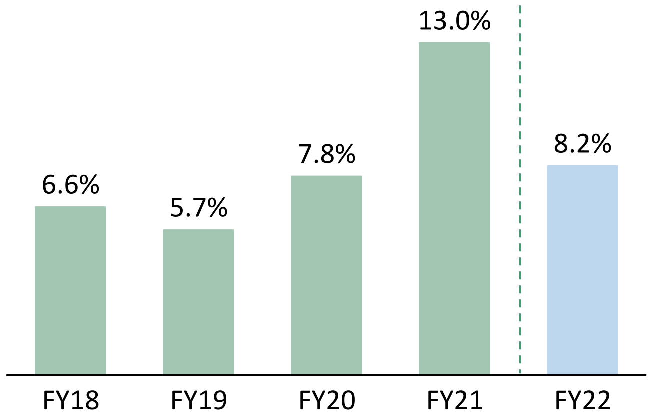
PAT (Rs. Crores)



EBITDA Margin (%)



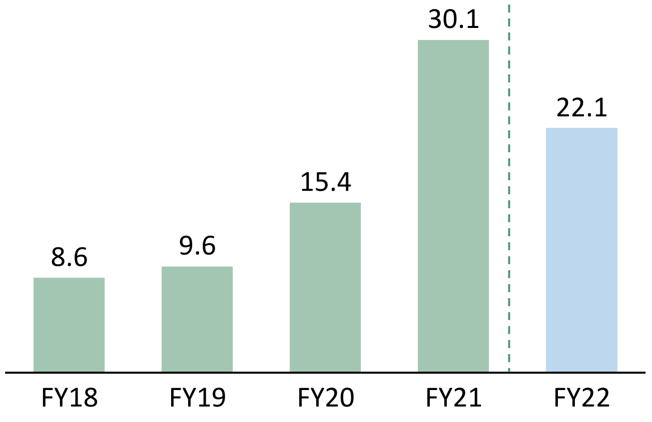
PAT Margin (%)



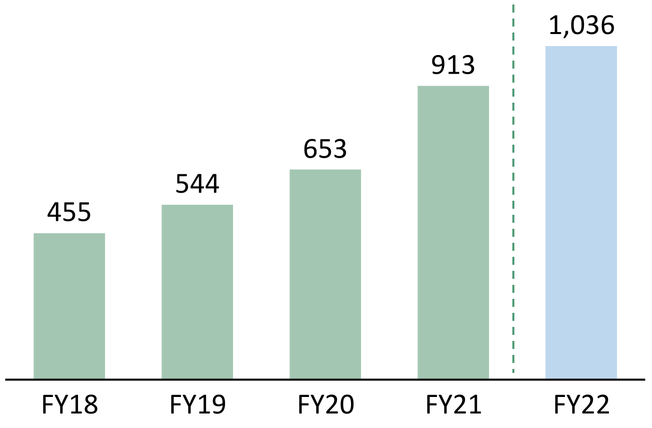
Strong Financial Performance

Consolidated

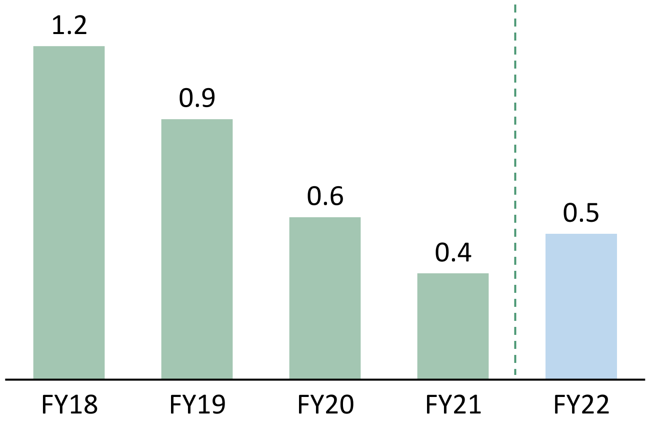
EPS* (in Rs.)



Net Worth (in Rs. Crores)

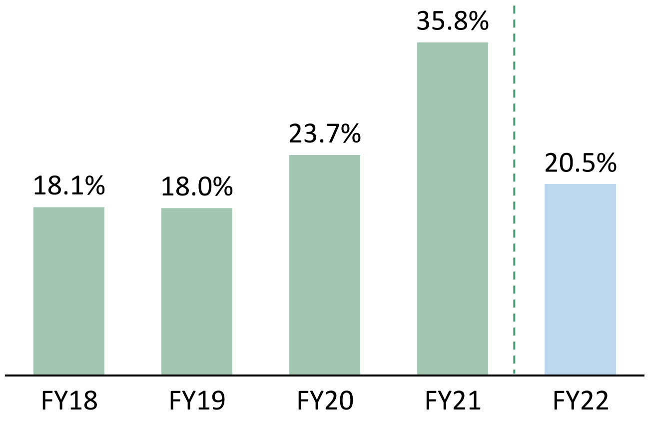


Leverage (X)

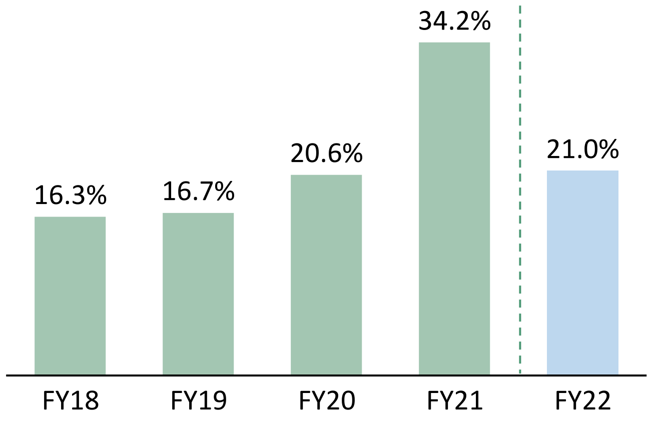


* For EPS, adjusted includes previous year's figures in proportion to bonus issue year

RoCE (%)



RoE(%)



Distribution to Shareholders

Aarti Drugs Ltd

(in Rs. Crs)

Distribution Policy

Considering various financial parameters, the Company may elect to distribute about **15% to 30%** of Consolidated Net Profits

Distributed ~Rs. 67.9 Crores as Dividend over last 7 years

+

Distributed ~ Rs. 135.9 crores through buyback of shares over last 7 years*

=

Distribution: ~20%

Distributed ~ Rs. 203.8 crores in form of dividend & buyback of shares over last 7 years

Consolidated Profit & Loss Account Statement

Aarti Drugs Ltd

Particulars (Rs. crores)	FY22	FY21	FY20	FY19	FY18
Net Revenue from Operations	**2,488.6**	**2,154.8**	**1,806.1**	**1,560.9**	**1,243.7**
Other Income	11.3	4.5	1.5	2.4	1.1
COGS	1688.8	1321.0	1,178.9	1,059.9	782.7
Gross Profit	**811.1**	**838.3**	**628.7**	**503.4**	**462.1**
Gross Margin (%)	**32.6%**	**38.9%**	**34.8%**	**32.3%**	**37.2%**
Employee Expenses	82.8	80.5	69.4	60.9	57.9
Other Expenses	387.5	316.1	296.0	232.7	204.6
EBITDA	**340.8**	**441.6**	**263.3**	**209.8**	**199.6**
EBITDA Margin (%)	**13.7%**	**20.5%**	**14.6%**	**13.4%**	**16.0%**
Finance Costs	20.7	23.0	33.7	40.0	35.0
Depreciation	50.0	49.9	48.8	42.6	40.1
PBT before exceptional item	**270.0**	**368.8**	**180.8**	**129.6**	**125.6**
Exceptional Expense/(Gain)[1]	0.0	-0.2	-4.5	3.8	0.0
PBT	**270.0**	**369.0**	**186.8**	**133.4**	**125.6**
Taxes	65.0	88.6	43.8	41.2	42.2
Reported PAT	**205.0**	**280.4**	**143.0**	**92.2**	**83.4**
Cash PAT	**255.0**	**330.3**	**191.8**	**134.8**	**123.5**
PAT Margin[1] (%)	**8.2%**	**13.0%**	**7.9%**	**5.9%**	**6.7%**
Earnings Per Share[2] (EPS)	22.12	30.09	15.14	9.60	8.60

1. **Exceptional items includes profit on sale of assets of Rs. 8.38 crores in Q4FY20 & sale of assets of Rs. 4.47 crores in FY20**
2. **Since March 2020 quarter, company has switched to a new tax regime**

Consolidated Balance Sheet Statement

Aarti Drugs Ltd

Equities & Liabilities (Rs. crores)	FY22	FY21	FY20	FY19	FY18
Equity					
Equity Share capital	92.6	93.2	23.3	23.6	23.6
Other Equity	943.8	820.2	629.2	519.9	431.8
Non Controlling Interest	-0.1	0.0	0.0	0.0	0.0
Total Equity	**1,036.3**	**913.4**	**652.5**	**543.4**	**455.4**
Financial liabilities					
(i) Borrowings	138.5	147.6	180.3	208.2	202.7
(ii) Lease Liabilities	1.9	0.0	0.0	0.0	0.0
(iii) Other Financial liabilities	9.6	10.9	14.7	10.7	11.8
Other non current Liability	0.0	0.0	0.0	0.0	0.0
Deferred tax liabilities (Net)	72.4	77.1	80.7	89.8	80.9
Provisions	9.2	21.7	23.6	12.3	16.9
Total Non Current Liabilities	**231.6**	**257.2**	**299.3**	**321.1**	**312.3**
Financial liabilities					
(i) Borrowings	399.8	157.2	157.7	263.2	305.6
(ii) Lease Liabilities	2.6	0.0	0.0	0.0	0.0
(iii) Trade Payables	468.7	330.0	329.5	242.6	258.7
(iv) Other financial liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	3.7	2.8	4.6	2.2	0.9
Other current liabilities	65.2	105.4	132.8	82.9	56.4
Current tax liabilities (Net)	0.0	0.0	0.0	0.0	0.0
Total Current Liabilities	**940.1**	**595.4**	**624.7**	**591.0**	**621.7**
Total Equity and Liabilities	**2,208.0**	**1,766.0**	**1,576.5**	**1,455.5**	**1,389.4**

Assets (Rs. crores)	FY22	FY21	FY20	FY19	FY18
Non Current assets					
Property, Plant and Equipment	685.7	659.2	642.3	622.0	597.9
Capital work in progress	76.7	19.3	12.2	32.7	28.4
Intangible assets	0.2	0.3	1.5	2.9	4.5
Right to use assets	4.1	5.9	0.0	0.0	0.0
Financial Assets	0.0	0.0	0.0	0.0	0.0
(i) Investments	19.5	17.3	13.4	12.4	10.8
(ii) Loans	0.0	0.0	0.0	0.0	0.0
Deferred Tax Assets (net)	0.0	0.0	0.0	0.0	0.0
Other non-current assets	28.4	7.3	3.1	1.2	11.0
Total Non Current Assets	**814.6**	**709.2**	**672.5**	**671.2**	**652.5**
Current Assets					
Inventories	525.9	415.0	325.4	246.6	278.2
Financial Assets	0.0	0.0	0.0	0.0	0.0
Investments	0.0	0.0	0.0	0.0	0.0
(i) Trade receivables	749.9	555.2	488.6	458.5	374.9
(ii) Cash and Bank Balances	22.3	9.8	7.6	5.6	4.3
(iii) Loans	12.6	12.7	12.0	9.5	9.8
Current Tax Assets(Net)	0.0	0.0	0.0	0.0	0.0
Other current assets	82.6	64.1	65.8	64.0	69.7
Total Current Assets	**1,393.4**	**1,056.8**	**899.5**	**784.3**	**736.9**
Non current Asset held for sale			4.6	0.0	0.0
Total Assets	**2,208.0**	**1,766.0**	**1,576.5**	**1,455.5**	**1,389.4**

Consolidated Cash Flow Statement

Aarti Drugs Ltd

Particulars (Rs. crores)	FY22	FY21	FY20	FY19	FY18
Net Profit before Tax and Extraordinary items	**270.0**	**369.0**	**185.3**	**131.0**	**124.5**
Adjustments for: Non Cash Items / Other Investment or Financial Items	70.4	68.6	86.8	75.2	74.5
Operating profit before working capital changes	**340.4**	**437.6**	**272.1**	**206.2**	**199.0**
Changes in working capital	-187.4	-186.1	19.5	-33.5	-104.8
Cash generated from Operations	**153.0**	**251.5**	**291.6**	**172.7**	**94.2**
Direct taxes paid (net of refund)	-83.4	-96.7	-40.9	-29.6	-24.7
Net Cash from Operating Activities	**69.6**	**154.8**	**250.7**	**143.1**	**69.5**
Net Cash from Investing Activities	**-148.9**	**-71.7**	**-33.2**	**-61.7**	**-73.5**
Net Cash from Financing Activities	**92.0**	**-81.1**	**-215.4**	**-80.1**	**3.9**
Net Decrease in Cash and Cash equivalents	12.8	2.0	2.1	1.4	-0.1
Add: Cash & Cash equivalents at the beginning of the period	8.8	6.8	4.6	3.3	3.4
Cash & Cash equivalents at the end of the period	**21.6**	**8.8**	**6.8**	**4.6**	**3.3**

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