

## Management Discussion & Analysis for the Second Quarter of FY22

### FINANCIAL PERFORMANCE

#### A. Profit and loss statement:

(₹ in Million)	Q2 FY22	Q1 FY22	Q2 FY21	QoQ %	YoY %	H1 FY22	H1 FY21	YoY %
Revenue from Operations	5,617.6	5,249.0	5,208.0	7.0%	7.9%	10,866.6	9,177.7	18.4%
EBITDA	1,694.3	1,644.4	1,269.3	3.0%	33.5%	3,338.6	2,664.6	25.3%
EBITDA Margins	30.2%	31.3%	24.4%	(110 bps)	580 bps	30.7%	29.0%	170 bps
PAT	1,152.0	1,009.1	724.7	14.2%	59.0%	2,161.1	1,535.4	40.8%

#### B. Balance sheet:

Key Balance Sheet Items (₹ in Million)	September-21	March-21
Equity	19,780.0	7,527.5
Total Debt	-	9,328.7
Inventory	5,050.2	5,134.2
Trade Receivables	6,854.1	6,195.0
Net Tangible Assets	5,993.8	5,789.9
Cash and Cash Equivalent*	4,263.3	1,184.0

\* Includes bank deposits

#### Highlights for Q2-FY22

- Revenue from Operations grew by 7.9% YoY during the quarter to ₹ 5,617.6 Mn
- EBITDA for quarter was at ₹ 1,694.3 Mn growing 33.5% YOY, EBITDA margins stood at 30.2%
- PAT grew by 59.0% YoY to ₹ 1,152.0 Mn
- R&D expenditure for the quarter was at ₹ 181.4 Mn, 3.2% of sales
- Capital expenditure for the quarter was ₹ 281.7 Mn
- Working capital as on 30 September, 2021 is ₹ 9,413.1 Mn, at 159 days on sales
- ROCE was 31.4% and Fixed assets turnover ratio was 3.7 times for H1 FY22 (on an annualized basis)
- The company declared an interim dividend of ₹ 10.5 per share (face value of ₹ 2)

## BUSINESS PERFORMANCE & COMMENTARY

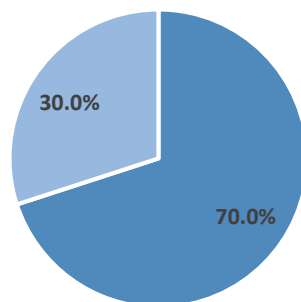
### C. Segment Performance:

(₹ in Million)	Q2 FY22	Q1 FY22	Q2 FY21	QoQ %	YoY %	H1 FY22	H1 FY21	YoY %
Generic API	5,046.7	4,803.4	4,857.9	5.1%	3.9%	9,850.1	8,331.4	18.2%
CDMO	490.4	388.9	264.9	26.1%	85.1%	879.3	702.2	25.2%
Other Operating Revenue	80.5	56.7	85.1	42.1%	(5.4%)	137.2	144.1	(4.8%)
<b>Revenue from Operations</b>	<b>5,617.6</b>	<b>5,249.0</b>	<b>5,208.0</b>	<b>7.0%</b>	<b>7.9%</b>	<b>10,866.6</b>	<b>9,177.7</b>	<b>18.4%</b>

- Generic API revenues during the quarter increased by 3.9% YoY and grew by 18.2% in H1 FY22. The quarter continued to witness robust growth momentum in LATAM, North America and Japan regions. Growth in other regions was lower due to high base of COVID products sales during second quarter of previous financial year.
- CDMO revenues registered a YoY growth of 85.1% in Q2FY22 and 25.2% in H1FY22. The revenues during the quarter were up 26.1% QoQ.

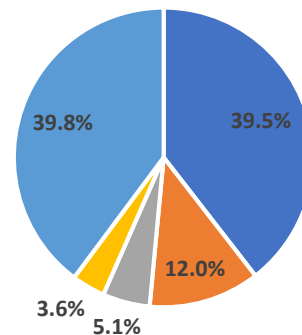
### D. Market and Therapeutic Area Mix ( H1 FY22 )

Market mix



■ Regulated ■ Emerging

Therapy mix



■ CVS ■ CNS ■ Diabetes ■ Pain Management ■ Others

- Regulated markets account for 70% of Net Sales in H1 FY22, growing at 30.1% YoY
- Emerging markets account for 30% of Net Sales in H1 FY22, declined by 1.3% YoY
- Products from key Chronic Therapeutic Areas (viz CVS, CNS, Diabetes, Pain management) account for 60.2% of Net Sales in H1 FY22, growing at 24.7% YoY

## OTHER BUSINESS HIGHLIGHTS

- We filed 5 DMF/CEPs across major markets ((i.e. United States, Europe, Japan, Russia, Brazil, South Korea, Taiwan, Canada, China and Australia) during the quarter and cumulative filing stand at 412 as on 30<sup>th</sup> September, 2021
- Capacity expansion plans: Capital Expenditure during H1 FY 22 was ₹ 467.1 Mn.
  - At our Ankleshwar facility, 2 new pharma modules become fully operational in Plant #17 in H1 and a third module is being commissioned during third quarter of FY22
  - The brownfield expansion for generics API products at our Dahej facility is well underway. Civil construction work is ongoing to build Plant #6 that will have 4 independent modules for manufacture of large to medium-scale APIs. We expect to commission these modules in two phases during Q4 FY22 and Q2 of FY23. With this expansion, Dahej plant capacity will become 2.4x of the existing capacity
  - Oncology R&D Lab at Dahej became operational in Q2 of FY22
  - Project work is ongoing to build plant #7 for Oncology products that will have 3 independent modules for medium scale manufacturing. We expect to commission this plant during Q1 of FY23
- We completed acquisition of the land admeasuring 40 acres for the planned greenfield site at Chincholi Industrial Area, Solapur. We plan to commence construction work at the site by Q4 of FY 22
- Generic API Segment
  - During the quarter, we filed our first complex API molecule (Iron Sucrose). We have 3 other complex iron compounds in our development pipeline with global market size of more than USD 2.5 billion (Source: IQVIA MAT Jun'21)
  - We also expanded the oncology portfolio in Q2 by inclusion of 3 anti-cancer drugs in the pipeline, to now have a total basket of 7 products in the oncology space with global market size of more than USD 14 billion (Source: IQVIA MAT Jun'21)
- CDMO Segment
  - 3 commercial projects with multinational and specialty pharmaceutical companies
  - 4<sup>th</sup> project to be commercial by Q4 FY22

### Disclaimer

*Some of the information in the document, especially information with respect to our plans and strategies, may contain certain forward-looking statements that involve risks and uncertainties. These statements are based on current expectations, forecasts and assumptions that are subject to risks and uncertainties which could cause actual outcomes and results to differ materially from these statements depending upon economic conditions, government policies and other incidental factors. Such statements should not be regarded by recipients as a substitute for the exercise of their own judgment. The company undertakes no obligation to update or revise any forward-looking statement whether as a result of new information, future events or otherwise. Our actual results may differ materially from those expressed in, or implied by, these forward-looking statements.*