

Management Discussion & Analysis for the Third Quarter of FY22

FINANCIAL PERFORMANCE

(₹ in Million)	Q3 FY22	Q2 FY22	Q3 FY21	QoQ %	YoY %	9M FY22	9M FY21	YoY %
Revenue from Operations	5,225.0	5,617.6	5,002.3	(7.0%)	4.5%	16,091.6	14,180.0	13.5%
EBITDA	1,496.0	1,694.3	1,552.0	(11.7%)	(3.6%)	4,834.6	4,216.6	14.7%
EBITDA Margins	28.6%	30.2%	31.0%	(160 bps)	(240 bps)	30.0%	29.7%	30 bps
PAT	1,037.1	1,152.0	933.6	(10.0%)	11.1%	3,198.3	2,469.0	29.5%

Highlights for Q3-FY22

- Revenue from Operations grew by 4.5% YoY during the quarter to ₹ 5,225.0 Mn
- EBITDA for quarter was at ₹ 1,496.0 Mn, margins stood at 28.6%
- PAT grew by 11.1% YoY to ₹ 1,037.1 Mn
- R&D expenditure for the quarter was at ₹ 153.9 Mn, 2.9% of sales
- Capital expenditure for the quarter was ₹ 319.8 Mn
- Working capital as on 31 December, 2021 is ₹ 8,905.2 Mn, at 152 days on sales
- ROCE was 30.6% and Fixed assets turnover ratio was 3.6 times for 9M FY22 (on an annualized basis)

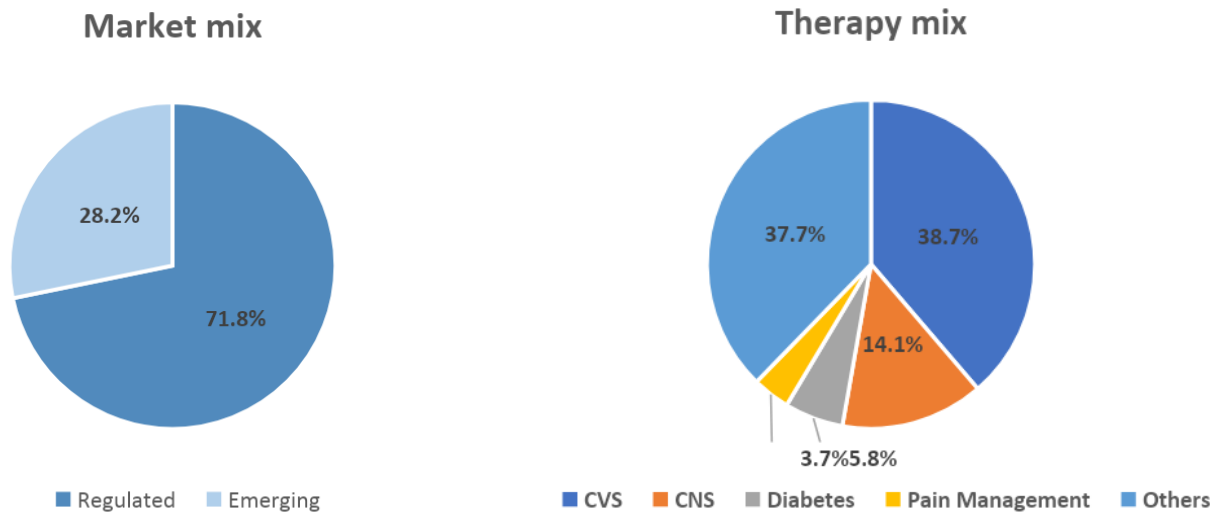
BUSINESS PERFORMANCE & COMMENTARY

A. Segment Performance:

(₹ in Million)	Q3 FY22	Q2 FY22	Q3 FY21	QoQ %	YoY %	9M FY22	9M FY21	YoY %
Generic API	4,714.6	5,046.7	4,674.8	(6.6%)	0.9%	14,564.7	13,006.2	12.0%
CDMO	405.7	490.4	279.5	(17.3%)	45.1%	1,285.0	981.7	30.9%
Other Operating Revenue	104.7	80.5	48.0	30.1%	118.1%	241.9	192.1	25.9%
Revenue from Operations	5,225.0	5,617.6	5,002.3	(7.0%)	4.5%	16,091.6	14,180.0	13.5%

- Generic API revenues during the quarter increased by 0.9% YoY and by 12.0% in 9M FY22.
- During the quarter, revenues from the regulated markets witnessed healthy growth whereas revenues from the emerging markets were lower due to high base of COVID products sales last year
- CDMO revenues registered a YoY growth of 45.1% in Q3FY22 and 30.9% in 9M FY22.

B. Market and Therapeutic Area Mix (9M FY22)



- Regulated markets account for 71.8% of Net Sales in 9M FY22, growing at 28.3% YoY
- Emerging markets account for 28.2% of Net Sales in 9M FY22, declined by 12.7% YoY
- Products from key Chronic Therapeutic Areas (viz CVS, CNS, Diabetes, Pain management) account for 62.3% of Net Sales in 9M FY22, growing at 19.1% YoY

OTHER BUSINESS HIGHLIGHTS

- We filed 6 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 418 as on 31st December, 2021
- Capacity expansion plans: Capital Expenditure during 9M FY 22 was ₹ 786.8 Mn.
 - At our Ankleshwar facility, 3 new pharma modules became fully operational in Plant #17 during the period ended December, 2021
 - 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 Q1 FY23 and Q3 of FY23. With this expansion, Dahej plant capacity will become 2.4x of the existing capacity
 - 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 plan to commence construction work at our newly acquired land for the planned greenfield site at Chincholi Industrial Area, Solapur in the beginning of next financial year
- Generic API Segment
 - We have 4 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 have 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
 - 4th project to be commercial by Q3 FY23

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.