IPO Note

July 29, 2024

Akums Drugs and Pharmaceuticals Limited

Issue Snapshot:
Issue Open: July 30 – August 01, 2024

Price Band: Rs. 646 – 679 (Discount of Rs 64 per share for all eligible employees)

*Issue Size: Up to Rs 1856.7 cr (including Fresh issue of Rs 680 cr + Offer for sale of 17,330,435 eq share including employee reservation of upto Rs.15 cr

Reservation for:

QIB	atleast	75% eq sh
Non-Institutional	upto	15% eq sh

((including 1/3rd for applications between Rs.2 lakhs to Rs.10 lakhs))

Retail	upto	10% eq sh

Face Value: Rs 2

Book value: Rs 49.59 (March 31, 2024)

Bid size: - 22 equity shares and in multiples thereof

100% Book built Issue

Capital Structure:

Pre Issue Equity:	Rs.	29.47 cr
*Post issue Equity:	Rs.	31.47 cr

Listing: BSE & NSE

Book Running Lead Managers: ICICI Securities Limited, Axis Capital Limited, Citigroup Global Markets India Private Limited, Ambit Private Limited

Sponsor Bank: Axis Bank Limited & ICICI Bank Ltd

Registrar to issue: Linkintime India Private Limited

Shareholding Pattern

Shareholding Pattern	Pre issue %	Post issue %
Promoter and Promoter Group	82.44	75.27
Public & Employees	17.56	24.73
Total	100.0	100.0

*=assuming issue subscribed at higher band

Background & Operations:

Akums Drugs & Pharmaceuticals Ltd. (ADPL) is a pharmaceutical contract development and manufacturing organization ("CDMO") offering a comprehensive range of pharmaceutical products and services in India and overseas. As one of the leading CDMOs in India, it owns the intellectual property for the manufacturing processes of several of formulations, and its core business is focused on providing end-to-end product development and manufacturing solutions to clients.

Some of its other services include formulation research and development ("R&D"), preparation and filing of regulatory dossiers in the Indian and global markets, and other testing services. In addition to its core CDMO business, the company is also engaged in the manufacturing and sale of branded pharmaceutical formulations and active pharmaceutical ingredients ("APIs"). ADPL is the largest India-focused CDMO in terms of revenue, production capacity and clients served during the Financial Year 2023 (among CDMOs assessed by F&S). As a CDMO, it produces an extensive range of dosage forms including tablets, capsules, liquid orals, vials, ampoules, blow-filled seals, topical preparations, eye 26.7% during the Financial Year 2021.

It has manufactured 4,146 commercialized formulations across over 60 dosage forms since inception. During the Financial Year 2024, it manufactured formulations for 26 of the leading 30 pharmaceutical companies in terms of sales in India. For CDMO business, it operates 10 manufacturing units, with a cumulative formulations manufacturing capacity of 49.23 billion units annually, as of March 31, 2024. Further, it expects new injectable facility to be operational in Financial Year 2025. Some of its manufacturing units have been accredited by various global regulatory agencies such as the European Good Manufacturing Practice ("EU-GMP"), the World Health Organization, Good Manufacturing Practice ("WHO-GMP") and the United States National Sanitation Foundation ("US NSF"). During the Financial Years 2024, 2023 and 2022, its manufacturing units were subject to 58 inspections by regulators and 527 audits by its clients.

ADPL's longstanding relationships with clients are characterized by a commitment to consistency and trust. As of March 31, 2024, key clients for its CDMO business include Alembic Pharmaceuticals, Alkem Laboratories, Blue Cross Laboratories, Cipla, Dabur India, Dr. Reddy's Laboratories, Hetero Healthcare, Ipca Laboratories, Mankind Pharma, MedPlus Health Services, Micro Labs, Mylan Pharmaceuticals, Natco Pharma, Sun Pharmaceutical Industries, UCB, and Amishi Consumer Technologies (The Mom's Co), among others.

For CDMO business, it has benefitted from repeat orders in the past five years from 38 of its 50 largest clients in terms of revenue, as of March 31, 2024. Its client relationships have matured over time. As of March 31, 2024, 26 of 50 largest clients in terms of revenue have a legacy of more than ten years with the company. This demonstrates consistency, reliability, expertise and cost efficiencies that it brings to clients.

ADPL's commitments to innovation and continuous improvement has enabled it to remain at the forefront of pharmaceutical advancement in India. Its R&D teams are dedicated to developing an expansive product portfolio with differentiated dosages, and further enhancing manufacturing processes. In addition to its core CDMO business, it actively engages in marketing own branded formulations in India and across global markets, and have established a domestic and international presence through Subsidiaries, Akumentis and Unosource, respectively. Through Akumentis, it focuses on therapy areas such as gynaecology, cardiology, orthopaedic and paediatric.

Utilizing its field force of 1,532 individuals, as of March 31, 2024, it has established a domestic marketing and distribution network of medical representatives, field managers, distributors and retailers and sell over 140 brands, as of March 31, 2024. Through Unosource, it focuses on therapy areas such as anti-infectives, analgesics, central nervous system, and gynaecology. As of March 31, 2024, its international presence extends across 65 countries, and key clients include Allegens (Vietnam), Ambica International (Philippines), Caferma SAC (Peru), JDS (Myanmar), Master Pharma (Cambodia), Olainfarm (Latvia), Pharma Apex (Myanmar), Planet Pharmaceutical (Tanzania), and Unisel (Kenya), among others.

In addition to its specialization in the pharmaceutical industry, to meet the evolving needs of the market, it has expanded operations through its Subsidiary, Maxcure Nutravedics. This Subsidiary is equipped with an advanced manufacturing unit dedicated to the production of a wide array of products, including nutraceuticals, food supplements, herbal and ayurvedic formulations. Furthermore, it has extended expertise to the cosmetic and dermatological sectors, manufacturing a diverse range of products. This allows it to offer a comprehensive solution to its partners in the cosmetic and dermatological industries, reflecting ADPL's dedication to supporting their success. As of March 31, 2024, it employed a total of 16,127 personnel, including 7,388 full-time employees and 8,739 personnel on a contractual basis across its business.

Objects of Issue:

The Offer comprises of the Fresh Issue and the Offer for Sale.

Offer for sale

The Selling Shareholders will be entitled to their respective portion of the proceeds of the Offer for Sale after deducting its proportion of Offer expenses and relevant taxes thereon. The Company will not receive any proceeds from the Offer for Sale and the proceeds received from the Offer for Sale will not form part of the Net Proceeds.

Objects of the Fresh Issue

ADPL proposes to utilize the Net Proceeds towards funding of the following objects:

- Repayment/ prepayment of indebtedness of the Company;
- Repayment/ prepayment of indebtedness of Subsidiaries namely, Maxcure Nutravedics Limited and Pure and Cure Healthcare Private Limited;
- Funding incremental working capital requirements of the Company
- Pursuing inorganic growth initiatives through acquisitions; and
- General Corporate Purposes.

In addition, ADPL expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges and enhancement of the Company's brand name amongst its existing and potential customers and creation of a public market for the Equity Shares in India.

Utilisation of Net Proceeds

(Rs in million)

Particulars	Estimated Amount
Repayment/ prepayment of indebtedness of the Company;	1,599.10
Repayment/ prepayment of indebtedness of Subsidiaries namely, Maxcure Nutravedics Limited and Pure and Cure Healthcare Private Limited	2,270.90
Funding incremental working capital requirements of the Company	550.00
Pursuing inorganic growth initiatives through acquisitions; and	*
General corporate purposes	*
Total	*

Competitive Strengths

Largest CDMO serving the Indian pharmaceutical industry: ADPL is the largest India-focused CDMO in terms of revenue, production capacity and clients served during the Financial Year 2023 (among CDMOs assessed by F&S). Since the commencement of its operations in 2004, it offers a comprehensive range of pharmaceutical products and services. Along with its Subsidiaries, as of March 31, 2024, the Company operates 12 manufacturing units with a cumulative formulations manufacturing capacity aggregating to 49.23 billion units annually, to produce a wide range of dosage forms including tablets, hard and soft gelatin capsules, liquid orals, sachets, vials, ampoules, form fill seals, topical preparations, eye drops, dry powder injections, rotacaps and gummies, among others. Since its inception, it has manufactured 4,146 commercialised formulations across over 60 dosage forms. During the Financial Years 2024, 2023 and 2022, it

manufactured 18,874, 18,159, and 15,441 SKUs, respectively. During Financial Year 2024, it had a market share of 30.2% by value in the Indian domestic CDMO market.

With increased growth, the Indian domestic CDMO market is forecasted to grow at a CAGR of 14.3% between Financial Year 2024 and Financial Year 2028, nearly doubling its historical growth rate. Moreover, the market size of Indian domestic CDMO market is forecasted to grow to USD 2.8 billion during Financial Year 2028. This growth is driven by the expansion of asset-light pharmaceutical companies, heightened cost-efficiency and manufacturing optimization solutions, comprehensive end-to-end services, focus on rapid time-to-market, and the advantages associated with economies of scale. Historically, ADPL has demonstrated robust growth and delivered superior returns, achieving CDMO revenue growth at a CAGR of 10.79% between Financial Years 2022 and 2024, and EBITDA growth at a CAGR of 10.28% between Financial Years 2022 and 2024. ADPL's large scale in capacity, formulation capability, and R&D competency allows it to extract a large proportion of segment growth as pharmaceutical sponsors look for companies with scale to ensure a reliable supply of large quantities, a track record of quality, along with the ability to offer continuous innovation to stay up-to-date with market demands.

Diverse client base with longstanding CDMO relationships: As of March 31, 2024, ADPL's client base for its CDMO business comprised 1,524 Indian and multinational pharmaceutical and wellness companies, increasing from 1,386 as of March 31, 2022. Its client base includes a diverse range of clients such as pharmaceutical companies, nutraceutical companies, cosmo-derma companies, wellness companies, e-commerce companies, healthcare providers and central and state government entities. During the Financial Year 2024, it manufactured formulations for 26 of the leading 30 pharmaceutical companies in terms of sales in India. Furthermore, the Company has benefitted from repeat orders in the past five years from 38 of its 50 largest clients in terms of revenue for CDMO business, as of March 31, 2024. Its client relationships have strengthened over the years, exemplifying its reliability, expertise and cost efficiencies it brings to its clients.

Large and rapidly growing R&D capabilities across product portfolio: As part of CDMO operations, ADPL offers differentiated products and services. Its in-house product strategy team is responsible for conceptualizing new formulations based on emerging epidemiological trends, global product approvals and opportunities within the pharmaceutical, wellness, and nutraceutical sectors. Its commitment to innovation and continuous improvement has enabled ADPL to remain at the forefront of pharmaceutical advancement in the CDMO sector in India and globally. Its R&D capabilities extend across a diverse range of dosage types, encompassing oral solids, oral liquids, injectables, sterile products, topicals. Furthermore, its R&D efforts span various product categories including pharmaceuticals, cosmeceuticals, nutraceuticals and ayurvedic products, among others, within and outside India. As of March 31, 2024, ADPL operates four dedicated R&D units and engaged 406 R&D scientists across its businesses. Two of its R&D units are approved by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India. As of March 31, 2024, the Company has obtained 1,448 trademarks across various dosage forms and formulations. Further, as of March 31, 2024, it has procured 927 DCGI approvals and five patents (Source: *F&S Report*).

Strategic presence across the pharmaceutical value chain: ADPL carries out its operations across the pharmaceutical value chain, operating as a CDMO as well as a marketer of formulations and manufacturer of APIs. While this approach provides the Company with multiple levers of growth, it also helps ADPL to mitigate business risks inherent in the industry. Its presence in the Indian pharmaceutical landscape is augmented by strong domestic CDMO presence and amplified through global export initiatives. This provides ADPL with a competitive edge in the industry, allowing it to navigate growth opportunities across multiple markets. Moreover, its adherence to global regulatory standards reinforces its ability to contribute to global healthcare solutions, expanding footprint in overseas markets. In addition to the core CDMO business, ADPL is also engaged in the manufacturing and sale of branded pharmaceutical formulations in India and overseas markets. Domestically, through strategic initiatives and targeted marketing campaigns, it is a comprehensive healthcare solutions provider with diversification across a range of therapeutic areas. The Company carries out the export of branded formulations and has established a global presence across 65 countries, as of March 31, 2024. It offers a broad portfolio which focuses on utilizing a combination of distributors and its own salesforce through which it markets and sells branded pharmaceutical formulations across diverse therapy areas. As of March 31, 2024, ADPL has 289 dossiers under registration. Moreover, through its strategic acquisitions, ADPL has commenced API manufacturing operations, ensuring that it not only has a secure supply chain for products and formulations manufactured by it but is also well positioned to capitalize on broader industry opportunities.

Experienced and entrepreneurial management team with a proven track record and marquee healthcare focused private equity investor: ADPL is led by a professional and experienced management team comprising qualified Key Managerial Personnel and Senior Management Personnel. Its co-founders, Promoters and managing directors, Mr. Sanjeev Jain and Mr. Sandeep Jain, both have extensive experience in the Indian pharmaceutical industry. Its Whole-time Director and President (Operations), Mr. Sanjay Sinha has over 30 years of experience. Ruby QC Investment Holdings Pte. Ltd., which is backed by Quadria Capital, a healthcare focused private equity fund in Asia, holds 14.65% of its fully subscribed and paid-up Equity Share capital.

Business Strategy:

Leverage leadership position to continue to increase market share and consolidate position in the CDMO market: ADPL is the largest India-focused CDMO in terms of revenue, production capacity and clients served during the Financial Year 2023. It has longstanding relationships with a large number of key pharmaceutical companies across India. During the Financial Year 2024, it manufactured formulations for 26 of the leading 30 pharmaceutical companies in terms of sales in India. As the Company continues to grow its business, ADPL remains focused on expanding its footprint in the domestic market by increasing its revenue contribution from existing clients, and by onboarding new clients. Since the commencement of operations, ADPL has broadened its CDMO offerings to provide a diverse range of products and services across therapeutic areas and dosage forms. To further strengthen its leadership position in the domestic market, it is focused on the expansion of both existing and new dosage forms and formulations. Its overarching strategy revolves around a synergistic approach to product categories, clients, and manufacturing capabilities. This includes a targeted approach to increase market share through the expansion of existing product portfolio and client base, and introduction of new products.

To achieve operational efficiencies, ADPL is focused on improving productivity and introducing automation solutions, thereby ensuring that its resources are allocated optimally to support the sustainable growth of the operations. The Company also aims to streamline its production lines and enhance quality control measures, ensuring that it maintains high-quality standards. By proactively identifying areas where automation can be effectively integrated into its operations, it aims to reduce production costs, decrease lead times, and provide a quicker response to its clients' needs.

Sustaining R&D for product development across therapies and dosage forms: ADPL aims to continue to prioritize R&D for product development across diverse therapy areas and dosage forms. A key aspect of its strategic focus is developing formulations that align with its "Patient First" philosophy aimed at enhancing clinical outcomes through differentiated formulations. It continues to invest in developing formulations and introducing innovative drug combinations that address medical needs of patients, and ultimately improve clinical outcomes. The Company's R&D initiatives are aimed at innovation in relation to taste and odour masking, targeted drug release, solubility/dissolution enhancement, reduced excipient burden, permeation enhancement, and stability enhancement, among others. Furthermore, in Financial Year 2023, it collaborated with a pharmaceutical product innovation company to synergize capabilities, leverage research, and introduce products in India and overseas across specific therapeutic areas such as central nervous system disorders, pain management, and hormonal disorders. Its formulation research endeavours cater to developing new products and drug dosage forms. The Company actively pursues innovation in oral solid dosages, sterile formulations, topical applications and oral liquids, across multiple therapeutic areas and drug combinations. This broad and inclusive approach allows it to cater to diverse patient needs and market demands in the future, ensuring that its product portfolio remains dynamic and relevant

Grow domestic formulations business: ADPL's growth strategy for its domestic formulations business is aimed at expanding its brand presence and exploring new therapeutic areas through the following initiatives:

Expansion of Brand Presence: ADPL is committed to expanding the presence of its current brands across India. This involves undertaking strategic marketing initiatives and targeted promotional campaigns as well as enhancing the size of its field force and improving efficiency of its salesforce with existing therapy areas and across existing and newer geographies.

Augmenting Marketing Efforts: In addition to undertaking increased marketing activities, it aims to further engage in international pharmaceutical and science conferences and interact with physicians to enhance product visibility and awareness on novel therapies

Foray into Newer Therapeutic Areas: To broaden impact and cater to evolving healthcare needs, through Akumentis, ADPL aims to venture into newer therapeutic areas such as neurology, psychiatry and orphan diseases, and expand its presence to metabolic disorders, infertility and paediatric indications. By diversifying its portfolio, it aims to not only tap into new market segments but also position ourselves as a comprehensive healthcare solutions provider.

Expanding global presence through strategic initiatives: As part of growth strategy, ADPL aims to expand its global presence, enter new markets and further diversify its operations. Through Unosource, its wholly owned Subsidiary, it markets branded and generic medicinal formulations under its own brand names in 65 countries in south-east Asia, Africa and the Commonwealth of Independent States. ADPL recognizes the potential for further growth across geographies and are focused on lesser-penetrated geographies such as Latin America and other regions such as Europe and the Middle East. It also aims to introduce products in acute as well as chronic therapeutic areas across markets in South East Asia and Africa.

ADPL also intends to expand its CDMO offering to include additional formulation development services, manufacturing for global supply chains, dossier development, and additional regulatory assistance. By focusing on R&D as a service, it aims to undertake contract manufacturing in global markets, and leverage its existing expertise in product development to forge manufacturing collaborations across a range of therapies. With a growing focus on the localization of pharmaceutical operations in various geographies, it aims to evaluate

potential joint venture opportunities with local manufacturers and other large distributors to establish CDMO operations overseas. ADPL is poised to extend its presence to newer geographies and meeting the stringent quality standards required for overseas markets.

Scale API business*:* ADPL aims to leverage its experience and established client relationships in the CDMO business to scale its API business. It aims to develop a comprehensive portfolio of complex APIs for both captive consumption and sales to other formulation manufacturers within and outside India. By identifying significantly unmet needs in the industry, it aims to position itself to offer APIs and improve product margins by focusing on process efficiency and leveraging its R&D capabilities to solidify its presence in the domestic market. The Company also aims to expand its sales capabilities globally. By continuing to invest in R&D, it strives to optimize manufacturing processes, ensuring competitiveness in the market and long-term sustainability. Lastly, ADPL plans to offer APIs into semi-regulated and regulated markets and explore contract manufacturing of APIs for overseas markets. Pursuant to this, it aims to secure regulatory approvals in multiple jurisdictions such as the Philippines, South Korea, Vietnam, Europe, and South America, among others, followed by other regulated markets. This initiative positions it as a reliable manufacturer for pharmaceutical companies seeking high-quality API manufacturing services.

Industry Overview

Pharmaceutical Industry Overview

Pharmaceutical spending has grown in tandem with overall healthcare spending, particularly driven by an increase in chronic disease cases, growth of the geriatric population, trends in self-medication, and overall affordability of drugs compared to other available alternatives.

The global pharmaceutical industry is transforming the entire value chain owing to a focus on product innovation, operational optimization, provider and patient engagement, and extrinsic pricing pressure from governments and insurers. Amidst this transformation and associated inherent challenges, the industry has delivered groundbreaking innovations at warp speed, as evidenced during the COVID-19 pandemic. It has allowed resilient growth in the overall industry.

Global Pharmaceutical Industry Overview

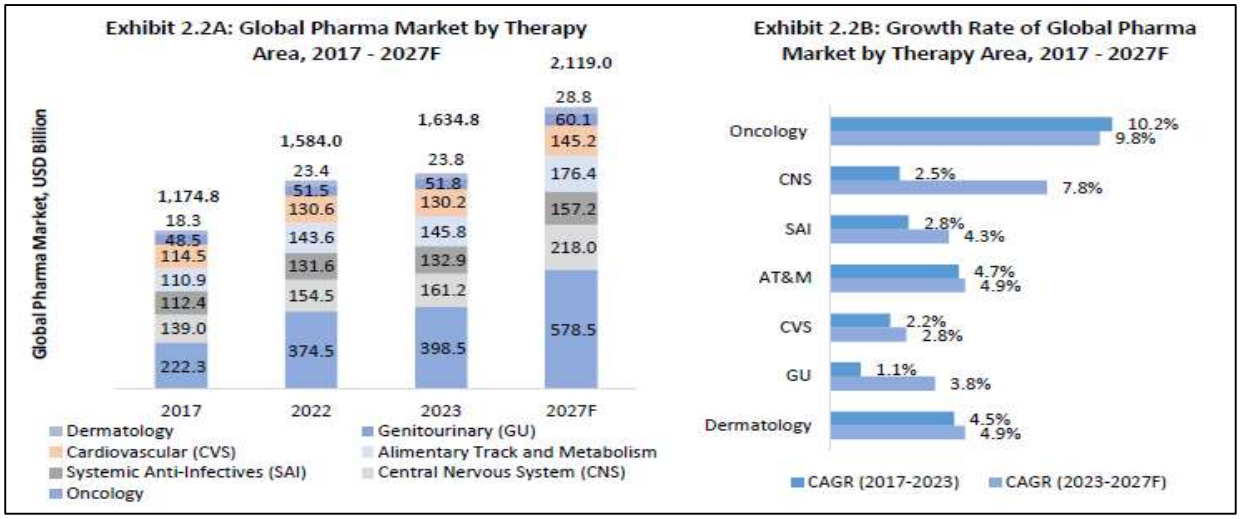
The pharmaceutical market is pivotal in advancing global healthcare, encompassing critical aspects such as research, development, manufacturing, and distribution of pharmaceutical products, including drugs, vaccines, and biotechnology-based therapies. Valued at USD 1,634.8 billion in 2023, the market is projected to reach USD 2,119.0 billion by 2027, with a CAGR of 6.7% from 2023 to 2027. The global market is forecasted to grow 8.0% year-on-year from 2023 to reach USD 1,765.0 billion in 2024. However, as COVID-19 cases decline, other therapeutic areas such as Oncology, Alimentary Tract and Metabolism (including diabetes), and Cardiovascular (CVS) will drive future growth.

The traditional growth factors for this segment include increasing incidence of chronic diseases and sedentary lifestyles leading to obesity, diabetes, and other costly health conditions, improved and increased diagnosis of cancer and other rare diseases, and continuing demand from developing nations for tropical and infectious diseases like malaria and dengue. The aging population is also an amplifying factor driving demand- according to WHO, from 2015 to 2050, the percentage of the global population over 60 years will nearly double from 12% to 22%5 and is anticipated to reach approximately 2.1 billion by the year 20506. The rising demand attributed to a growing geriatric population is a global trend, whereas in markets such as India, characterized by a median age of approximately 28, the predominant health concern revolves around lifestyle diseases, with a prevalence of chronic conditions. Notably, India has earned the title of the "Diabetes Capital of the World," underscoring the heightened susceptibility of its population to diabetes.

Additionally, consumer awareness of health, wellness, and preventive care has swelled after the pandemic, increasing self-medication and propelling the Over-the-counter (OTC) market. The pharmaceutical industry has responded to these varied demands by launching new therapies with curative potential, improving existing therapies by making them more targeted and launching low-cost generics to make medicine more accessible and affordable.

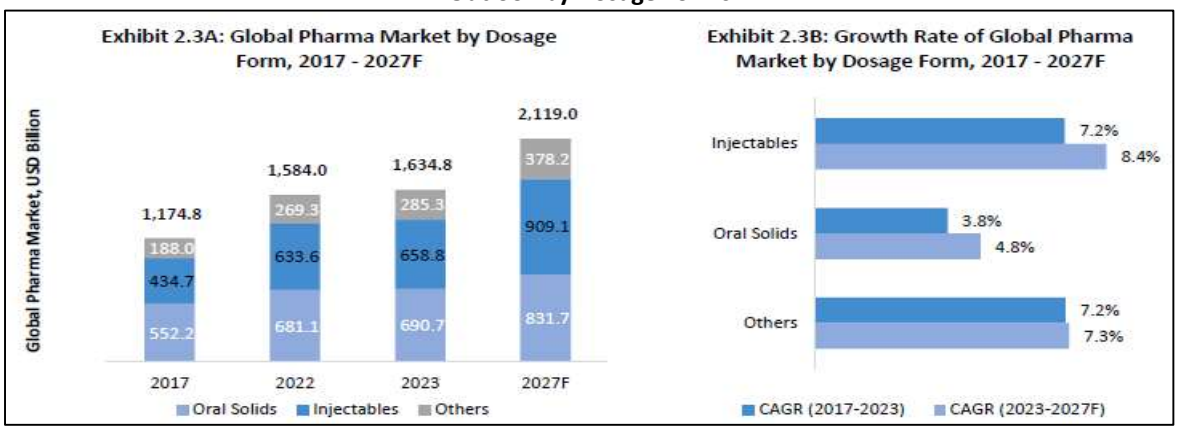
Outlook by Therapy Areas

Chronic diseases such as Oncology, Alimentary Tract and Metabolism, and Cardiovascular (CVS) dominate the global pharma market with a combined market share of 41.3% in 2023. Other than Oncology, Alimentary Tract & Metabolism, Central Nervous System, and Dermatology segments are forecasted to be the fastest-growing therapy areas with a CAGR of >4.5% between 2023 and 2027.



The global prevalence of chronic diseases has been on a steady rise in recent years, presenting a significant public health challenge. Factors such as unhealthy lifestyle choices and increasing urbanization have contributed to this growth. Conditions like CVS, diabetes, and cancer are becoming increasingly common, creating a substantial demand for pharmaceutical drugs for nearly lifelong use. As a result, globally, the pharmaceutical market for chronic therapy areas like oncology and alimentary tract & metabolism are forecasted to grow at a CAGR of 9.8% and 4.9%, respectively, between 2023 and 2027.

Outlook by Dosage Forms



Innovation in formulations has been a key growth driver in the pharma market and is crucial for improving drug delivery, enhancing drug efficacy, minimizing side effects, and improving patient compliance. Historically, solid dosage forms have dominated the global market due to existing manufacturing capabilities in oral solids and ease of administration. While tablets and capsules within oral solids dominate the market and have a wider market share, innovations in solid dosage forms like orally disintegrating tablets, chewable, inlaid tablets, gummies, and tablet-in-tablets for sustained release are gaining popularity. Resultantly, solid dosage forms have long been the largest segment, accounting for 42.3% of the share in 2023. However, growth in the next five years in the injectables market is expected to be nearly twice as fast as in the oral solids segment, driven by injectables' higher bioavailability, better absorption rates, and rapid action due to the ability to deliver drugs to targeted areas. Furthermore, injectables can also be readily and easily administered to patients who are unable to take the drug orally.

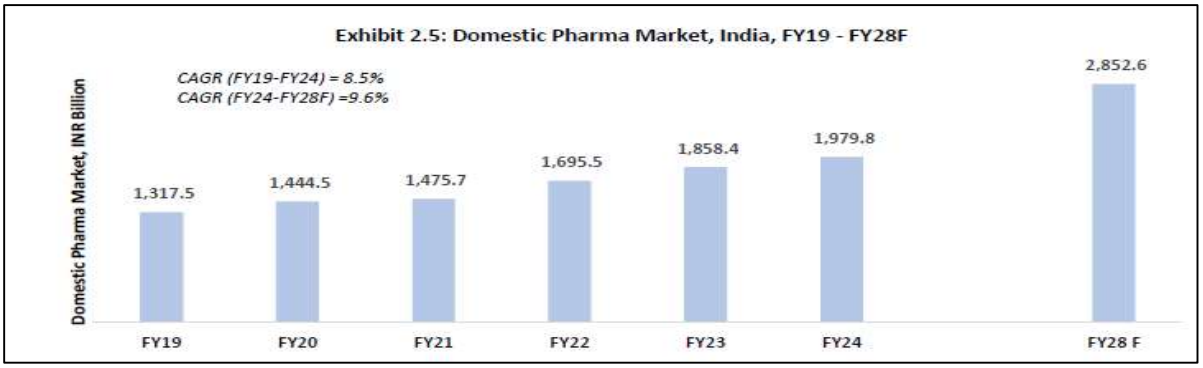
In 2024, 64% of the R&D pipeline globally was for injectables, while oral drugs contributed to 26% of the total R&D pipeline[8]. Interestingly, though, the new generation of oral solids will have more complex formulations such as fixed-dose, enteric-coated, multi-layer tablets, and formulations incorporating specialized excipients, such as microspheres or liposomes, to name a few. Likewise, while the overall scope of injectables will increase because of increasing use across targeted therapeutics such as in oncology, diabetes, and immunology, these formulations will also simultaneously become more complex to include nanoparticle-based injectables, suspension and depot formulations, and polymeric micelle formulations.

Indian Pharmaceutical Industry Overview

The enviable growth of the Indian pharmaceutical market (IPM) is attributable to the government's prioritization of the segment, increasing chronic disease incidence, availability of affordable but innovative generics, and improved access to healthcare nationwide.

Indian Pharmaceutical Industry Outlook

With a contribution of nearly 1.3%[9] to India's GDP, IPM registered a 9.0% CAGR in the last five years and a forecast of 9.6% for the next five years.



Indian pharmaceutical market is among the fastest-growing pharmaceutical markets in the world, witnessing a value increase from INR 1,317.5 billion (USD 19.0 billion) in FY19 to INR 2,852.6 billion (USD 34.2 billion) in FY28.

An increase in chronic patient population, insurance penetration, trade generics, demand from tier II and III cities, and government schemes focused on drug access are propelling growth in the IPM.

Increased patient population: India has a large and increasing patient pool with a high disease burden of communicable and non-communicable diseases, thereby providing a large market for the sale of drugs. India contributes 15% of the global burden for highly prevalent diseases (respiratory infections, cardiovascular, diabetes, cervical cancer)10. India contributes 20% of the global respiratory disease burden, 14% of the global cardiovascular disease burden, 17-19% of the global diabetes mellitus burden, and 8% of the global cancer burden. India is mirroring the global trend with the increasing prevalence of chronic diseases. The primary drivers of chronic diseases are social shifts, uncontrolled urbanization, detrimental physical environments, and unhealthy lifestyles. As an illustration, by 2025, the elderly population in India is projected to increase to 158.7 million, constituting 11.1% of the total population11. A recent study in 2022 revealed that roughly 21% of the elderly population in India is afflicted by at least one chronic disease. Hypertension and diabetes collectively account for approximately 68% of all chronic diseases12. Rapid urbanization contributes to increased chronic disease incidence, with nearly an additional 50 million people expected in urban areas between 2023 and 2027.

Furthermore, as of 2023, nearly half of India's population (50.2%) comprise individuals aged 25 to 64, representing the working age demographic13. A sizable working age group, coupled with the swift urbanization process, contributes to a sedentary lifestyle, consequently elevating the risk of chronic diseases. In FY24, the chronic and sub-chronic segments stood at INR 639.5 billion (USD 7.7 billion) and INR 407.2 billion (USD 4.9 billion), respectively, and are expected to grow to INR 925.4 billion (USD 11.1 billion) and INR 595.2 billion (USD 7.1 billion) by FY28, growing at a CAGR of 9.7% and 10.0%, respectively.

It has encouraged domestic pharma companies to increase their focus on domestic markets and drawn several MNCs to seek growth in the market. However, the Indian market has unique nuances, which have driven pharma companies to partner with Indian CDMOs and leverage their expertise, marketing, and distribution capabilities to gain market access in India.

Improved drug access: In 2008, the Department of Pharmaceuticals launched Pradhan Mantri Bhartiya Janaushadi Pariyojana (PMBJP) to make generic medicines more affordable. Dedicated outlets known as Janaushadi Kendras, providing generic drugs at affordable prices, were opened under the scheme. With less than 100 Jan Aushadhi stores operational in 2014, the number has risen to 10,607 as of January 2024, with a product basket of 1965 drugs14. Besides affordability, the government is also focused on accessibility. For instance, as of May 2024, 1,72,938 Ayushman Arogya Mandir were functional in India15.

Rise in insurance penetration: Additionally, the increase in insurance penetration is allowing more and more Indian populations to access healthcare across all city and economic tiers. Representatively, the number of lives covered by insurance has increased from 482 million in FY18 to 550 million in FY2316.

Growth in trade generics: These are branded medicines not promoted to physicians but sold directly through retailers and distributors. It results in 50% to 90% lower prices than branded equivalents, thus enabling increased access to a large patient population. According to IQVIA, the market share for trade generics in the IPM market is ~20% by volume and 5% to 6% by value, with the segment exhibiting growth of 14% to 15% per annum. Large pharma companies like Alkem Laboratories Ltd. (Alkem Laboratories) and Torrent Pharmaceuticals Ltd. (Torrent Pharma) intend to scale up their trade generics portfolio to tap into the growing market.

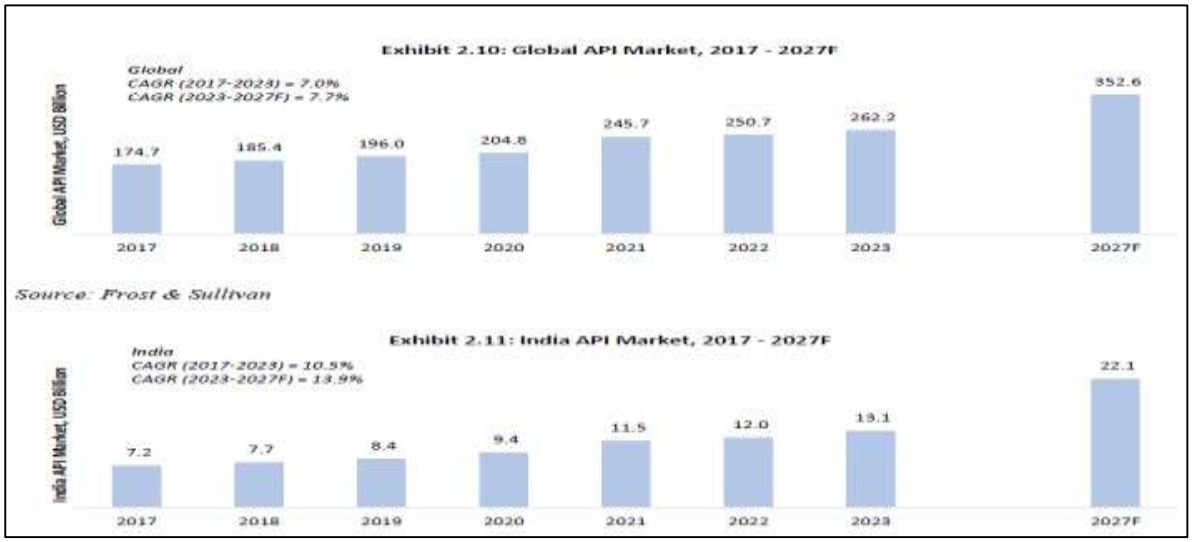
Growth in Tier II and Tier III cities: The pharmaceutical market in India, traditionally focused on major cities, is experiencing a shift towards Tier II and Tier III cities. While metropolises like Delhi and Mumbai house renowned hospital groups, healthcare organizations are increasingly expanding into cities such as Nashik, Indore, Visakhapatnam, Jaipur, Mohali, Surat, and Dehradun. These locations offer advantages like reduced competition and lower real estate costs. The growing healthcare infrastructure in these cities is expected to drive pharmaceutical spending. Along with infrastructural growth, insurance penetration, and COVID-19-prompted behavioral changes, patients seeking care close to home are also driving growth in Tier II and III cities. Additionally, the rise of e-commerce and e-pharmacy chains with extensive distribution networks covering urban and rural areas is enhancing medication accessibility, contributing significantly to the pharmaceutical market's growth.

Global & India Api Industry Overview

The growth in the formulations market also translates into corresponding growth in the API market. In contrast, the global API market is expected to grow at a CAGR of 7.7% between 2023-2027, and the Indian API market is expected to grow at 13.9% in the same period.

The Active Pharmaceutical Ingredient (API) serves as the biologically active core of a drug, inducing specific therapeutic effects, from pharmacological actions to disease diagnosis and prevention. A precisely formulated API is pivotal for ensuring the safety and efficacy of drugs, with the drug's potency directly linked to the API quantity.

The demand for pharmaceutical products corresponds directly to API sales, and as this demand grows, so does the need for APIs. As disease patterns shift from acute to chronic and translate into high drug volume consumption, the access to healthcare facilities and affordable medicine increases, along with an increase in the purchasing power of the middle class in the country; the growth of the API industry will follow suit. Moreover, with the increasing adoption of novel drugs, including biologics, coupled with the volume growth of the generics industry, the segment is expected to grow steadily. Notably, there is a rising preference for complex APIs like Highly Potent Active Pharmaceutical Ingredients (HPAPIs) or those derived from fermentation, contributing to improved drug efficacy and increasing production costs. For instance, one of the key fermentation-based antibiotic APIs- cephalosporin, is estimated to be worth USD 2.1 billion in 2023 and forecasted to reach a size of ~USD 2.8 billion by 2028, with a CAGR of 5-7% during the forecast period. In India, too, cephalosporins comprise 40-45% of the anti-infectives segment19, with a limited number of manufacturers (4 to 5 players). Thus, expanding high-value APIs will result in an API market growing faster than the pharmaceutical market (by value).



The global API market reached USD 262.2 billion in 2023 and is expected to reach USD 352.6 billion by 2027. The Indian API market for domestic formulations, in line with faster-than-market formulations growth, is also expected to grow at 13.9%, outpacing the global growth of 7.7% between 2023 and 2027.

CDMO Industry Overview

Challenges Faced by Global and Indian Pharma Companies and Incentives for Outsourcing

Even with a strong growth trajectory, pharma companies face multiple challenges, encouraging companies to seek external partnerships with specialists like CDMOs, preferably with cost-efficient Indian CDMOs.

The pharmaceutical industry is characterized by significant challenges, notably the high capital expenditure required to establish and maintain sizeable and diverse manufacturing units, the R&D expertise required to develop an extensive product portfolio, the need for technical know-how and trained manpower to manufacture formulations and consistent quality control, pricing pressure on finished drug formulations, disruptions within the supply chain, and the long-drawn regulatory and client approval and inspection processes, among others. The substantial need for capital and maintaining strong client relationships acts as a formidable hurdle for pharmaceutical companies. In addition to similar challenges that a global pharma company faces, some of the additional challenges currently being faced by Indian companies are enumerated below:

Pricing pressure reducing margins: The core focus of Indian pharma companies has been generic drugs, already sold at a substantially discounted price. Global federal agencies have been putting price caps and negotiating prices harder, further compressing profit margins. For instance, the Indian Government is implementing price caps on pharmaceuticals to enhance their availability and affordability for a broader spectrum of patients. In April 2023, India's National Pharmaceutical Pricing Authority (NPPA) established maximum prices for 651 of the 870 essential drugs, resulting in a 16.6% reduction in these ceiling prices. It has increased the need to achieve not only economies of scale but also process efficiencies to control costs and maintain profitability.

Heterogenous regulatory compliance requirements for varied international markets: The pharmaceutical industry is subject to stringent regulatory oversight and compliance requirements, which necessitate extensive expertise and experience. Indian pharma companies supply products to over 200 countries, most of which have different regulatory requirements. Pharmaceutical companies encounter significant challenges in meeting the regulatory requirements of diverse agencies worldwide. They must navigate a complex web of regulations with unique guidelines and expectations, leading to increased compliance costs. Varying approval processes and timelines across regions can hinder global product launches. Staying up to date with evolving regulatory changes and adapting their operations is an ongoing challenge. Maintaining consistency in quality and safety standards across a global supply chain also requires meticulous oversight and coordination. Furthermore, language barriers, cultural differences, and differing interpretations of regulations can complicate communication and compliance efforts.

Navigating the ever-evolving Indian market: The Indian regulatory and commercial landscape is constantly changing. From pricing caps on essential medicines to marketing and promotion rules, the nuances of the market are unique. In the same light, MNC pharma companies, which largely have a stronger presence in only metros and tier I cities, particularly find it challenging to comply with Indian regulatory policies and norms and hence prefer to outsource to CDMOs to ensure market penetration and growth in the Indian pharma market.

Focus on asset-light model: Indian pharmaceutical companies are gravitating towards asset-light models to focus on core competencies (a deviation from the past where the focus was on manufacturing). Moreover, the increasing cost and reduced turnaround time of upgrading technology, along with the growing complexity of integrating new-age digitized systems with conventional existing tech, has encouraged pharmaceutical companies with internal manufacturing to work on reducing operating and capital costs.

Need for portfolio expansion: In a highly competitive and constantly evolving environment, Indian pharma companies face increased demand for new products, complex formulations, or dosage forms. Developing these capabilities in-house can strain budgets, and the time to develop these capabilities can be high. However, by outsourcing to CDMOs, pharma companies can leverage their existing capabilities and expertise to launch new products and offer new dosage forms.

Focus on quality: Indian pharma companies continue to grapple with quality issues. From news around low-quality cough syrups to increased observations from the FDA, the pain for Indian companies continues. For instance, US inspectors have, in recent months, uncovered wide-ranging lapses at factories run by some of India's biggest pharmaceutical firms. Indian drug companies have consistently had the highest number of Official Action Indicated (OAI) from FDA inspections, accounting for 35-40% (average in the last seven years) of total drug related observations for foreign sites and reaching 49% in FY2322. Observations span unsanitary manufacturing conditions,

poorly trained staff, shredded paperwork, and drug contamination. As these observations result in product recalls and export bans, it's become increasingly important for Indian pharma companies to manufacture and supply high-quality and compliant products.

To overcome these obstacles, pharmaceutical firms have turned to external partners. They are increasingly looking to CDMOs as strategic collaborators. Historically, pharmaceutical companies focused on high-volume product sales and forged partnerships with contract service providers to augment their manufacturing capabilities. Concurrently, contract manufacturers thrived by consolidating demand and reaping the benefits of economies of scale. Nevertheless, pharmaceutical sponsors are now forging more integrated partnerships with CDMOs with a shift toward precision medicine and a focus on niche and complex therapeutic areas.

Furthermore, the emergence of complex formulations and the advent of Novel Drug Delivery Systems (NDDS) has led to increased demand for novel dosage forms such as sustained-release tablets, bi-layered tablets, chewable tablets, dry syrups, and inlay tablets, among others. Sponsors seek partnerships to access advanced manufacturing technologies for these innovative dosage forms, expand their existing capacity, enter new markets, and manage development risks. Additionally, to exercise better control over the manufacturing process, CDMOs work closely with pharmaceutical companies and facilitate frequent audits.

In response to these trends, pharmaceutical service providers (CDMOs) have elevated their offerings. This expansion encompasses drug development manufacturing, local and global regulatory support to access multiple markets simultaneously, establishing distribution channels, and a willingness to share risk with pharmaceutical companies to reduce exposure and expedite project timelines. CDMOs are indispensable in ensuring the cost-effective manufacturing of complex products on a large scale while maintaining rigorous quality standards to meet global demands.

Global Small Molecule CDMO Overview

Growth in the small molecule CDMO market is expected to outpace the growth of the global pharma market by nearly 150 basis points.

Increasing trends in outsourcing (with outsourcing penetration expected to jump from 27% in 2017 to 37% in 2027) stemming from growing drug complexity and rapid technological turnaround, upcoming loss of exclusivity for drugs driving high volume demand for generics, and increased business model shift from Capex to Opex will aid in propelling the small molecule CDMO market to grow faster than the global pharma market. The small molecules CDMO market is forecasted to grow from USD 93.9 billion in 2023 to USD 122.4 billion in 2027. Moreover, with growing outsourcing penetration, the CDMO market is forecasted to grow at a CAGR of 6.8% from 2023 to 2027, faster than the historical CAGR of 5.0% from 2017 to 2023. This increase in growth rate is driven by the expansion of asset-light pharmaceutical companies, heightened cost-efficiency and manufacturing optimization solutions, comprehensive end-to-end services, focus on rapid time-to-market, and the advantages associated with economies of scale.

Global Small Molecule CDMO Regional Outlook

APAC CDMOs are rapidly increasing their share in the global CDMO market, from 20.8% in 2017 to 27.4% in 2027, with Indian CDMOs as the key contributor to this growth.

CDMOs were historically concentrated in Europe and the US. Nevertheless, driven by cost efficiencies, rapid capacity expansion, and enhanced capabilities, the outsourcing hub has shifted to the East, particularly the Asia-Pacific (APAC) region. Factors like the low cost of manufacturing, availability of raw materials, regulatory reforms, and increasing demand for pharmaceuticals in the local markets influenced this shift. While the US and European CDMOs thrived on custom manufacturing innovative drugs, APAC companies leveraged mass production capabilities for generic drug production. North America has the largest market share, with a 46.8% share, in 2023. However, it will witness a decline in market share by 2027 (45.2%), growing at a CAGR of 5.9% from 2023 to 2027. APAC has a market share of 24.5% in 2022 and will experience strong growth to reach a market share of 27.3% by 2027 at a CAGR of 9.7% from 2023 to 2027. Historically, North America and Europe have dominated the CDMO market. However, owing to cost benefits, improving regulatory compliance, and positive government initiatives, pharma companies are increasingly looking toward the East for outsourcing partners. Furthermore, companies are increasingly looking to de-risk their supply chains post-COVID and owing to global geopolitical turbulence. While India and China are the two popular destinations, with increasing labor costs in China and an increased adoption of the 'China plus One' strategy, companies increasingly prefer India for outsourcing.

Indian CDMO Industry Overview

Large-scale, low-cost, and yet high-quality manufacturing capabilities with a high number of globally accredited plants, a surplus of highly skilled workforce, broad portfolio expertise, and technology innovation will propel the Indian CDMO industry; it accounted for 4.9% of the global small molecule CDMO market in FY24.

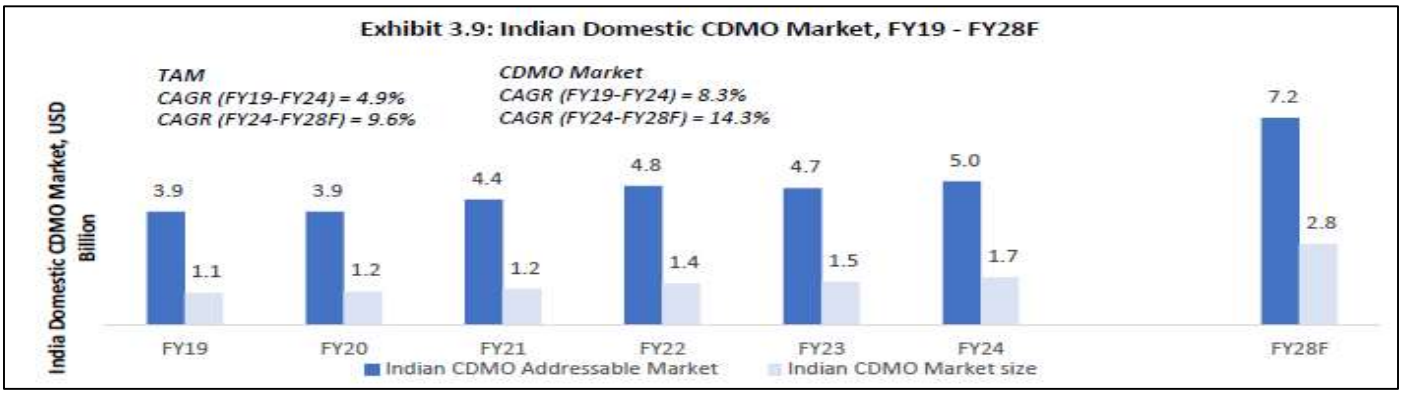
India's prowess in pharmaceutical manufacturing lies in its ability to produce vast quantities of affordable generic drugs. The country possesses extensive manufacturing capabilities, aligning with international regulatory standards. Furthermore, India, as the world's most

populous nation with a burgeoning working-age population, offers access to a substantial labor force. India boasts the highest number of FDA-approved manufacturing facilities outside the United States. Notably, India demonstrated remarkable performance during the pandemic, showcasing its robust contract manufacturing capabilities and unwavering dedication by fulfilling domestic and global requirements for vaccines and COVID-19 medications. These achievements are attributed to India's domestic contract services, which play a crucial role in forming strategic partnerships and expanding the capacities of Indian and global pharmaceutical companies to meet growing demands.

More notably, Indian pharmaceutical companies have undergone a substantial transformation in their approach to outsourcing, marking a noteworthy departure from historical hesitations. They increasingly turn to home-grown Indian CDMOs as strategic partners, reflecting a growing confidence in the value and benefits of such collaborations. This shift underscores the evolving dynamics within the pharmaceutical industry, where Indian CDMOs have become trusted allies in drug development, manufacturing, and research, facilitating a more streamlined and efficient pharmaceutical landscape. Moreover, with the explosive growth expected in the IPM and the need to bridge the demand-supply gap rapidly and urgently, pharma companies will increasingly resort to CDMO for reliable capacity expansion. In addition to gaining immediate access to high capacities, Indian pharma companies are also benefitting from outsourcing to Indian CDMO by achieving cost reductions and economies of scale, gaining access to highly skilled in multiple innovative dosage and API forms, and solving the growing challenge of quality.

Domestic CDMO Market Overview

surge in domestic demand, at times surpassing existing manufacturing capacities, coupled with the integration of global formulation advancements and the imperative for cost-effectiveness, is propelling Indian pharmaceutical companies towards an unprecedented rise in outsourcing activities.



Indian domestic CDMO market is fairly nascent in comparison to export-driven markets since IPM recently started outsourcing large-scale manufacturing to CDMOs. It has come in response to growth in volume demand in the market for traditional and novel formulations, high penalties for poor quality-related performance, diversification of sales channels in the form of trade generics requiring a specialized commercialization approach, and the need to improve profitability by achieving cost-efficiencies.

Leading pharma companies in the IPM are displaying positive trends for outsourcing drug manufacturing to CDMOs. Key companies in the Indian pharmaceutical landscape, such as Cipla Ltd., Sun Pharmaceutical Industries Ltd., Glenmark Pharmaceuticals Ltd., Wockhardt Ltd., Emcure Pharmaceuticals Ltd., Lupin Ltd., Intas Pharmaceuticals Ltd., Ajanta Pharma Ltd., Mankind Pharma, Indoco Remedies Ltd., Zuventus Healthcare Ltd., and Eris Lifesciences Ltd. have chosen to outsource their drug manufacturing requirements to Indian CDMOs such as Innova Captab Ltd., Windlas Biotech Ltd., and Akums.

Increased outsourcing is already discernible in lower proportional Capex investments by top pharma companies in the past 5 years, as opposed to increased investment from CDMOs.

The increased level of outsourcing is also evident from the past five-year trends for Capex expenditure by pharma companies. Capex as a percentage of total revenue (for FY19-FY23) for pharma companies such as Dr. Reddy's Laboratory Ltd., Lupin Ltd., and Sun Pharmaceutical Industries Ltd. stood at 6.4%, 6.0%, and 5.5%, respectively29. On the contrary, CDMOs wereactively ramping up their capex during this period; for instance, the Capex as a percentage of total revenue for FY19-FY23 for CDMOs such as Divi's Laboratories Ltd. and Suven Pharmaceutical Ltd. (Suven Pharma) stood at 11.5% and 12.2%, respectively. Consequently, the diminished efforts for capacity expansion by Indian pharma players will lead to increased outsourcing to Indian CDMOs, fueling the Indian CDMO market.

Increased domestic market growth will allow the Indian domestic CDMO market to grow 14.3% between FY24 and FY28, nearly doubling its historical growth rate and achieving 1.5X growth in the overall formulations market.

Key Concerns

- Manufacturing units and research and development centres are concentrated in Haridwar, Uttarakhand and ADPL is exposed to risks originating from economic, regulatory, political and other changes in this region, including natural disasters, which could adversely affect the business, results of operations and financial condition.
- Any slowdown or shutdown in manufacturing and research and development operations could have an adverse effect on the business, results of operations, financial condition and cash flows.
- Any manufacturing or quality control concerns or inability to deliver products on a timely basis, or at all, could result in the cancellation of purchase orders, breaches of relevant agreements, and termination of agreements by its clients and distributors, which could have an adverse effect on the business, results of operations, financial condition and cash flows.
- Manufacturing units are subject to periodic inspections and audits by regulatory authorities and clients. ADPL may be subject to regulatory action which may damage its reputation leading to an adverse effect on the business, results of operations, financial condition and cash flows.
- ADPL relies on domestic and international third-party suppliers for the supply of raw materials and any delay, interruption or reduction in such supply could adversely affect the business, results of operations, financial condition and cash flows.
- The Company had issued Equity Shares to more than 49 investors in the past, which may have been in non-compliance with the Companies Act, 1956.
- ADPL imports some of its raw materials from China and other countries and source remaining raw materials domestically. Any delay, interruption or reduction in the supply of such raw materials could adversely affect the business, financial condition and results of operations.
- Success depends on the ability to successfully develop and commercialize new products in a timely manner. Any failure to do so could adversely affect the business, results of operations and financial condition.
- The Company has had negative cash flows from investing activities during the Financial Year 2024. Negative cash flows over extended periods, or significant negative cash flows in the short term, could affect the ability to operate its business and implement growth plans.
- The active pharmaceutical ingredient ("API") manufacturing unit of ADPL's Subsidiary, Pure and Cure Healthcare Private Limited, has been subject to regulatory actions by the Punjab Pollution Control Board in relation to non-compliance with conditions stipulated in the environmental approvals granted.
- Business requires significant capital expenditure. If it is unable to have access to capital, it may adversely affect its business, results of operations, cash flows and financial condition.
- Inability to collect receivables and instances of payment default by its clients could result in the reduction of its profits and affect its cash flows, adversely affecting business, results of operations, financial condition and cash flows.
- Business is dependent on the sale of products to a limited number of clients for a significant portion of its revenues. The loss of one or more such clients or the deterioration of their financial condition or prospects could adversely affect the business, results of operations and financial condition.
- Inability to meet obligations, including financial and other covenants under debt financing arrangements could adversely affect the business, financial condition, cash flows and results of operations.
- The Indian pharmaceutical market is subject to extensive regulation and failure to comply with the existing and future regulatory requirements in the pharmaceutical market could adversely affect the business, results of operations and financial condition
- Inability to successfully implement business plan and growth strategy could have an adverse effect on the business, results of operations, financial condition and cash flows.

- There have been certain instances of delays in payment of statutory dues by the Company and its Subsidiary in the past. Any failure or delay in payment of such statutory dues may expose ADPL to statutory and regulatory action as well as significant penalties, and may adversely impact the business, results of operations, cash flows and financial condition.

- EBITDA margin, profit after tax margin, return on equity and return on capital employed have fluctuated significantly during the Financial Years 2024, 2023 and 2022.

- Rely on third party providers to carry out clinical trials on products introduced by ADPL. While it does not have direct control over such trials, any occurrence of non-compliance with applicable regulations, or any errors or omissions during the trial process could adversely affect the business, results of operations and financial condition

- Inability to accurately forecast demand for its products and manage inventory may have an adverse effect on the business, results of operations, financial condition and cash flows

- Inability to adopt new technologies could adversely affect the business, results of operations, cash flows and financial condition.

- Business, results of operations and financial condition may be adversely affected if the Company is unable to enhance or maintain its brand image.

- ADPL exports its products to regulated and semi-regulated markets and a failure to comply with the regulatory and other requirements of such markets could have an adverse effect on the business, financial condition, results of operations and cash flows.

- The Company is subject to the risk of loss due to fire, accidents and other hazards as its manufacturing, and research and development processes utilize materials that are highly flammable and hazardous.

- Any failure to comply with existing and future regulatory requirements or non-compliance with and changes in, environmental compliance laws, regulations and other requirements, could adversely affect the business, results of operations, financial condition and cash flows.

- ADPL operates in a market that is highly competitive to provide outsourced pharmaceutical manufacturing services, particularly for formulations, to clients in India and other jurisdictions.

- There are certain factors particular to the industry the Company operates in that drive its results of operations and business and its failure to account for these factors or implement them in its business could adversely affect the business, results of operations, financial condition and cash flows.

- Employees and clients may engage in misconduct or other improper or illegal activities, including misrepresentation, noncompliance with regulatory requirements and breach of contractual obligations.

- The Company and its Subsidiaries are subject to notices from the drug inspectors, alleging sub-standard quality of its products.

- If any of its products cause, or are perceived to cause, side effects, the business, results of operations and financial condition could be adversely affected.

- ADPL may pursue strategic acquisitions for inorganic growth. However, the integration of such acquisitions could result in operating difficulties, dilution and other adverse consequences.

- The Company is dependent on its individual Promoters, Senior Management Personnel and Key Managerial Personnel, and the loss of or its inability to attract or retain such persons could adversely affect the business, results of operations, financial condition and cash flows.

- ADPL is dependent upon third-party transportation providers for supply of its branded and generic formulations to distributors. Any delay, interruption or reduction in such supply could adversely affect the business, results of operations, financial condition and cash flows.

- Ability to pay dividends in the future will depend on its earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of its financing arrangements.

- If ADPL fails to establish and maintain effective internal control over its financial reporting, it may have misstatements in its financial statements and it may not be able to report its financial results in a timely manner and as a result current and potential investors could lose confidence in financial reporting.

- Reforms in the healthcare industry and the uncertainty associated with pharmaceutical pricing, reimbursement and related matters, including risks associated with periodic inspections and audits by regulatory authorities and clients, could adversely affect the marketing, pricing and demand for products and credit ratings

- Fluctuations in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of the Equity Shares, independent of ADPL's operating results.

- If inflation rate rises in India, increased costs may result in a decline in profits.

- Compulsory licensing by the Indian Patent Office or by the patent offices in those jurisdictions where ADPL distributes its products could have an adverse effect on the business, financial condition, cash flows and results of operations.

- Any sale of Equity Shares by the Promoters or future issuance of Equity Shares, or convertible securities or other equity–linked securities by ADPL, may dilute its shareholding and adversely affect the trading price of the Equity Shares.

Profit & Loss

Particulars (Rs in million)	FY24	FY23	FY22
Revenue from operations	41781.8	36548.2	36718.9
Other Income	340.3	461.1	226.3
Total Income	**42122.1**	**37009.3**	**36945.2**
Total Expenditure	**40552.0**	**33168.7**	**37636.1**
Cost of materials consumed	22783.7	20280.9	20385.9
Purchase of stock-in-trade	2595.3	2217.9	3942.1
Change in inventories of finished goods, stock-in-trade and work-in-progress	123.4	240.4	-877.4
Employee benefits expense	6468.6	5901.3	5077.6
Fair value changes to financial instruments	3577.7	-439.7	4941.7
Other expenses	5003.2	4968.0	4166.2
PBIDT	**1570.1**	**3840.6**	**-690.9**
Interest	506.1	462.5	166.6
PBDT	**1064.0**	**3378.1**	**-857.4**
Depreciation and amortization	1256.4	1128.1	946.8
PBT	**-192.4**	**2250.0**	**-1804.2**
Share of loss of an associate, net of tax	0.0	-2.0	2.0
Exceptional items	260.3	745.0	129.8
Tax (incl. DT & FBT)	**-460.7**	**524.8**	**576.8**
Current tax	740.3	781.3	690.5
Adjustment on account of merger	-1382.8		
Deferred tax Credit	166.7	-272.6	-60.4
Tax for earlier years	15.2	16.1	-53.3
Adj. PAT	**7.9**	**978.2**	**-2508.7**
EPS (Rs.)	-0.3	6.6	-17.7
Face Value	2	2	2
OPM (%)	2.9	9.2	-2.5
PATM (%)	0.0	2.7	-6.8

Balance Sheet

Particulars (Rs in million) As at	FY24	FY23	FY22
Non-current assets			
Property, plant and equipment	10,649.1	9,631.5	9,320.3
Capital work-in-progress	1,951.3	1,029.9	308.2
Right-of-use assets	1,171.9	1,263.6	810.6
Goodwill	20.6	20.6	20.6

Other Intangible assets	66.0	57.4	53.9
Intangible assets under development	2.8	1.6	2.5
Financial assets			
Investments	1.4	1.4	3.9
Loans	0.00	0.0	55.0
Other financial assets	314.09	344.2	394.0
Non-current tax assets (net)	100.2	122.6	360.4
Deferred Tax assets (net)	1,230.6	315.2	188.5
Other non-current assets	246.7	635.6	256.4
Total non-current assets	**15,754.8**	**13,423.7**	**11,774.3**
Current assets			
Inventories	6,304.3	7,298.0	7,224.5
Financial assets			
Trade receivables	8,338.1	8,450.9	8,843.1
Cash and cash equivalents	1,110.5	516.1	551.4
Bank balances other than cash and cash equivalents	1,660.0	983.8	477.1
Loans	0.0	73.7	0.0
Other financial assets	233.1	152.3	208.0
Other current assets	1,761.8	1,199.9	1,336.6
Current tax assets (net)	0.0	114.1	0.0
Total current assets	**19,407.8**	**18,788.7**	**18,640.6**
Assets classified as held for sale	1.0	452.9	275.5
Total assets	**35,163.7**	**32,665.3**	**30,690.5**
EQUITY & LIABILITIES			
Equity			
Equity share capital	286.1	286.1	143.1
Other equity	6,808.9	6,885.8	6,076.7
Non-Controlling interests	109.9	61.9	32.0
Total equity	**7,204.9**	**7,233.7**	**6,251.7**
Liabilities			
Non-current Liabilities			
Financial Liabilities			
Borrowings	783.0	1,155.0	133.3
Lease liabilities	679.1	748.8	304.1
Other financial liabilities	13,959.5	10,356.8	10,644.9
Deferred tax liabilities (net)	121.5	253.0	393.0
Provisions	310.3	262.3	239.3
Total non-current liabilities	**15,853.3**	**12,775.9**	**11,714.6**
Current liabilities			
Financial liabilities			
Borrowings	4,132.6	4,214.8	3,446.2
Lease liabilities	57.7	72.4	66.2
Trade payables			
Total outstanding dues to micro and small enterprises; and	472.3	442.2	331.9
Total outstanding dues of creditors other than micro and small enterprises	4,849.1	5,229.2	5,564.8
Other financial liabilities	1,581.4	628.1	702.1
Provisions	566.0	459.4	589.2
Other current liabilities	432.3	1,422.0	1,545.8
Current tax liabilities (net)	14.4	187.7	478.0
Total current liabilities	**12,105.5**	**12,655.7**	**12,724.2**
Total liabilities	**27,958.8**	**25,431.5**	**24,438.8**
Total equity and liabilities	**35,163.7**	**32,665.3**	**30,690.5**

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