



# Aarti Drugs Limited

40<sup>th</sup> Annual General Meeting

September 24, 2025 at 11:00 A.M. I.S.T

Disclaimer: E&OE - This transcript is edited for factual errors.

## CORPORATE PARTICIPANTS

<b>Shri Prakash M. Patil</b>	<b>Chairman, Managing Director &amp; CEO</b>
<b>Shri Rashesh C. Gogri</b>	<b>Managing Director</b>
<b>Shri Harshit M. Savla</b>	<b>Joint Managing Director</b>
<b>Shri Harit P. Shah</b>	<b>Executive Director</b>
<b>Shri Uday M. Patil</b>	<b>Executive Director</b>
<b>Shri Narendra J. Salvi</b>	<b>Non-Executive Director</b>
<b>Shri Ankit V. Paleja</b>	<b>Independent Director</b>
<b>Shri Bhaskar N. Thorat</b>	<b>Independent Director</b>
<b>Smt. Neha R. Gada</b>	<b>Independent Director</b>
<b>Shri Hasmukh B. Dedhia</b>	<b>Independent Director</b>
<b>Shri Sandeep M. Joshi</b>	<b>Independent Director</b>
<b>Shri Ajit E. Venugopalan</b>	<b>Independent Director</b>
<b>Shri Chandrakant V. Gogri</b>	<b>Chairman Emeritus</b>
<b>Shri Adhish P. Patil</b>	<b>CFO &amp; COO</b>
<b>Shri Rushikesh V. Deole</b>	<b>Company Secretary</b>

Statutory Auditors, Scrutinizers, Other Key executives and Senior Management

### **Moderator:**

Dear Shareholders, Good morning and warm welcome to you all to this 40<sup>th</sup> Annual General Meeting of Aarti Drugs Limited being conducted through video conferencing or other audio visual means. As a reminder for the smooth conduct of the meeting, all members will be on mute during the AGM. The audio and video functionality will only be activated for those who have pre registered to speak. Additionally, please note that the proceedings of this AGM are being recorded and later will be made available on the Company's website as per necessary requirements. Adhering to the circulars issued by the Ministry of Corporate affairs and the Securities and Exchange Board of India, the Company is vigilant and conducting this meeting through video conferencing. In this regard let me state that facility to join this meeting is made

available on first come first serve basis. To maintain the decorum and hassle free conduct of the meeting - All the members who have joined this meeting are put on mute mode. Those who have registered themselves as speaker shareholders will be allowed to speak. If you need more clarification on a particular matter, you may write to the Company Secretary at the investor relation ID available on the Company's website. The members are requested to use the Internet with good speed to experience a seamless conduct of the meeting. Due to any technical reason if you disconnect or lose the Internet connectivity in that case, please log in again using the same pathway. In case of any technical issue, you may contact helpline numbers mentioned in the notice of the agm. The attendance of the members participating in the AGM through video conferencing shall be counted for the purpose of asserting the quorum.

I now hand over the proceedings to the Company Secretary Shri Rushikesh Deole.

**Company Secretary:**

Dear Shareholders, Chairman, Board members and the invitees. Good morning and greetings to each one of you. I, Rushikesh Deole, Company Secretary, welcome you all to this 40th Annual General Meeting of Aarti Drugs Limited. In today's meeting we have with us Shri Chandrakant V. Gogri, Chairman Emeritus of the Company, Shri Prakash M. Patil, Chairman, Managing Director and CEO of the Company. Also the Board members and Shri Ankit Paleja, Chairman of Stakeholders Relationship Committee, Shri Hasmukh Dedhia, Chairman of Audit Committee, Smt Neha Gada, Chairperson of Nomination and Remuneration Committee.

Also the representatives of Statutory Auditors, Secretarial auditors and Scrutinizers. We have a requisite quorum to begin with the proceeding of today's meeting. Please note requisite records and registers are made available for inspection electronically. I now request our Chairman to commence the proceeding of the meeting. Over to you, sir.

**Chairman:**

Dear Shareholder, I Prakash Patil, Chairman, Welcome you all to this 40th Annual General Meeting of your Company. This meeting is being held through video conferencing and other

audio visual means. Notice of the AGM dated 18<sup>th</sup> July 2025 and the copy of annual report for the financial year ended 31<sup>st</sup> March 2025 have already been circulated to the members of the Company electronically. With your permission, I take them as read. Before we begin with the formal proceedings, I would now like to request Chief Financial Officer and Chief Operating Officer to introduce the Board members present.

**Chief Financial Officer**

Good Morning Ladies and Gentlemen. I am Adhish Patil, CFO and CEO of the Company. Before I introduce our Board members, Let me take this opportunity to introduce our Chairman Emeritus Shri Chandrakant Vallabhji Gogri. He's a visionary technocrat, a kind hearted social worker, promoter, founder and Chairman of this Company. And he continues to guide us on various matters. Now I'm introducing the Board members.

**1. Shri Prakash Patil.**

He is the Chairman, Managing Director and CEO of the Company and has been associated since inception of the Company's operation. He is the Chairman of Risk Management Committee and Finance and Investment Committee and also a member of Audit Committee, Nomination and Remuneration Committee, CSR Committee of the Board

**2. Shri Rashesh Gogri.**

He is the Managing Director and has been associated with the Company since 2012. He is a member of Audit Committee, Risk Management Committee, Finance and Investment Committee and the CSR Committee of the Board.

**3. Shri Harshit Savla.**

He is the Joint Managing Director and has been associated with the Company since 1987. He is a member of the Stakeholders Relationship Committee, Risk Management Committee, Finance and Investment Committee of the Board.

#### **4. Shri Harit Shah**

He is the Executive Director and has been associated with the Company since 1995. He is a member of the Stakeholders Relationship Committee, Risk Management Committee and Finance and Investment Committee of the Board.

#### **5. Shri Uday Patil.**

He is the Executive Director and has been associated with the Company since 2000. He is the member of Risk Management Committee and Finance and Investment Committee of the Board

#### **6. Shri Narendra Salvi.**

He is a non Executive Director and has been associated with the Company since 2020. He has over 38 years of experience in the API industry. He is a member of the Stakeholders Relationship Committee of the Board.

#### **7. Professor Bhaskar Thorat.**

He is an Independent Director and has been associated with the Company since May 2022. He is a Senior professor of Chemical Engineering at Institute of Chemical Technology. He's a Chairman of the CSR Committee and also a member of the Nomination and the Remuneration Committee and Risk Management Committee of the Board.

#### **8. Smt Neha Gada**

She's an Independent Director and has been associated with the Company since May 2022. She's a Chartered Accountant and Insolvency Professional with over 23 years of experience. She is a Chairman of the Nomination and Remuneration Committee and also a member of the Audit Committee of the Board.

#### **9. Shri Ankit Paleja**

He's an Independent Director and has been associated with the Company since October 2021. He is a Lawyer with over 18 years of experience. He's the Chairman of Stakeholders Relationship Committee and also a member of Audit Committee Nomination and Remuneration Committee and Risk Management Committee of the Board.

#### **10. Shri Hasmukh Dedhia**

He has been appointed as an Independent Director of the Company with effect from March 2024. He's a Chartered Accountant and also holds DISA. He has an experience of over 41 years in handling audits, due diligence, consultancy and business restructuring. He's a Chairman of the Audit Committee of the Board.

#### **11. Shri Sandip Joshi**

He has been appointed as an Independent Director of the Company with effect from March 2024. He has over 31 years of experience in export marketing and business development with companies in India and abroad.

#### **12. Shri Ajit Venugopalan**

He has been appointed as an Independent Director of the Company with effect from March 2024. He's a Chartered Accountant and a banking professional with over 31 years of experience in banking and finance is a member of the Audit Committee of the Board.

Now I request the Chairman to begin with a formal address to the members.

**Chairman:**

My fellow shareholders, a warm welcome to the 40th Annual General Meeting of Aarti Drugs Limited. On behalf of the Board, I thank you for joining us today. Your presence and continued support have been crucial in driving our progress and I deeply appreciate your commitment to the Company. As we at Aarti Drugs mark our 40th year of incorporation, I feel an overwhelming sense of pride, gratitude and inspiration while reflecting on the remarkable journey we have undertaken together. I hope you had a chance to read our 2024 -2025 annual report. Let me share the performance highlights for this year. The pharmaceutical industry across both API and formulation is experiencing a structural shift towards elevated quality and compliance benchmarks.

A major milestone during the year was lifting of the U.S. FDA Import Alert of our Tarapur API facility. Our operational agenda in financial year 2024-2025 was a deliberate balance between

near term delivery and long term strategic position. Our theme for the year reflects a clear and measurable shift from vision to execution. Sustainability is now deeply embedded within our operations, influencing decisions from energetic sourcing to community engagement. I would now like to run through a brief presentation on your Company which will give you more insight about the Company. I request CFO to make the presentation.

**Chief Financial Officer:**

Coming to the Company's Journey, Aarti Drugs Limited, incorporated in 1984, has grown into a diversified and resilient pharmaceutical Company with a strong track record of expansion and innovation. It was listed on the BSE in 1993 and the NSE in 2003, marking important milestones in its capital markets journey.

The Company consolidated its presence in 1996 through the amalgamation of multiple group entities and further strengthened its global credentials in 2008 with USFDA approval for one of its facilities. In 2014, it crossed a turnover of ₹1,000 crores and expanded into the formulations business through its 100% subsidiary, Pinnacle Life Science Pvt. Ltd.

Strong financial growth continued, with consolidated revenues surpassing ₹2,000 crores in 2021 and ₹2,500 crores in 2022. Recent milestones include entering the personal care segment with a greenfield project for dermatology products at Tarapur in 2024 and completing large greenfield expansions in Sayakha and Tarapur in 2025, along with a renewable energy partnership with Prozeal Green Power.

Aarti Drugs Limited is the world's largest producer of Nimesulide, Ketoconazole, Metronidazole Benzoate, Tinidazole, and Fluoroquinolones group. The Company has a diverse portfolio of 80+ finished products and 50+ API molecules having significant global reach with presence across 100+ countries.

The Company is among the leading global producers of Metformin and the largest producer of Metronidazole in India. Approximately 35% of revenue generated is from exports,

underscoring strong international demand and market leadership.

The Company has 14 state-of-the-art manufacturing facilities with monthly production capacity of 5,088 MT having a strong workforce of approximately 2,067 employees

Aarti Drugs Ltd. has a strong manufacturing footprint with facilities at Baddi, Sarigam, and Sayakha, all WHO-GMP compliant and accredited by multiple global regulatory bodies including USFDA, EU-GMP, ANVISA-Brazil, COFEPRIS-Mexico, and Korean FDA.

The Company operates versatile multi-purpose plants capable of handling scales from kilograms to multi-ton levels, with expertise in multi-step synthesis and high-temperature fractionations. Its total reaction capacity exceeds 1,300 KL, utilizing SS and GL reactors ranging from 0.5 KL to 18 KL.

Installed capacity has steadily grown from 51,126 MT in FY23 to an expected 61,053 MT in FY25, supporting sustainable production expansion.

Aarti Drugs Ltd. operates across APIs, formulations, and specialty chemicals. As a major API producer, it leads with over 50 molecules, has 9 manufacturing units, and an installed capacity of 45,511 MTPA. The Company expanded into formulations in 2014, offering oncology and other products, with approvals from global agencies and a capacity for 3 billion tablets and 300 million capsules. In specialty chemicals, Aarti Drugs supplies key intermediates for pharmaceutical products and manufactures benzene and chloro-sulphonic derivatives, boasting an installed capacity of 13,742 MTPA. This diverse structure supports growth and leadership in multiple therapeutic segments.

Aarti Drugs Ltd. operates in over 100 countries across six continents, ensuring robust diversification and minimized risk.

In FY25, its export market is spread with 52% of sales in Asia, 14% in Latin America, 12% in Europe, 11% in North America, and 11% in Africa.

Key export destinations include Brazil, Mexico, Nigeria, Egypt, Switzerland, Türkiye, UAE, Pakistan, Bangladesh, and Indonesia. Market segmentation for FY25 stands at 66% regulated markets and 34% semi-regulated, supporting its balanced global presence and growth across major pharmaceutical markets.

Aarti Drugs Ltd. drives innovation through its R&D centers at Tarapur and Turbhe, focusing on API process development and complex generics for global markets.

Backed by a skilled team—2 doctorates, 79 postgraduates, 50 engineers, and 6 technicians—the Company spent Rs. 46 crores on R&D in FY25. Over the past five years, it has developed 30+ APIs and is expanding into advanced formulations and semi-solids. The in-house team ensures timely commercialization, with a majority of products offering integrated API control to support launches in major regulated and emerging markets.

Aarti Drugs Limited is nearing completion of its Rs. 600 crores capital expenditure program, driving capacity expansion, operational efficiency, and higher margins.

We have expanded in antidiabetics antiprotozoals, and we are also expanding in the formulations especially in the Latin America and African markets and we are expanding our registration and formulation with a focus on oncology positioning Aarti Drugs for growth in regulated and tender driven markets. Aarti Drugs continues to remain strong in anti-inflammatory production. It has spent quite a lot in brownfield as well as greenfield expansion in last two years. The Tarapur Greenfield project Salicylic acid plant is scaling up its production with a full output of roughly around 1600 metric tons per month targeted in FY26 aiming for substantial long term profitability.

These initiatives encompassing brownfield and greenfield projects, backward integration and debottlenecking are expected to increase asset turnover to roughly around 2.5x and deliver around 1200 crores in revenue plus 300 crores for captive consumption. All supporting revenue, improved margins and higher ROCE.

Next now we'll talk about the ESG environment, social and governance part for Aarti Drugs.

Aarti Drugs Limited demonstrates strong ESG and CSR commitments. Environmentally, it prioritizes zero liquid discharge, carbon footprint reduction, eco-friendly packaging, and green technologies. Socially, its focus includes healthcare initiatives, women empowerment, fair trade, and diversity. Governance efforts cover stakeholder responsibility, risk management, compliance, and broad practices.

In FY 2024-25, Aarti spent ₹ 4.43 crores on CSR, impacting over 50,000 lives, with major investments in healthcare, education, environment, rural and tribal development, along with support for weaker sections, housing, and public infrastructure — showcasing its dedication to sustainable and inclusive growth.

Aarti Drugs Ltd. drives impactful CSR through tree plantation, urban forest transformation, and water conservation supporting over 2 lakh farmers with irrigation in Maharashtra.

In FY25, Aarti Drugs Ltd. recorded ₹2,403 crores in total revenue—a 5% decrease from last year, alongside a slight dip in EBITDA to ₹303 crores and PAT to ₹168 crores, though PAT margin improved to 7%.

Segment-wise, APIs comprised 81% of revenue, with formulations at 11%, specialty chemicals at 5%, and intermediates at 3%. This reflects a growth in API and specialty chemicals' share over FY24, while maintaining healthy profitability despite modest declines in headline financials.

In Q1 FY26, Aarti Drugs Ltd. achieved 6% increase in total revenue to ₹ 591 crores, with EBITDA rising 13% to ₹74 crores and PAT surging 63% to ₹54 crores. EBITDA margin grew to 12.6%, and PAT margin reached 9.1%.

Segmental revenue was led by APIs at 77.6%, followed by formulations at 13.6%, specialty chemicals at 5.6%, and intermediates at 3.2%. Within the API segment, anti-biotics dominated at 40.8%, with notable contributions from anti-protozoals at 14.5%, anti-inflammatory at 12.2%, anti-diabetic at 9.5%, and anti-fungal at 3.7%.

Strong performance across APIs and therapeutic segments drove healthy margins and profit growth for the quarter

Aarti Drugs Ltd. is committed to rewarding shareholders through a balanced distribution policy, aiming to allocate around 15% to 30% of consolidated net profits as dividends and shareholder buybacks, based on financial prudence. Over the past seven years, the Company has distributed approximately Rs. 69.48 crores as dividends and Rs. 229.15 crores via share buybacks.

In total, shareholders have received about Rs. 278 crores through these measures in the last seven years, reflecting Aarti's focus on sustained value creation and proactive capital distribution.

I will thank you and hand it over to the Chairman Sir.

**Chairman:**

On behalf of my colleagues on the Board, I would like to express my sincere gratitude to all our shareholders, employees, customers, suppliers, financial institutions, government and semi government agencies and other connected business partners for being with us throughout this journey. It is their goodwill that renews our belief in ourselves and our potential to be more. I would particularly like to thank all the employees of Aarti Drugs for their dedication, hard work and commitment towards the Company. From our founding team to plant operators, engineers, researchers and business leaders, our people have been the driving force behind our

progress. We expect you all to stay safe and healthy and our committed to the long term growth of Aarti drugs in years to come. With this I would like to conclude my remarks and request the Company Secretary to take the proceedings forward. Thank you all.

**Company Secretary:**

Dear shareholders, with your permission I will now take up the resolutions which require the shareholders approval for today's meeting. We have total five agenda items to be transacted. Two of them are ordinary and three are special businesses.

- 1) Item No. 1 of the Notice, to be passed as an Ordinary Resolution relating to the adoption of the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2025 together with the Reports of the Board of Directors and the Auditors thereon.”
- 2) Item No. 2 of the Notice, to be passed as an Ordinary Resolution relating to the Re-appointment of Shri Harshit M. Savla, who retires by rotation and being eligible, seeks re-appointment.
- 3) Item No. 3 of the Notice, to be passed as an Ordinary Resolution relating to the Revision in the terms & conditions of appointment of Executive Directors.
- 4) Item No. 4 of the Notice, to be passed as an Ordinary Resolution relating to the Appointment of Secretarial Auditor for the period of 5 Consecutive Financial Years
- 5) Item No. 5 of the Notice, to be passed as an Ordinary Resolution relating to the Ratification of remuneration to be paid to the Cost Auditor.

Pursuant to the prevailing regulatory requirements. The Company had provided the facility of remote e-voting in respect of the businesses to be transacted at the AGM through the NSDL platform to all the members holding shares as on cutoff date that is Wednesday 17th September 2025. Remote evoting period commence on Sunday that is 21st September 2025 at 9am and concluded on Tuesday that is 23rd September 2025 at 5pm the facility to vote during the meeting has been provided to the members who are present in the meeting and have not casted their votes through remote evoting facility. Now I hand over the proceedings to the moderator.

## **Q&A Session begins**

Mr. Goutam Nandy, Mrs. Celestin Elizabeth Mascarenhas, Mr. Kaushik Shahukar, Mr. Yusuf Rangwala, Mrs Smita Shah and Mr. Himanshu Trivedi shareholders of the Company spoke at the meeting. They expressed their views and sought clarifications *inter alia* on the Company's business operations and its future growth plans.

### **Company Secretary:**

Yes. Thank you Speaker Shareholders, I request the members who have not voted to vote now via e-voting system provided by NSDL and instruction to the same are given in the notice convening this AGM. Please note that members who have already voted electronically through remote e-voting are not eligible to vote again. The e voting at AGM shall remain open for next 30 minutes. E-voting module shall be disabled by NSDL for the voting thereafter. The Company has appointed Shri Ronak Kalathiya Practicing Company Secretary from M/s Mehta and Mehta and failing him Smt Monali Bhandari, Practicing Company Secretary from M/s. Mehta and Mehta as the scrutinizer to scrutinize the e-voting process in fair and transparent manner. Within two working days from the conclusion of this meeting the scrutinizer shall submit a consolidated report which will be placed on the website of the Company and also on the website of NSDL and will be communicated to the stock exchanges.

Now we can answer the questions raised by the speaker shareholders one by one. Adish sir, over to you.

### **Chief Financial Officer:**

Always a pleasure to answer queries from the shareholders and our investors. There have been a lot of questions. I could segregate them among business questions then the regarding shareholder payouts and safety in general. So first I'll talk about all the business questions someone asked related to the GST. The impact of GST in direct and indirect impact now around 87% of our business is from API spechem and intermediates. So in that business the impact direct or indirect has been very negligible for us. Only for the formulation business where the GST has further gone down there will be some pile up of the input tax credit but the government has provided some mechanisms to claim for those credits ask for refunds. So we'll be going through that route. So there is no

major impact of that for us in terms of profitability, only slight increase in working capital for the formulation business.

Then we had a question about our roadmap for next three to four years. Now since last two to three years we have been commissioning two big greenfield projects each of roughly around 200 crores size. One in Sayakha and one in Tarapur. So both these projects would be a very big milestone for us to invest into two different, you can say segments. One is the methylamine chemistry that is completely new for us which we initially started for backward integration and now we will get inroads into that particular segment. And the second is salicylic acid which is into dermatology and also acts as an intermediate to certain products which go in cosmetics and personal healthcare.

So these two are two very big segments where we will get inroads to and that might form a big roadmap for us for next four to five years as far as competitors are concerned for each of our products. Now Aarti Drugs Limited has a very wide product portfolio. So fortunately or unfortunately we don't have one competitor as such for every product there are different competitors for us. So based on every product there are two or three competitors. And typically what we have seen, you know, in the mature molecules in many of them in India we are the only suppliers. But in most of the mature molecules there are only one or two competitors for each of our mature products. And similarly there will be two or three competitors in China.

Apart from India and China there is not much competition from rest of the world as far as APIs are concerned. Then there is a question about employees. So we just highlighted that we have roughly around 2,000 plus employees on Board on permanent basis. Then as far as artificial intelligence is concerned, AI. So me personally have been looking into AI field and we are exploring the opportunities where we can use AI. In our business R&D is definitely one of the areas. Market surveys are definitely one of the areas. And there are a lot of other productivity tools where we can use AI to our benefit. And we are definitely positively looking to explore AI. So we are adopting AI as a technology and we'll be doing it on a

continuous basis for next few years. As far as the product launches are concerned, we have done a lot of R&D in formulation for our oncology products. So we will be coming up with 10 plus products in the next 2 years. We'll be filing across geographies and once we get the approvals then the oncology sales from our oncology formulation department will start very soon in next two to three years.

Similarly the API we keep on doing R&D, we keep on doing process R&D to improve the ROS of the And reduce the cost of production for various APIs and Spechem products. That that is a continuous process for us. Then coming back to domestic and export market share for our business domestic is roughly around 65 and export is around 35%. And as far as market leadership is concerned for top out of the top 15 molecules which we manufacture, I would proudly say that almost around 14 molecules we have the largest production capacities in India and in four to five of them we have largest production capacities across the globe. So definitely your Company has market leadership in many of the products it manufactures.

We are committed to increase our market share in other products as well. there was one question related to safety. So we since last two to three years management has been very much focused in improving the safety standards of the Company. How the Company operates. Not only the safety for the employees within the premises but also the people outside the premises. So which also takes care of environment. Your Company has spent roughly around 16 to 17 crores in capex for the enhancing the safety of the Company in last 16 months.

We are very much committed to improving the safety standards of the Company. Then coming back to the shareholders related question. So we remain committed to service our investors and shareholders through various means. All the requests of the shareholders have been noted by us definite and for the compliance and improving the compliance and governance part We have already bought few softwares and we will be putting all the data into the software which will help us in improving our compliance as far as sustainability is

concerned. Last year we have published the report for the sustainability report for the first time which was approved, means checked and scrutinized approved by BDO which is a top 10 MNCs of the world and this year also we'll be coming up with the new report.

Last year in Ecovadis Also we got 89th percentile which in top 15% of the companies across the globe and we got the silver rating in that rating also. Then as far as the split bonus and dividends and shareholder buybacks are concerned, we will be actively looking into all these opportunities and which one would be best for our shareholders and for beneficial for the Company as well in terms of improvement of EPS etc, so we will be adopting those to take care of shareholder payouts in future. In the view of the time constraint or any technical difficulties faced by the members during the meeting, the members can also communicate their questions to the Company through email which will be suitably addressed. We can now proceed forward.

**Company Secretary:**

Thank you sir. Since all the businesses mentioned in the AGM notice are transacted, I request the Chairman to declare the meeting as concluded.

**Chairman:**

With the completion of the above proceedings, now i declare the meeting as concluded. I thank the shareholders, fellow Board members, auditors and the invitees for joining the meeting through VC and having spared their valuable time for attending this AGM Once again, thank you. Please take care and stay safe.

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