



Investor Presentation | November 2022

Overview



- Incorporated in 1999, Par Drugs and Chemicals Limited hereinafter referred to as “Company” or “PDCL” is engaged in the development and manufacture of Active Pharma Ingredients (“APIs”) and Fine Chemicals for the domestic market as well as for exports to international markets.
- The company currently produces the entire range of *Antacid Molecules* and the product portfolio presently comprises 15 APIs and 10 Fine Chemicals.
- The company operates a manufacturing facility at Bhavnagar in Gujarat.
- The company supplies products to approximately 16 countries, including both direct and indirect exports.
- As of March 31, 2022 PDCL caters to more than 241 customers through dealers/agents worldwide.
- The market capitalization of the company as of 30th September, 2022 is INR 1,863 Mn.

Business Mix Q2-FY23

- **API (56%):** The APIs manufactured are purchased by pharmaceutical companies that convert the APIs into various forms of formulations such as tablets and liquid form for final sale, used as an API in Antacid Formulation.
- **Fine Chemicals (43%):** The company offers Fine Chemicals used as an Antacid Raw material in specific antacid formulations, ceramics, suspending agent, thickening agent, Pesticides & detergents, special low moisture grade, free flow salt & anticaking agent for agriculture and paints space etc.

Financials H1-FY23

Income – INR 483 MN
EBITDA – INR 95 MN
EBITDA – 19.66 %
PAT – INR 60 MN
PAT – 12.42 %

A person wearing a blue lab coat is holding a clear petri dish containing a white, powdery substance. The background is a light blue color with a faint molecular structure graphic consisting of white and blue spheres connected by lines. A large, dark blue circle is positioned on the left side of the image, partially overlapping the petri dish. A smaller, solid yellow circle is located above the petri dish.

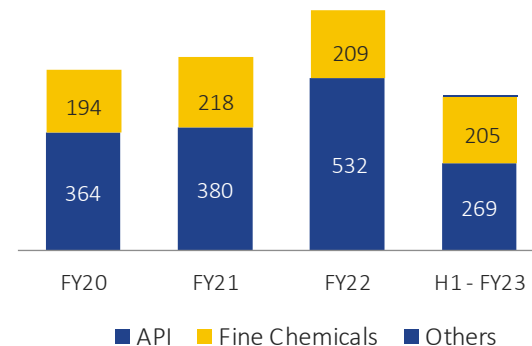
Company Overview

Company Overview

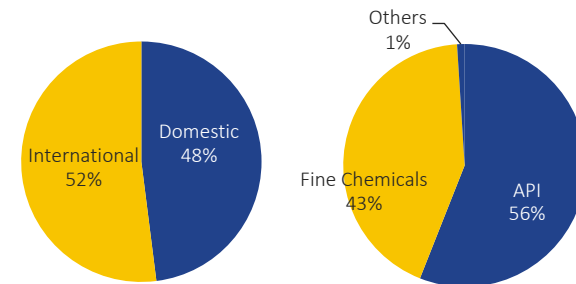


- Promoted by Mr. Falgun Savani and Mr. Jignesh Savani, Par Drugs and Chemicals Limited (PDCL) was founded in 1982 and is engaged in the development and manufacturing of APIs.
- The Company today manufactures 25 different products and all the requisite grades as available in the market. The product portfolio presently comprises of 15 APIs and 10 Fine Chemicals which are marketed domestically and exported.
- Currently, the company owns and operates a manufacturing facility at Bhavnagar in Gujarat with an annual capacity of 9,700 MT.
- The company is the largest manufacturer of Magnesium Hydroxide, Sucralfate and Magnesium Trisilicate in India.
- Company's key customers include Essential Drugs Company Ltd., Pfizer Ltd., United Phosphorus Ltd., Cipla Ltd., etc.
- PDCL exports its products to approximately 16 countries, including Germany, the United Kingdom, Bangladesh, Iran, and U.A.E etc.
- APIs, also known as "bulk drugs" or "bulk actives" are the principal ingredient used in making finished dosages in the form of capsules, tablets, liquid, or other forms of dosage, with the addition of other APIs or inactive ingredients.

Operational Revenues (INR Mn)



Business Mix (Q2-FY23)



Falgun Vallabhbai Savani Managing Director

- Holds Bachelor's degree in Pharmacy from B. K. Modi Government Pharmacy College, Rajkot affiliated with Saurashtra University.
- Has 21 years of experience in the API Industry and is playing a vital role in formulating business strategies and effective implementation of the same.
- Responsible for expansion and overall management of the business of our Company and his leadership abilities have been instrumental in leading the core team.

Jignesh Vallabhbai Savani Executive Director & CEO

- Has completed Matriculation education from Gujarat Secondary Education Board.
- Has 21 years of experience in the API Industry and has been actively involved in the day-to-day operations of the Company and looks after the sales, administration and finance department.

Ghanshayambhai Bhagvanbhai Savani Whole-Time Director

- Has 31 years of experience in the API Industry and his expertise and business acumen helped in sustainable growth.
- Actively engaged in the production activity of the Company.

Pravin Manjibhai Bhayani Independent Director

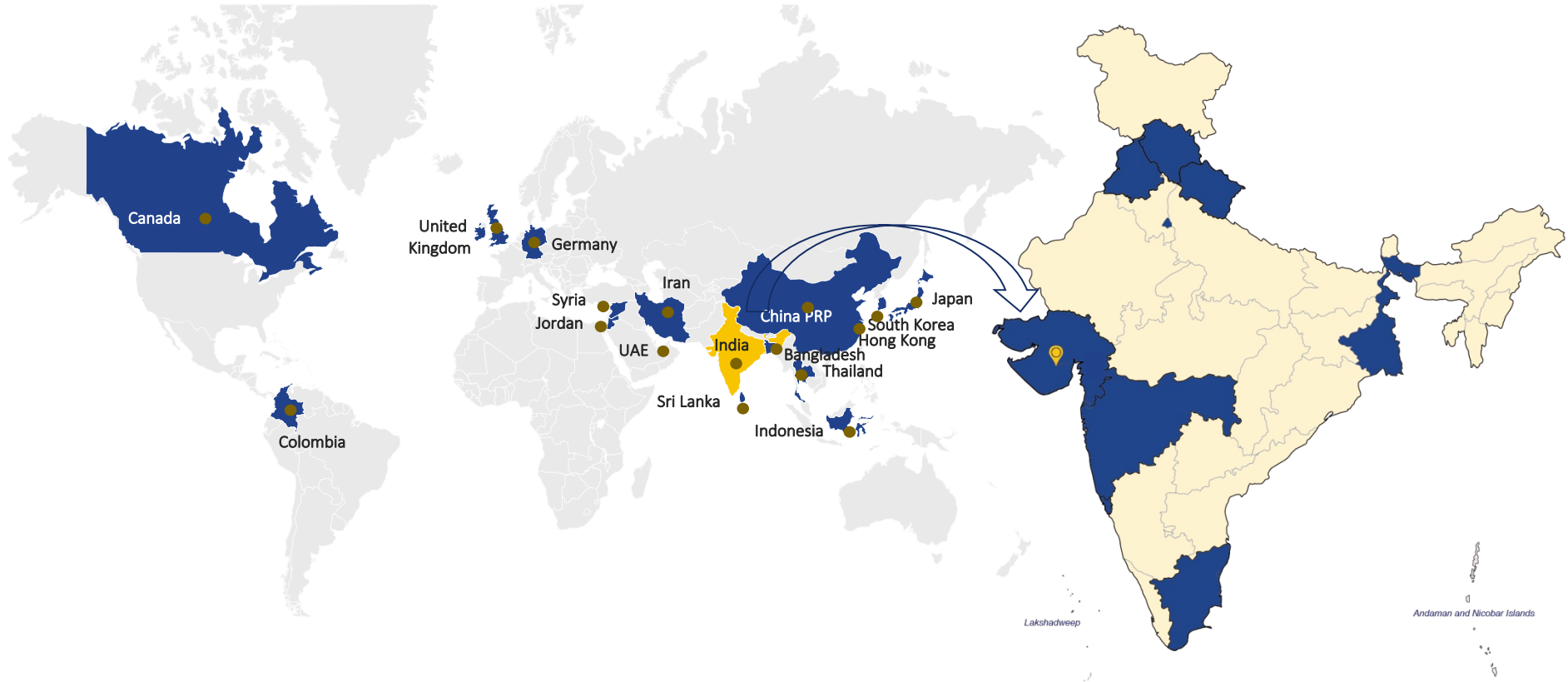
Kajal Chintanbhai Vaghani Independent Director

Krishna Mitulbhai Shah Independent Director

Nayna Jignesh Savani Non - Executive Director

Bintal Bhaveshkumar Shah Independent Director

6 Geographical Presence



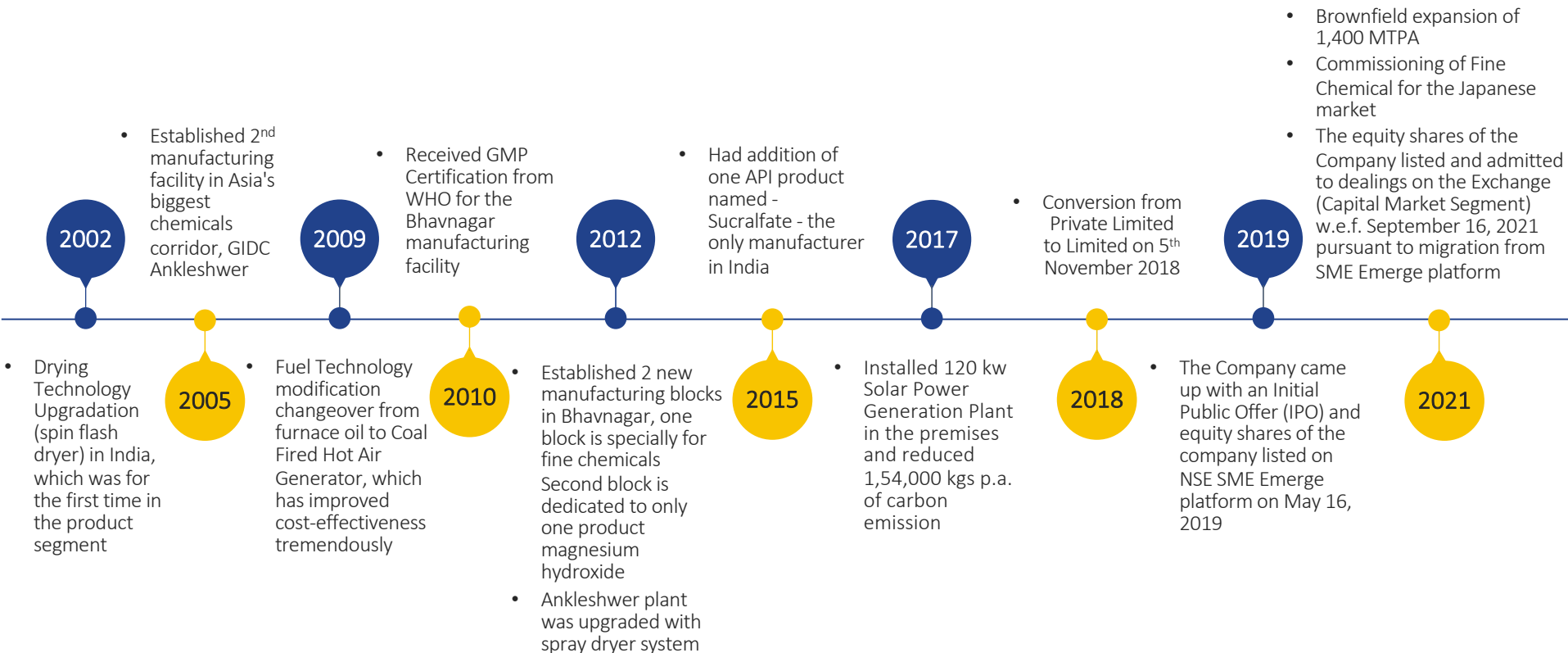
13+
Agents Globally

40+
Dealers in India

Manufacturing Facility
Bhavnagar, Gujarat having a capacity of 9,700 MTPA.

7 Key Milestones

Mr. V. J. Savani established in the year 1982 in the name of Par Inorganics, later Par Drugs and Chemicals was incorporated in the year 1999.



- Company's focus is on developing non-infringing processes and achieving process improvements and production cost efficiencies.
- The main focus will be to expand the ability to penetrate different applications of current molecules with modified physical and chemical structures.
- In FY22 the company has initiated focus towards R&D on chronic therapies like antidepressants, anti-diabetic and anti-bacterial.
- The laboratory at Chitra, Bhavnagar, is equipped with modern equipments including electronic balances, KF apparatus, ovens, stability chambers, computers, HPLC with IR Detector, Particle Size Analyser, Surface Area Analyser. We also have a dedicated Microbiological Laboratory to perform microbiological tests.



The primary responsibilities of the R&D team include:-

- New products development
- Development of customized products catering to the specific requirement of customers
- Scale up and Optimization of new technologies
- To render assistance to production and quality assurance for quality improvement, troubleshooting in existing process and products
- Value engineering and development of cost-effective process

9 Manufacturing Facility



Manufacturing Facility - Chitra, Bhavnagar, Gujarat

There are four Manufacturing Blocks are for different products having a capacity of 9,700 MTPA.

Block 1 – APIs

Block 2 - Magnesium Hydroxide

Block 3 - Fine Chemicals

Block 4 – APIs/ Fine Chemicals



Manufacturing Process



Procurement of Raw Material

Procurement of magnesium chloride, caustic soda lye, soda ash, Aluminium chloride etc. All incoming raw materials are tested as per specifications.



Reaction

Chemical reaction takes place in a controlled environment between the raw materials. The quantity of raw material and addition of the same depends on the final product to be manufactured.



Filtration

After the reaction, the slurry has to be washed to remove impurities. Washing process is carried out until the product complies with prescribed limits as per specification. It is a controlled process and sulphates and chlorides are washed off with treated water.



Drying

Excess water from the product is evaporated at a controlled temperature and getting the final product in powder form.



Quality Control and Sampling

The sampling is done for the final product as per the system and norms already defined and then these samples are sent to the QC for testing as per the pharmacopoeia.



Packaging

The material is sent to the packaging department where it is packed in LDPE and HDPE containers and supplied to various parties.

The background of the slide is a close-up photograph of a white, granular substance, possibly a chemical or food ingredient, piled on a light surface. In the upper right, a bright blue, cube-shaped object is visible but out of focus. A solid yellow circle is positioned in the upper middle area, partially overlapping the white granules. On the left side, a large, solid blue circle contains the text "Business Overview" in white.

Business Overview



Diversified Portfolio: The company manufactures the entire range of products in the Antacid segment. The product portfolio presently comprises 15 APIs and 10 Fine Chemicals which are marketed domestically and exported.



Global Presence: The Company is operating both in domestic and export markets. The export products are to approximately 16 countries, including Germany, United Kingdom, Bangladesh, Iran, and U.A.E, Indonesia, Japan, South Korea, etc.



Experienced Promoters: Led by qualified and experienced Promoters and key managerial personnel, who we believe have extensive knowledge and understanding of the APIs business environment and have the expertise and vision to organically scale up the business.



Robust Chemistry Capabilities: A research driven Company with R&D efforts focused on developing processes and achieving process improvements and production cost efficiencies.



Diversified Customer base: Catering to more than 241 customers through dealers/agents worldwide.



Established Sales and distribution network: Comprising of more than 40 dealers and distribution network is spread globally comprising of 13 agents.



Cash Rich Company: The company is a net debt free and generates free cash flow. They plan its expansions through internal accruals.



The company is one of the largest manufacturer in Magnesium Hydroxide, Sucralfate and Magnesium Trisilicate in India.

API (56%)

Magnesium Hydroxide

Sucralfate

Dried Aluminium Hydroxide Gel

Magaldrate

Magnesium Trisilicate

Aluminium Magnesium Silicate

Magnesium Aluminosilicate-USP

Magnesium Oxide Heavy

Hydrotalcite

Magnesium Oxide USP

Almagate BP

Light Magnesium Carbonate

Light Magnesium Carbonate

Colloidal Silicon Dioxide

Magnesium Aluminometasilicate

Magnesium Oxide Light

Magnesium Aluminium Hydrate

Synthetic Aluminium Silicate

Fine Chemicals (43%)

Precipitated Silica

Sodium Aluminium Silicate

Amorphous Aluminium Hydroxide

PARSIL-HT

PAR ADD OP

MagSil OF

FlowSil

Aluminium Hydroxide Magnesium
Carbonate Co-Dried Gel

Magnesium Aluminium Silicate-
Hydrated (Pharma)

Magnesium Aluminium Silicate-
Hydrated (Agro)



API

API

- PDCL currently produces the entire range of Antacid Molecules available in the market.
- Antacids are medication that neutralizes stomach acid to cut down on heartburn, sour stomach, acid indigestion, and stomach upset, symptoms of Gastroesophageal Reflux Disease (GERD also called acid reflux), heartburn or indigestion (also called dyspepsia).
- They contain ingredients such as aluminium, calcium, magnesium, or sodium bicarbonate which act as bases (alkalis) to counteract stomach acid and make its pH more neutral.
- Some such products are formulated to minimize such effects through the inclusion of equal concentrations of magnesium hydroxide or magnesium carbonate, which have counterbalancing laxative effects.

Business
Verticals

Fine
Chemicals



FINE CHEMICALS

- The company manufactures Fine chemicals that are inorganic molecules produced in kilogram to multi-ton quantities by conventional or chemical processes.
- Applications that involve the use of fine chemicals include catalysts, adhesives, food, and specialty polymers for advanced composites etc. Similarly, fine chemicals are also employed in the agrochemical industry for manufacturing pesticides, fungicides, and herbicides through rigorously controlled contamination prevention protocols.

Magnesium Hydroxide

- Widely used as an Antacid in many Formulations helping reduce stomach acid
- Also used as intermediate for obtaining magnesium metal, residual fuel additive, sulfite pulp, uranium processing, dentifrices, in food as alkali, drying agent, colour retention agent, frozen desserts

Sucralfate

- It is a medication primarily taken to treat active duodenal ulcers
- Sucralfate is also used for the treatment of gastroesophageal reflux disease and stress ulcers

Dried Aluminium Hydroxide Gel

- Mainly used as an active medicament in an Antacid Formulations
- Used in manufacturing of lake colours, Inks, catalysts carrier etc

Magaldrate

- It is a common antacid drug that is used for the treatment of duodenal and gastric ulcers, esophagitis from gastroesophageal reflux

Magnesium Trisilicate

- Used as Antacid in Antacid Formulations.
- Useful Antioxidant, decolorizing agent
- Industrial odour absorbent

Synthetic Aluminium Silicate-KP

Used in cattle feed product formulation

Magnesium Aluminosilicate-USP

- Used as an Antacid Raw material in a specific antacid Formulation

Magnesium Aluminometasilicate-KP/USP

- Used as an Antacid Raw material in a specific antacid Formulation

Aluminium Magnesium Silicate

- Used as an Antacid Raw material in a specific antacid formulation
- Ceramics suspending agent, thickening agent etc

Magnesium Oxide USP

- Its uses include relief of heartburn and sore stomach, as an antacid, magnesium supplement and as a short-term laxative

Light Magnesium Carbonate

Light Magnesium Carbonate is an inorganic compound used as a common antacid

- Used to produce magnesium metal and basic refractory bricks
- Used in flooring, fire proofing
- Fire extinguishing compositions
- Cosmetics, dusting powder and toothpaste

Colloidal Silicon Dioxide

- Has many uses in tablet-making: some include as an anti-caking agent, adsorbent, disintegrate or glidant to allow powder to flow freely when tablets are processed

Magnesium Aluminium Hydrate

- Used as an Antacid Raw material in a specific antacid Formulation

Magnesium Oxide Light

Magnesium Oxide is a common antacid drug that is used for Pharmaceutical aid

- Filling and reinforcing agent for light-coloured plastic and rubber products
- Polishing agent, binding agent
- Accelerator and activator for fluorine and chloroprene rubber
- For making ceramic, enamel, advanced refractory materials. Used for making magnesium chloride cement. Widely used in glass, dyes, phenolic plastic and other fields

Aluminium Hydroxide Magnesium Carbonate Co-Dried Gel

- Used as Pharma Excipient in specific antacid formulations.

Fine chemicals are chemical substances prepared to a very high degree of purity. They can be used in different industries. These chemicals are used for special applications by manufacturing firms that make the following products: Pharmaceuticals, paints, petrochemicals, adhesives and agricultural products.

Precipitated Silica

It is a form of silica (silicon dioxide, SiO_2); it is a white, powdery material. Precipitated silica is produced by precipitation from a solution containing silicate salts.

- Pesticides & Detergents
- Special Low Moisture Grade
- Free Flow Salt & Anticaking Agent
- For Cosmetics
- Pharmaceuticals

Allusil (Sodium All. Silicate) - Sodium Aluminium Silicate

It is a composition of Silicate & Aluminium Salt.

- Paper
- Paint
- Coating application

Amorphous Aluminium Hydroxide

- Amorphous Aluminium Hydroxide Dried Gel is used in the manufacturing of construction chemicals mainly used to manufacture "Short Crete".

PARSIL - HT

- Used in Specialized Agro Formulation.

PAR ADD OP

- Used as Filler in PVC Pipes Manufacturing.

Magnesium Aluminium Silicate (Agro)

- Used as Plant Growth Supplement

Magnesium Aluminium Silicate (Pharma)

- Used as an Antacid Raw material in a specific antacid Formulation.
- Ceramics, suspending agent, thickening agent etc.

Aluminium Hydroxide Magnesium Carbonate Co-Dried Gel

- Used as Pharma Excipient in specific antacid formulations.

MagSil OF

- Used in Regeneration of Used Cooking Oil

FlowSil

- Used as Packing Material in Chromatographic Columns

Expand the product portfolio:

Seek to leverage the R&D capabilities to expand PDCL's Product Portfolio and thus penetrate the different segments of application and value added products. This will ultimately increase the profitability by value addition.

Exploring new geographical area:

Intend to continue to grow sales by exploring new geographical area and developing new products portfolio. Currently targeting to enter Japan, South Korea and China.

Direct Exports:

With the aim to enhance the growth of the company, the company wishes to serve its customers directly and improve relations.

Continuous Research and Development using Innovation:

A new fully owned R&D Centre will be set-up to add new APIs molecules in other therapeutic segments as well like anti-depressants, anti-diabetics and anti-fungal.

Expansion:

With the growth in product portfolio, the company plans to do a greenfield expansion in the next two to three years.

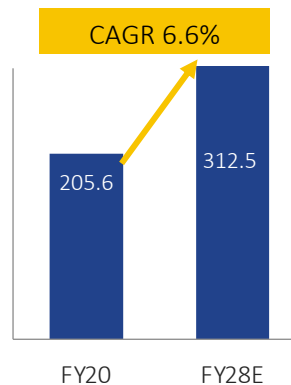


Industrial Overview

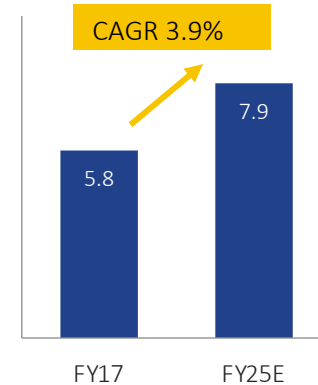
- The global active pharmaceutical ingredients market was valued by USD 205.60 Bn in 2020. It is estimated to witness a 6.6% CAGR from 2021 to 2028.
- The global antacids market size was valued at USD 5.83 Bn in 2017 and is projected to expand at a CAGR of 3.9% over the forecast period of FY25.
- India is also one of the major exporters of bulk drugs, supplying high-quality bulk drugs to both regulated and semi-regulated markets.
- The Indian active pharmaceutical ingredients (APIs) market stood at USD 11.807 Bn FY2021 and is expected to grow at a compound annual growth rate of 12.24 % during the forecasted period 2021 to 2027.
- As a result of the substantial lockdown in China, scarcity of active pharmaceutical ingredients is experienced globally, by the pharmaceutical manufacturing companies. The deficit in the supply has generated a shortage of many medicines all over the world.
- The API market is undergoing immense changes due to supply chain disruption by COVID-19. Countries such as India are being preferred over China for the export of API owing to geopolitical situations and the demand to reduce dependence on China for API products.
- The propelling factors for the growth of the antacids market include the growing geriatric population suffering from GERD, poor lifestyle choices leading to higher incidences of acidity, and side effects of drugs like non-steroidal, anti-inflammatory drugs.

(Sources: Million Insights, Grand View Research, IBEF, European Pharmaceutical Review, Mordor Intelligence)

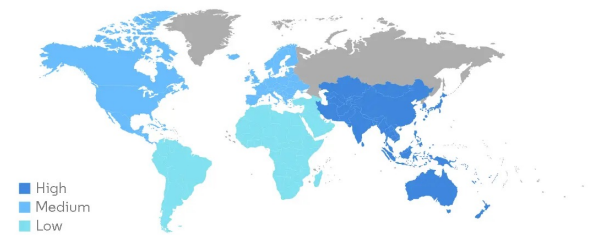
Global API Market Size
(USD Bn)



Global Antacid Market Size
(USD Bn)



Antacids Market - Growth Rate by Region

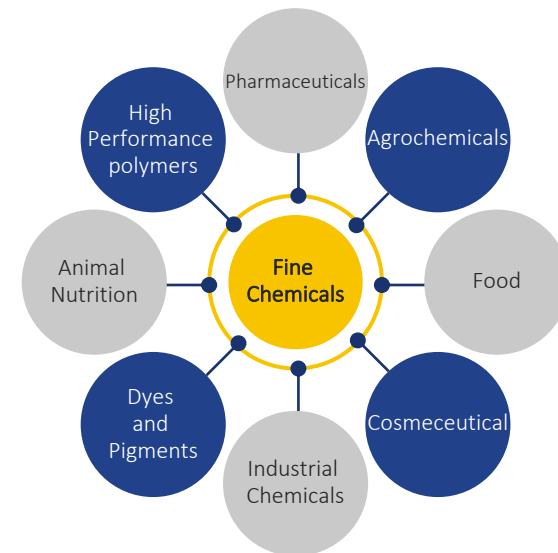
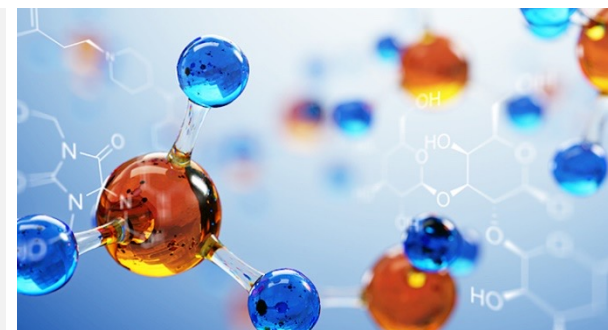


Source: Mordor Intelligence



Forecasted Period 2022 - 2027

- The global Fine Chemicals market size is projected to reach USD 2,78,510 Mn by 2027, from USD 1,72,510 Mn in 2020, at a CAGR of 7.1% during 2021-2027.
- The global Fine Chemicals market is anticipated to rise at a considerable rate during the forecast period, between 2022 and 2026. In 2022, the market was growing at a mild rate and with the rising adoption of strategies by key players, the market is predicted to rise over the projected horizon.
- The rising ageing population along with rising health consciousness among consumers is expected to propel demand growth over the forecast period.
- The global market is characterized by major industry participants focusing on R&D activities. In order, to capture the emerging opportunities in regions, such as Asia Pacific and Central & South America, companies are setting up manufacturing facilities to increase their regional footprint.
- On the basis of end-users, the fine chemicals market is segmented into pharmaceuticals, agro chemicals, polymer additives, food and feed, electronics, dyes and pigments, perfumes and fragrances, and others. Fine chemicals are used in many industries like agrochemicals and perfumes & fragrances are also the major end-user segments, which are occupying prominent share among all other applications after pharmaceuticals.
- To elaborate, Agrochemical companies are the second largest users of fine chemicals. As a consequence of an intensive M&A activity over the past two decades, the industry now is more consolidated than the pharmaceutical industry.



(Source: Globe Newswire Reuters, Grand View Research, Market Watch)

Financial Overview



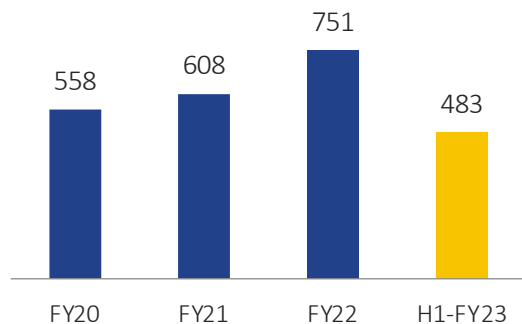
Historical Income Statement

Income Statement (INR Mn)	FY20	FY21	FY22	H1-FY23
Income from Operations	558	608	751	483
Total Expenses	464	447	588	388
EBITDA	94	161	163	95
<i>EBITDA Margins (%)</i>	<i>16.85%</i>	<i>26.48%</i>	<i>21.70%</i>	<i>19.66%</i>
Finance Cost	8	7	5	1
Depreciation	27	28	33	16
Other Income	1	2	2	2
Profit before Extra Ordinary Items	60	128	127	80
Extraordinary items	-	(19)	-	-
Profit Before Tax	60	147	127	80
Tax	12	31	35	20
Profit after tax	48	116	92	60
<i>PAT Margins (%)</i>	<i>8.60%</i>	<i>19.08%</i>	<i>12.25%</i>	<i>12.42%</i>
Diluted EPS (INR)	7.75	18.87	7.49	4.89

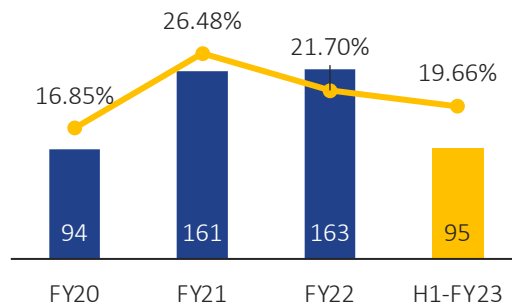
Balance Sheet

EQUITIES & LIABILITIES (INR Mn)	FY21	FY22	H1-FY23	ASSETS (INR Mn)	FY21	FY22	H1-FY23
Shareholder Funds	522	599	659	Non Current Assets	352	351	363
(A) Equity Share Capital	61	123	123	(A) Fixed Assets	-	-	-
(B) Reserves & Surplus	461	476	536	(i) Tangible Assets	299	341	331
				(ii) Capital work-in-progress	45	2	24
Non-current Liabilities	82	39	40	(B) Non Current Investments	-	-	-
(A) Long Term borrowings	44	-	-	(C) Other Non Current Assets	8	8	8
(B) Deferred Tax Liabilities (net)	34	35	35				
(C) Long term Provisions	4	4	5				
Current Liabilities	160	149	150	Current Assets	412	436	486
(A) Short term borrowings	32	-	36	(A) Inventories	30	47	45
(B) Trade Payables	67	107	79	(B) Trade Receivables	125	185	222
(C) Other Current Liabilities	25	8	15	(C) Cash & cash equivalents	212	163	194
(D) Short term Provisions	36	34	20	(D) Short Term Loans & Advances	0	0	0
				(E) Other Current Assets	45	41	25
GRAND TOTAL - EQUITIES & LIABILITES	764	787	849	GRAND TOTAL – ASSETS	764	787	849

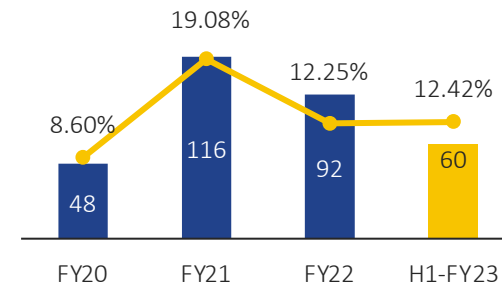
Operational Revenue (INR Mn)



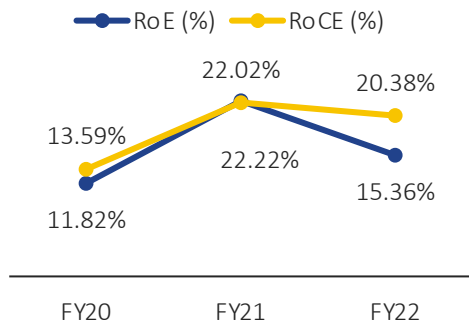
EBITDA (INR Mn) & EBITDA Margins (%)



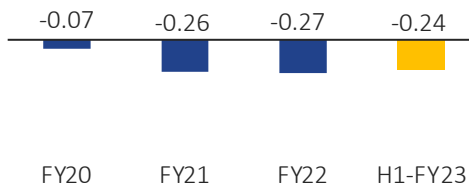
PAT (INR Mn) & PAT Margins (%)



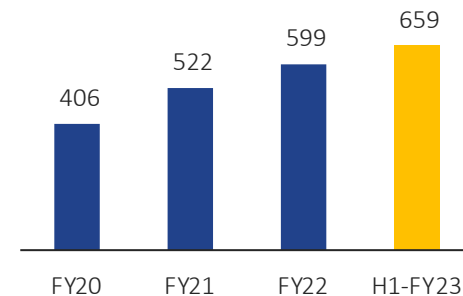
RoCE & RoE



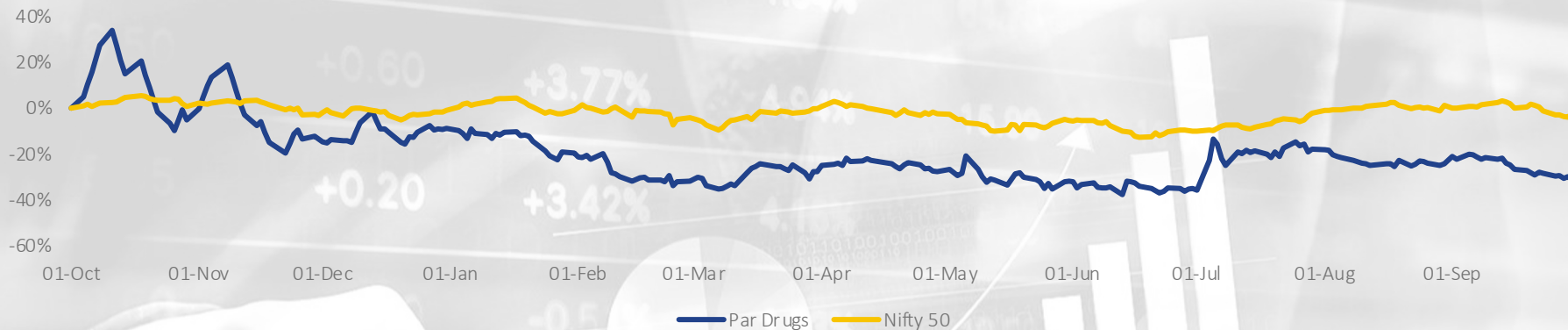
Net Debt to Equity Ratio (x)



Net Worth (INR Mn)



Stock Market Performance (as on 30th September, 2022)

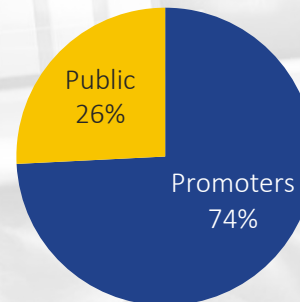


Price Data (30th September, 2022)

INR

Face Value	10.0
Market Price	151.5
52 Week High/Low	310.6/131.7
Market Cap (Mn)	1,863.4
Equity Shares Outstanding (Mn)	12.3
1 Year Avg Trading Volume ('000)	26.1

Shareholding Pattern as on 30th September, 2022



Par Drugs and Chemicals Limited:

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Thank
You