



# Aarti Drugs Limited

Manufacturers of : Bulk Drugs & Chemicals

**Corporate Office :** Mahendra Industrial Estate,  
Ground Floor, Plot No. 109-D, Road No. 29,  
Sion (East), Mumbai - 400 022. (India)  
Tel .: 022-2407 2249 / 2401 9025 (30 Lines)  
Fax.: 022-2407 3462 / 2407 0144  
Email: admin@aartidrugs.com  
website: www.aartidrugs.com  
CIN No.:L37060MH1984PLC055433

**Ref: ADL/SE/2021-22**

**October 27, 2021**

To,  
Listing/ Compliance Department  
**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 001

**BSE CODE - 524348**

To,  
Listing/ Compliance Department  
**National Stock Exchange of India  
Limited,**  
"Exchange Plaza", Bandra - Kurla  
Complex, Bandra (E), Mumbai - 400051

**NSE SYMBOL: AARTIDRUGS**

Dear Sir/Madam,

**Sub: Press Release**

Please find attached herewith press release on the Financial Results for the quarter and half year ended September 30, 2021.

Kindly take the same on record.

Thanking you,

Yours faithfully,

**FOR AARTI DRUGS LIMITED**

RUSHIKESH DEOLE

**COMPANY SECRETARY & COMPLIANCE OFFICER**

ICSI M.No.: A54527



Press Release

## **Aarti Drugs Limited Reports its Q2FY22 Financial Results**

*Resilient performance despite continuous input cost pressure*

**Mumbai, October 27, 2021:** Aarti Drugs Limited (Aarti Drugs) (NSE: AARTIDRUGS; BSE:524348), a Mumbai based diversified and fully integrated pharmaceutical company, with interests in Active Pharmaceutical Ingredients (API), Formulation, Specialty Chemicals and Intermediates announced its financial results for the quarter and half year ended 30<sup>th</sup> September 2021.

Particulars (In ₹ Crores)	Q2 FY22	Q2 FY21	YoY%	H1FY22	H1FY21	YoY%
<b>Revenue</b>	<b>579.7</b>	<b>578.4</b>	<b>0.2%</b>	<b>1,161.3</b>	<b>1,124.3</b>	<b>3.3%</b>
Gross Profit <sup>#</sup>	184.2	220.2	(16.4)%	369.5	446.6	(17.3)%
<b>EBITDA*</b>	<b>73.8</b>	<b>116.7</b>	<b>(36.8)%</b>	<b>155.1</b>	<b>252.0</b>	<b>(38.4)%</b>
<b>EBITDA Margin %</b>	<b>12.7%</b>	<b>20.2%</b>	<b>(745)bps</b>	<b>13.4%</b>	<b>22.4%</b>	<b>(905)bps</b>
Profit Before Tax (PBT)*	56.1	97.1	(42.3)%	120.8	213.4	(43.4)%
<b>Profit After Tax (PAT)</b>	<b>42.6</b>	<b>75.3</b>	<b>(43.4)%</b>	<b>91.4</b>	<b>160.7</b>	<b>(43.1)%</b>
PAT Margin %	7.3%	13.0%	(567)bps	7.9%	14.3%	(642)bps
EPS (in ₹)	4.6	8.1	(43.1)%	9.9	17.2	(42.9)%

*Note: # Gross Profit = Revenue- Raw Material Consumed \* EBITDA & PBT excludes exceptional Items but includes other income*

### **Consolidated Financial Highlights – Q2 FY22**

- **Revenue** stood at ₹ 579.7 crores as against ₹ 578.4 crores YoY.
- **EBITDA** stood at ₹ 73.8 crores as against ₹ 116.7 crores YoY. **EBITDA Margin (%)** came in at 12.7%.
- **PAT** stood at ₹ 42.6 crores as against ₹ 75.3 crores YoY. **PAT Margin (%)** came in at 7.3%.

### **Consolidated Financial Highlights – H1 FY22**

- **Revenue from operations** stood at ₹ 1,161.3 crores as against ₹ 1,124.3 crores, up 3.3% YoY.
- **EBITDA** stood at ₹ 155.1 crores as against ₹ 252.0 crores YoY. **EBITDA Margin (%)** came in at 13.4%.
- **PAT** stood at ₹ 91.4 crores as against ₹ 160.7 crores YoY. **PAT Margin (%)** came in at 7.9%.

### **Segmental Performance Update**

Particulars (In ₹ Crores)	Q2FY22	Q2FY21	YoY	H1FY22	H1FY21	YoY
API	462.7	461.6	0.2%	909.2	891.2	2.0%
Formulation	75.7	71.2	6.4%	162.2	152.3	6.5%
Specialty Chemicals, Intermediates & Others	41.2	45.3	(9.0)%	88.1	79.3	11.2%

### Standalone Business Highlights

- Standalone Q2 revenue stood at ₹ 511.6 crores.
- The standalone business contributed ~87% to the consolidated revenue for the quarter.
- ~63% of the revenues came from the domestic market and 37% from the exports market for Q2FY22 for a standalone business.
- API volume growth remained largely flattish on account of lower than anticipated growth in anti-biotics segment.
- Domestic revenue de-grew approximately by 4.8% while exports grew by around 6.9% year-on-year for Q2FY22.
- Within the API segment, the antibiotic therapeutic category contributed around 46%, anti-protozoal around 17%, anti-inflammatory around 13%, anti-diabetic around 11%, antifungal around 10% and the rest contributed around 3% to total API sales for Q2FY22. The share of acute therapies remained subdued due to the ongoing Covid-19 pandemic induced restricted travel.

### Formulation Segment Highlights

- Revenue for formulation stood at ₹ 75.7 crores, a growth of 6.4% year-on-year.
- ~26% of the revenue came from exports during the quarter.

**Commenting on the results Mr. Adhish Patil, Chief Financial Officer – Aarti Drugs Limited said, “The company reported a resilient performance during the quarter notwithstanding the impact of multiple headwinds in terms of high raw material prices, shortage of shipping containers and coal prices. The demand for anti-biotics continued to remain low and is expected to come back to normal once the travelling is restored to normalcy. However, the growth trajectory in the API segment is expected to bounce back in the upcoming quarters underpinned by an expected recovery in acute therapies, a growing share of niche products and a strong product launch pipeline driven by a healthy line-up of products under development and products under pipeline.**

*Formulation segment revenue stood at ₹ 75.7 for the quarter. The formulation segment contributed 13% to the consolidated revenue for the quarter.*

*On a consolidated level, continued upwards momentum in the raw material prices, disruption in the supply chain due to unexpected power outages in China, a sudden spike in the coal prices, elevated freight costs due to shortage of shipping containers and one-off employee expenses related to revision in the remuneration impacted the EBITDA margins. However, as a strategy, the company continued to focus on maintaining the leadership position for its top revenue contribution products. In order to mitigate the impact of higher raw material prices, the company proactively undertook proactive price hikes time to time across the therapeutic areas to sustain the EBITDA margins. However, EBITDA margins and profitability did not commensurate with the pricing growth due to the lag in passing on the price hikes. As communicated earlier, the financial performance is not exactly comparable on a YoY basis due to high API prices during H1FY21 due to Covid-19 related disruptions which inflated the revenue and EBITDA margins.*

*We believe that the coal prices and high freight costs are short term-term in nature and raw material prices are expected to taper off towards the end of FY22. The company is considering further price hikes in the coming days if raw material price momentum sustains. As a result, EBITDA margins are expected to come back to normal levels within the next couple of quarters.*

*The investing cashflow for H1FY22 stood at Rs. 77 crores and is expected to be in the range of ₹ 100-125 crores during the remaining part of FY22, funded through a mix of internal accruals and debt. The pace of capex was impacted to some extent due to incessant rains in Maharashtra and Gujarat during the quarter. The balance sheet continues to remain strong with a comfortable net debt to equity of 0.50x as of September 30, 2021.*

*The company is well on track of growing the contribution from niche, high-value lifestyle & chronic therapeutic areas and reducing share from acute therapies from the API business segment. Similarly, specialty chemicals and Intermediates business is expected to grow at a robust pace driven by the niche value proposition and multiple industry & geopolitical tailwinds. On a formulation business front, the company has a robust pipeline of products under development for multiple therapeutic areas. The company remains confident about the opportunities across all the businesses.”*

### **About Aarti Drugs Limited**

Aarti Drugs Limited was established in the year 1984 and forms part of \$6 Billion Aarti Group of Industries with robust R&D Division at Tarapur, Maharashtra Industrial Development Corporation (MIDC) in close vicinity to manufacturing locations. The Company is engaged in the manufacturing of Active Pharmaceutical Ingredients (APIs), Pharma Intermediates, Speciality Chemicals and produces Formulations with its wholly-owned subsidiary- Pinnacle Life Science Private Limited. Products under APIs include Ciprofloxacin Hydrochloride, Metronidazole, Metformin HCL, Ketoconazole, Ofloxacin etc. whereas Specialty Chemicals includes Benzene Sulphonyl Chloride, Methyl Nicotinate etc.

For more information, please visit [www.aartidrugs.com](http://www.aartidrugs.com)

### **Safe Harbor**

Statements in this document relating to future status, events, or circumstances, including but not limited to statements about plans and objectives, the progress and results of research and development, potential project characteristics, project potential and target dates for project-related issues are forward-looking statements based on estimates and the anticipated effects of future events on current and developing circumstances. Such statements are subject to numerous risks and uncertainties and are not necessarily predictive of future results. Actual results may differ materially from those anticipated in the forward-looking statements. The company assumes no obligation to update forward-looking statements to reflect actual results changed assumptions or other factors.

**For more information please contact:**



**Aarti Drugs Limited**



**Strategic Growth Advisors Pvt. Ltd.**

CIN: L37060MH1984PLC055433

Mr. Rushikesh Deole

Email: [investorrelations@aartidrugs.com](mailto:investorrelations@aartidrugs.com)

Contact no.: +91 22 24048199

CIN: U74140MH2010PTC204285

Mr. Jigar Kavaiya / Mr. Chinmay Madgulkar

Email: [jigar.kavaiya@sgapl.net](mailto:jigar.kavaiya@sgapl.net) / [chinmay.m@sgapl.net](mailto:chinmay.m@sgapl.net)

Contact no.: +91 9920602034 / +91 9860088296