



Aarti Drugs Limited

Manufacturers of : Bulk Drugs & Chemicals

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CIN No.:L37060MH1984PLC055433

Ref: ADL/SE/2021-22

July 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 ended June 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 Q1FY22 Financial Results

Concludes ₹ 60 crores share buyback

Mumbai, July 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 ended 30th June 2021.

Particulars (In ₹ Crores)	Q1 FY22	Q1 FY21	YoY%	Q4 FY21	QoQ%
Revenue	581.6	545.9	6.5%	502.7	15.7%
Gross Profit [#]	185.3	279.9	(33.8)%	183.1	1.2%
EBITDA*	81.3	135.2	(39.9)%	81.9	(0.7)%
EBITDA Margin %	14.0%	24.8%	(1079)bps	16.3%	(231)bps
Profit Before Tax (PBT)*	64.7	116.3	(44.4)%	65.3	(0.9)%
Profit After Tax (PAT)	48.8	85.5	(42.9)%	51.6	(5.5)%
PAT Margin %	8.4%	15.7%	(726)bps	10.3%	(188)bps
EPS (in ₹)	5.24	9.17	(42.9)%	5.54	5.5%

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

Consolidated Financial Highlights – Q1 FY22

- **Revenue from operations** stood at ₹ 580 crores as against ₹ 545 crores, up 6.5% YoY.
- **EBITDA** stood at ₹ 81.3 crores as against ₹ 135.2 crores YoY. **EBITDA Margin (%)** came in at 14.0%.
- **PAT** stood at ₹ 48.8 crores as against ₹ 85.5 crores YoY. **PAT Margin (%)** came in at 8.4%.

Segmental Performance Update

Particulars (In ₹ Crores)	Q1 FY22	Q1 FY21	YoY	Q4FY21	QoQ
API	446.4	429.6	3.9%	392.1	13.8%
Formulation	86.5	81.1	6.7%	61.7	40.1%
Specialty Chemicals, Intermediates & Others	47.1	34.0	38.9%	47.9	(1.7)%

API Segment Highlights

- Q1 revenue for the API segment stood at ₹ 446.4 crores, up 3.9% YoY.
- API segment contributed approximately 77% to the consolidated revenue.
- Within the API segment, ~68.5% of the revenues came from the domestic market and 31.5% from the exports market for Q1FY22.
- Domestic revenue grew approximately by 12% while exports contracted marginally by around 4.1% year-on-year. However, contraction in exports can be attributed to the fact that

~ ₹ 9 crores of exports from Mar'20 quarter was accounted in Jun'20 quarter due to lockdown in last year. Approximately 13.2% volume growth was observed in the API segment.

- Within the API segment, the antibiotic therapeutic category contributed around 37.2%, anti-protozoal around 11.6%, anti-inflammatory around 9.3%, anti-diabetic around 10%, antifungal around 7.4% and the rest contributed around 3.4% to total consolidated sales. The share of acute therapies remained subdued due to 2nd wave of Covid-19 induced lockdowns.

Formulation Segment Highlights

- Revenue for formulation stood at ₹ 86.5 crores, a growth of 6.7% year-on-year.
- ~19% of the revenue came from exports during the quarter.

Commenting on the results Mr. Adhish Patil, Chief Financial Officer – Aarti Drugs Limited said, “ *Despite the headwinds induced by 2nd wave of covid-19, the API segment registered a growth of 4% on YoY basis, driven by volume growth in lifestyle and chronic therapies while the demand for acute therapies remained subdued during the quarter due to lockdowns. The margins were impacted due to sudden hike in raw material prices in more than 20 raw materials. Main reasons for the hike in Raw materials were demand supply mismatch due to shutdown of few manufacturers, increase in crude prices, etc. Raw material price hikes were coupled with reduced demand of acute therapy products because of 2nd wave of covid-19 induced lockdowns. Hence passing on the increased costs to customers was a big challenge in this situation. However, the average realisation for most of our products have increased with respect to Mar'21 quarter, but it was only partial as compared to increased input costs. Hence there was reduction in gross contribution margin for Jun'21 quarter. Demand for anti-biotics and anti-protozoals are expected to come back to normal once the travelling is restored to normalcy.*

The growth trajectory in the API segment is expected to accelerate in the upcoming quarters underpinned by strong demand, product launch pipeline driven by a healthy line-up of products under development.

Formulation segment revenue stood at ₹ 86.5 for the quarter. Formulation segment contributed ~15% to the consolidated revenue for the quarter.

On a consolidated level, higher raw material prices and one-off expenses related to share buyback and implementation of ZLD facilities impacted the EBITDA margins. However, as a strategy, the company continued to focus on maintaining the leadership position for its top products. The company took nominal hikes to maintain the market share. We believe that the worst is behind us in terms of raw material prices and supply chain disruptions. EBITDA margins are expected to come back to normal levels within the next couple of quarters.

The company incurred a capex of Rs. 48 crores during the quarter and planning a capex of ₹ 150 to 200 crores during the remaining part of FY22, which might get affected in case of 3rd COVID 19 wave. The balance sheet continues to remain strong with a comfortable net debt to equity of 0.54x as of June 30, 2021. The net debt to equity ratio is expected to improve going forward driven by strong internal accruals.

The company is well on track of growing the contribution from lifestyle & chronic therapeutic areas and reducing share from acute therapies from the API business segment. Recently expanded chronic

therapy capacities have already started contributing to the growth. The company has a robust pipeline of products under development and under pipeline for API and Finished Dosages, with more focus on anti-fungal, anti-diabetic, skin treatment and anti-coagulant therapies.

I am happy to announce that, the share buy-back concluded during the quarter witnessed a massive response from the investors and was oversubscribed by ~111x. The company bought-back six lakh shares worth Rs. 60 crores during the buy-back. With this, the company has distributed ~ Rs. 195 crores (~26% pay-out) in form of dividends & buyback of shares over the last 6 years. The company remains committed to create value for the shareholders, further.

We remain confident of overcoming the near-term challenges. The growth trajectory is expected to be robust, driven by robust demand, excellent operational execution and capacity expansion, through a combination of brownfield and greenfield capex in API and formulation segments. Margins, profitability and return ratios are also expected to improve, due to operating leverage and backward integration. The company will continue to explore various opportunities in terms of new therapy additions and geographic expansion.”

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

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:



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