



Pharmaceuticals Limited

**Registered & Corporate Office :**

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Date: November 13, 2021

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

Listing / Compliance Department  
National Stock Exchange of India Limited  
Exchange Plaza, 5<sup>th</sup> Floor, Plot No. C-1, Block G,  
Bandra-Kurla Complex, Bandra (East),  
Mumbai- 400051

BSE Code: – 532815

NSE Code: SMSPHARMA

Sub: Press Release

Dear Sir/Madam,

Please find attached the press release on the Financial Results for the quarter ended 30<sup>th</sup> September,2021.

Kindly take the same on record.

Thanking you.

Yours Faithfully,  
For SMS Pharmaceuticals Limited

A handwritten signature in blue ink, appearing to read 'V. S. Venkatish', is written over the typed name.

V. S. Venkatish  
Company Secretary & Compliance Officer  
ICSI M. No.: A21785

## Press Release

# **SMS Pharmaceuticals Limited Reports its Q2FY22 Financial Results**

***Robust performance driven by improved product mix, pick-up in the key therapeutic areas and the operating leverage***

- ✓ Revenue grew by 34% YoY
- ✓ EBITDA Margin expanded by 867bps to 27.6%, driven by improved product mix and realisations
- ✓ Profit after tax (PAT) grew by 123% YoY

**Hyderabad, November 13, 2021:** SMS Pharmaceuticals Limited (SMS Pharma) (NSE: SMSPHARMA; BSE:532815), a Hyderabad based diversified and fully integrated pharmaceutical company, with interests in Active Pharmaceutical Ingredients (API) and Intermediates announced its financial results for the quarter and half-year ended 30<sup>th</sup> September 2021.

Particulars (In Rs. Crores)	Q2 FY22	Q2 FY21	YoY%	H1 FY22	H1 FY21	YoY%
<b>Revenue</b>	<b>174.7</b>	<b>130.1</b>	<b>34%</b>	<b>337.7</b>	<b>243.0</b>	<b>39%</b>
Gross Profit	81.0	47.7	70%	159.4	89.2	79%
<b>EBITDA</b>	<b>48.2</b>	<b>24.6</b>	<b>96%</b>	<b>93.9</b>	<b>46.8</b>	<b>100%</b>
<b>EBITDA Margin %</b>	<b>27.57%</b>	<b>18.90%</b>	<b>867bps</b>	<b>27.80%</b>	<b>19.27%</b>	<b>853bps</b>
<b>Profit Before Tax (PBT)</b>	35.3	16.3	117%	68.0	30.1	126%
<b>Reported Profit After Tax (PAT)</b>	<b>25.0</b>	<b>11.2</b>	<b>123%</b>	<b>48.2</b>	<b>20.4</b>	<b>136%</b>
PAT Margin %	14.32%	8.63%	569bps	14.28%	8.41%	587bps
EPS (in Rs.)	2.99	1.33	125%	5.73	2.41	138%

### Segmental Performance Update

Particulars (In Rs. Crores)	Q2 FY22	Q2 FY21	YoY%	H1FY22	H1FY21	YoY%
API	174.0	122.1	42%	324.9	233.2	39%
Intermediates & Others	0.6	7.0	-91%	12.8	9.9	30%

### API Segment Highlights

- Q2 & H1 FY22 revenue for the API segment stood at Rs.174.03 crores and Rs. 324.88 crores, up 42% and 39% YoY, respectively.
- Q2 & H1 FY22 API segment contributed approximately 99% and 96% to the consolidated revenue, respectively.
- Within the API segment, ~8% of the revenues came from the domestic market and ~92% from the exports market (including deemed exports) for Q2FY22.
- Within the therapeutic areas, the anti-retroviral therapeutic category contributed ~55%, , anti-migraine ~14%, anti-ulcer ~10%, anti-epileptic ~10%, anti-erectile dysfunction ~5% and the rest contributed around 6% to total sales for Q2FY22.

**Commenting on the results Mr. P. Vamsi Krishna, Executive Director – SMS Pharmaceuticals Limited said,** *“The company continued to maintain the robust growth trajectory. For Q2FY22, the*

company registered revenue, EBITDA and PAT growth of 34%, 96% and 123%, respectively, on YoY basis. EBITDA margins expanded approximately by 870bps. The robust performance was driven by improved product mix, pick-up in the key therapeutic areas and the operating leverage. This performance a testimony of company's agility, adaptability and strong execution capabilities. The growth trajectory is expected to accelerate in the upcoming quarters underpinned by company's leadership position in top therapeutic areas, strong demand, healthy product launch pipeline.

SMS Pharma, as a strategy, has focussed on quality, market leadership and backward integration steered by strong R&D capabilities, in top therapeutic areas such as ARV, anti-migraine and anti-ulcer over the years. This strategy has boded well, as the company did not witness any impact by recent supply chain disruptions and higher input costs. It has also reduced the import dependency on China significantly for KSMs and key raw materials.

Company's global presence, strong domain expertise, cost leadership, economies of scale and long-standing relationships with suppliers and customers has created a unique value proposition. As a result, SMS Pharma has emerged as sustainable, scalable and self-reliant API player. Going forward, the company will continue to invest in backward integration to further strengthen the value proposition. The company is also leveraging long-standing relationships and domain expertise to foray into new therapies, products and geographies.

The company has incurred a capex of Rs. 198 crores in FY21 aimed towards capacity augmentation at the Vizag plant. This brownfield capex is aimed towards capacity augmentation of multiple products and therapies. The incremental capacity addition through the capex is 1,300 KL, predominantly aimed towards Ibuprofen capacity expansion. With this capex, company is expected to be one of the largest Ibuprofen manufacturers globally. Majority of the capex is funded through internal accruals and minimal debt, thus maintaining the robust Balance Sheet position. Higher margins and profitability ratios expected through operating leverage and incremental revenue. This capacity augmentation is expected to commercialize fully by the end of FY22.

Multiple industry tailwinds such as favourable geo-political conditions, Make in India, PLI Scheme, China+1 strategy, cost structure coupled with internal triggers such as capacity expansion, leadership position in key therapies and strong balance sheet are expected to drive the next leg of growth along with improved margins and return ratios."

### **About SMS Pharmaceuticals Limited**

Established in 1990, SMS Pharma is a global player in API and intermediates manufacturing having a strong research and manufacturing team supported by state-of-the-art facilities. The Company has capabilities in wide range of APIs / intermediates and has handled varied process reactions and reactor volumes up to 2,000 KL. The company undertakes contract manufacturing of API, Intermediates (advanced and basic) offering a competitive advantage to its clients especially in late stage lifecycle of products. The Company has demonstrated its manufacturing excellence over the past 2 decades in a broad portfolio of therapeutic segments by being a trusted partner to a customer base in over 70 countries (including clientele in top 20 pharma companies). With 2 manufacturing facilities (two USFDA inspected), 2 pilot plants, 1 R&D center and 1 USFDA approved Independent Testing Laboratory, SMS Pharma is an ideal partner for custom synthesis, process development and mass manufacturing of customer's own discovery products.

For more information, please visit [smspharma.com](https://www.smspharma.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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**SGA** Strategic Growth Advisors

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