



**Aarti Drugs Limited**

Manufacturers of : Bulk Drugs & Chemicals

**Corporate Office** : Mahendra Industrial Estate,  
Ground Floor, Plot No. 109-D, Road No. 29,  
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CIN No.:L37060MH1984PLC055433

**Ref: ADL/SE/2023-24/13**  
**April 29, 2023**

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”, Plot No. C/1,  
G Block Bandra - Kurla Complex,  
Bandra (East), Mumbai – 400051  
**NSE SYMBOL: AARTIDRUGS**

Dear Sir/Madam,

**Sub:** Press Release on Financial Results for the quarter and  
year ended March 31, 2023.

Please find attached herewith press release on Financial Results for the quarter and  
year ended March 31, 2023.

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 Q4 & FY23 Financial Results**

- ✓ **API segment revenue grew 12% YoY for FY23**
- ✓ **Specialty Chemicals grew 38% YoY for FY23**

**Mumbai, April 29, 2023:** 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 financial year ended 31<sup>st</sup> March 2023.

Particulars (In ₹ Crores)	Q4 FY23	Q4 FY22	YoY%	Q3 FY23	QoQ%	FY23	FY22	YoY%
<b>Revenue</b>	<b>743.3</b>	<b>697.2</b>	<b>7%</b>	<b>665.0</b>	<b>12%</b>	<b>2,718.2</b>	<b>2,500.0</b>	<b>9%</b>
Gross Profit <sup>#</sup>	227.8	219.6	4%	202.1	13%	829.7	811.1	2%
<b>EBITDA*</b>	<b>94.4</b>	<b>89.0</b>	<b>6%</b>	<b>71.7</b>	<b>32%</b>	<b>307.8</b>	<b>340.8</b>	<b>(10)%</b>
<b>EBITDA Margin %</b>	<b>12.7%</b>	<b>12.8%</b>	<b>(10)bps</b>	<b>10.8%</b>	<b>193bps</b>	<b>11.3%</b>	<b>13.7%</b>	<b>(236)bps</b>
Profit Before Tax (PBT)*	73.3	70.5	4%	49.7	48%	224.2	270.0	(17)%
<b>Profit After Tax (PAT)</b>	<b>56.2</b>	<b>55.3</b>	<b>2%</b>	<b>36.7</b>	<b>53%</b>	<b>166.4</b>	<b>205.0</b>	<b>(19)%</b>
PAT Margin %	7.6%	8.0%	(40)bps	5.5%	204bps	6.1%	8.2%	(211)bps
EPS (in ₹)	6.07	5.97	2%	3.96	53%	17.97	22.12	(19)%

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

#### **Consolidated Financial Highlights – Q4 FY23**

- **Revenue** stood at ₹ 743.3 crores as against ₹ 697.2 crores, a growth of 7% YoY.
- **EBITDA** stood at ₹ 94.4 crores as against ₹ 89.0 crores YoY. **EBITDA Margin (%)** came in at 12.7%.
- **PAT** stood at ₹ 56.2 crores as against ₹ 55.3 crores YoY. **PAT Margin (%)** stood at 7.6%.

#### **Consolidated Financial Highlights – FY23**

- **Revenue** stood at ₹ 2,718.2 crores as against ₹ 2,500.0 crores, a growth of 9% YoY.
- **EBITDA** stood at ₹ 307.8 crores as against ₹ 340.8 crores YoY. **EBITDA Margin (%)** came in at 11.3%.
- **PAT** stood at ₹ 166.4 crores as against ₹ 205.0 crores YoY. **PAT Margin (%)** stood at 6.1%.

#### **Segmental Performance Update**

Particulars (In ₹ Crores)	Q4FY23	Q4FY22	YoY	Q3FY23	QoQ	FY23	FY22	YoY
API	631.2	571.6	10%	557.3	13%	2,223.1	1,994.2	12%
Formulation	56.8	66.6	(15)%	49.9	14%	273.9	283.7	(4)%
Specialty Chemicals	39.5	25.3	56%	30.5	29%	139.2	100.7	38%

*Note: Segmental revenue from operations excluding Intermediates & Others*

### Standalone Business Highlights

- Standalone Q4FY23 revenue stood at ₹ 697.2 crores as against ₹ 642.1 crores, a growth of ~9% YoY.
- The standalone business contributed ~92% to the consolidated revenue for the quarter.
- API volumes grew considerably at ~9%, led by secular growth across acute as well as chronic therapies.
- ~62% of the revenues came from the domestic market and 38% from the exports market for Q4FY23 for a standalone business.
- Domestic revenue grew approximately by 13% while exports grew by around 7% year-on-year for Q4FY23.
- Within the API business, the antibiotic therapeutic category contributed ~45%, anti-diabetic ~15%, anti-protozoal ~16%, anti-inflammatory ~13%, antifungal ~8% and the rest contributed ~3% to total API sales for Q4FY23.

### Formulation Segment Highlights

- Q4FY23 revenue for formulation stood at ₹ 56.8 crores as against ₹ 66.6 crores.
- ~60% of the revenue came from exports during the quarter.

**Commenting on the results Mr. Adhish Patil, Chief Financial Officer – Aarti Drugs Limited said, “We are pleased with our financial and operational performance FY23 amid a challenging business environment.**

*The company reported a good set of performance in Q4FY23, with a topline growth of 7% YoY. The company’s performance improved considerably on a sequential basis due to ease in the input costs, and efficient working capital management. On a sequential basis, the EBITDA margins improved by ~190 bps due to operating leverage driven by improved capacity utilization. The margins are expected to keep on improving on a sequential basis going forward with the upcoming foray into dermatology & backward integration in the second half of FY24 and stable input costs. We expect a mean reversion in the EBITDA margins by the end of FY24 and expect it to remain in the range of 14-16%. For FY23, the revenue grew by 9%, while the improvement in margins due to a healthy product mix was offset by inflationary pressure on input costs and subdued volume offtake due to high API costs. However, there is a good pickup in the volume offtake from January 2023 onwards which is expected to remain higher for the next few quarters.*

*The growth in API, as well as specialty chemicals, is expected to accelerate in FY24, driven by capacity addition, higher utilization of existing capacities and backward integration. Over the last 2-3 years, the company has undertaken multiple brownfield expansions and debottlenecking for the speciality chemicals business. As a result, the company expects the speciality chemicals revenue to increase by 50% by the second half of FY24. These niche product profile in this business are expected to improve the overall margin profile.*

*The company’s balance sheet continued to remain healthy with leverage remaining comfortably at 0.51x. The company recorded the highest ever monthly sales in the month of March 2023. As a result, the receivables as of 31<sup>st</sup> March 2023 have increased by some extent on a temporary basis.*

*Formulation segment revenue stood at ₹ 56.8 crores for the quarter. The formulation segment contributed 8% to the consolidated revenue for the quarter. The company will continue to invest in FY24 for capacity augmentation for exports. The company is focussing on filing the dossiers and getting approvals from various semi-regulated and regulated markets. The company has substantially increased the share of exports on a YoY basis. The share of exports is expected to improve further, going forward.*

*The capex for FY23 stood at ₹ 164 crores and is expected to be in the range of ₹ 250-350 crores for FY24. The company has incurred a capex of ~ ₹ 315 crores in the last 2 years, mainly towards capacity expansion, backward integration and new product launches. Tarapur greenfield capex for Dermatology is expected to be completed by the end of Q2FY24. Tarapur specialty chemical capex is also expected to be completed well within the timeline by Q1FY24. The majority of the company's ₹ 600 crore capex is expected to be completed by FY24. These initiatives are expected to reduce the costs along with expansion in the profit margins and the topline growth.*

*The Pharma API manufacturing industry is constantly evolving, and we are committed to staying ahead of the curve. In the upcoming year, we plan to continue expanding our capabilities and enhancing our offerings to meet the ever-changing needs of our customers. Recently we got two of our key products from anti-fungal and anti-diabetic therapy successfully audited by a regulatory body. One of our key goals for the upcoming year is to increase our production capacity, allowing us to better serve our growing customer base. We also plan to invest in new technologies and equipment that will help us streamline our processes and improve efficiency."*

### **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:



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