



Aarti Drugs Limited

Manufacturers of : Bulk Drugs & Chemicals

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CIN No.: L37060MH1984PLC055433

Ref: ADL/SE/2021-22
February 3, 2022

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

BSE CODE - 524348

Dear Sir/Madam,

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

NSE SYMBOL: AARTIDRUGS

Sub: Revised Press Release for December 2021

Please find attached herewith revised press release on the Financial Results for the quarter ended December 31, 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



Revised Press Release

Aarti Drugs Limited Reports its Q3FY22 Financial Results

- ✓ **Margins and Profitability improves sequentially driven by volume growth and improved product mix**
- ✓ **Specialty Chemicals, Intermediates & Others Segment revenue grew 74% and 62% on a YoY and QoQ basis, respectively**

Mumbai, January 31, 2022: 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 nine-month ended 31st December 2021.

Particulars (In ₹ Crores)	Q3 FY22	Q2FY22	QoQ%	Q3 FY21	YoY%	9MFY22	9MFY21	YoY%
Revenue	641.5	579.7	10.7%	532.3	20.5%	1,802.7	1,656.6	8.8%
Gross Profit [#]	222.0	184.2	20.5%	208.5	6.5%	591.5	655.1	-9.7%
EBITDA*	96.7	73.8	30.9%	107.8	-10.3%	251.8	359.7	-30.0%
EBITDA Margin %	15.1%	12.7%	249bps	20.2%	(510)bps	14.0%	21.7%	(773)bps
Profit Before Tax (PBT)*	78.7	56.1	40.3%	90.1	-12.7%	199.5	303.5	-34.3%
Profit After Tax (PAT)	58.3	42.6	36.9%	67.8	-14.0%	149.7	228.5	-34.5%
PAT Margin %	9.1%	7.3%	183bps	12.7%	(365)bps	8.3%	13.8%	(550)bps
EPS (in ₹)	6.29	4.60	36.9%	7.30	-13.8%	16.14	24.54	-34.2%

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

Consolidated Financial Highlights – Q3 FY22

- **Revenue** stood at ₹ 641.5 crores as against ₹ 532.3 crores, a growth of 20.5% YoY.
- **EBITDA** stood at ₹ 96.7 crores as against ₹ 107.8 crores YoY. **EBITDA Margin (%)** came in at 15.1%.
- **PAT** stood at ₹ 58.3 crores as against ₹ 67.8 crores YoY. **PAT Margin (%)** came in at 9.1%.

Consolidated Financial Highlights – 9M FY22

- **Revenue from operations** stood at ₹ 1,802.7 crores as against ₹ 1,656.6 crores, up 8.8% YoY.
- **EBITDA** stood at ₹ 251.8 crores as against ₹ 359.7 crores YoY. **EBITDA Margin (%)** came in at 14.0%.
- **PAT** stood at ₹ 149.7 crores as against ₹ 228.5 crores YoY. **PAT Margin (%)** came in at 8.3%.

Segmental Performance Update

Particulars (In ₹ Crores)	Q3FY22	Q2FY22	QoQ%	Q3FY21	YoY	9MFY22	9MFY21	YoY
API	513.3	462.7	10.9%	421.3	21.8%	1,422.5	1,312.6	8.4%
Formulation	54.9	75.7	-27.5%	70.7	-22.4%	217.1	222.9	-2.6%
Specialty Chemicals, Intermediates & Others	66.6	41.2	61.7%	38.3	74.0%	154.7	117.5	31.7%

Standalone Business Highlights

- Standalone Q3 revenue stood at ₹ 594.8 crores as against ₹ 476.2 crores, a growth of 24.9% YoY.
- The standalone business contributed ~91% to the consolidated revenue for the quarter.
- ~59% of the revenues came from the domestic market and 41% from the exports market for Q3FY22 for a standalone business.
- API volumes grew considerably at ~12%, led by secular growth across acute as well as chronic therapies.
- Increase in the contribution by chronic therapies led to improvement in product mix, which in turn improved the margins and profitability.
- Domestic revenue grew approximately by 11.4% while exports grew by around 54.4% year-on-year for Q3FY22.
- Within the API segment, the antibiotic therapeutic category contributed around 46%, anti-protozoal around 16%, anti-inflammatory around 10%, anti-diabetic around 14%, antifungal around 10% and the rest contributed around 5% to total API sales for Q3FY22.

Formulation Segment Highlights

- Revenue for formulation stood at ₹ 54.9 crores as against ₹ 70.7 crores YoY
- ~30% 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 posted robust growth in revenue and profitability along with considerable improvement in the margins on a sequential basis. This robust performance was posted despite the multiple headwinds in terms of high raw material prices, high freight costs and coal prices. The margin expansion is primarily driven by proactive price hikes, secular API volume growth across therapies and strict cost control. The volume growth is expected to accelerate further, on the back of recently commissioned anti-diabetics capacity. As a result, the growth trajectory in the API segment is expected to accelerate in line with the volume growth in the upcoming quarters. This coupled with a growing share of niche products in chronic therapies and a strong API product launch pipeline is expected to augment the margin profile and profitability.*

The company witnessed a healthy growth in Specialty Chemicals and Intermediates both on a YoY as well as a sequential basis. A unique value proposition, niche product profile and upcoming capacities in chloro-sulphonation products are expected to bolster the growth momentum further.

Formulation segment revenue stood at ₹ 54.9 for the quarter. The formulation segment contributed 9% to the consolidated revenue for the quarter. Exports continues to be a key focus area for the formulation segment.

On a consolidated level, the coal prices which have almost quadrupled on a YoY basis and along with higher freight costs and raw material prices, the EBITDA margins were impacted to some extent. However, we believe that these levels of coal prices and raw material prices are transitory in nature rather than structural and are expected to taper off towards the end of FY22.

As communicated earlier, the financial performance is not exactly comparable on a YoY basis due to high API prices during 9MFY21 due to Covid-19 related disruptions which amplified the revenue and EBITDA margins. The company is considering further price hikes in the coming days if the raw material price continues its uptrend which will allow us to regain our EBITDA margin growth trajectory within the next couple of quarters.

The investing cashflow for 9MFY22 stood at Rs. 103 crores and is expected to be in the range of ₹ 150-200 crores for the entire FY22 which is 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 H1FY22. However, the capex of Maharashtra projects has picked up a good pace and Gujarat projects will follow the suit. The balance sheet continues to remain strong with a comfortable net debt to equity of 0.51x as of December 31, 2021.”

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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