Aarti Drugs Limited
Manufacturers of : Bulk Drugs & Chemicals

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Ref: ADL/SE/2026-27/63
November 10, 2026

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,

Ref: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Sub: Transcript of Q2&H1 FY27 Earning Conference Call

Please find attached herewith transcript of Q2&H1 FY27 Earning Conference call.

Kindly take the same on record.

Thanking you,

Yours faithfully,

FOR AARTI DRUGS LIMITED

RUSHIKESH VIVEK DEOLE

RUSHIKESH DEOLE
COMPANY SECRETARY & COMPLIANCE OFFICER
ICSI M.No.: F12932

“Aarti Drugs Limited
Q2 & H1 FY27 Earnings Conference Call”

November 04, 2026

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 4th November 2026 will prevail

MANAGEMENT:
Mr. Adhish Patil - Managing Director, Aarti Drugs Limited
Mr. Harshit Savla - Joint Managing Director, Aarti Drugs Limited
Mr. Harit Shah - Whole-Time Director, Aarti Drugs Limited
Mr. Vishwa Savla - Managing Director of Pinnacle Life Science Private Limited.

Moderator: Ladies and gentlemen, good day and welcome to Q2 and H1 FY27 earnings conference call of Aarti Drugs Limited.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

Before we begin, a brief disclaimer. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions, and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and it may involve risks and uncertainties that are difficult to predict.

I now hand the conference over to Mr. Adhish Patil, Managing Director of Aarti Drugs Ltd. Thank you and over to you, sir.

Adhish Patil: Thank you. Good morning, everyone and thank you for joining us for Aarti Drugs Ltd. Earnings Conference Call for the 2nd Quarter and First Half of FY27.

With me today are Mr. Harshit Savla, our Joint Managing Director; Mr. Harit Shah, Whole-Time Director; Mr. Vishwa Savla, Managing Director of Pinnacle Life Science Pvt. Ltd. and our Investor Relations Advisor, SGA.

Our Results and Investor Presentation for the quarter ended 30th September 2026 have been filed with the Stock Exchanges and are also available on our website. I hope you have had a chance to go through them.

I am pleased to report that Q2 FY27 has been a milestone quarter for Aarti Drugs Limited. For the first time ever, our total consolidated revenue was at Rs. 829 crores in a single quarter, 27% higher than a year ago. Operating environment remained supportive throughout the quarter. Developments in West Asia kept API prices firm across the industry while customers increasingly prioritized reliable and uninterrupted supply of APIs. Aarti Drugs was well-placed to benefit from this, delivering a 16% improvement in realizations year-on-year alongside a volume growth of 5%.

Just as important is the recovery in our margins, EBITDA grew 63% to Rs. 138 crores, the highest quarterly EBITDA we have ever reported, with our EBITDA margin for the quarter reaching 16.6%, up 370 basis points year-on-year basis and the highest we have achieved in nearly 6 years. Profit after tax rose 83% to Rs. 83 crores. Our focus remains firmly on what is within our control i.e. growing volumes, improving our product mix and market mix and lowering our costs through backward integration, process improvement and energy optimization.

Our API business, which remains our largest segment grew 17% to Rs. 605 crores compared with Rs. 516 crores in Q2 FY26. Our specialty chemicals business continued to scale up with the support of our Saykha facility and grew 92% to Rs. 72 crores from Rs. 37 crores a year ago. Our formulations business also had an excellent quarter, growing 58% from Rs. 82 crores in Q2 FY26 to Rs. 130 crores in Q2 FY27, led by exports which rose 73% year-on-year.

Now, let's talk about some projects. Let me begin with our Methylamines facility at Saykha. During the quarter, the plant operated at around 72% utilization and captive consumption of our antidiabetic portfolio rose to around 85%. These gains in product mix, backward integration and cost efficiency are structural and they will stay with us even as the pricing environment normalizes over time. I would like to highlight how quickly this facility has come together. We commissioned it in September last year and within roughly a year, a large share of our key intermediates for metformin, which we earlier bought from outside, is now being made in-house. This gives us better control over the cost, quality and availability of inputs for one of our most important products and it strengthens our position as a dependable integrated supplier for our customers.

We are now working to improve utilization of the other products at the site as well. At the Tarapur facility, the improvements we spoke earlier are now underway and we have started producing technical grade methyl salicylate as well. We have manufactured roughly around 85 tonnes so far in the last quarter. We are also expanding our USFDA approved block at Tarapur by building an adjacent block which will more than double its capacity. This expansion includes three new multipurpose plants which will give us the flexibility to make a wider range of products for regulated markets. We expect the project to take around 18 to 20 months with commercial production targeted towards the end of FY29. At Sarigam, we are increasing our metformin capacity from 1400 tons per month to 1700 tons per month with commercialization planned in early FY28. Alongside this, we are adding a dedicated 500 tonnes per month USFDA compliant block by the end of FY28. And our USFDA DMFs for metformin is under preparation.

At our facility in Baddi in Himachal Pradesh, we are executing a brownfield expansion which involves utilizing an adjacent plot to nearly double the current oral solid dosage manufacturing capacity and support a long-term formulations revenue target. With a stronger, more integrated platform and capacity additions lined up at Tarapur, Sarigam, and Baddi, we enter the second half of the year with confidence. Once this block is approved, it is expected to open the door to many of the US and EU market customers.

I would also like to share an update regarding our sustainability initiatives. Crisil has assigned Aarti Drugs an ESG rating of 61 for FY25-26 which places us in the strong category. We see this as recognition of the steady work our teams have put into environment, safety, and governance across our sites and we will continue to build on it.

With that, let me take you through our financial performance. First, we will talk about consolidated financial highlights for Q2 FY27. Revenue stood at Rs. 829 crores as compared to

Rs. 653 crores in Q2 FY26, reflecting a growth of 27% YoY. EBITDA stood at Rs. 138 crores versus Rs. 84 crores in Q2 FY26, recording a growth of 63% YoY. EBITDA margin stood at 16.6%, an expansion of 370 basis points on a YoY basis. PAT stood at Rs. 83 crores as compared to Rs. 45 crores in Q2 FY26, a growth of 83% YoY. PAT margin stood at 10.0%, an expansion of 310 basis points YoY.

Now, let's speak about standalone business for Q2 FY27:

Revenue stood at Rs. 709 crores versus Rs. 579 crores in Q2 FY26, a growth of 22% year-on-year. Standalone business contributed 86%[1] to the consolidated revenue. 68% of the standalone revenue came from the domestic market and 32% from the export market. Domestic revenue grew 43% YoY while export revenue declined 5% YoY. Within the API segment, the antibiotic therapeutic category contributed 34.1%, anti-diabetic 18.2%, anti-protozoal 18.1%, anti-inflammatory 14.8%, anti-fungal 9.3% and the rest contributed 5.6% to the total API sales.

Consolidated financial highlights H1 FY27:

Moving to the first half of the year:

Revenue stood at Rs. 1,532 crores as compared to Rs. 1,244 crores in H1 FY26, reflecting a growth of 23% YoY. EBITDA stood at Rs. 235 crores versus Rs. 159 crores in H1 FY26, recording a growth of 48% YoY. EBITDA margin stood at 15.3%, an expansion of 250 basis points YoY. PAT stood at Rs. 133 crores as compared to Rs. 99 crores in H1 FY26, a growth of 34% YoY. PAT margin at 8.7%, an expansion of 70 basis points YoY.

Now let's talk about our formulation segment:

Finally, our formulation business which we run through our subsidiary Pinnacle Life Science recorded a revenue of Rs. 130 crores in Q2 FY27 compared to Rs. 83 crores in Q2 FY26, up by 58% YoY. Exports contributed 74% to this formulation revenue. For H1 FY27, formulation revenue stood at Rs. 212 crores compared to Rs. 163 crores in H1 FY26, up by 30%, with exports accounting for 63% of total formulation sales.

With that, I would now like to open the floor for questions. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Candice Pereira from Dolat Capital. Please proceed.

Candice Pereira: So, on the API business, how much is the growth from price and how much is from volume?

[1] Mentioned as 84% on the call, however, the correct figure is 86%

Adhish Patil: Okay. So, for the API business on a YoY basis, we saw a price growth of almost around 17 to 18%. And on an overall standalone basis I'm talking about. And the overall volume growth was around 5% for both API and spec chem put together.

Candice Pereira: Okay. And for H1, it was in the same range for the first half?

Adhish Patil: So, for the first quarter, what I remember, it was somewhere at the volume growth of somewhere around 3%. And rate growth was somewhere around 16 to 17% for the first quarter, YoY basis.

Candice Pereira: Okay. And the rate variance?

Adhish Patil: So, the rate variance for H1 would be roughly in the range of 17 to 18%.

Candice Pereira: Okay, 17 to 18%. And also in the formulation business, the growth was quite strong this quarter. So, is there any one-off?

Vishwa Savla: So, basically, the growth has been fueled by increase in our export business, which is something that we have been working on since the last few years in opening up newer markets. And we have the products under registration in various regulated and emerging markets. So, which is why now we have started commercializing products in newer territory. And that is what has led to the growth in the revenue as well as in the EBITDA margin. So, while this was an exceptional quarter, but we believe that now with our entry into newer markets and newer products, we will be able to sustain a similar level of revenue.

Candice Pereira: Okay. So, this level of revenue is sustainable for the rest of the year, right?

Vishwa Savla: Right.

Candice Pereira: Okay. And since this level of growth in formulations is sustainable, will our margins also be sustainable at 15% that it is now in the first half of the year?

Adhish Patil: Are you asking about the consol margins?

Candice Pereira: Overall company margins?

Adhish Patil: Yes. So, the overall company margins, we do feel that 15% should be sustainable, though for this particular quarter, we have achieved EBITDA margins of around 16.6%.

Candice Pereira: Okay. And even the gross margins?

Adhish Patil: So, when the rates of API and spec chem goes up, then there is a cost plus formula in this business. So, typically what happens when the rates go a lot higher, though the gross contribution increases, but the gross contribution margin decreases because of the base effect.

But at the same time, the manufacturing overheads in percentage terms will go down. So, on an overall basis, the EBITDA margins should sustain.

Moderator: Thank you. The next question is from the line of Ankur Kumar from Alpha Capital. Please proceed.

Ankur Kumar: Hello, sir. Thank you for taking my question. Sir, in terms of breakup between volume and pricing, you said 17 to 18% is pricing growth. Am I clear sir?

Adhish Patil: Yes.

Ankur Kumar: And so, what is our view in terms of in this current quarter and the next quarter, this kind of volume growth, this kind of pricing growth is sustaining or how are we thinking?

Adhish Patil: So, as of now, the pricing continuously remains stable because there were multiple factors, you know, at the start of the war back in March month, the pricing growth was more related to gas-based products, natural gas-based products. And now, the pricing growth will also be driven by the crude, whatever products are linked directly or indirectly to the crude prices. So, what we feel as of now is the pricing continues to remain the same.

Ankur Kumar: Got it, sir. And sir, in terms of this, you are saying 15% are sustainable margin, but this quarter is 16. So, is there any inventory related benefit in this quarter or why are we expecting some demotoration?

Adhish Patil: Yes, we are just being conservative here. Now, the thing is, for the standalone company, if you look back last 2 quarters, we consistently hit above 14% in each quarter on the standalone basis. But on the formulation side, this particular quarter, we made exceptional EBITDA margins of roughly around 28% due to good export orders. Frankly speaking, we do have a visibility of almost, means we have a pending or export pending orders for almost 4 months more, means for more than one quarter, we do have export orders. But we are just being conservative that even if, you know, in a longer term steady state basis, even if the formulation margins come down to, let's say 20%, even then, assuming that the formulation would now going forward be around 15-16% of the consol revenue, and standalone business would be roughly around 84-85% of the consol revenue at 14%, even then we will be able to achieve slightly upwards of 15% margin. But having said that, we do have scope of improving the EBITDA margins at the standalone level as well.

Ankur Kumar: Got it. And those formulation 28% margin, they will sustain for four months and then we need more orders for that.

Adhish Patil: Yes. So, if the order keeps coming, then we should be able to sustain at least, you know, in like early 20s.

Vishwa Savla: Right. And we believe that apart from the four-month order book, now that we have entry into multiple markets with multiple products, we foresee that this kind of momentum and exports will continue on the formulation side.

Ankur Kumar: Got it. And sir, on the API side, what kind of volume growth are we expecting going into the second half?

Adhish Patil: When we started with the year, we were targeting roughly around 10% odd volume growth at the company level. Though first half, we just were able to achieve 3% and 5% respectively volume growth in the standalone segment. And that is mainly because the prices of all the specialty chemicals and APIs have gone up. Typically, the purchasing people at the formulation side, they try to refrain overstocking the product because the prices have suddenly gone up due to geopolitical reasons. So, there is a waiting game here. So, once they start believing that this is a new normal, then the volume growth and the demand should start to come in. And in that case, we can expect high single digit volume growth. But as of now, we are not that sure. So, we will assume somewhere between 5% to 10% volume growth.

Moderator: Thank you. The next question is from the line of Akash, an individual investor. Please go ahead.

Akash: Hi, sir. I want to know about what is the company's aspiration for the vision to move towards a complex more API and rather than the volume driven API, let's say 2030 onwards, is the management planning to move towards any complexity problem which are very complex issues in the manufacturing? So, I want to know about the complexity of the vision.

Adhish Patil: Thank you for that. That is a very interesting question, actually. So, as you know that traditionally, Aarti Drugs was always strong in bulk volume APIs because of our engineering and process improvement strength. So, going forward, we are actually working on a business plan for the next, you can say five to seven years, which includes introducing a mixed bucket of molecules. Some of them would be similar to what we do, where our strength lies. Some of them would be a bit more niche molecules in APIs. And we are also trying to develop competencies on a CDMO platform. So, for that, strengthening our R&D further and ability to carry out more complex solutions. So, we are thinking in those lines. So, probably within 4-5 months, we will have a clearer picture of what would be the capex or capital assignment towards this kind of projects. But definitely, if you ask from three to five years horizon, so we will be working in that direction. And apart from that, one more thing what we are parallelly doing is that we are trying to increase our regulatory presence, means basically trying to increase the presence in the regulated markets for our existing molecules. So, in most of our existing molecules, though we might be cost leaders, but we are mainly catering ROW market and to some extent regulatory market. But we will like to increase that footprint in the regulated market so that it can increase our margins further and it will make it stable as well.

Moderator: Thank you. The next question is from the line of Resham Jain from VVD Asset Managers. Please go ahead.

Resham Jain: Adhish, congratulations on your elevation as Managing Director of the company. So, I have a few questions. The first one is on the formulation business. We did mention in the previous calls about the oncology and the USFDA approval and you mentioned that the USFDA related dossier filing is also going on at the formulation facility. Has that also contributed in this quarter or that is still to come?

Adhish Patil: That is still to come. We have Vishwa to clarify.

Vishwa Savla: I will mention. So, we have a small contribution in this quarter from the US oncology product, but it is a very small amount as of now because it has just very recently been launched. So, we expect that in the coming three to six months, the US revenue would increase with the one product that we have in the market. And then we have another ANDA which is due for approval in the next few months. So, and then we have a filing plan of another four to five oncology products in the rolling 12 months. So, the US business has initiated, but it is yet to be ramped up to a significant level.

Resham Jain: Understood. And in your annual report, you mentioned about your aspiration to take the formulation business to Rs.1,000 crore. With the traction you have seen in Q2 and in Q3, probably as you mentioned with the order book, you think that Rs.1000 crore aspiration can happen much faster than that, because this kind of traction we have not seen in the last few years.

Vishwa Savla: Right. So, yes, that is the belief that we think that we can achieve the Rs.1,000 crore landmark earlier than what we have published. And we are also building up our capacities. So, we were at a stage that our capacities were almost running at full scale. So, like Adhish mentioned, we have a brownfield expansion going on, which by the mid of next year should double our capacities. And that club with the higher utilization of our oncology facility, which is currently having only one or two products commercialized. Once that ramps up, which we see happening in the very near future, we will definitely be able to achieve the Rs.1000 crore mark.

Resham Jain: And the oncology would also have higher margin profile.

Vishwa Savla: Yes, right. At the gross level, oncology should have slightly higher margins and are correct.

Resham Jain: So, the second question is, with respect to the salicylic acid, has there been any update in terms of anti-dumping duty? Because that was something which was, in a way, a challenge for us.

Harshit Shah: Yes. We will be submitting with the September report. So additionally, nine months data we have to submit. So now, after the result is published, we will be submitting the anti-dumping duty now. For anti-dumping duty, they need more nine months data.

Resham Jain: Yes. So, when will the DGST or any--

Harshit Shah: In our initial meeting, they intimated that will initiate before the year-end, December.

Resham Jain: Okay. So, maybe it will take another six months or so, because after that 90 days, we take in the Ministry of Finance.

Harshit Shah: Yes. First, they will initiate and then they will take another three to six-month period to get into it.

Resham Jain: Okay. Got it. The last question is for Adhish. The cash generation which we are now having and most of the CAPEXes which we have undertaken in the last three, four years are almost over. What are the plans going forward? Because you did mention about the five, seven years vision which you are planning to lay out. But the yearly cash generation is significant now. So, from that context, what is the CAPEX plan for 27 and 28?

Adhish Patil: Yes. So, for the first half, we barely managed to do around 92, roughly near about Rs. 90 crores of operating cash flow for both the companies, that is standalone as well as formulation. And it was more or less equal in both the standalone business and the formulation business. And going forward, for the standalone business, as we said that we will be going in for the expansion of USFDA block with three more lines. It can have a revenue potential anywhere between Rs. 180 to 200 crores on a full-scale basis. It will be a multipurpose facility. Plus, we are expanding our metformin capacities and we are making it USFDA compliant as well. So, both these projects are aimed towards the regulatory markets. And mainly, we foresee enough business from our existing molecules as such. So, we already know the chemistry. But having said that, we will be also introducing newer products, more niche products into our multipurpose USFDA block. And a few months down the line, we will be ready with a few more plants for CAPEX. One is creating a CDMO block for intermediates and spec chem. And also, we plan to invest quite heavily in R&D in the formulation division as well.

Moderator: Thank you. The next question is from the line of Jay Jain from JJ Capital. Please go ahead.

Jay Jain: Hi, sir. Thanks for the opportunity. Sir, congratulations on a great set of results. Sir, in your speech, you mentioned about realization gain, and we know that some API and KSM prices jumped sharply when the conflict began. Sir, how rapidly are we able to pass on these price increases? Also, if you can quantify how much of your Q2 realization gain comes from contracts signed at peak prices, and how much of it resets if the crude price is lower than H2 FY27?

Adhish Patil: Yes. So, I will give general sense of our order books. So, typically, in exports, we generally have pending orders of roughly around two and a half to three months, whereas in the domestic market, it is slightly less than one month, or you can say on an average one month. So, that is the prices which are fixed going forward. But whenever there are price hikes in the input cost, in the input raw materials and intermediates, that time all the newer contracts get negotiated at the higher rates. So, in terms of passing on the prices, it happens pretty quickly for the new orders which we take from that point onwards. Only for the pending orders, we have to supply

those materials at the lower rate. But at the same time, we also hold RM inventory of roughly around 40-50 days. So, some bit of it is, that risk is mitigated because of holding inventories. I am not able to exactly quantify it for you because since we operate with so many products, it is difficult for me to quantify.

Jay Jain: Got it, sir. And just one more, since you spoke about raw materials, going forward, are we looking to stock up more inventory or raw materials?

Adhish Patil: No. Ideally speaking, we should not because the prices are high. I think we should operate in a way that our raw material booking matches with our sales booking and not take call. Because if we take a call and if the market turns the other way, then there can be losses.

Jay Jain: So, just last question, if you can help us understand how much of the EBITDA margin contribution has come from product mix change versus operational efficiency versus pricing benefit?

Adhish Patil: Okay. So, if we talk about for standalone business, which is like 84% to the total consol revenues. So, in that, some bit of gains have come from operational, energy optimizations. We have undertaken few projects. In fact, few more projects will be upcoming like our solar projects. So, they will also start contributing in this December quarter. And so, the gross contribution level has also increased, no doubt about that. So, let us say around 50 basis points might be because of the growth, because of the increase in the overall gross contribution. And rest is because of the lowering of manufacturing cost. And whereas formulations are considered, it is mainly to do with the gross contribution.

Moderator: Thank you. The next question is from the line of Rohit from SK Services. Please proceed.

Rohit: Thank you for the opportunity and congratulations on a good set of numbers. So, I have only one question. On oncology segment, could you please provide more details like product molecules that we are targeting and the client profiles we are aiming to work with? And maybe which geographies, timelines and what could be the contribution to our revenue by FY29 or 30?

Vishwa Savla: So, contribution to revenue from the oncology at FY30 level. We estimate it to be between late 30s to early 40s percentage maybe. And basically for us, the oncology portfolio consists of about 25 to 30 molecules that are at various stages of development and sizing. And many of them are the existing APIs that are being manufactured within our group companies. So, basically these are the nib families and cyclic families of oncology oral solids (37:35). And in some countries, we are doing our own filings and in other markets, it is a B2B driven model where we are working with most of the leading players in those markets.

Rohit: Got it, sir. And geographies?

Vishwa Savla: So, like we mentioned, we are basically looking at the entire regulated market space from US, EU, UK and Latin America, Middle East, Asian markets. So, it is a widespread global strategy.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to the management for closing comments. Over to you, sir.

Adhish Patil: Thank you everyone for joining us today on this Earnings Call. We appreciate your interest and all the questions you asked regarding the financial results of Aarti Drugs and about our future. If you have any further queries, please contact SGA, our investor relations advisor. Thank you and wish you Happy Diwali.

Moderator: Thank you very much. On behalf of Aarti Drugs Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.