

Ref. No.: AIL/B-36/2018/577
August 6, 2018

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

BSE CODE -524208

Dear Sir/Madam,

To,
Listing/Compliance Department
**National Stock Exchange of
India Limited**
"Exchange Plaza", Plot No. C/1,
G Block Bandra-Kurla Complex,
Bandra (E), Mumbai - 400 051.
NSE CODE:AARTIIND

**Ref: Regulation 30(6) of the SEBI
(LODR) Regulations, 2015**

Please find enclosed herewith the Q1 FY19 Results Presentation of the Company for your records.


Kindly take the same on record.

Thanking You,

Yours faithfully,
FOR AARTI INDUSTRIES LIMITED



RAJ SARRAF
COMPANY SECRETARY




ICSI M. NO. A15526
Encl. As above.

Q1 FY19 Results Presentation





AARTI INDUSTRIES LIMITED may, from time to time, make written and oral forward looking statements, in addition to statements contained in the company's filings with BSE Limited [BSE] and National Stock Exchange of India Limited [NSE], and our reports to shareholders. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the AARTI INDUSTRIES LIMITED.

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Quarterly performance **12**

5 year financial performance **21**



At a glance



Aarti is one of the most competitive benzene-based speciality chemical companies in the world

Globally ranks at 1st – 4th position for 75% of its portfolio. “Partner of Choice ” by various Major Global & Domestic Customers.

Promoters are First Generation Technocrats

- 5 of 6 Promoter Directors are engineers. 3 of 4 Founder Promoters are chemical engineers from ICT (formerly known as UDCT)
- Shri Chandrakant Gogri, Founder Chairman, retired in August 2012 and advises in the capacity as Chairman Emeritus

Highly integrated operations

- Cost-efficient processes
- Extensively integrated across more than 70 products

Present in niche chemistry spaces. Multi-year multi-product relationships with several leading global customers

17

Manufacturing Plants

2

USFDA Units

4,600+

Employees

200+

Products

300+

Global Customers

700+

Domestic customers

Speciality Chemicals

- Polymer & additives
- Agrochemicals & intermediates
- Dyes, Pigments, Paints & Printing Inks
- Pharma Intermediates
- Fuel Additives, Rubber chemicals, Resins, etc.
- Fertilizer & Nutrients

Pharmaceuticals

- Active Pharmaceutical Ingredients (APIs)
- Intermediates for Innovators & Generic Companies

Home & Personal Care

- Non-ionic Surfactants
- Concentrates for shampoo, hand wash & dish wash

Revenue in Rs. crore

2,985

556

264

EBIT in Rs. crore

581

79

3

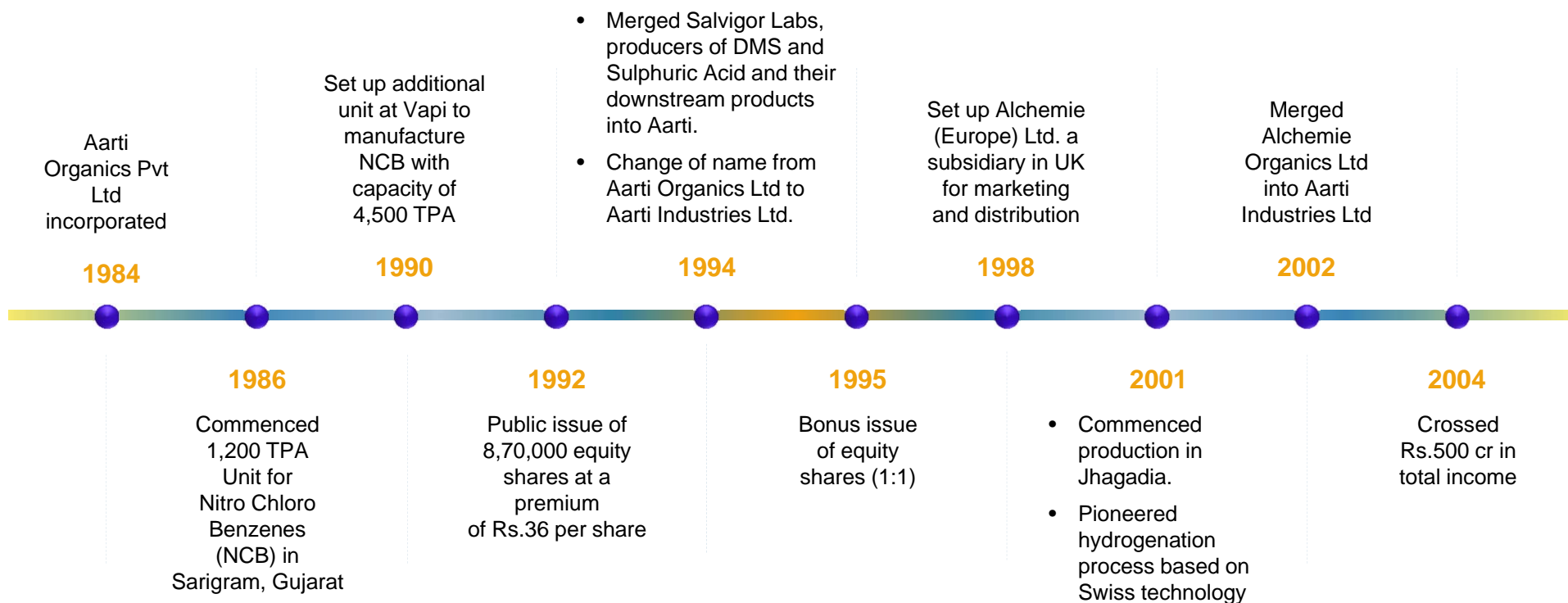
FY 18 Consolidated numbers



Transformation Journey



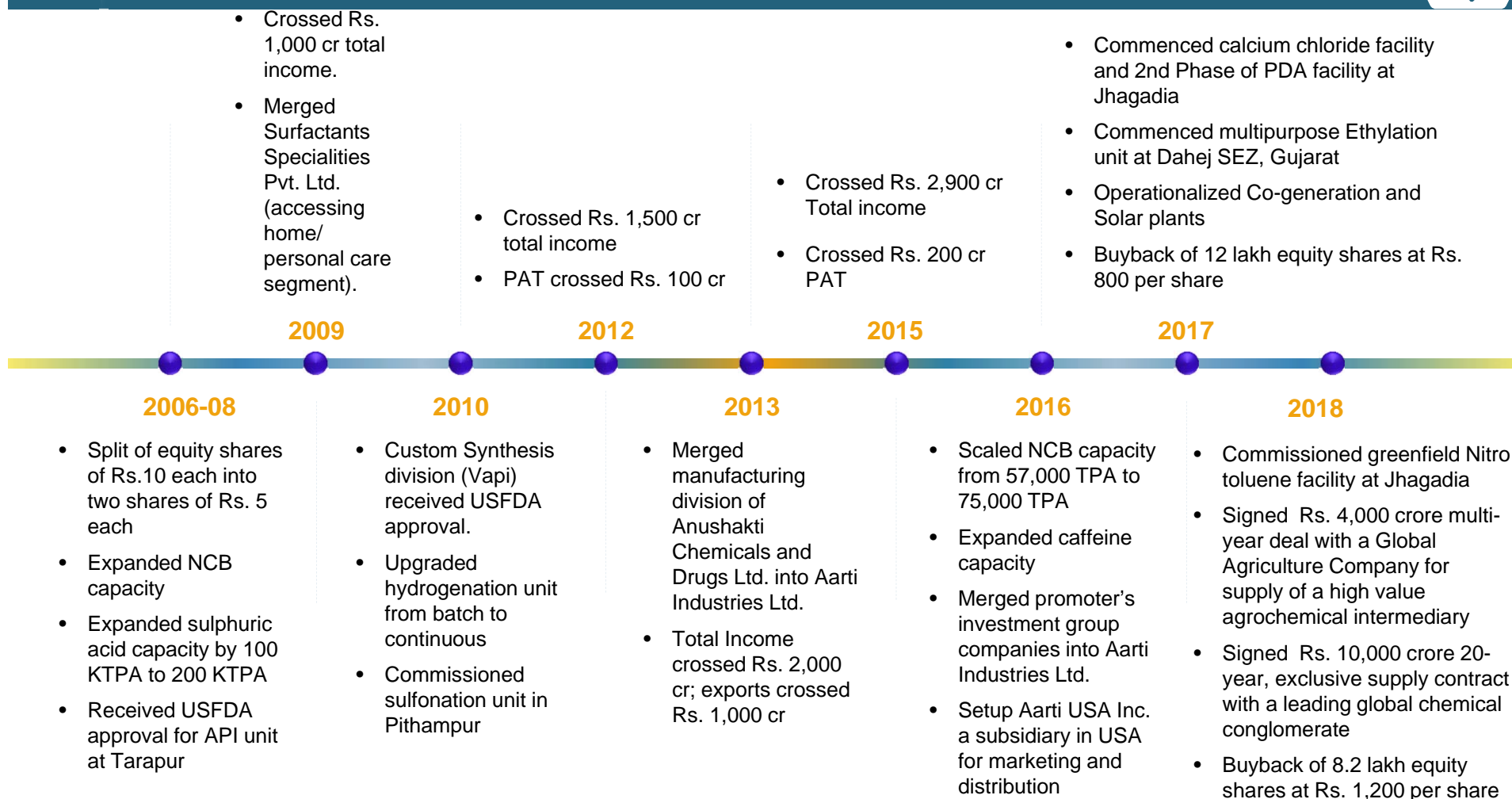
Hitting right milestones at right time





Transformation Journey

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What differentiates us

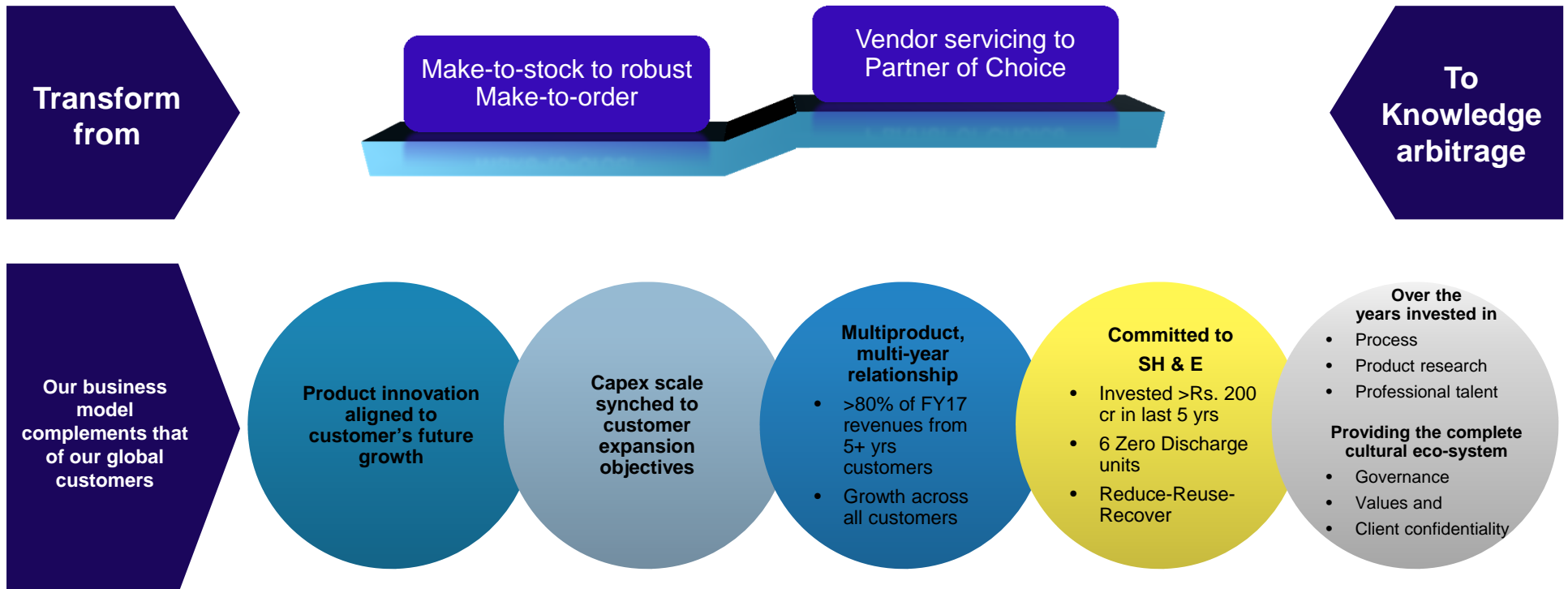




Global Partner of Choice



Aarti Industries is a rare instance of a global speciality chemicals company that combines process chemistry competence with scale-up engineering competence

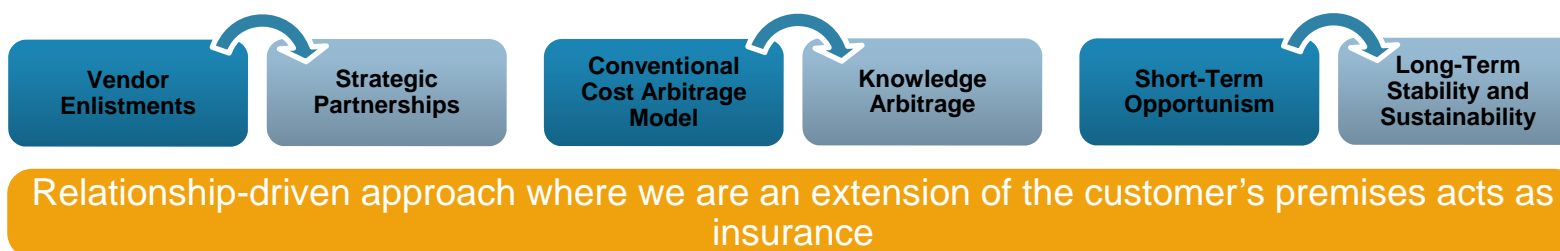




Multi-year deals



Rapidly changing global environment where global industrial players graduating from



In June 2017, AIL signed Rs. 4,000 crore multi-year deal with a Global Agriculture Company for supply of a high value agrochemical intermediary, for use in herbicides, over a 10-year period

- The supplies are expected to commence from FY20 and would generate expected revenues of approximately Rs 4,000 crore over the contract term.
- The project will entail investment of about Rs 400 crores (approximately USD 62 million) by AIL

In Dec 2017, AIL signed Rs. 10,000 crore multi-year, exclusive supply contract with a leading global chemical conglomerate over a 20-year period

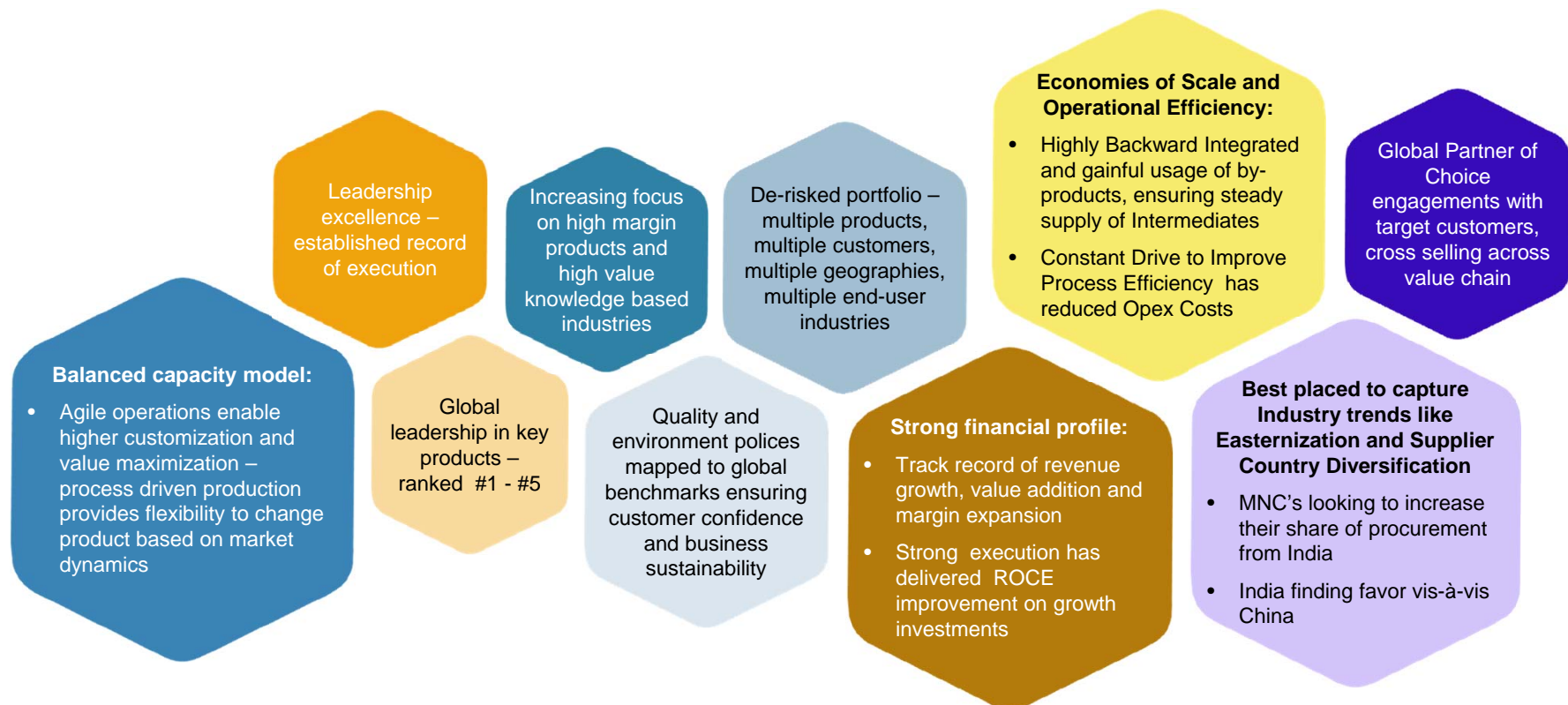
- The supplies are expected to commence from 2020. AIL is set to enter a new chemistry range, first of its kind in India; and its end product is amongst the major growth initiatives for the customer.
- AIL will be investing \$35-40 million to setup dedicated large scale manufacturing facility for production of this speciality chemical intermediate, and will be built on the basic technology package received from the customer.
- The customer shall provide \$42 million as an advance to AIL in installments, to be adjusted against supplies in the future. This advance will help reduce the net capital employed enabling higher ROCE for this project.



Key Investment Theme



Clear Path to Value Creation





Quarterly Performance



Chairman's Message

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Commenting on the performance for Q1 FY19, Mr. Rajendra Gogri – Chairman & MD at Aarti Industries Ltd. said,



“We have started the current financial year with strong momentum, delivering 12% growth in specialty chemicals volumes in line with the guidance shared previously. EBITDA has increased by 38% and profit after tax by 42% with strong topline and profit contribution from specialty chemicals, pharmaceuticals and home and personal care segments. Here, it is pertinent to mention that we have entered forward contracts to hedge against the recent currency volatility and this has resulted in an impact of Rs. 29 crore on our topline, EBITDA and PBT.

We are seeing all around growth across our benzene chemistry chains and other speciality chemical vertical as well. This business is seeing positive visibility from a range of end user verticals, a trend that we expect will continue based on strong demand, India's growing stature in global supply chains and further recognition of Aarti's own position as a partner of choice for a large number of clients. Pharmaceuticals business has maintained profitability momentum and is heading towards growing into a sizeable business entity.

The Company is at an inflection point. With an eye on creating a value for all stakeholders we have set the process of demerger of home and personal care business in motion. An operating model built around innovation and chemistry strength, scale and sustainability has created a strong value proposition for our global customers. The planned expansion in the specialty chemical businesses, and the transformation of the Pharmaceuticals business enabled by 'Partner of Choice' relationships has set us up well for the coming years. Our eyes are set on driving growth, and value creation.”



Q1 FY19 Highlights



Financial

- Rupee volatility impact
 - As part of its strategy to safeguard business against currency risks, Company had entered into forward contracts to hedge its exports contracts. In Q1FY19, EBIDTA impacted by Rs 28.95 crs due to Mark to Market loss on such contracts.
 - Company had further provided for Revaluation loss on long term borrowing (ECBs) to the extent of Rs. 7.23 crore as at 30th June, 2018. This loss had been provided in the Finance Costs of the Company.
- Despite of the above M2M impacts, YOY PAT registered a significant growth of 42% to Rs 89.28 crs.
- Capex in Q1FY19 – Rs 153 crs.

Corporate

- Board of Directors of the Company at its meeting held on June 28, 2018 approved
 - The demerger of the home and personal care undertaking (“Home and Personal Care Undertaking”) of Aarti Industries Limited (“AIL” or “Demerged Company A”) into Arti Surfactants Limited (“ASL” or “Resulting Company A”) and subsequent listing of securities of ASL on the BSE Limited and National Stock Exchange of India Limited; and
 - Part B: The demerger of the manufacturing undertaking (“Manufacturing Undertaking”) of Nascent Chemical Industries Limited (“Nascent” or “Demerged Company B”) into AIL (“Resultant Company B”)



Q1 FY19 P&L (Standalone)



Particulars (Rs. Crore)	Q1 FY19	Q1 FY18	Y-o-Y Growth (%)	Q4 FY18	Q-o-Q Growth (%)
Gross Income from Operations	1078.48	791.81	36.2	1029.39	4.8
Exports	426.11	361.37	17.9	400.65	6.4
% of Total Income	39.5	45.6		38.9	
EBITDA	187.9	138.39	35.8	180.25	4.2
EBITDA Margin (%)	17.4	17.5		17.5	
EBIT	153.58	106.70	43.9	144.53	6.3
EBIT Margin (%)	14.2	13.4		14.0	
PAT	89.28	63.05	41.6	84.70	5.4
PAT Margin (%)	8.3	8.0		8.2	
EPS (Rs.)	10.98	7.68	43.0	10.42	5.4

- Higher revenue contribution from the direct linkage and pass through of raw material prices in long-term contracts
- Marked-to-market loss in our forward contracts that cover export commitments & ECB Loans

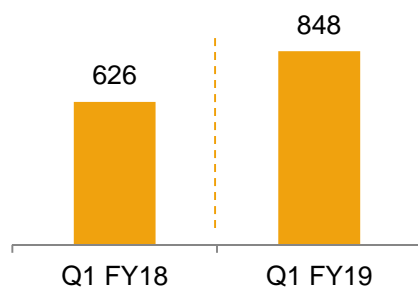


Q1 FY19 – Speciality Chemicals (Standalone)

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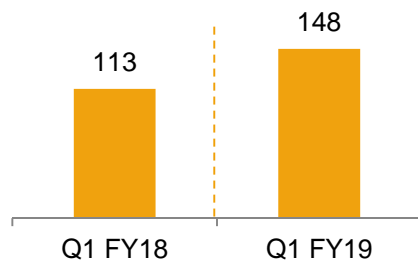


Revenue



- Revenues are linked to pass through of key raw-material prices
- Speciality Chemicals volume growth increased by 12% YoY in Q1 with growth across end user industries
 - Expect approx. 12-15% volume growth for FY19

EBIT



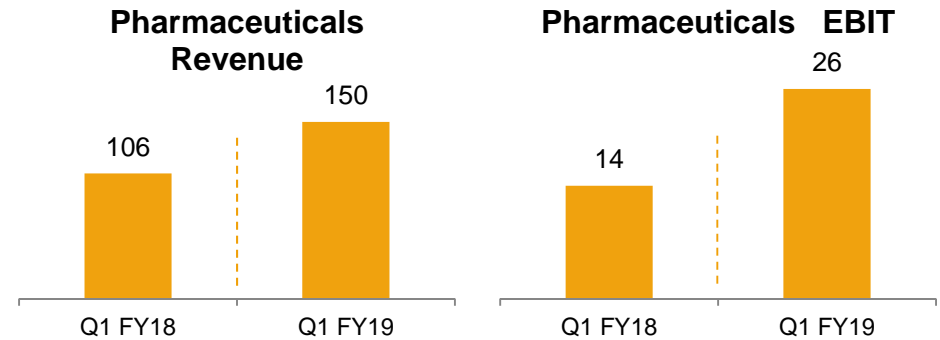
(Rs. Crore)



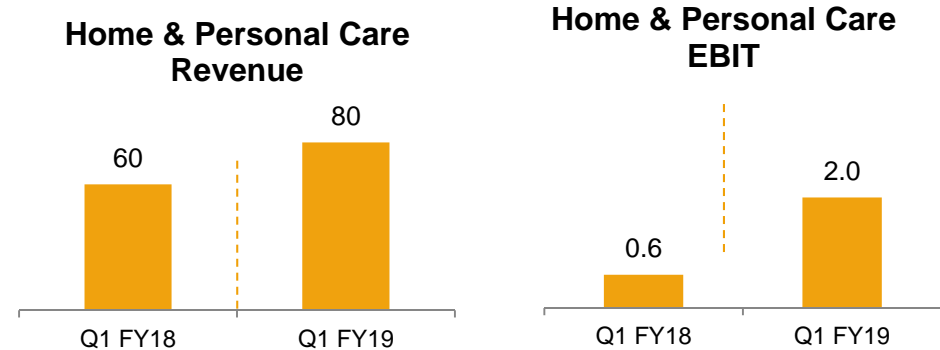
Q1 FY19– Pharma & HPC (Standalone)



- EBIT performance remains strong
- Improved QoQ EBIT run rate enabled by enhanced business across markets and operating leverage - committed to sustain momentum
- Since major fixed costs already built-in, incremental volumes will result in significant increase in segmental profits
- Focusing on off-patented generics to be supplied in regulated markets



- Segment performance helped by efforts to gain larger scale and improved product mix
- Non-ionic surfactants, shampoo, hand wash, dish wash
- Recently debottlenecked some operations to expand capacities
- Focus on export-oriented products



(Rs. Crore)



Aarti Industries (AIL) is one of the most competitive benzene-based speciality chemical companies in the world. AIL is a rare instance of a global speciality chemicals company that combines process chemistry competence (recipe focus) with scale-up engineering competence (asset utilization). Over the last decade, AIL has transformed from an Indian company servicing global markets to what is fundamentally a global company selecting to manufacture out of India. The Company globally ranks at 1st – 4th position for 75% of its portfolio and is “Partner of Choice” for various Major Global & Domestic Customers.

AIL has de-risked portfolio that is multi-product, multi-geography, multi-customer and multiindustry. AIL has 125+ products, 500+ domestic customers, 150+ export customers spread across the globe in 60 countries with major presence in USA, Europe, Japan. AIL serves leading consumers across the globe of Speciality Chemicals and Intermediate for Pharmaceuticals, Agro Chemicals, Polymers, Pigments, Printing Inks, Dyes, Fuel additives, Aromatics, Surfactants and various other speciality chemicals.

AIL is committed to Safety Health & Equipment Quality with environment polices mapped to global benchmarks ensuring customer confidence and business sustainability. The Company has 4 Zero Discharge units and a strong focus on Reduce-Reuse-Recover across its 16 manufacturing sites.

AIL is a responsible corporate citizen engaged in community welfare through associated trusts (Aarti Foundation and Dhanvallabh Charitable Trust) as well as focused NGOs engaged in diverse social causes.

Over the years, AIL has received multiple awards and recognitions. CHEMEXCIL presented the Company ‘Trishul Award’ for outstanding export performance for FY14-15 and ‘Award of Excellency’ for the consistency in export performance for FY13-14. CHEMTECH Foundation accorded AIL with the ‘Outstanding Achievement for Innovation’ award for the company’s commendable efforts in conserving the environments as well as ensuring sustainable growth through path breaking innovation. Indian Institute of Chemical Engineers bestowed the prestigious Lala Shriram National Award for ‘Leadership in Chemical Industry’ to Chairman Emeritus and founder Shri Chandrakant V. Gogri.



For further information please log on to www.aarti-industries.com or contact:

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Thank You