



**AARTI
INDUSTRIES
LIMITED**

Ref. No: AIL/B-39/2019/431

August 14, 2019

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 FY20 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.



www.aarti-industries.com | CIN: L24110GJ1984PLC007301

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The background of the slide features a complex chemical reaction diagram. It shows several chemical structures, including a cyclohexane ring with a methyl group (Me) and a hydroxyl group (OH), and a benzene ring with a carboxylic acid group (COOH). An arrow points from the cyclohexane structure towards the right, indicating a reaction or transformation. The diagram is overlaid on a blurred image of laboratory glassware.

AARTI INDUSTRIES LIMITED

Q1 FY20 Results Presentation

August 2019

Disclaimer

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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Agenda

1 | At a glance

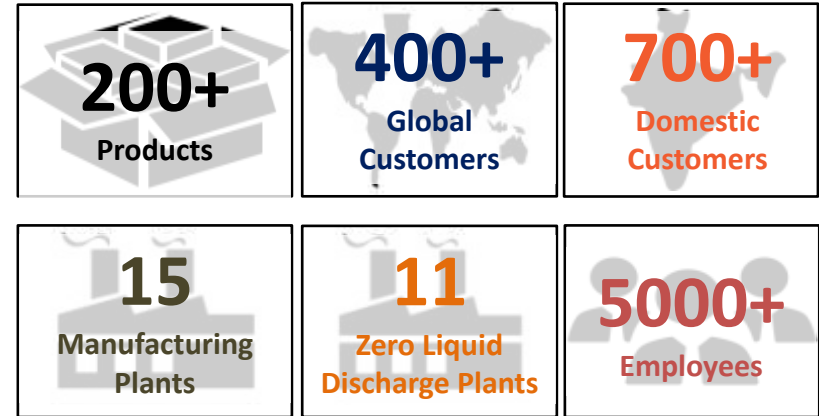
2 | Quarterly performance

Company Overview

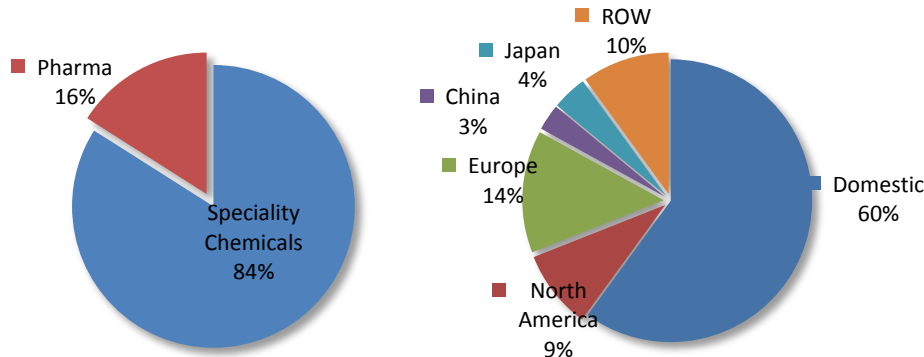
Overview

- A leading Speciality Chemicals company in Benzene based derivatives with integrated operations and high level of cost optimization
- Established by first generation technocrats in 1984
- Pharma operations spanning APIs, intermediates and Xanthene derivatives
- Strong R&D capabilities – 3 R&D facilities; dedicated pool of over 170 engineers & scientists; IPRs for developing customized products.
- 11 plants located in western India with proximity to ports
 - 11 for Speciality chemicals; 4 for Pharma (2 USFDA and 2 WHO/GMP)
 - 2 upcoming project sites at Dahej SEZ and 4th R&D center at Navi Mumbai

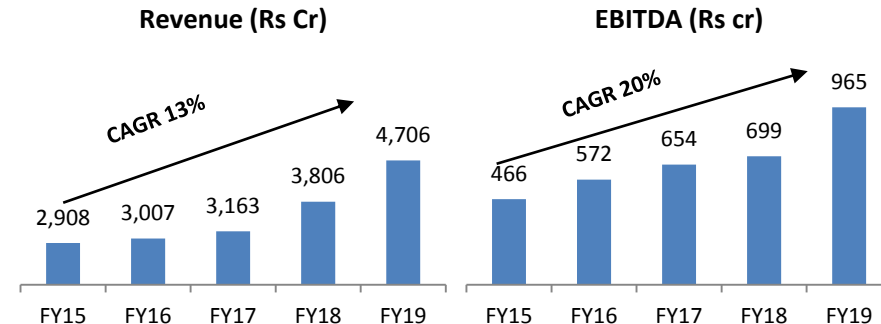
Key Metrics



Revenue split - Segmental and Geographical – FY19



Key Financials



Key Strengths

- **Global Player in Benzene based Derivatives with Integrated Operations**

- *Strong/Leadership position in key products and processes*
- *Integrated operations across product chain of Benzene and Toluene*
- *Ability to effectively use co-products and generate value-added products*

- **Well Diversified Across Multiple Dimensions**

- *Diversification provides significant de-risking*
- *Multi-product, multi-customer, multi-geographies & multi- end-user industry*

- **Pharma – Significant growth with diversification across products and geographies**

- *Pharma segment has seen significant growth over last 5 years*
- *India's API market (both domestic and exports) is expected to witness strong growth*

- **Strong Return Profile despite Significant Capex**

- *Expanded capacities and diversified into new products while maintaining return profile*
- *New capacities are still ramping up providing operating leverage*

- **Strong Focus on R&D and Process Innovation**

- *Focus on downstream products through processes like high value chlorination, hydrogenation, ammonolysis*
- *Plan to set up a 4th R&D plant focused on Speciality chemicals*

- **Thrust on Sustainability**

- *Significant capex done in SH&E and power, which provide long term benefits*

- **Well placed to benefit from Industry Tailwinds**

- *Significant opportunity for exports arising from environmental related shutdowns in China*
- *Structural drivers in places for a robust domestic demand growth*

Agenda

1 | At a glance

2 | Quarterly performance

Chairman's Message

Commenting on the performance for Q1 FY20, Mr. Rajendra Gogri – Chairman & MD at Aarti Industries Ltd. said,



“We have started FY20 on a strong note, recording profit after tax of Rs. 137 crore on standalone basis in this current challenging environment. I am pleased to share that Q1FY20 recorded the highest ever profit in our operating history till date. Growth in profits has been driven by a range of factors. The businesses of speciality chemicals and pharma intermediates expanded revenues by 6% and 28% respectively YoY. In speciality chemicals, contribution from chlorination and nitration processes is now lower at 28% from 30% a year ago, indicating higher value addition in the product profile and bringing a substantial rise to both contribution margins and operating margins. In appreciation of the continuing support from our shareholders, our Board of Directors recommended the issue of one bonus share for every share held by them.

We are seeing growing demand from a range of marquee customers in key global markets on the back of several long standing partner of choice engagements that allow us to deliver high quality products manufactured in line with stringent EHS standards.

We have developed a diversified and de-risked product portfolio comprising of over 200 products that are marketed to more than 400 global customers in over 60 countries and 700 customers in India. Our top 10 and top 20 products contribute 27% and 38% to total revenues respectively. The Company is also benefiting from its deep relationships with domestic customers who are setting up or expanding capacities in downstream products, as the structural shift of global demand continues to favor consistent Indian suppliers. Overall, our intrinsic business strengths allow us to negotiate any short term impact from weakness in the operating environment, while long-term growth parameters remain largely intact.”

Q1 FY20 Highlights

Financial & Capex

- Recorded highest ever quarterly PAT of Rs 137 crore, representing a significant growth of 54% YoY
- EBIT margin expands 420 bps YoY to 18.1% in Q1 FY20
- As part of its strategy to safeguard business against currency risks, the Company had entered into forward contracts to hedge its exports contracts
 - In Q1 FY20, positive impact of Rs 1.2 crore on such contracts
 - The Company had further provided for revaluation gain on long term borrowing (ECBs) to the extent of Rs. 0.4 crore as at 30th June, 2019. This has been provided under Finance Costs.
- Capex in Q1 FY20 – Rs 238 crore. Planned capex of Rs. 1,000-1,200 crore in FY20

Corporate

- Concluded composite Scheme of Arrangement between Aarti Industries Limited and Aarti Surfactants Limited (ASL) and Nascent Chemical Industries Limited.
- Board of Directors has recommended the issuance of fully paid up Bonus Shares in the ratio of 1:1 subject to approval of the members of the Company in the ensuing Annual General Meeting

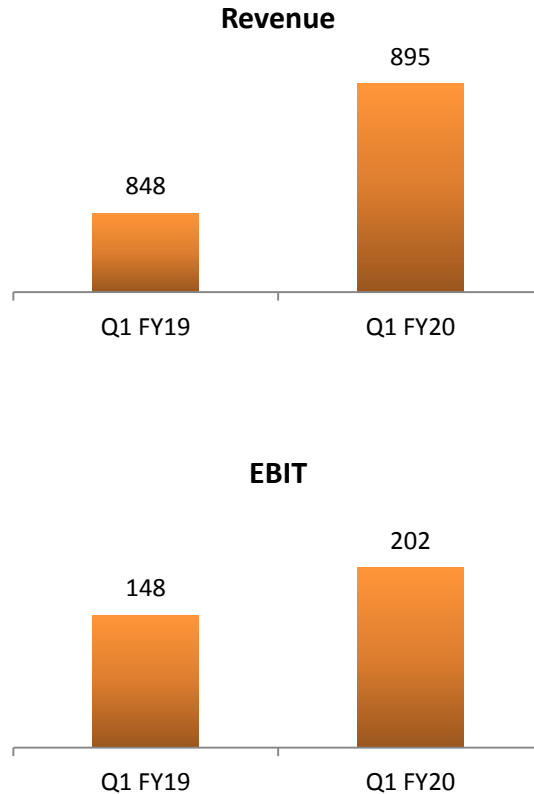
Q1 FY20 P&L (Standalone)

Particulars (Rs. Crore)	Q1 FY20	Q1 FY19	Y-o-Y Growth (%)	Q4 FY19
Gross Income from Operations	1,086.1	1,078.5	0.7%	1,211.4
Exports	454.9	396.1	14.8%	496.9
% of Total Income	41.9%	36.7%	5.2%	41.0%
EBITDA	236.9	187.9	26.1%	236.9
EBITDA Margin (%)	21.8%	17.4%	4.4%	19.6%
EBIT	196.8	150.2	31.1%	194.5
EBIT Margin (%)	18.1%	13.9%	4.2%	16.1%
PAT	137.4	89.3	53.9%	124.5
PAT Margin (%)	12.6%	8.3%	4.4%	10.3%
EPS (Rs.)	15.77	10.98		15.21

Figures for the quarter ended 31st March 2019 and 30th June 2018 are prior to considering the impact of the scheme of arrangement for demerger of Home and Personal Care undertaking of the Company into Aarti Surfactants Ltd and also the merger of manufacturing undertaking of Nascent Chemicals Industries Ltd into the company. To that extent the figures are not comparable. The said scheme of arrangement was approved by NCLT, Ahmedabad vide its order dated 10th June 2019 and thus it became effective from appointed date 1st April 2018.

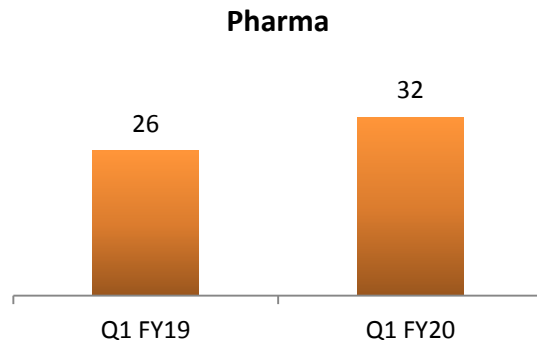
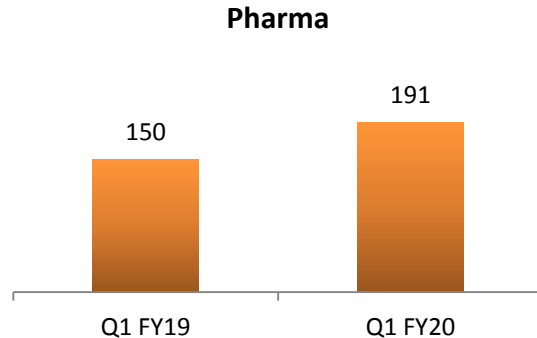
- Adjusted for the demerger of the HPC business, revenue up 8.8% YoY
- Margin improvement on account of expanding contribution of higher value products
- Better operating leverage from increasing capacity utilization

Q1 FY20 – Speciality Chemicals (Standalone)



- Specialty Chemicals revenue up 6% YoY, despite decrease in raw material prices.
- Net of RM price changes, the Revenue growth on YOY basis is 9.4%
- Absolute EBIT expands 36% YoY while EBIT margins expand to 22.5% in Q1 FY20 from 17.5% in Q1 FY19
- Higher margins on account of increasing share of value added and high margin products.
- Revenue share of products in Chlorination and Nitration chemistries reduced to 28% in Q1 FY20 from over 30% in FY19 and earlier periods.
- Higher capacity utilization across various units

Q1 FY20 – Pharma (Standalone)

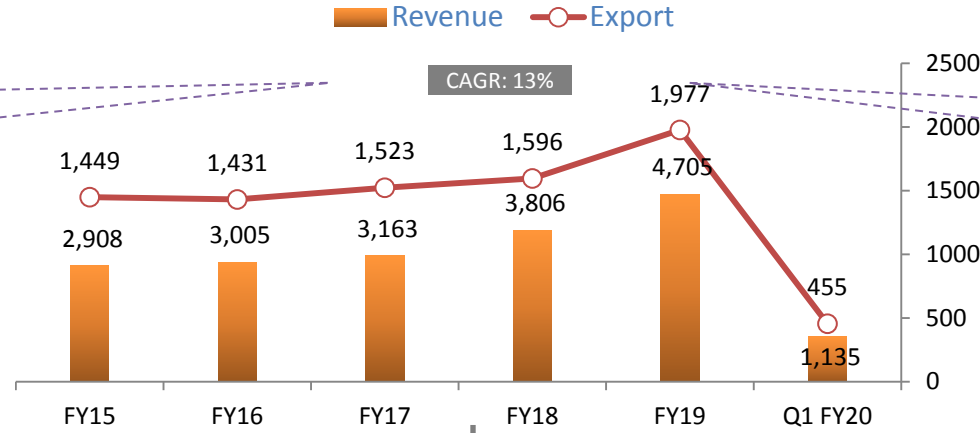


- Pharma business delivered strong revenue growth of 28% YoY.
- Highest ever EBIT reported for the Pharma Segment.
- Diversified contribution from domestic, regulated and non-regulated markets
- Focusing on off-patented generics in regulated markets
- Expanding business volumes across markets and operating leverage – expected to sustain momentum

Revenue Performance (Consolidated)

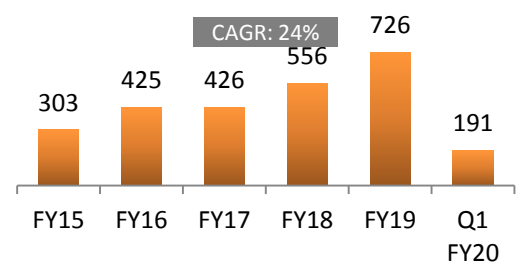
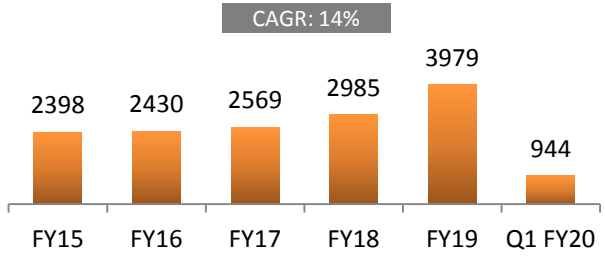
Operating revenues have grown on the back of strong volume growth in key business segments and better product mix. Top line is a function of variations in raw material prices especially crude

Deep engagement with global customers in Speciality chemicals and pharma. In addition, part of domestic revenues are indirect exports.



Speciality Chemicals

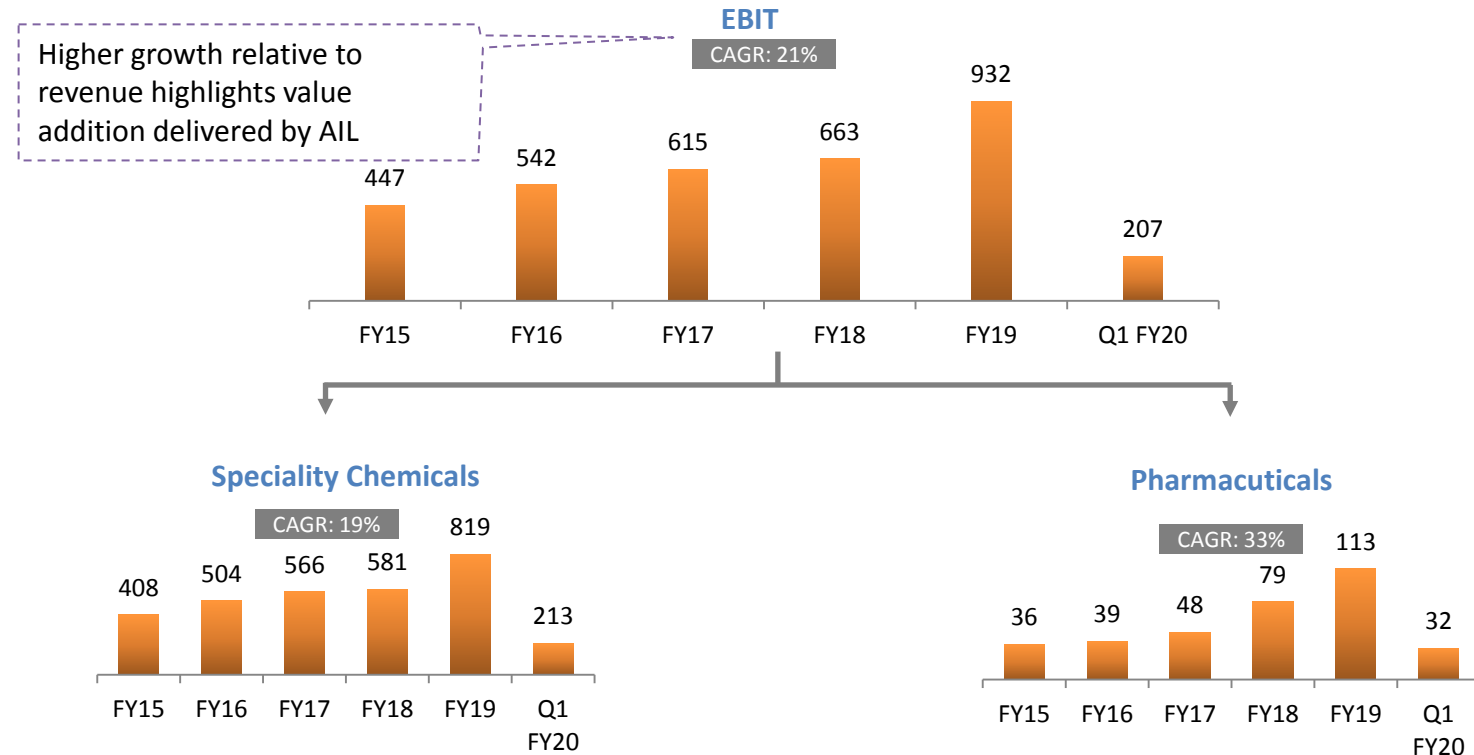
Pharmaceuticals



(Rs. Crore)

Note: For FY15-19 annual numbers have been mentioned; FY20 figures pertain to only the first quarter and are not comparable

EBIT Performance (Consolidated)



(Rs. Crore)

Note: For FY15-19 annual numbers have been mentioned; FY20 figures pertain to only the first quarter and are not comparable

Contact Us



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

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PRODUCTIVITY WITH SAFETY IS OUR MOTTO
उत्पादकता के साथ सुरक्षा हमारा लक्ष्य है

Thank You