AARTI INDUSTRIES LIMITED

May 30, 2022

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

BSE CODE –524208

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

Dear Sir/Madam,

Ref: Regulation 30(6) of the SEBI (LODR) Regulations, 2015
Sub.: Results Presentation

Please find enclosed herewith the Q4 FY22 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.

Q4 FY22 Results Presentation

AARTI INDUSTRIES

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

01

Company Overview

02

Q4 & FY22 Financial Results

03

Growth Opportunity & Strategy

About Aarti Industries (AIL)

AARTI INDUSTRIES

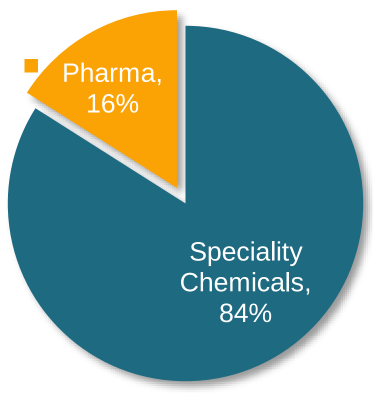
Overview

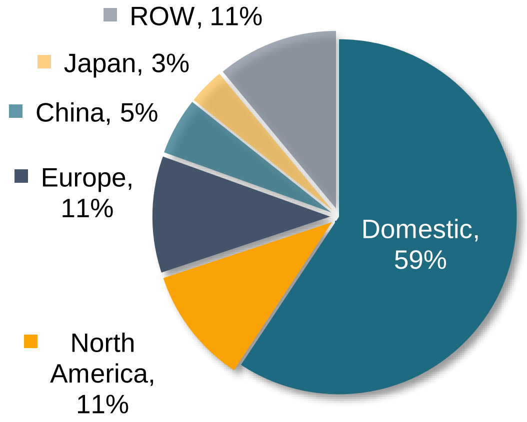
- A leading Speciality Chemicals company in Benzene based derivatives with integrated operations and high level of cost optimization
- Pharma operations spanning APIs, intermediates and Xanthene derivatives
- Established by first generation technocrats in 1984
- Strong R&D capabilities – 4 R&D facilities; dedicated pool of about 400+ engineers & scientists; IPRs for developing customized products.
- Plants located in western India with proximity to ports: 15 for Speciality chemicals; 5 for Pharma (2 USFDA and 3 WHO/GMP)

Key Metrics

200+ Products	**400+** Global Customers	**700+** Domestic Customers
20 Manufacturing Plants	**16** Zero Liquid Discharge Plants	**8,000+** Employees

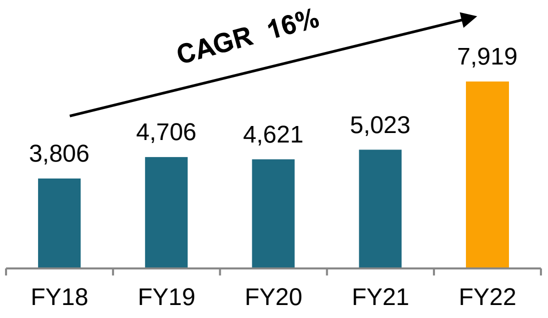
Revenue split - Segmental and Geographical – FY22



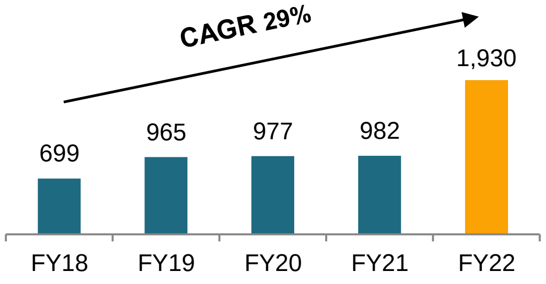


Key Financials

Revenue (Rs cr)



EBITDA (Rs cr)



**FY22 nos. are including the termination income*

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Key Milestones/ Updates in FY22

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INR 1,200 cr.
Funds raised through QIP for growth initiatives

INR 1,300+ cr.
CAPEX entailed

90+
Products in R&D pipeline for Chemicals & Pharma

$ 1+ bn
INR 7,919 cr.
Gross income from operations

59 : 41
Domestic & Exports revenue-mix

0.44x
Debt : Equity

- After conducting successful trial runs of the **project related to 2nd Long Term Contract, commercial manufacturing has commenced in Q4 FY22**
- The expansion of the **block at the USFDA approved API facility is in the last stages and would be commercialized in Q1 FY23**
- **Rising input costs and pass through of the same has resulted in significant increase in the topline and working capital**
- The Company has been **awarded the prestigious Responsible Care certification by Indian Chemical Council (ICC)**

The Board of Directors approved a final dividend of Rs. 1.50 per share (30%) for FY22.
Interim Dividend of Rs 2.00 per share (40%) already distributed in FY22.
Total dividend in FY22 stands at 70% of FV

Q4 & FY22 – Financial Snapshot

Q4 FY22 vs Q4 FY21

Revenues	INR 2018 crore	50%
EBITDA	INR 339 crore	30%
Profit Before Tax	INR 231 crore	34%
Profit After Tax	INR 194 crore	39%

FY22 vs FY21

Revenues	INR 7919 crore	58%
EBITDA	INR 1930 crore	96%
Profit Before Tax	INR 1527 crore	130%
Profit After Tax	INR 1307 crore	144%

**FY22 nos. includes termination fee income of Rs. 631 crore*

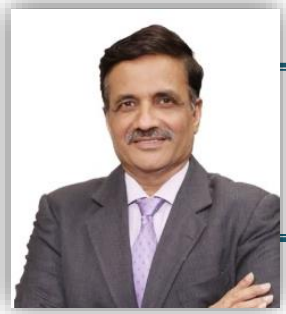
Performance Highlights – Q4 FY22

AARTI INDUSTRIES

Revenues of Rs. 2018 crore; increase of 50% over previous year
EBITDA of Rs. 339 crore; growth of 30% over previous year
PAT of Rs. 194 crore; up by 39% over previous year

- Robust revenue momentum was **supported by better realisations trends owing to Company's ability to pass on sharp spikes in RM costs and other utilities**. This was **backed by healthy volume gains led by continued strong demand trajectory** for Company's products in the key end-user industries
  - Revenue growth could have been higher, but for the **supply shortage of key raw material – Nitric Acid during the quarter, which impacted production of various products under the Speciality chemicals segment.** The Company is in talks with the supplier and taking efforts to minimise this impact
- EBITDA performance **bolstered by operating leverage due to high utilisation levels across plants**. Some **moderation in margin was on account of time lag in cost pass through**. The Company's robust pricing model (RM pass through model) helped to **maintain the absolute delta margin (expressed in per kg terms) despite unprecedented challenges** during the year posed by inflation in raw material prices and other costs, as well as logistical constraints
- Profit after tax stood **in-line with operational performance of the Company**
- Key expansion **projects related to 3rd Long Term Contract, the NCB capacity expansion, Pharma USFDA expansion are progressing well**, and are **expected to come on stream in FY23**, starting from Q1 FY23

Chairman's Message



Commenting on the performance for Q4 FY22, Mr. Rajendra Gogri – Chairman & MD at Aarti Industries Limited said:

"We have concluded the financial year on a strong note by achieving the highest-ever EBITDA (even after netting of the termination income), with healthy accretion to profitability. We scaled new peaks during FY22 inspite of unprecedented pressures linked to inflation in input prices, in addition to elevated utility costs, disruptions in global supply chains and other challenges arising especially due to resurgent 2nd COVID wave. Moreover, it tested our ability to pass on these cost pressures. Given our long-standing relationship with our customers and time-tested business model, we have pass-through mechanisms in place which protected our margins. Our teams have demonstrated immense resilience and have stayed nimble while navigating through some of these challenges, to ensure that we stay true to our supply commitments.

We have made healthy progress on some of our growth initiatives and have aggressive CAPEX plans lined up to realise our ambitions. Our investment across diversifying the product-mix, capacity enhancements in both speciality chemicals and pharmaceuticals, adding newer chemistries and range of products as well as strengthening our EHS standards will start contributing from the current fiscal year. This is based on healthy demand scenario prevalent in the domestic and export markets where India is seen as a reliable supplier. The Company has recruited about 1,500 personnel in FY22 to cater to the growth opportunities being executed.

The road ahead appears encouraging, and we are excited to lead India in its aspiration of becoming a preferred partner for global chemical majors. Our focus on value-addition and product expansion will steer the momentum in the ensuing years. This will further cement our leadership position, while enhancing value for all the stakeholders."

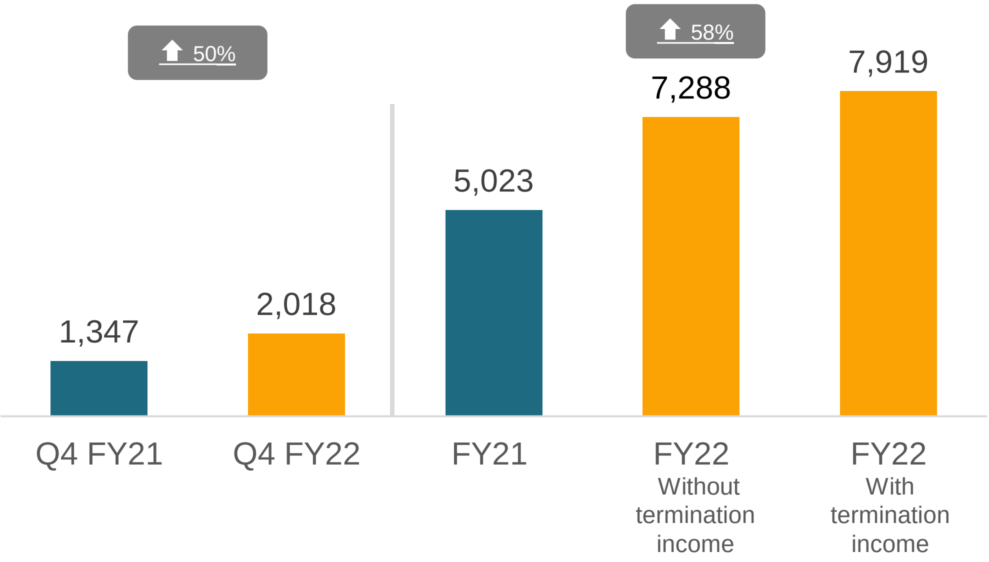
Q4 & FY22 – Consolidated P&L

Particulars (Rs. Crore)	Q4 FY22	Q4 FY21	Y-o-Y (%)	Q3 FY22	Q-o-Q (%)	FY22	FY21	Y-o-Y (%)
Gross Income from Operations	2018	1347	49.8%	2636	-23.5%	7919	5023	57.7%
Exports (excl Termination Income)	751	546	*37.5%*	825	*-9.0%*	2965	2186	*35.6%*
% of Total Income (excl Termination income)	*37.2%*	*40.5%*		*41.1%*		*40.7%*	*43.5%*	
EBITDA with Termination Income	339	260	30.3%	966	-64.9%	1930	982	96.5%
EBITDA without Termination Income	*339*	260	*30.3%*	356	*-4.8%*	1320	982	*34.4%*
EBITDA Margin (net of termination (%)	*16.8%*	*19.3%*		*17.8%*		*18.1%*	*19.6%*	
EBIT with Termination Income	262	195	*34.4%*	894	*NA*	1641	751	*218.5%*
EBIT Without termination income	262	195	*34.4%*	284	*-7.7%*	*1031*	751	*37.3%*
EBIT Margin without termination (%)	*13.0%*	*14.5%*		*14.2%*		*14.1%*	*15.0%*	
PAT	194	139	39.0%	772.5	-74.9%	1307	535	144.3%
PAT Margin (%)	9.6%	10.3%		29.3%		16.5%	10.7%	
Diluted EPS (Rs.) (after adjusting for Bonus issue in June 2021)	5.34	3.91	36.6%	21.31	-74.9%	36.06	15.02	240.0%

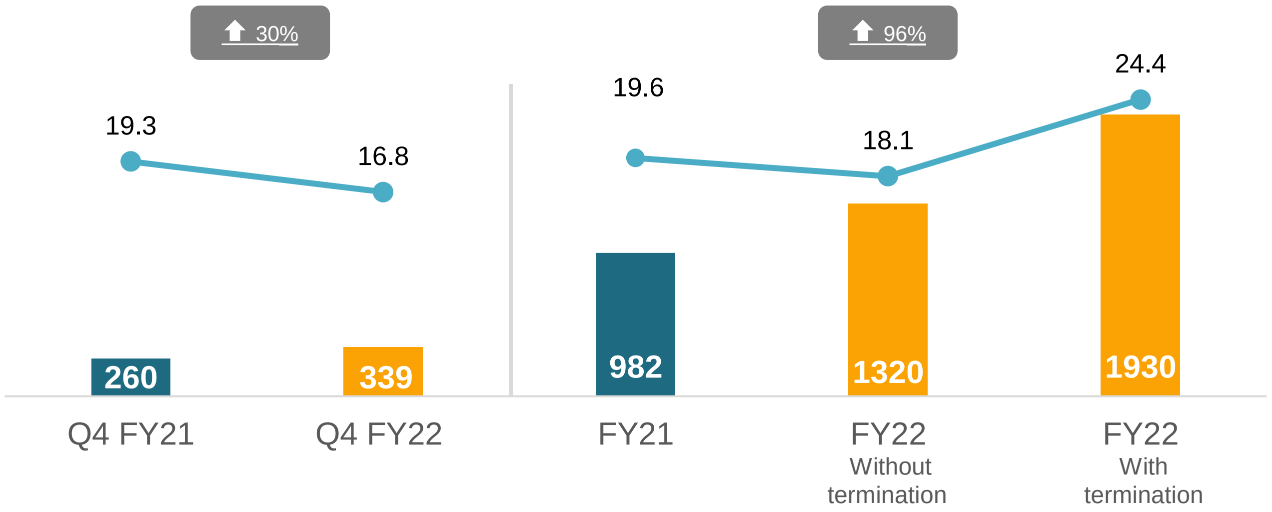
**Gross Income from operations includes termination fee income for Q3 FY22 and full year FY22*

Q4 & FY22 Highlights (Consolidated)

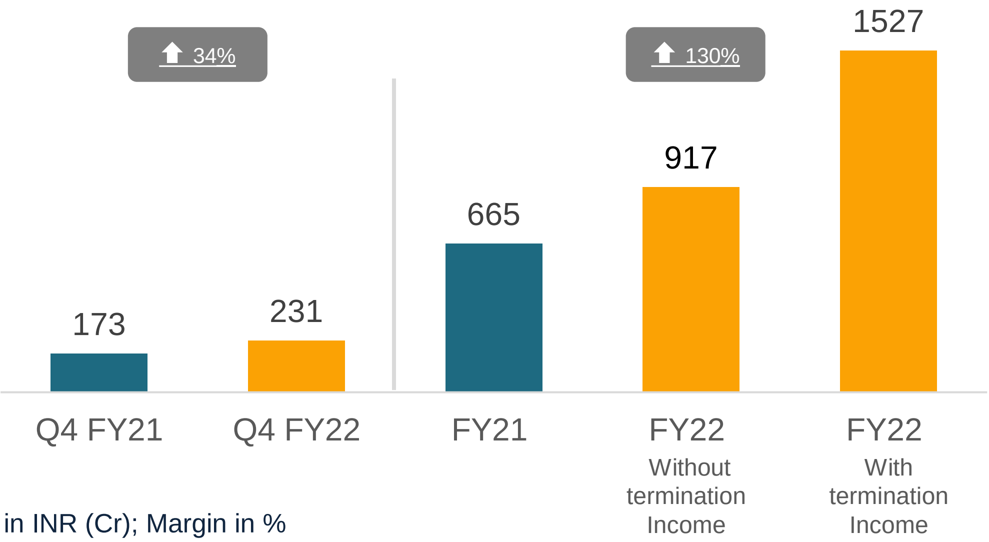
Revenues



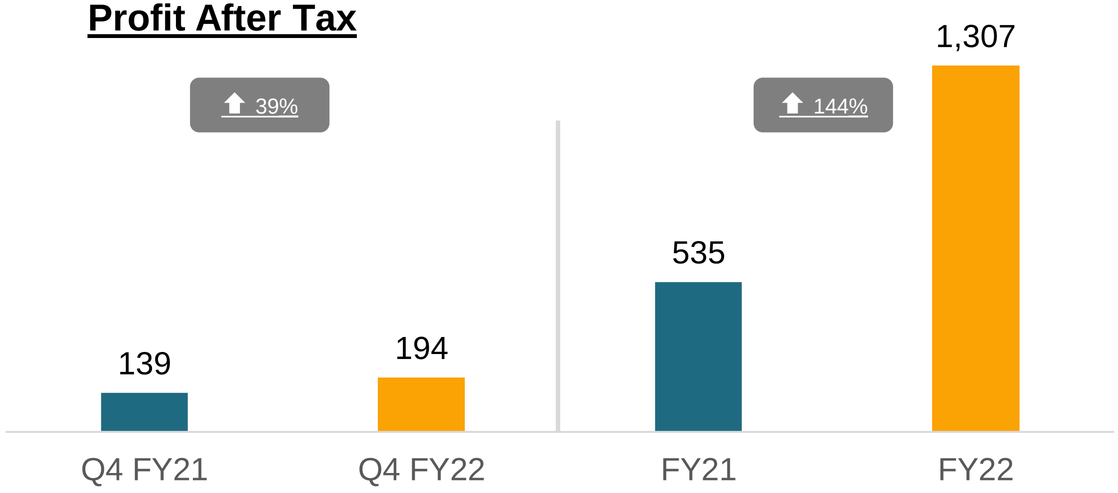
EBITDA & EBITDA Margin



Profit Before Tax



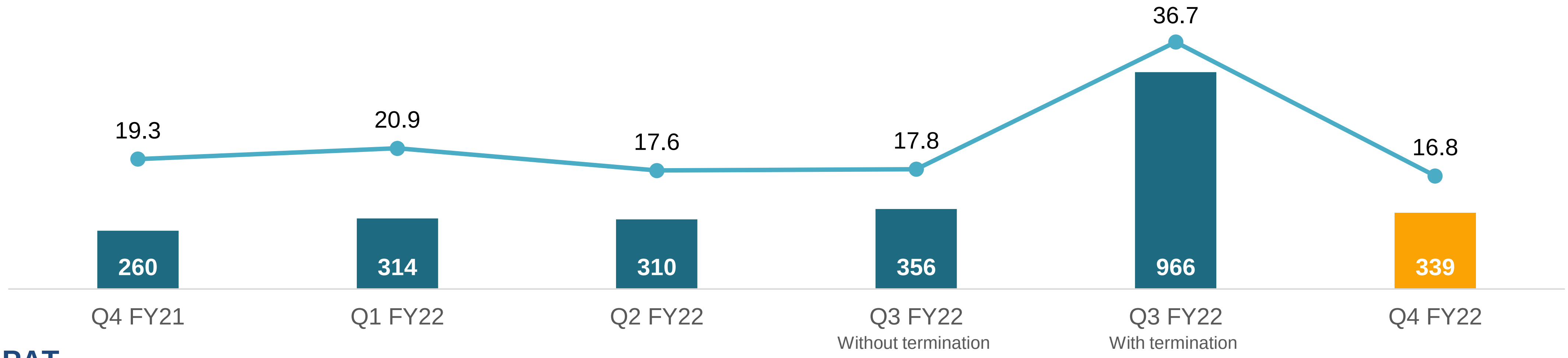
Profit After Tax



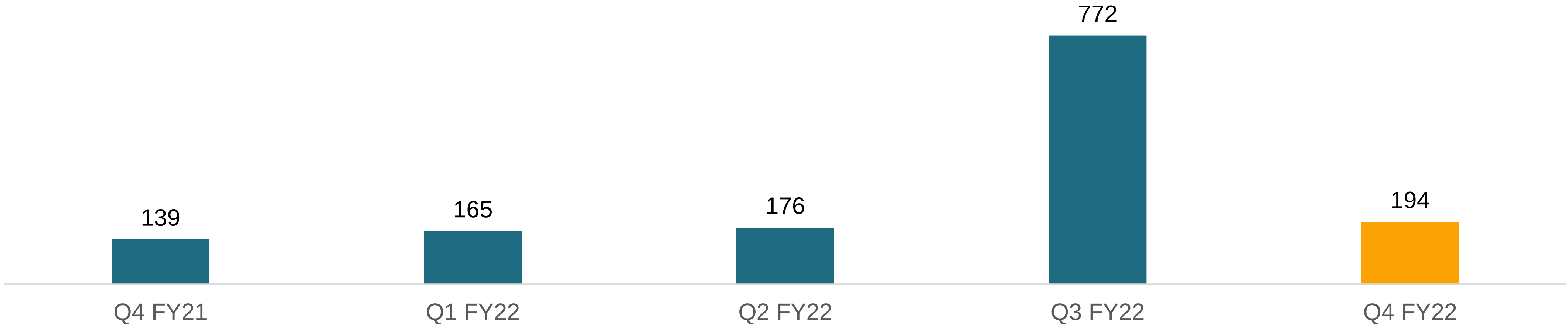
Amount in INR (Cr); Margin in %

Quarterly trend EBITDA & PAT (Consolidated)

EBITDA & EBITDA %



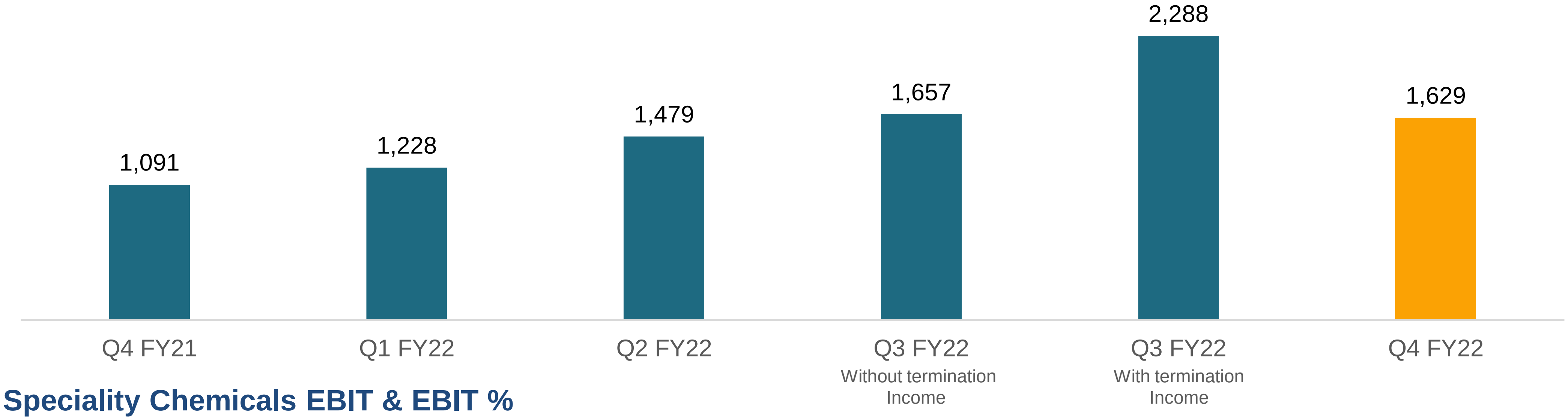
PAT



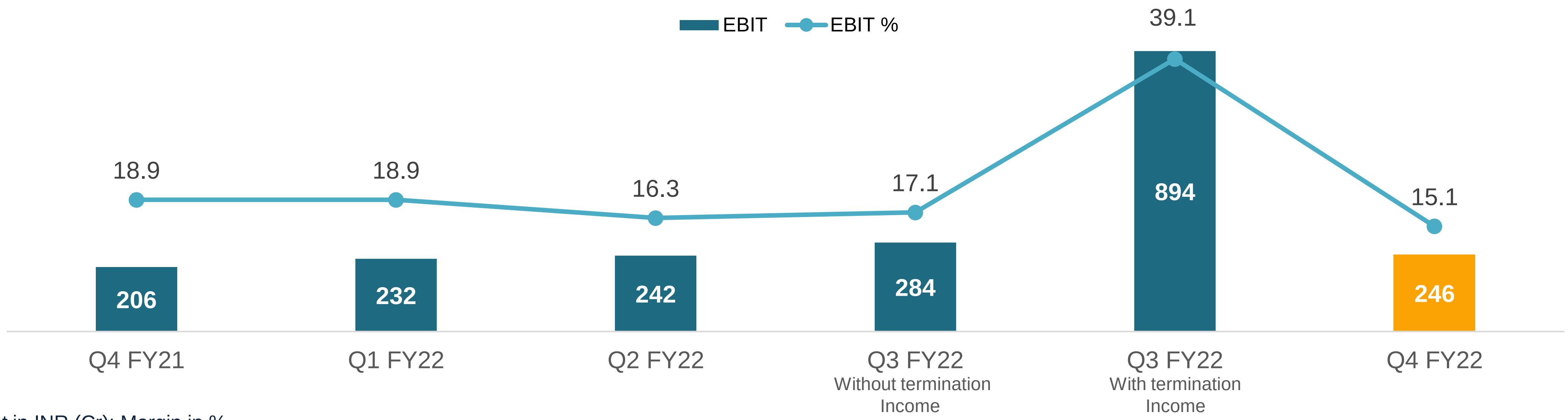
Amount in INR (Cr); Margin in %

Speciality Chemicals - Revenue & EBIT

Speciality Chemicals - Revenue

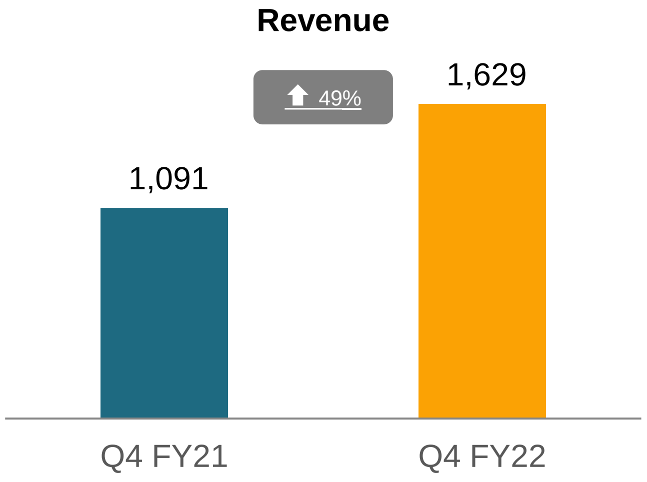


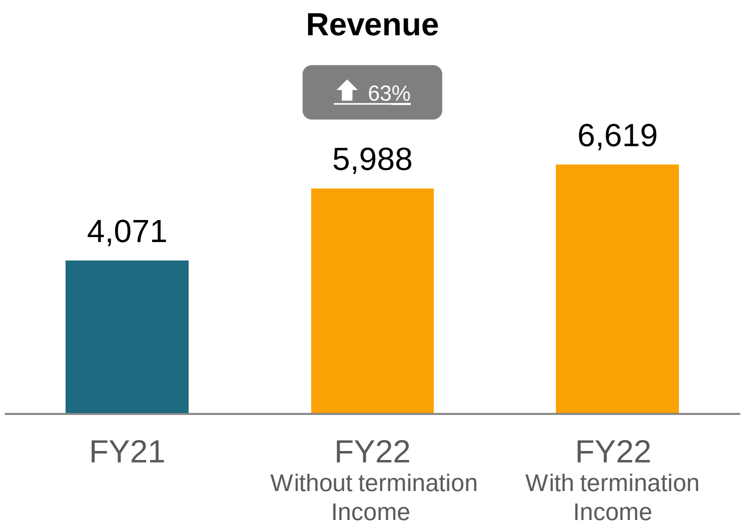
Speciality Chemicals EBIT & EBIT %

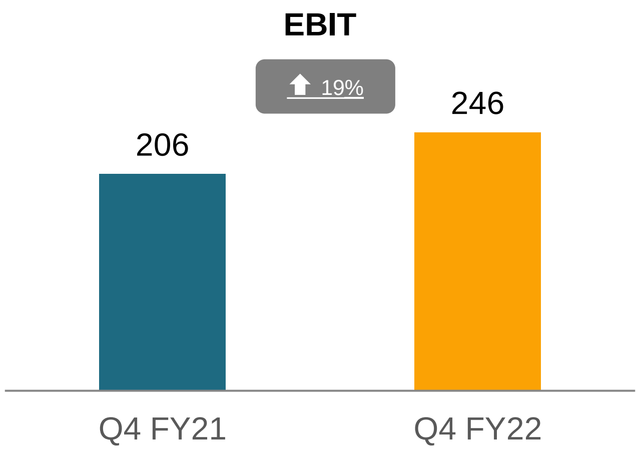


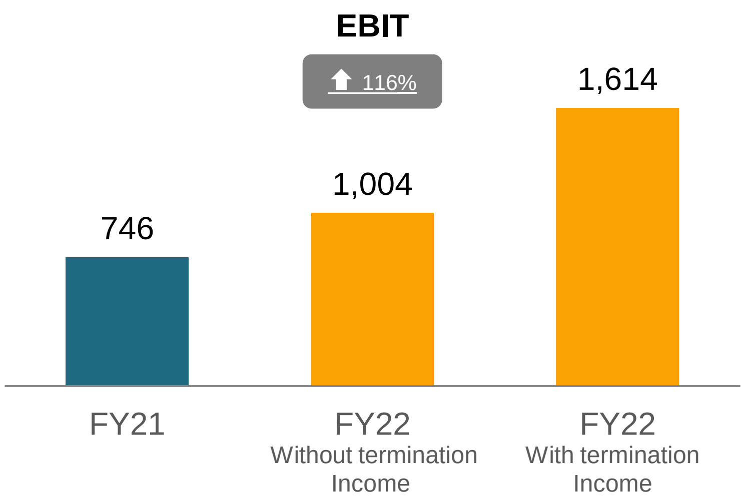
Amount in INR (Cr); Margin in %

Q4 & FY22 Speciality Chemicals - Consolidated







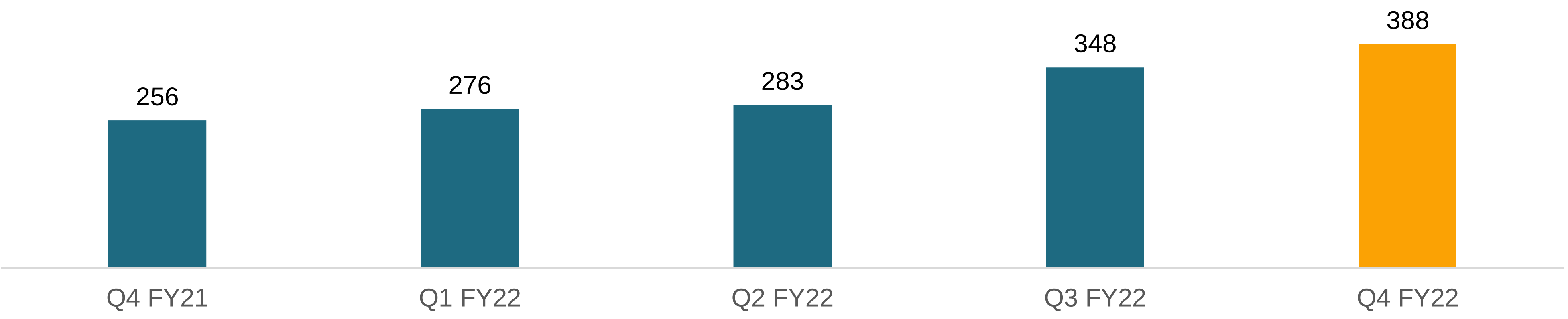


- For FY22, segment revenue includes long-term contract termination fees of Rs. 631 crore and EBIT includes the impact of the same of Rs. 610 crore
- Continued Shortage of one of the key RM, Nitric Acid, impacted the operations in Q4 as well
- Successfully passed on impact of higher raw material costs, partly with a time lag
- Commercialized the unit for 2nd Long term contract in Q4 FY22, resulting into increase in fixed costs and depreciation
- About 70% share of revenue from value-added products during the quarter

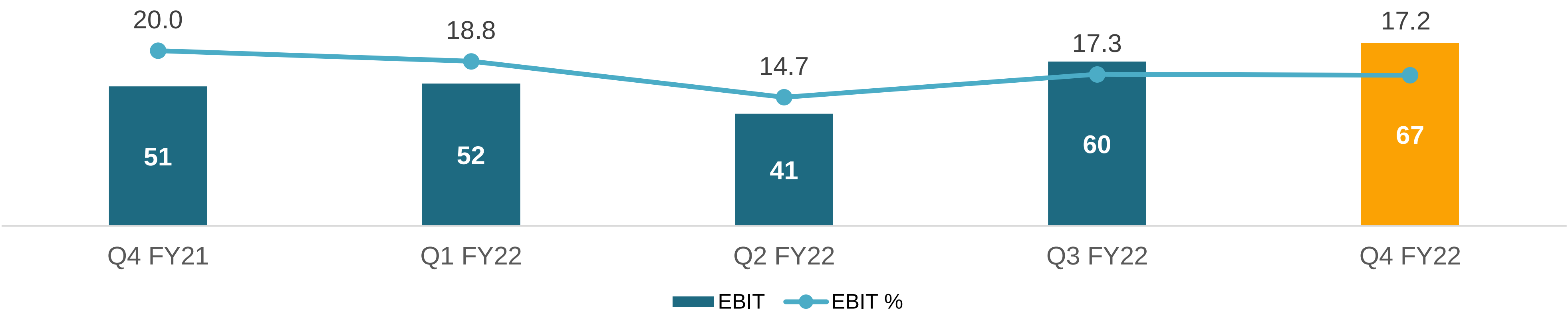
Amount in INR (Cr)

Pharma - Revenue & EBIT

Pharma - Revenue

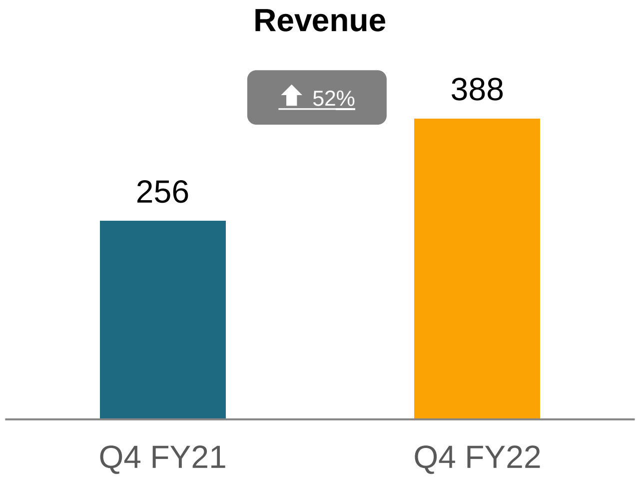


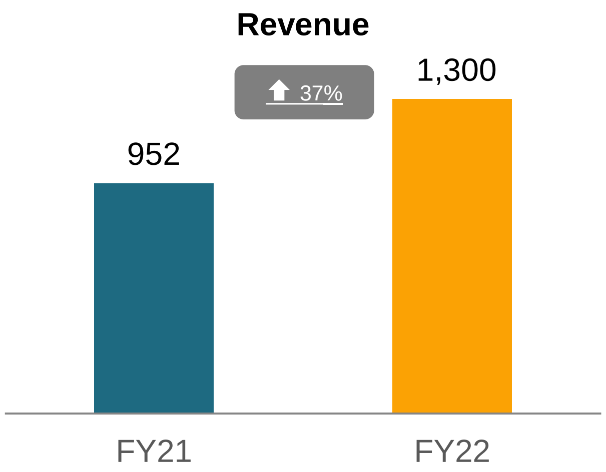
Pharma EBIT & EBIT %

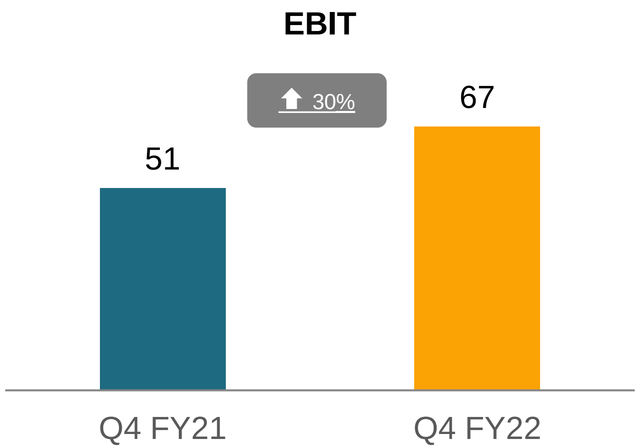


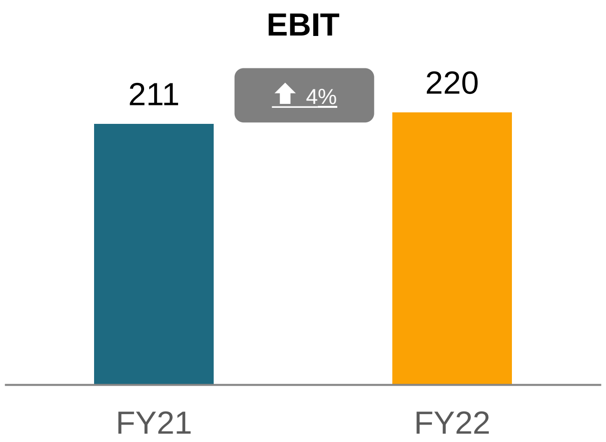
Amount in INR (Cr); Margin in %

Q4 & FY22 Pharma - Consolidated









- Robust growth in topline performance attributable to positive demand landscape for key products
- Inflation in input costs – Continuous efforts to pass on to the customers.
- The expansion of capacity for the USFDA approved API facility in the final stages and expected to commercialize in Q1 FY23

Amount in INR (Cr)

Revenue Performance - Consolidated

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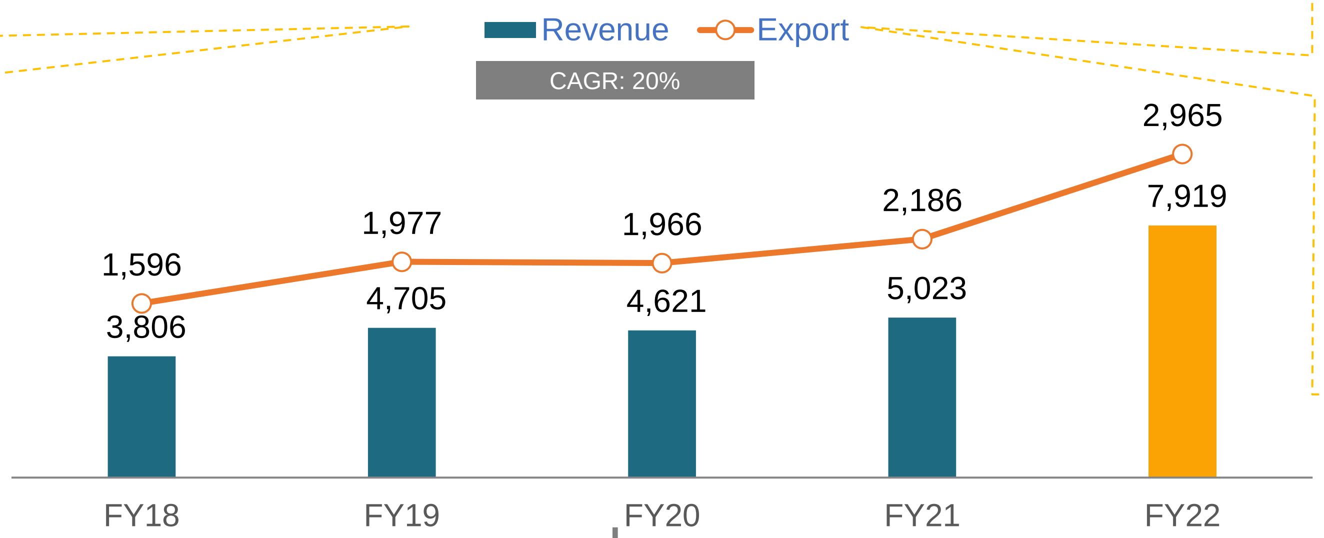
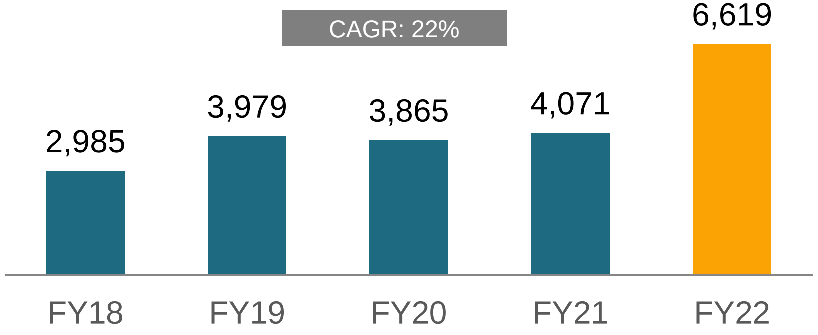
Consistent revenue momentum is a result of favorable demand scenario and Company's ability to pass on sharp increases in the prices of crude oil and other petrochemical intermediates. FY22 topline also includes a one-time gain linked to termination income

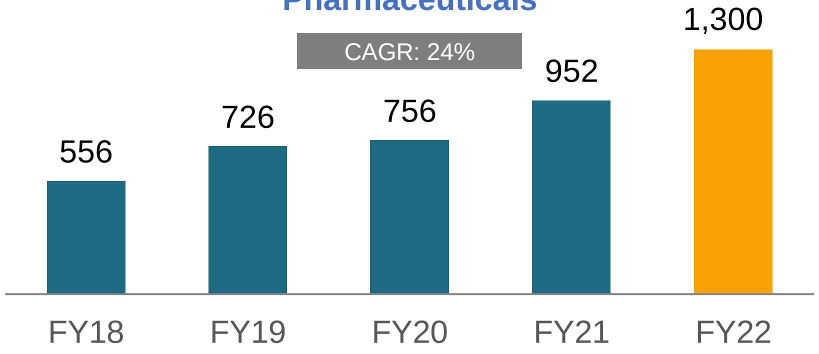


China+1 strategy has bolstered the exports momentum both in Specialty Chemicals and Pharma. Company continues to leverage strong relationships with global customers to elevate this trajectory

Speciality Chemicals



Pharmaceuticals

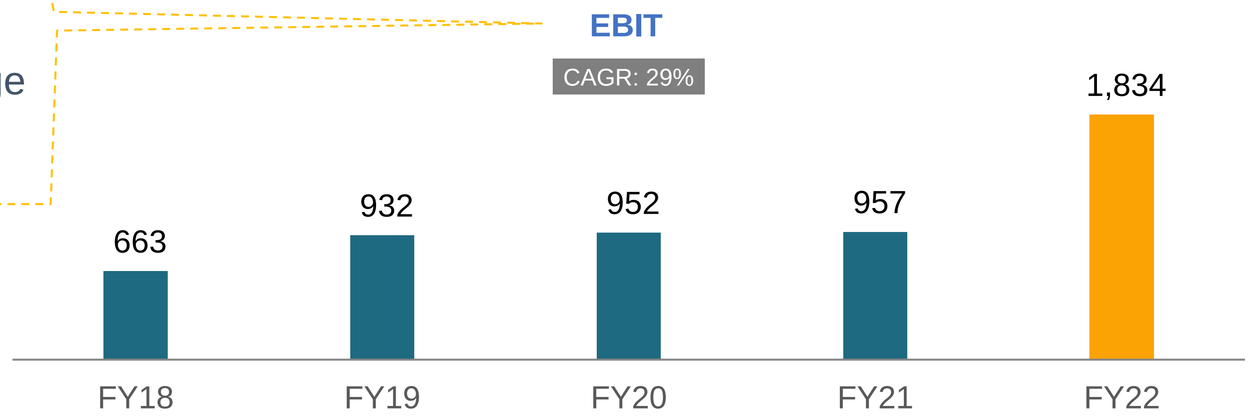


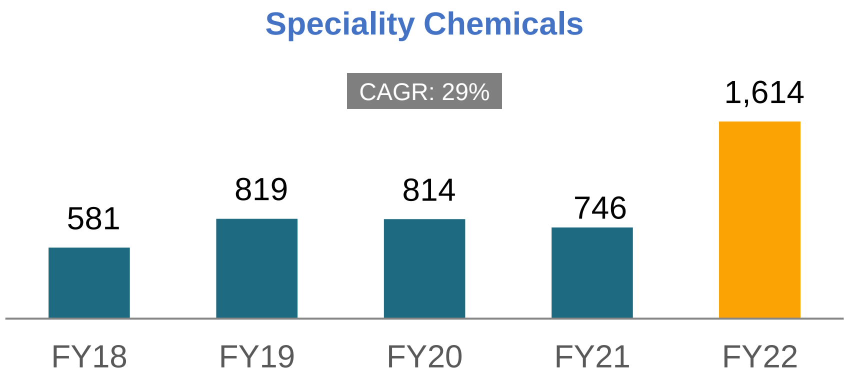
Includes the impact of Termination Income

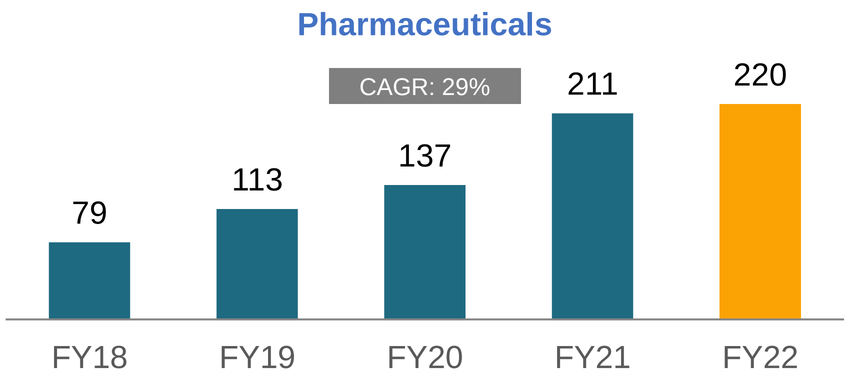
Amount in INR (Cr); Margin in %

EBIT Performance - Consolidated

Focus on value-added portfolio combined with operating leverage gains has resulted in better profitability







Includes the impact of Termination Income
Amount in INR (Cr)

Financials - Consolidated

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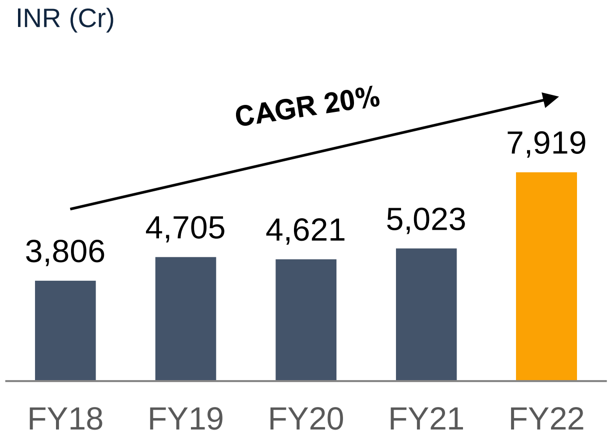
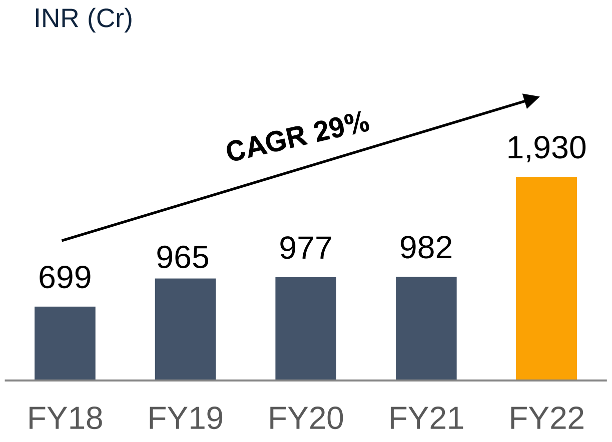
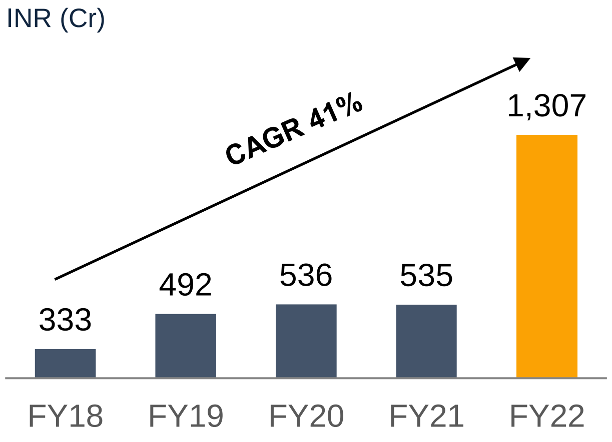
Robust Revenue Growth



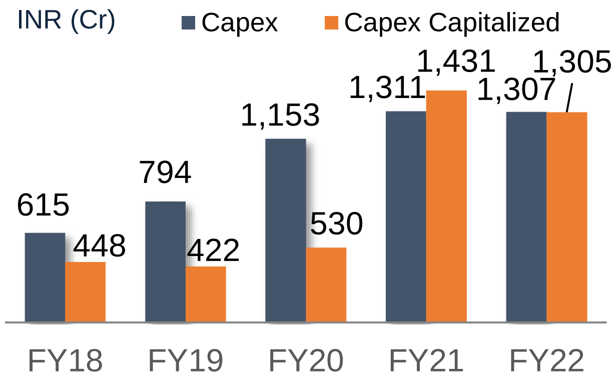
Strong EBITDA Growth



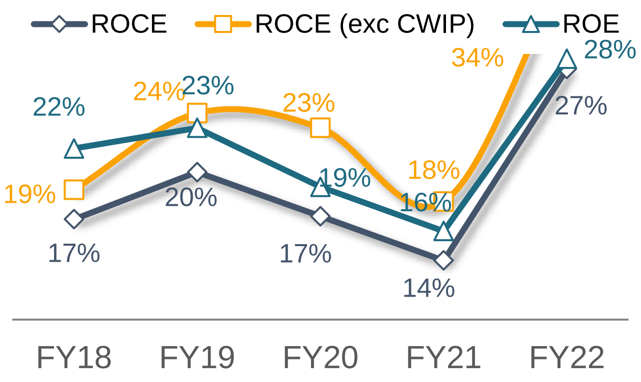
Strong PAT Growth



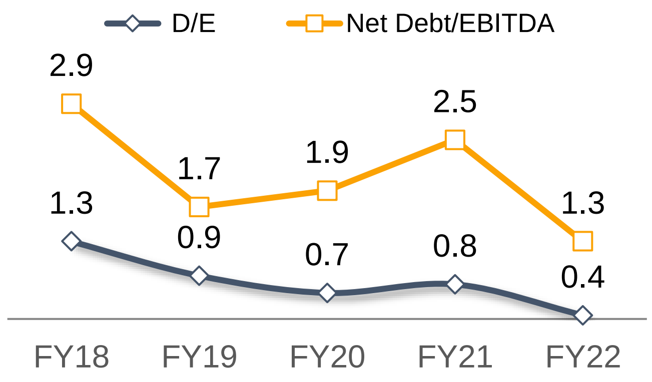
Significant Capex Undertaken



Strong Return Ratios



Debt Profile



FY22 financials are inclusive of termination income

EBITDA =Profit before Tax + Interest Expense + Depreciation – Other Income; EBIT = EBITDA-Depreciation; Capital Employed= Net Worth + LT Debt+ ST debt+ current maturity of long term debt- cash; Capital Employed adj for CWIP= Capital Employed -CWIP; ROCE= EBIT/(Average of Capital employed of current & previous year); ROCE (exc CWIP) = EBIT/(Average of Capital employed adj for CWIP of current & previous year); ROE = Net Income/Average of Net Worth of current & previous year; D/E = Total Debt/ Total Equity; Net Debt/EBITDA = (Gross Debt- cash)/ EBITDA

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Key Strengths

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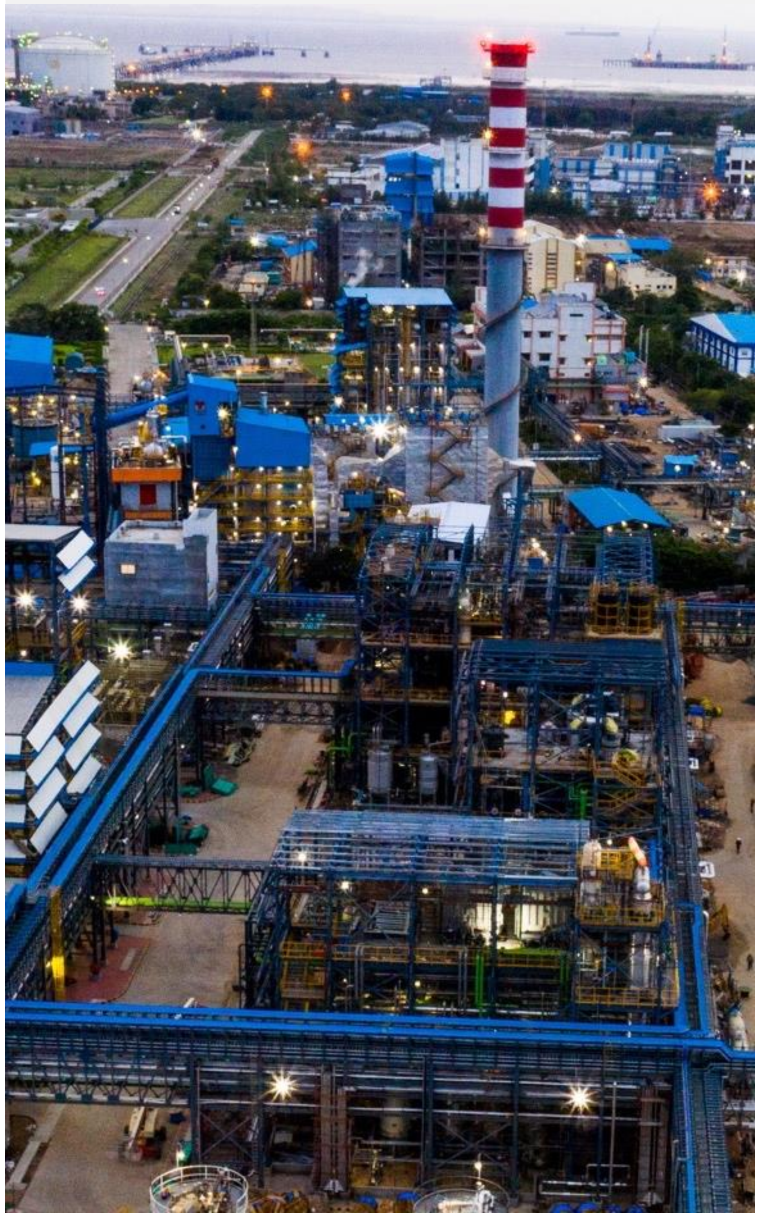


Global Player in Benzene based Derivatives with Integrated Operations

- 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

- API & Intermediate market (domestic & exports) expected to witness strong growth
- Xanthine Derivatives are expected to continue the growth momentum

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

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

Strong Focus on R&D and Process Innovation

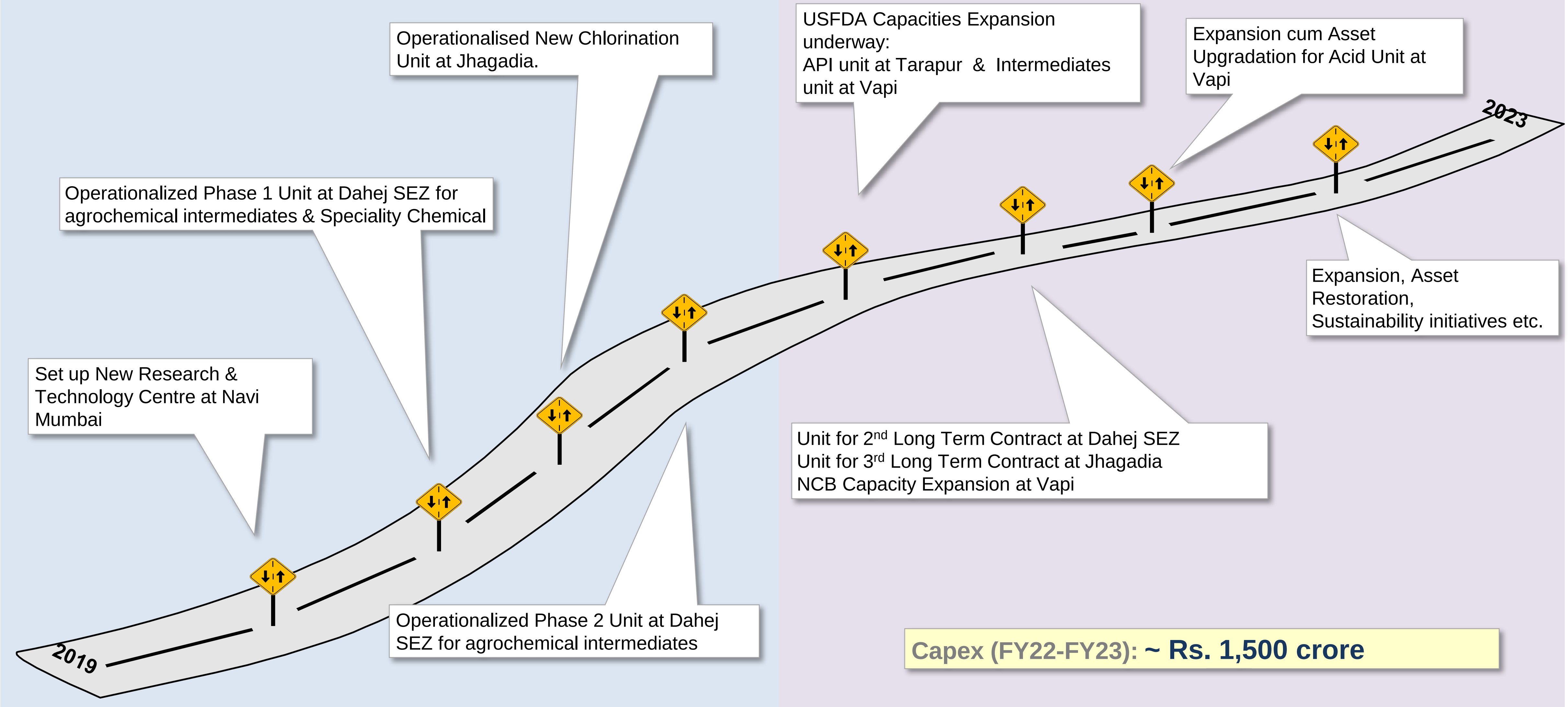
- Focus on downstream products through processes like high value chlorination, hydrogenation, etc.

Thrust on Sustainability

- Significant capex done in SH&E, which provide long term benefits
- Continuous efforts to enhance on ESG Initiatives.

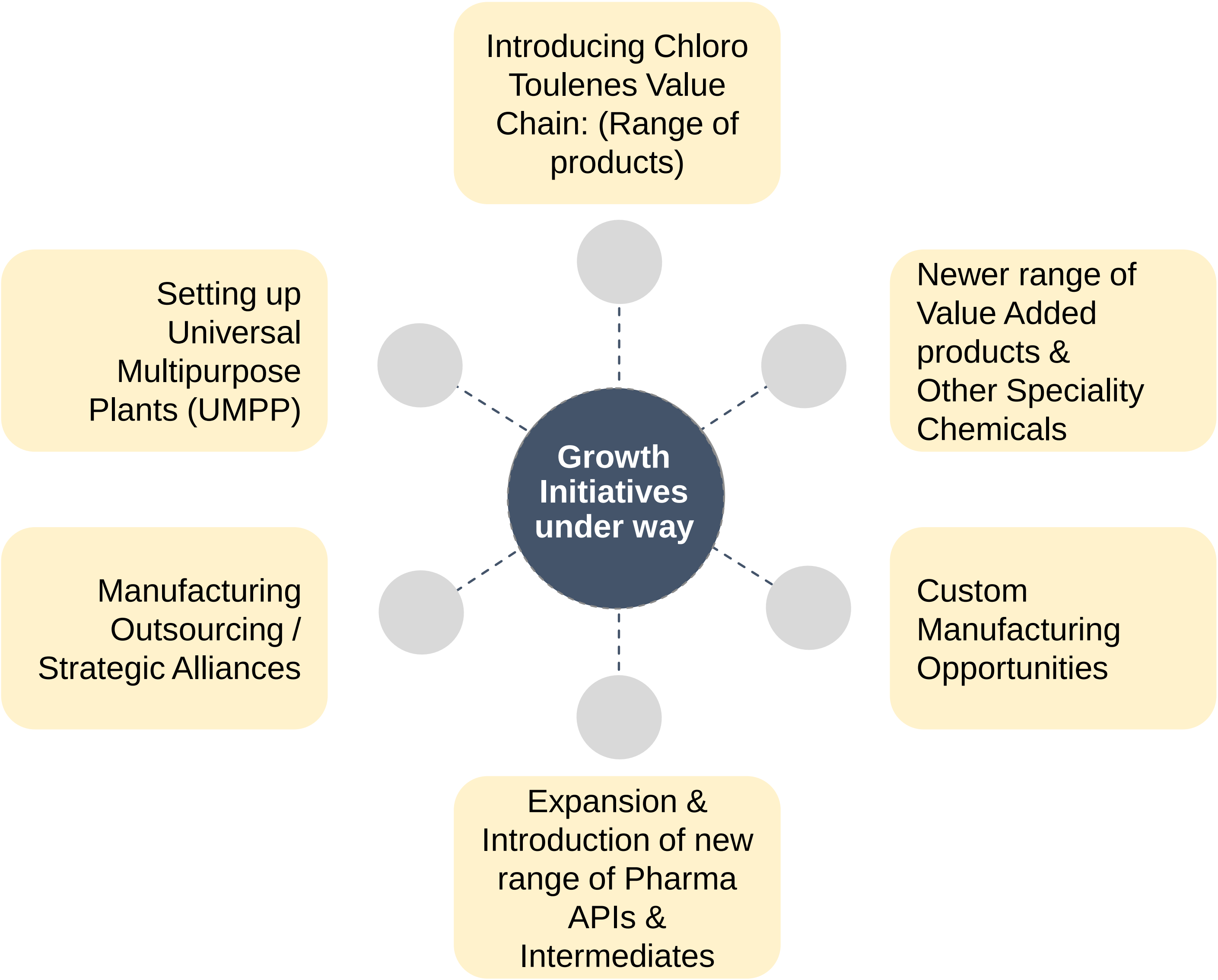
Major Projects: FY19 - FY23

Operationalised by FY21	To be Completed by FY23



Capex (FY22-FY23): ~ Rs. 1,500 crore

Future Growth Projects: FY23-24 (Driven by R&D & Innovation)



Key Highlights

- Adding new chemistries and Value added products
  - 40+ products for Chemicals
  - 50+ products for Pharma
- EBIDTA margin ~ 25% - 30%
- Capex of about:
  - Rs. 2,500-3,000 crore for Chemicals
  - Rs. 350-500 crore for Pharma
- Site development work to commence on 100+ acre land at Jhagadia. Also acquired over 120 acres land at Atali, Gujarat.
- Environmental Clearances obtained / in process
- Construction from FY22 – FY24
- Will drive the growth from FY25 and beyond

Growth Estimates

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Expecting Robust Growth fuelled with aggressive Capex Investment

- Capex for FY 22-24: ~ Rs. 4,500-5,000 crore

FY21 Snapshot

Turnover: Rs. 5,000 cr.

EBIT: Rs. 750 crore

PAT: Rs. 523 crore

FY22 Highlights

Turnover Rs. 7919 cr.

EBIT: Rs. 1834 crore

PAT: Rs. 1307 crore

FY24 Growth (over FY21)

Turnover: 1.7x -2.0x

EBIT: 1.7x - 2.0x

PAT: 1.7x – 2.0x

FY27 Growth (over FY21)

Turnover: 2.5x-3.5x

EBIT: 3x - 4x

PAT: 3x - 4x

FY22 financials are inclusive of termination income.

Contact Us

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

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THANK YOU