

**August 9, 2021**

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**

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Please find enclosed herewith the Q1 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.



The background of the slide features a chemical reaction diagram. On the left, a chemical structure of a substituted cyclohexane ring with a methyl group (Me) and a hydroxyl group (OH) is shown. An arrow points to the right, where another chemical structure is partially visible, suggesting a chemical transformation or synthesis process.

# AARTI INDUSTRIES LIMITED

## Q1 FY22 Results Presentation

09<sup>th</sup> August 2021

# 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.

All information contained in this presentation has been prepared solely by AARTI INDUSTRIES LIMITED. AARTI INDUSTRIES LIMITED does not accept any liability whatsoever for any loss, howsoever, arising from any use or reliance on this presentation or its contents or otherwise arising in connection therewith.

# Agenda

1 | At a glance

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2 | Quarterly and Annual performance

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3 | Growth Plan: Projects & Growth Estimates

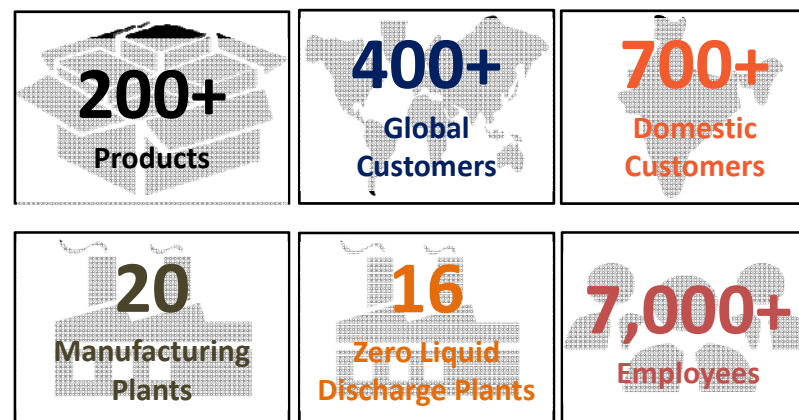
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# Company Overview

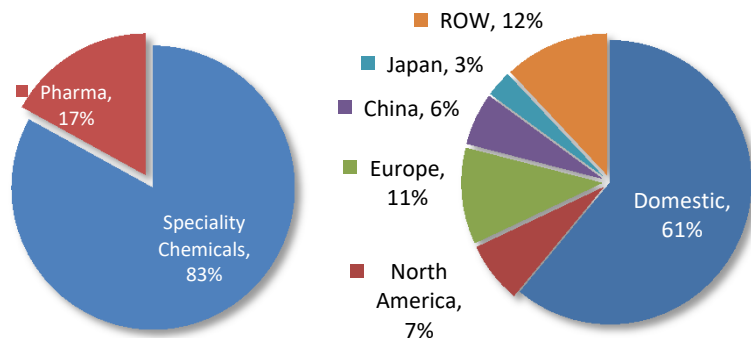
## Overview

- 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 – 4 R&D facilities; dedicated pool of about 300+ 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)

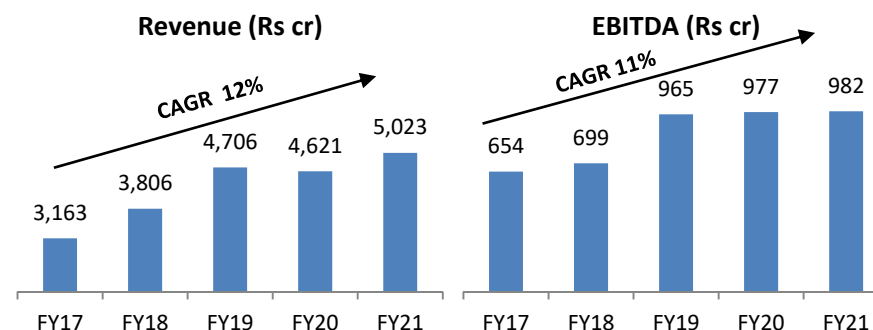
## Key Metrics



## Revenue split - Segmental and Geographical – FY21



## 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 five 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*
- **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 place for robust domestic demand growth*

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# Chairman's Message



## Commenting on the performance, Mr. Rajendra Gogri – Chairman & MD at Aarti Industries Limited said,



*"We have started the year on a strong note – with revenues crossing Rs. 1,500 crore and profit after tax at Rs. 165 crore during the first quarter. Both the topline and EBIDTA are highest ever in our history so far. With volume expansion of across various product ranges, we have successfully extended the growth momentum achieved in the second half of FY21. We are witnessing the most of the discretionary demand coming back to pre-covid levels. Q1 EBITDA of Rs. 314 crore is also higher by 20% compared to Q4 led by higher utilization of capacities and value addition in the product mix. During the quarter, there was a sharp increase in raw material prices, fuel prices and logistics costs. This has contributed in the increase in topline for the quarter.*

*Going forward, we remain enthused about the prospects of the business supported by increasing utilization of recently commercialized facilities – additional chlorination capacity at Jhagadia and the Phase 2 unit at Dahej SEZ. We also look forward to commission projects related to our second and third long-term contracts, NCB expansion and pharma capacity enhancement for both APIs and intermediates. With these facilities going on stream, we are confident of meeting our growth guidances for FY24 as shared earlier.*

*As indicated earlier, we have also drawn up the growth blueprint for the second half of the current decade, wherein we have identified additional projects that will add new products and chemistries to our portfolio, leading to further business strength and diversification. The capital expenditure requirement will be supported by the recent QIP issue of Rs. 1,200 crore apart from strengthening internal accruals.*

*We are increasingly focusing on multi-stage processes and value-added chemistries across our world-class manufacturing units. We have also invested in several other organizational enhancements that drive the company's sustainable growth prospects by enhancing our partner of choice positioning with a growing number of global innovators."*



# Q1 FY22 P&L (Consolidated)

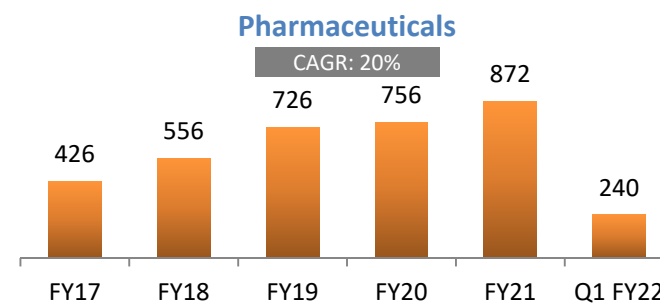
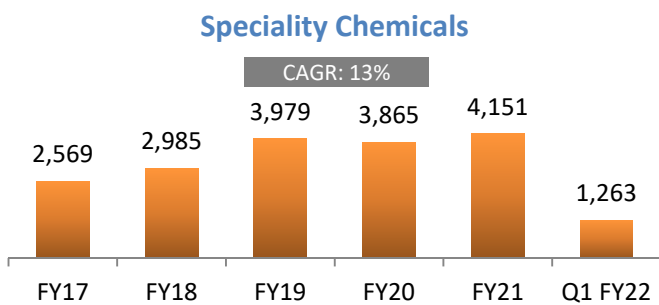
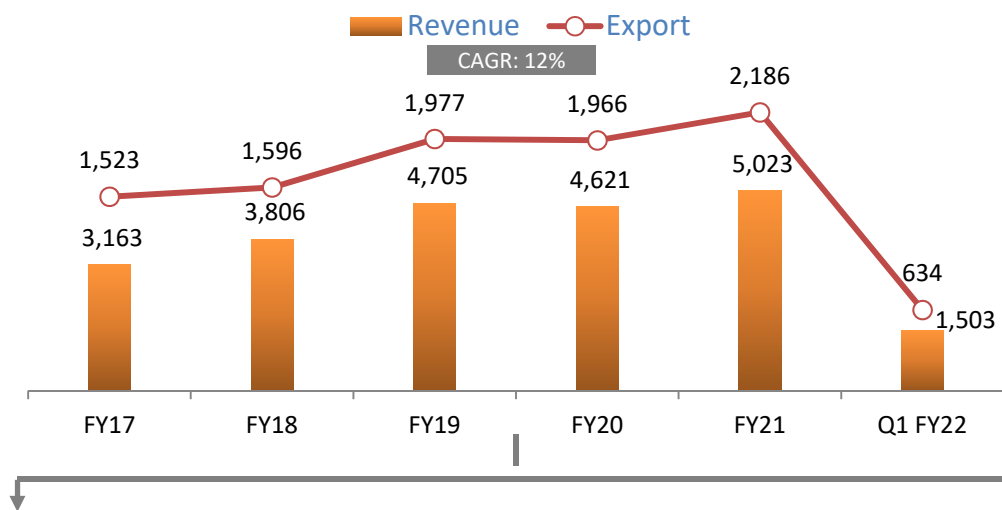


Particulars (Rs. Crore)	Q1 FY22	Q1 FY21	Y-o-Y (%)	Q4 FY21
Gross Income from Operations	1,503	1,035	45.2%	1,347
Exports	634	487	29%	546
<i>% of Total Income</i>	<i>40.9%</i>	<i>47.0%</i>	-	<i>40.5%</i>
EBITDA	314	182	72.4%	260
<i>EBITDA Margin (%)</i>	<i>20.9%</i>	<i>17.6%</i>	<i>330 bps</i>	<i>19.3%</i>
EBIT	245	130	88.6%	195
<i>EBIT Margin (%)</i>	<i>16.3%</i>	<i>12.6%</i>	<i>380 bps</i>	<i>14.5%</i>
PAT	165	82	101.4%	136
<i>PAT Margin (%)</i>	<i>11.0%</i>	<i>7.9%</i>	<i>310 bps</i>	<i>10.1%</i>
EPS (Rs.)*	4.73	2.35	-	3.91

\* Adjusted Diluted EPS post Bonus issue of June '21

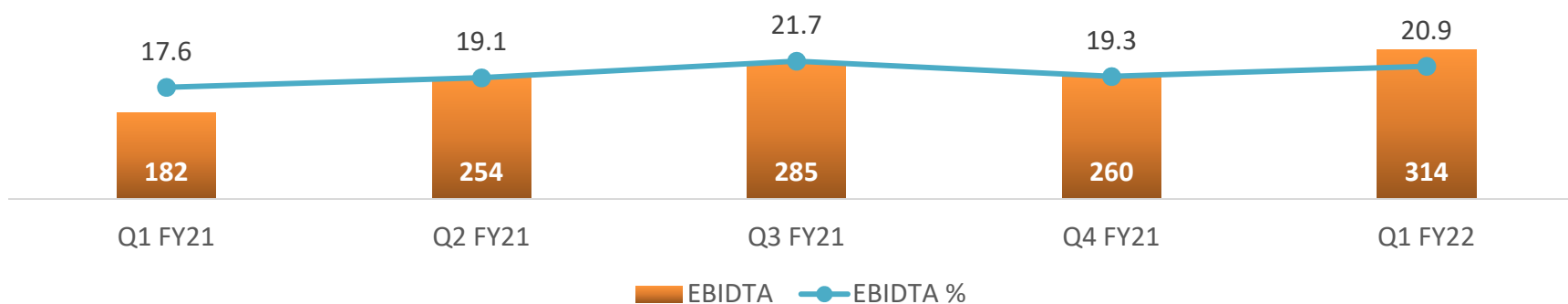
- Re-iterated guidance of 25-35% for FY22
- Finance Costs higher due to M2M impact on Unhedged ECBs- arising due to steep depreciation of INR.
- Strong momentum in Q1, continuing from the second half of FY21, driven by rising demand across various products.
- Growth supported by higher capacity utilization and better product mix; improving throughput from recently-commissioned facilities provides further visibility for the rest of FY22
- 70% contribution from value-added products during Q1
- Higher contribution from domestic demand as the local manufacturing ecosystem continues to progress
- Stable gross margins despite higher raw material prices that are passed on to customers
- Capex of Rs 295 crore during Q1, expected spending of about Rs 1500 crore during FY22

# Revenue Performance (Consolidated)

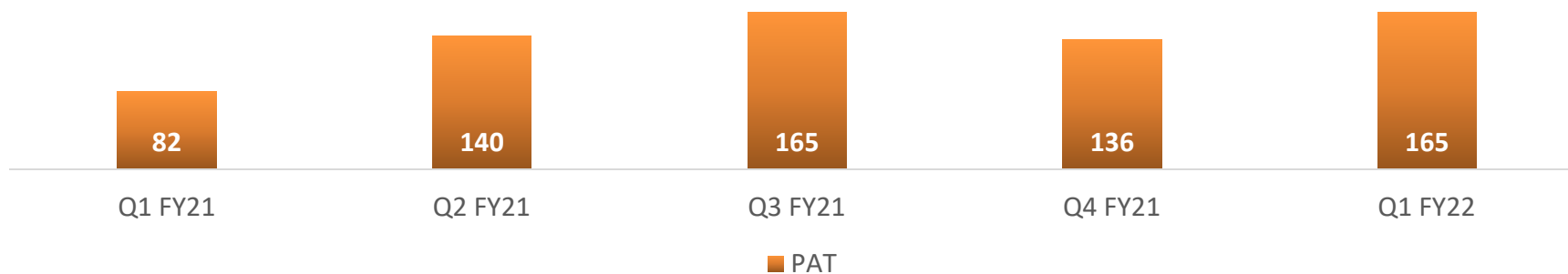


# Quarterly EBIDTA and PAT (Consolidated)

## EBIDTA & EBIDTA%



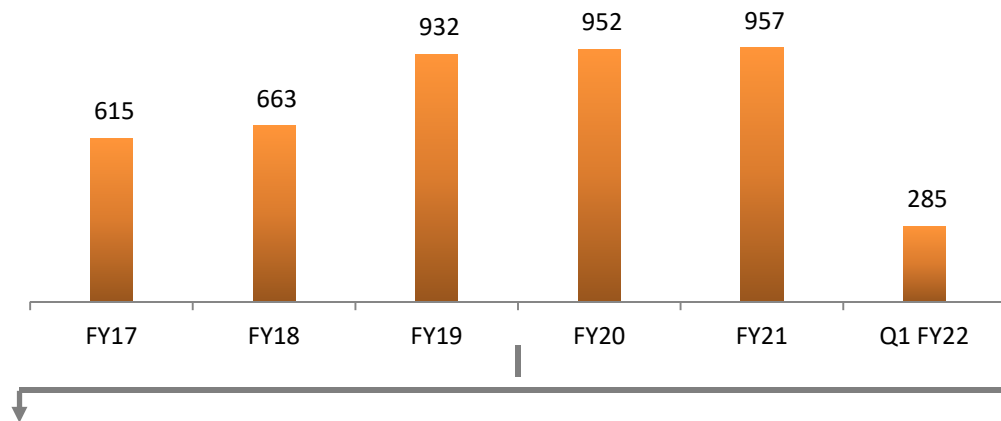
## PAT



# EBIT Performance (Consolidated)

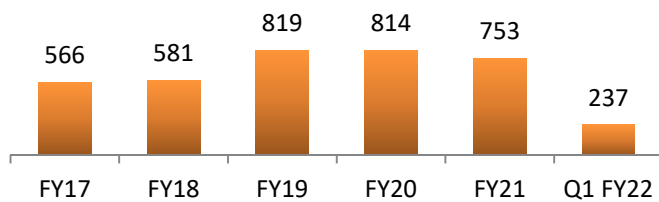
## EBIT

CAGR: 12%



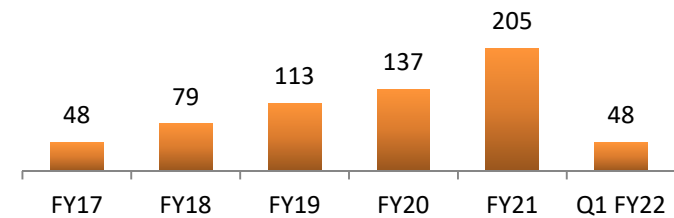
## Speciality Chemicals

CAGR: 7%



## Pharmaceuticals

CAGR: 44%



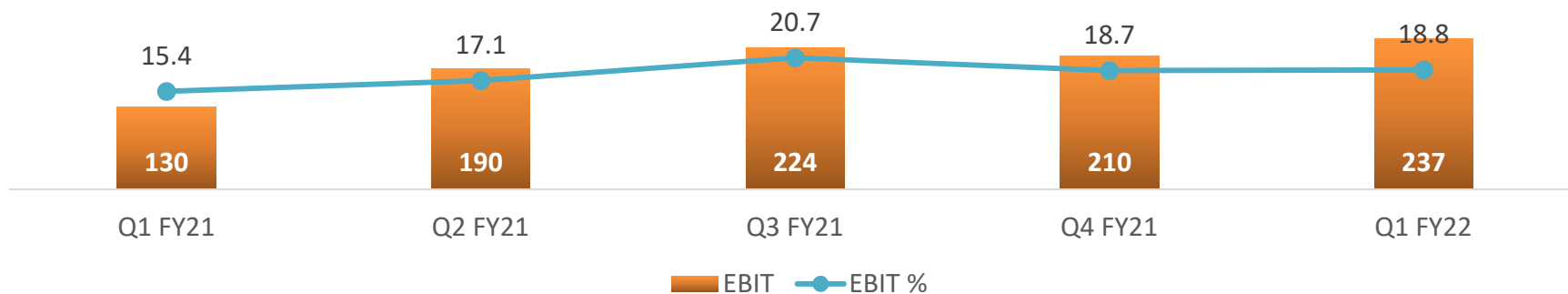
Note: For FY17-21 annual numbers have been mentioned

# Speciality Chemicals: Quarterly Revenue and EBIT

## Speciality Chemicals - Revenue

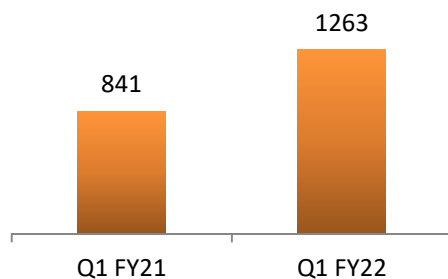


## Speciality Chemicals EBIT & EBIT %

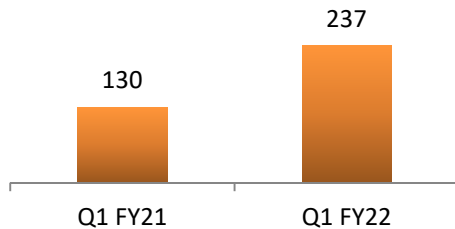


# Q1 FY22 – Speciality Chemicals

## Revenue



## EBIT



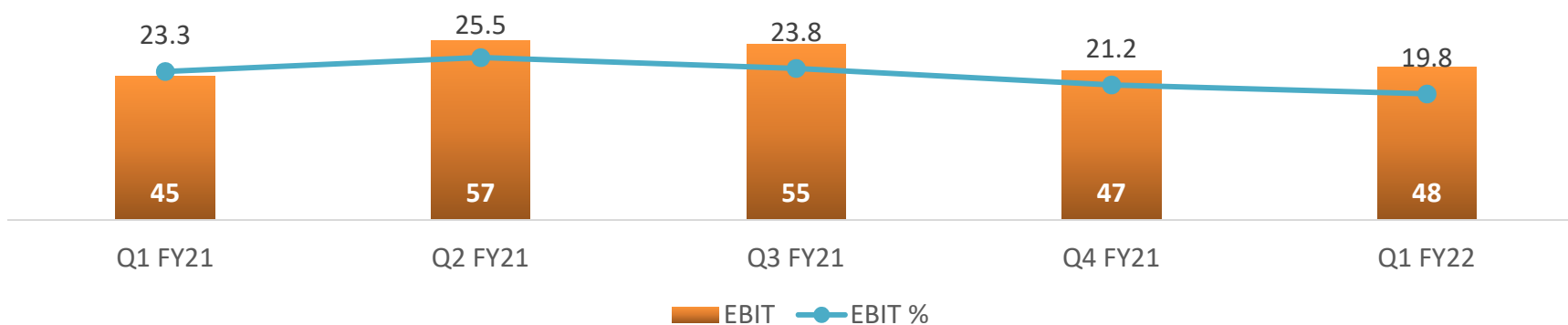
- Continued volume expansion reflected in topline growth
- Revenues also higher due to pass-on for higher input costs & logistics costs.
- Return of demand from established markets driving improved margins
- Includes income recognition of ~US\$ 4.5 million towards the shortfall fees in respect of the first long-term contract

# Pharma Segment: Quarterly Revenue and EBIT

## Pharma - Revenue

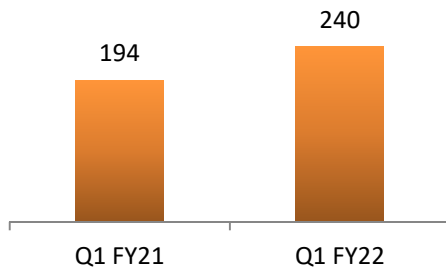


## Pharma EBIT & EBIT %

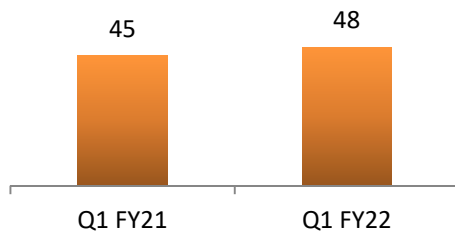


# Q1 FY22 – Pharma

## Revenue



## EBIT

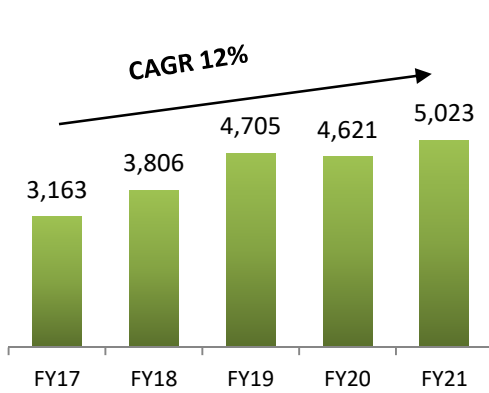


- Pharma business continues to maintain the growth momentum
- Margin are lower due to higher inventory of final product, which could not be shipped due to logistics issue.
- Business visibility in Pharma is based on higher volume from regulated markets, value-added products and new introduction of intermediate
- Additional capacities for API's and intermediates expected to be operational in in 2<sup>nd</sup> Half of FY22

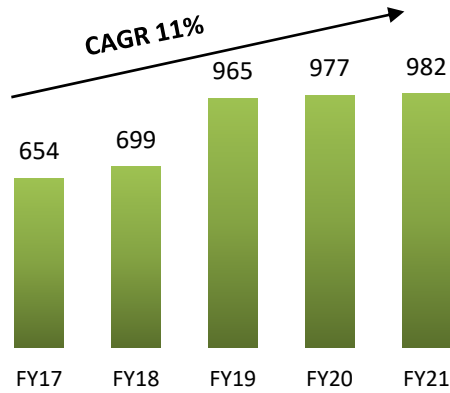


# Financials – (Consolidated)

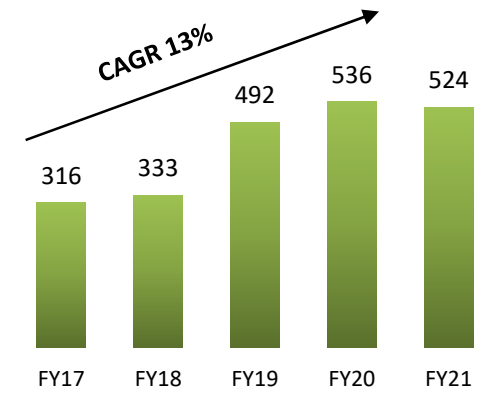
**Robust Revenue Growth**



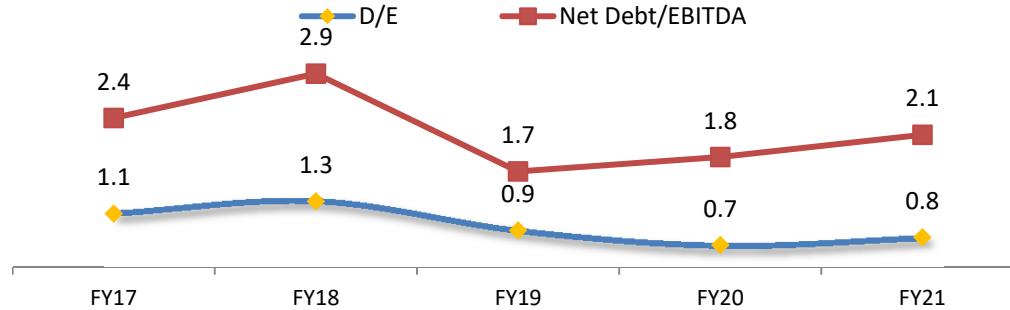
**Strong EBITDA Growth**



**Strong PAT Growth**



**Debt Profile**



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3 | **Growth Plan: Projects & Growth Estimates**

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# Our Growth Strategy



## Value Chain Expansion

- Scale up of capacities in existing products
- New markets and applications for existing products
- New value-added products in existing value chains
- Improved market position across isomers



## Customer Collaboration

- Co-development and scale up of new products through customer partnerships
- Multi-product collaboration with customers to deepen relationships
- Contract research opportunities



## New Value Chains

- Extension of process and chemistry expertise to enter new value chains (such as chlorotoluenes)
- Addition of new reaction capabilities



## Manufacturing Outsourcing

- Long-term contract with customers leveraging process expertise, raw material security and India advantage
- Setting up dedicated toll manufacturing facilities



## Opportunities in Pharmaceuticals

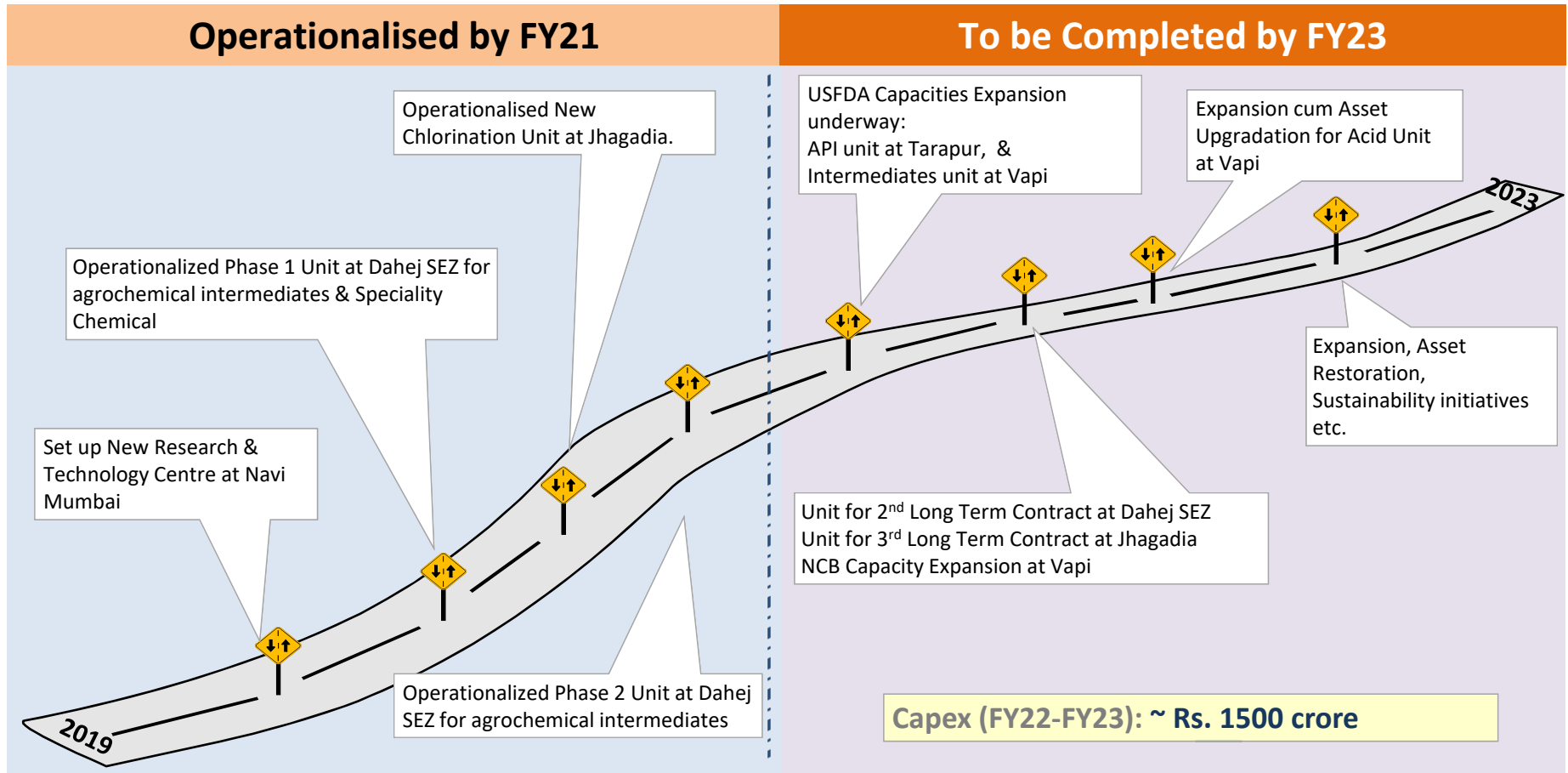
- Scale up of capacities in existing products and related applications
- Increase presence in the regulated markets
- Develop and explore more opportunities for innovators for APIs and intermediates



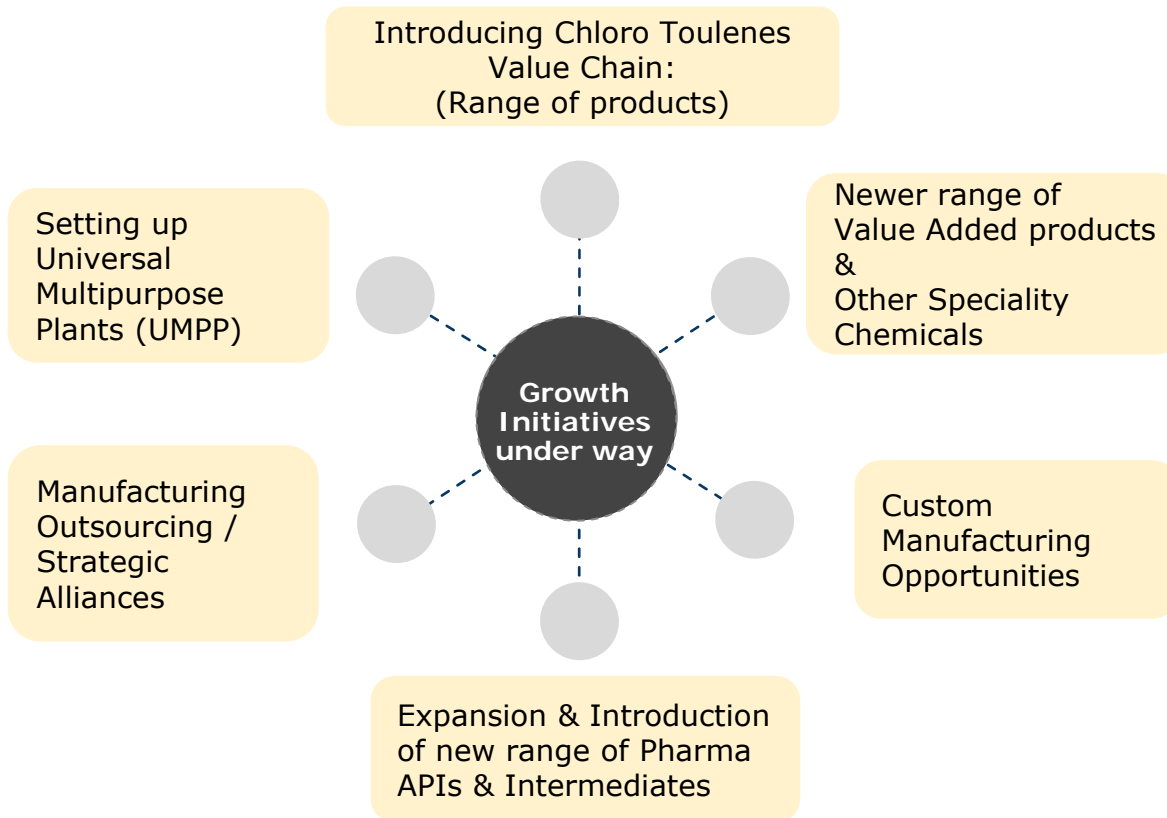
## High Growth Sector

- Focus on high growth sectors and emerging mega trends

# Major Projects: FY19 - FY23



# Future Growth Projects: FY22-24 (Driven by R&D & Innovation)



## Highlights

- Adding new chemistries and value added products
  - 40+ products for Chemical
  - 50+ products for Pharma
- EBITDA margin ~ 25% - 30%
- Capex of about
  - Rs. 2500 – 3000 cr for Chemicals
  - Rs 350 – 500 cr 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 growth from FY25 and beyond*

# Growth Estimates

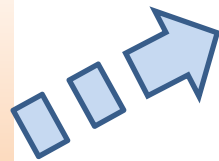
Capex FY22-FY24: ~ 4500 cr – 5000 cr

## FY21 Snapshot

Turnover: 5000 crs

EBIT: 750 crs

PAT: 523 crs

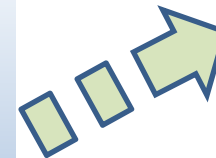


## FY24 Growth (over FY21)

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

# Contact Us



For further information please log on to [www.aarti-industries.com](http://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