



**AARTI
INDUSTRIES
LIMITED**

**Ref. No.: AIL/B-36/2018/847
November 2, 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 Q2 & H1FY19 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 is shown with a methyl group (Me) and a hydroxyl group (OH) on the ring, and a carboxylic acid group (-COOH) attached to the ring. An arrow points to the right, where another chemical structure is partially visible, showing a cyclohexane ring with a methyl group (Me) and a hydroxyl group (OH) on the ring, and a carboxylic acid group (-COOH) attached to the ring. The diagram is overlaid on a background of laboratory glassware and chemical structures.

Q2 & H1FY19 Results Presentation

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

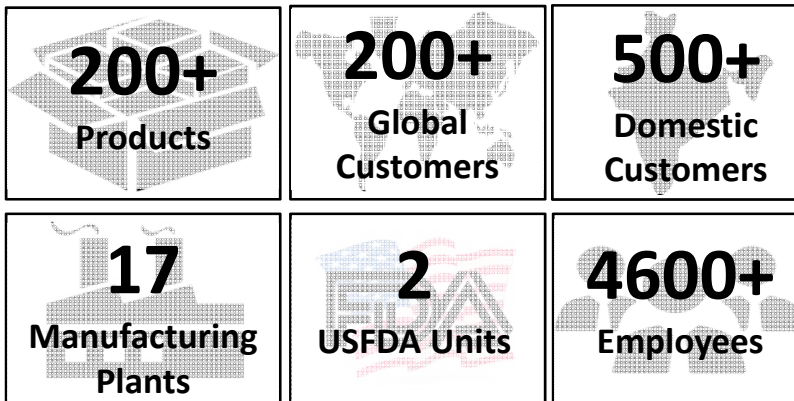
1 | At a glance

2 | Quarterly performance

3 | 5 year financial performance

Company Profile

- Established in 1975 & listed on Indian stock exchange in 1992
- Five of six Promoter Directors have engineering background. Three of four Founder Promoters are chemical engineers from ICT (formerly known as UDCT)
- Globally ranks at 1st – 4th position for 75% of its portfolio
- Amongst few players to export to China
- Robust SHE standards
- Highly integrated operations & cost-efficient processes



B U S I N E S S S E G M E N T S

Chemicals

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

Pharmaceuticals

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

Home & Personal Care

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

Profile



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

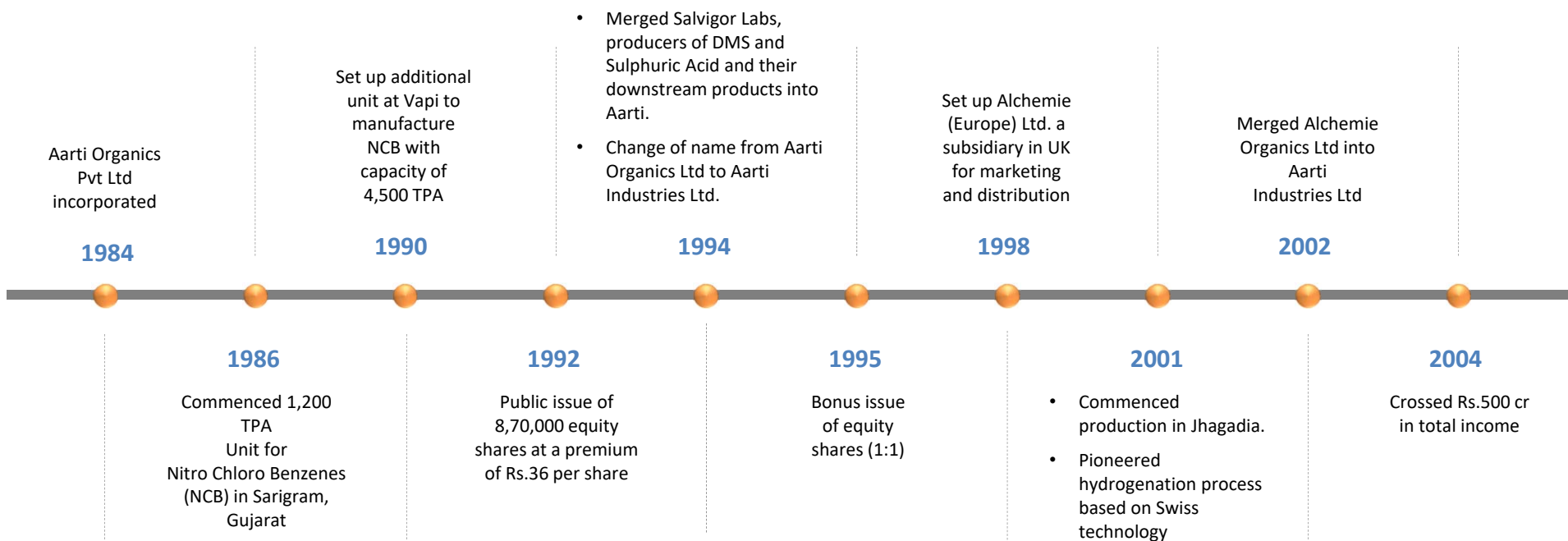
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FY 18 Consolidated numbers

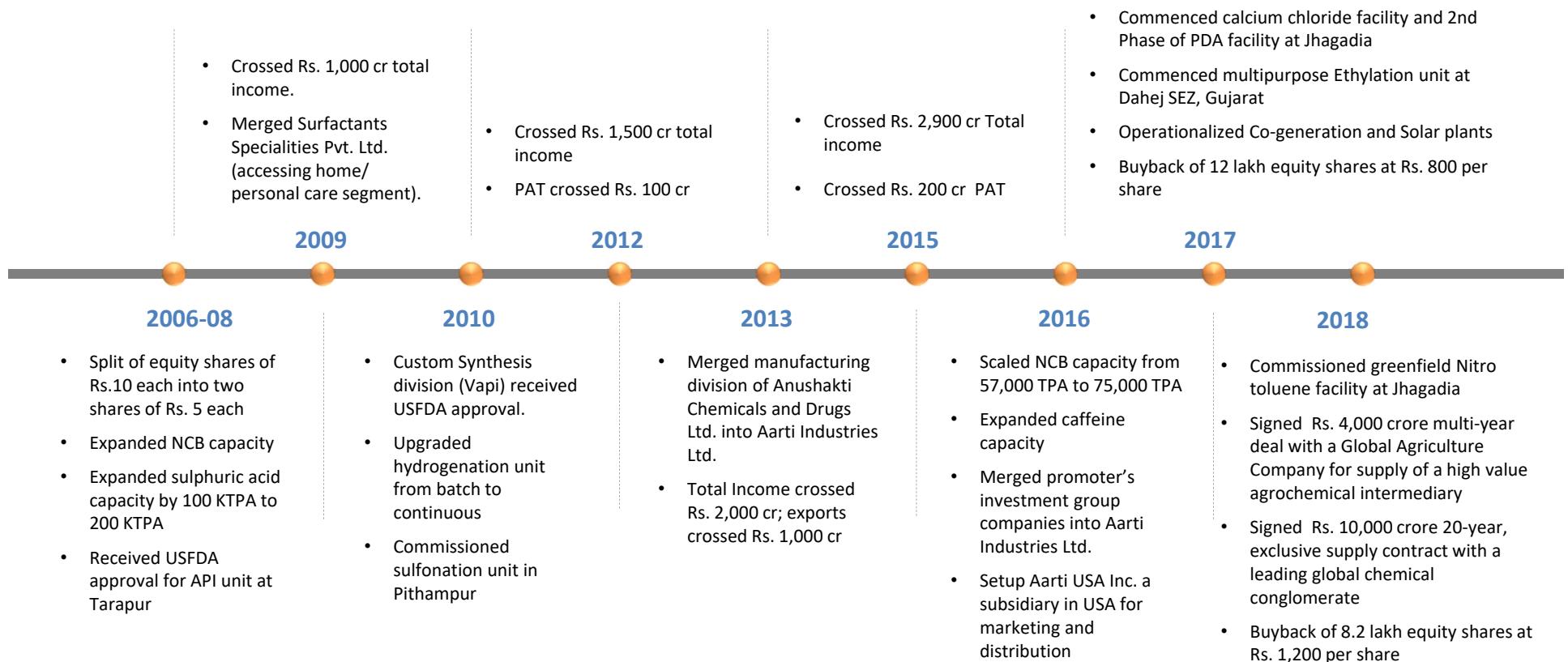
Transformation Journey



Hitting right milestones at right time



Transformation Journey



What differentiates us

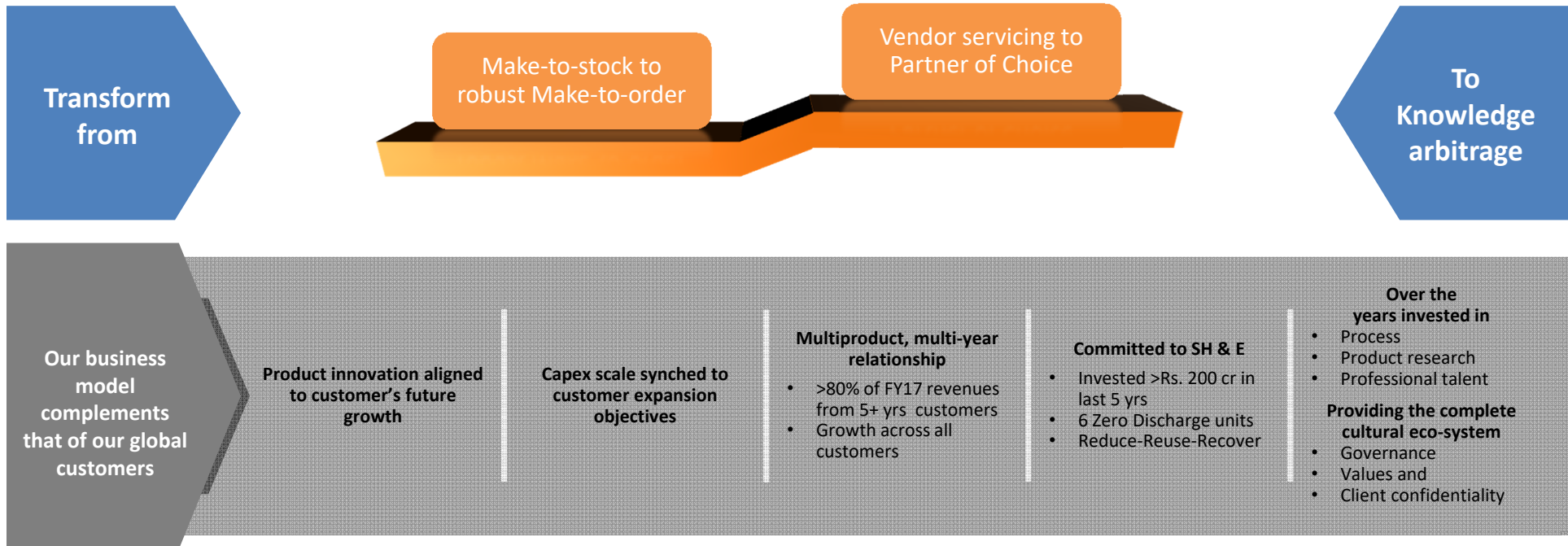


Our product mix comprises more than 125 research-led products	Most chemical companies focus on a handful of products
We have focused on the manufacture of integrated derivatives	Most chemical companies focus on a fragmented standalone product mix
We have global capacities & are better placed for scale-up	Most chemical companies serve local markets
We have selected to focus on customers across continents	Most chemical companies do not have a diversified geographic mix
We are seamlessly backward integrated for precursor materials	Most chemical companies are completely dependent on external resource supplies
We have selected to be present in niche chemistry spaces with relatively low competition	Most chemical companies select to be present in large spaces marked by extensive competition
We have been engaged in multiyear relationships with a large number of leading global downstream customers	Most chemical companies seek to work with small global companies as a market-entry strategy

Global Partner of Choice

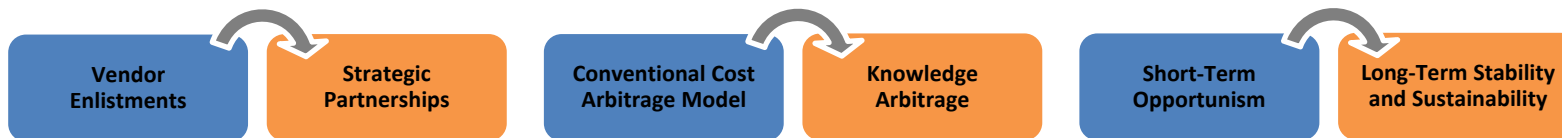


Aarti Industries is a rare instance of a global speciality chemicals company that combines process chemistry competence with scale-up engineering competence



Multi-year deals

Rapidly changing global environment where global industrial players graduating from



Relationship-driven approach where we are an extension of the customer's premises acts as insurance

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

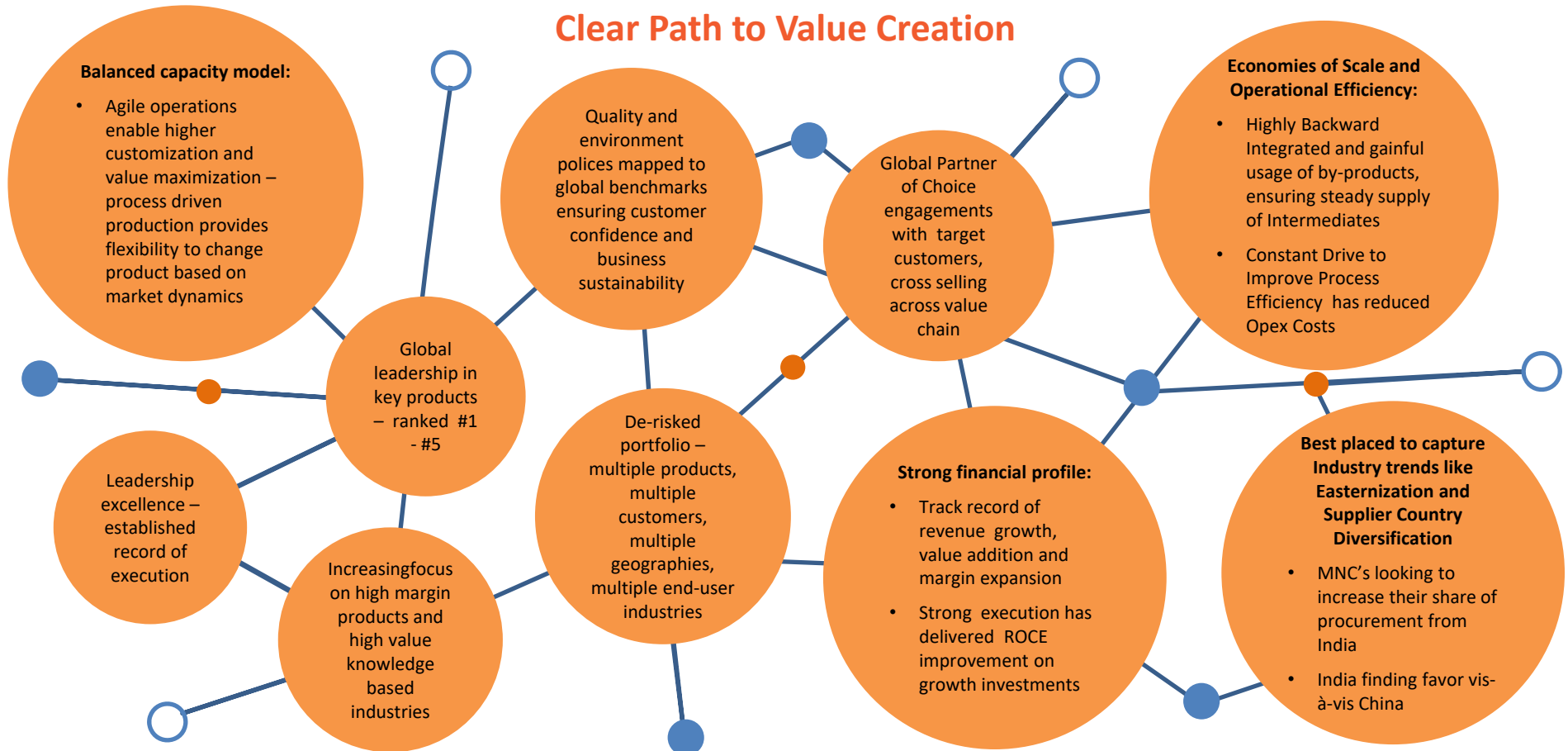
- The supplies are expected to commence from FY20 and would generate expected revenues of approximately Rs 4,000 crore over the contract term.
- The project will entail investment of about Rs 400 crores (approximately USD 62 million) by AIL

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



Agenda

1 | At a glance

2 | Quarterly performance

3 | 5 year financial performance

Chairman's Message



Commenting on the performance for Q2 & H1 FY19, Mr. Rajendra Gogri – Chairman & MD at Aarti Industries Ltd. said,



“During Q2, we have delivered the strongest performance in our history – reporting 46% growth in revenues, 51% growth in EBITDA and 57% in profit after tax. This has allowed us to continue the business momentum of the recent past and provides the platform for continuing expansion in operations going forward. During the quarter, we delivered 10% growth in speciality chemicals volumes and derived additional benefit from the expanding contribution of higher value products and foreign currency movements. Geographic de-risking has also contributed to gross margin expansion, which is further reflected in improvement in EBITDA margin seen during Q2.

From the segment perspective, speciality chemicals, pharmaceuticals and home and personal care grew 50%, 40% and 14% respectively. In the speciality chemicals business, which represents about 80% of our overall revenues, we are seeing operating leverage from higher capacity utilizations across various units. The strong optimism around the growth in speciality chemicals manufacturing in India, as indicated by the continuing geographical shift in production to India for various Speciality Chemicals, has increased the demand for our products in domestic market, thereby creating a larger opportunity in import substitution products for domestic end users. The pharma business has also delivered improved profitability based on higher business volumes achieved on existing capacity. In the home and personal care business, margins were weaker due to a shift in product mix and higher input cost.

We are now at an inflexion point, looking at realizing the opportunities that lie before us. We are making further growth investments in areas that provide long-term business visibility and have the potential to deliver returns that significantly exceed our cost of capital. This includes expanding capacities in existing product lines as well as new projects currently on the drawing board. Our Board of Directors has approved a fund raising plan to the extent of Rs. 750 crore, which along with our strong internal accruals, should meet the potential growth opportunities.”

Q2 FY19 Highlights



Financial

- Rupee volatility impact –
 - As part of its strategy to safeguard business against currency risks, the Company had entered into forward contracts to hedge its exports contracts. In Q2FY19, revenues, EBIDTA and PBT were impacted by Rs 22.59 cr losses on such contracts.
 - The Company had further provided for Revaluation loss on long term borrowing (ECBs) to the extent of Rs. 9.09 crore as at 30th September, 2018. This loss has been provided under Finance Costs.
- Despite the above M2M impacts, YOY PAT registered a significant growth of over 56% to Rs 122.92 cr.
- Capex in H1FY19 – Rs 332 cr.

Corporate

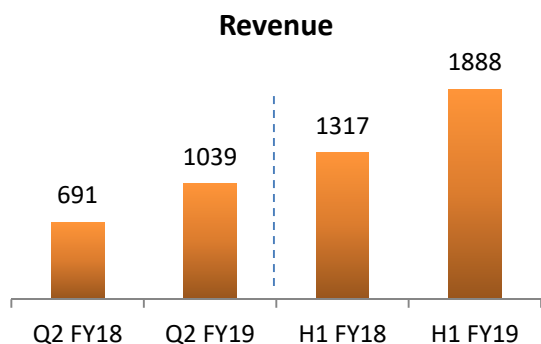
- The Board of Directors of the Company has inter alia passed an enabling resolution for raising of funds, for raising of funds by way of issue of equity shares or any other instruments or security including fully/partly convertible debentures or by way of a composite issue of non-convertible debentures and warrants entitling the warrant holder(s) to apply for equity shares or any other eligible securities through qualified institutions placement, private placement/public issue of equity/debt securities, preferential issue or through any other permissible mode and/or combination thereof as may be considered appropriate, subject to such approvals as may be required including the approval of the members at a general meeting or through postal ballot and further subject to such other statutory/regulatory approvals, as applicable, for an aggregate amount of up to Rs. 750 cr (Rupees Seven Hundred Fifty Crore).

Q2 & H1FY19 P&L (Standalone)

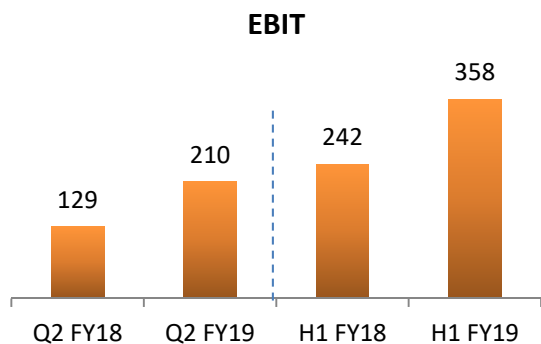
Particulars (Rs. Crore)	H1 FY19	H1 FY18	Y-o-Y Growth (%)	Q2 FY19	Q2 FY18	Q-o-Q Growth (%)
Gross Income from Operations	2,378.00	1,679.70	41.6	1,299.52	887.89	46.4
Exports	867.45	774.0	12.1	471.37	412.63	14.2
% of Total Income	36.5	46.1		36.3	46.5	
EBITDA	433.64	298.87	45.1	242.34	160.39	51.1
EBITDA Margin (%)	18.2	17.8		18.6	18.1	
EBIT	357.07	234.18	52.5	203.49	127.39	59.7
EBIT Margin (%)	15	13.9		15.6	14.4	
PAT	212.20	141.56	49.9	122.92	78.51	56.6
PAT Margin (%)	8.9	8.4		9.4	8.8	
EPS (Rs.)	26.10	17.24	51.4	15.12	9.56	58.2

- Strong volume growth, additional benefit from the expanding contribution of higher value products and geographic de-risking.
- Better operating leverage from increasing capacity utilization
- Marked-to-market loss in forward contracts that cover export commitments & ECB Loans

Q2 & H1FY19 – Speciality Chemicals (Standalone)

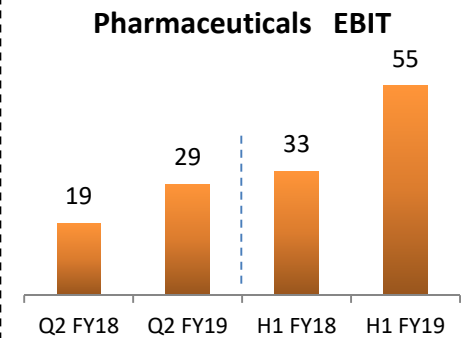
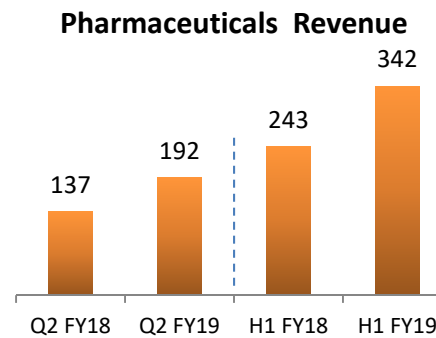


- Volume growth of 10%
- Higher capacity utilization across various units
- Continuing geographical shift in production to India leading to higher demand even from domestic end-users

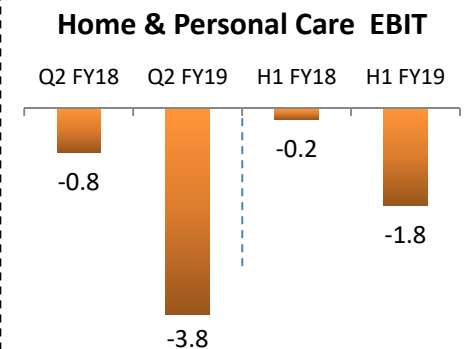
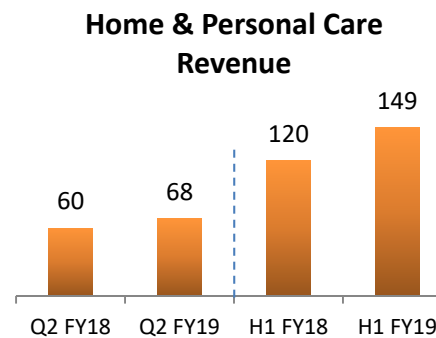


Q2 & H1FY19– Pharma & HPC (Standalone)

- Continuing expansion in margins
- Expanding business volumes across markets and operating leverage – expected 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



- Expansion in volumes continued
- Lower margins due to increasing input costs and change in product mix
- Non-ionic surfactants, shampoo, hand wash, dish wash
- De-bottlenecked some operations to expand capacities
- Focus on export-oriented products



Agenda

1 | At a glance

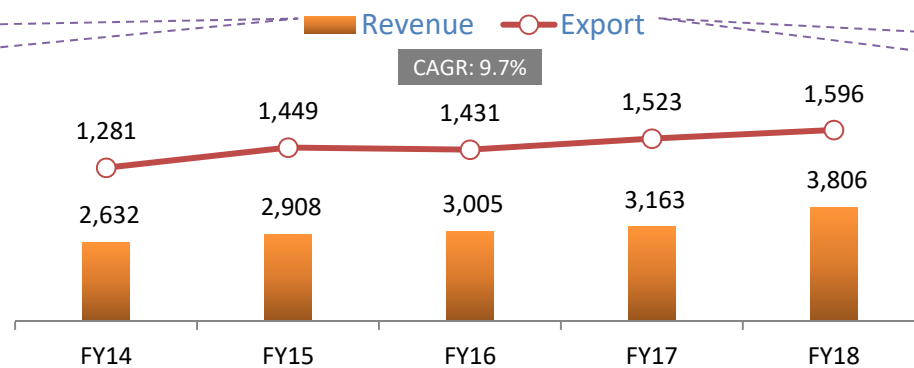
2 | Quarterly performance

3 | 5 year financial performance

Revenue Performance (Consolidated)

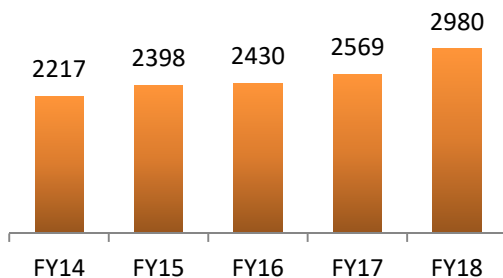
Operating revenues have grown on the back of strong volume growth in key business segments and better product mix. Top line is a function of variations in raw material prices especially crude

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



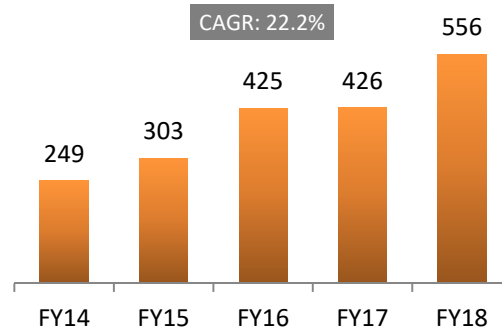
Speciality Chemicals

CAGR: 7%



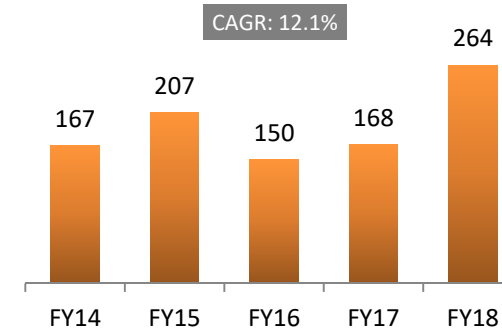
Pharmaceuticals

CAGR: 22.2%



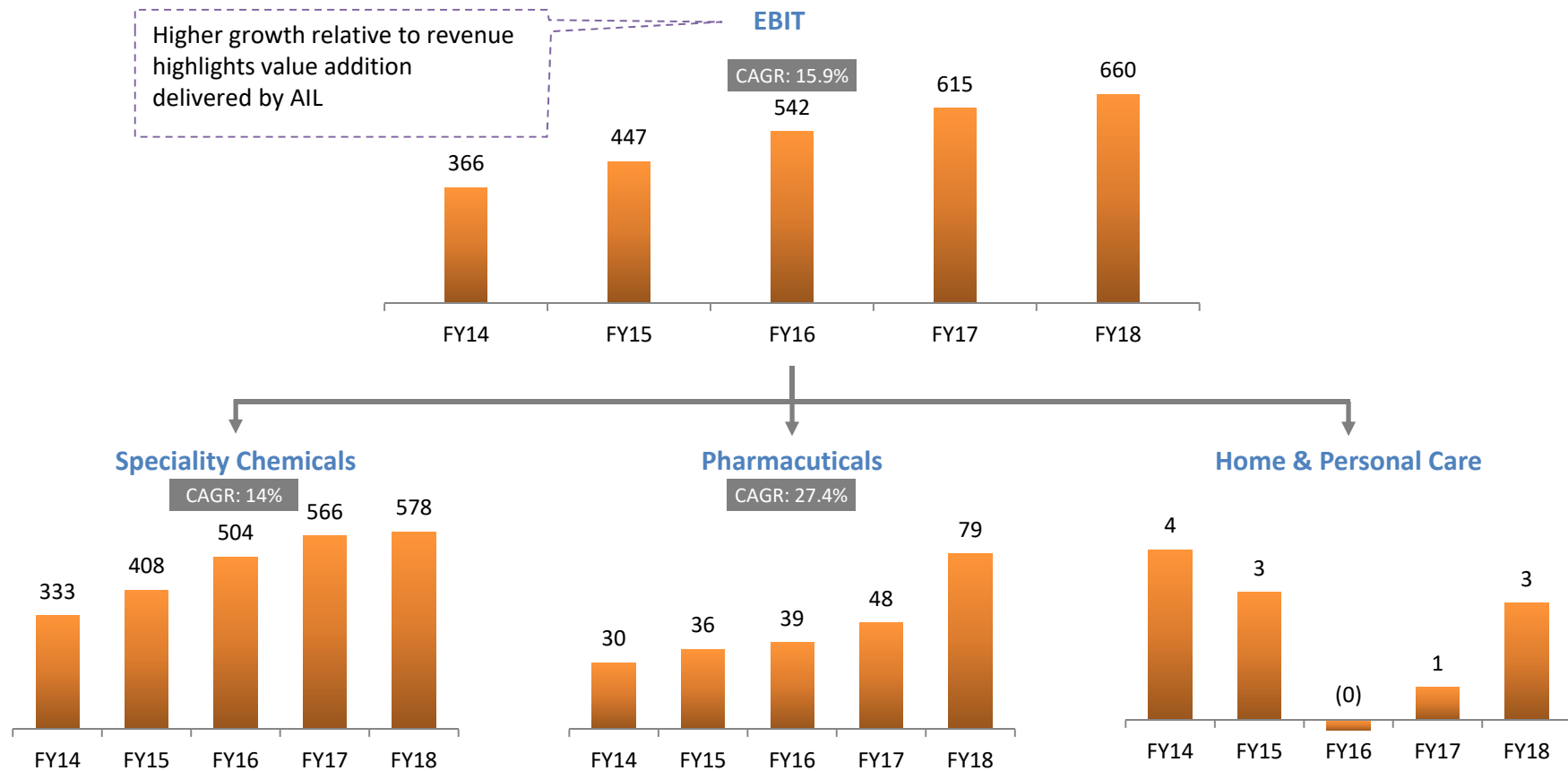
Home & Personal Care

CAGR: 12.1%



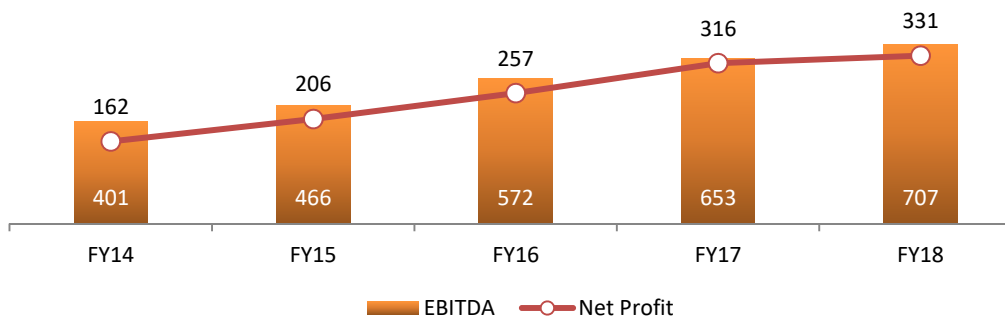
EBIT Performance (Consolidated)

Higher growth relative to revenue highlights value addition delivered by AIL

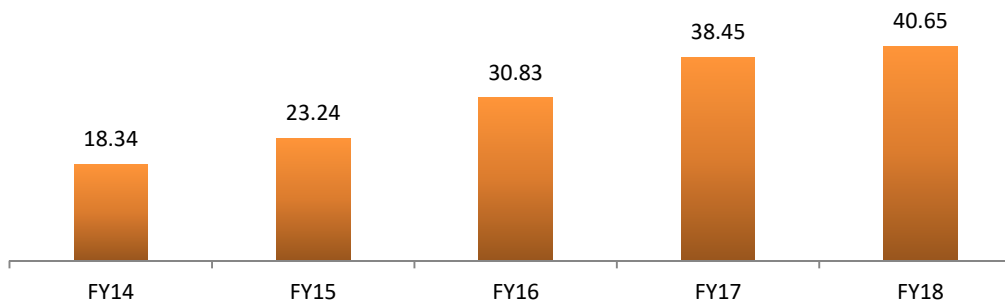


Financial Highlights – (Consolidated)

EBITDA & Net Profit (Rs. Cr.)



Earnings Per Share (EPS)



About Us



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.

Contact Us



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

Mr. Chetan Gandhi / Mr. Raj Sarraf

Aarti Industries Limited

Tel: +91 22 6797 6666

Email: info@aarti-industries.com

Shiv Muttoo / Varun Divadkar

CDR India

Tel: +91 22 6645 1207/ 97637 02204

Email: shiv@cdr-india.com

varun@cdr-india.com

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

Thank You