

February 5, 2023

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

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.
Symbol : AARTIIND

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

Please find enclosed herewith the Q3 FY23 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.



Growth Focused
Future Ready

**Q3 FY23
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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**Q3 FY23
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**Growth
Opportunity
& Strategy**



OUR VISION

To emerge as a 'Global partner of choice' for leading consume of specialty chemicals and intermediates



OUR MISSION

Delighted stakeholders

OUR VALUES



Integrity

We practice highest ethical and moral standards

Care

Our commitment to care includes all our stakeholders – our employees, our customers, our suppliers, our community and our environment



Excellence

We continuously raise the bar of our performance to delight our stakeholders



About Aarti Industries (AIL)



Overview

- Leading Speciality Chemicals company in Benzene based derivatives with integrated operations and high level of cost optimization
- Key value chains include Nitro Chloro Benzenes (NCBs), Di-Chloro Benzenes (DCBs), Phenylenediamines (PDAs), Nitro Toluene Value Chain and Equivalent Sulphuric Acid (E.S.A) & downstream
- Established by first generation technocrats in 1984
- Developed strong R&D capabilities; IPRs for developing customized products
- Plants located in western India with proximity to ports



100+
Products



1,100+
Domestic & Global
Customers



60+
Exporting
countries



15
Manufacturing
Plants



11
Zero Liquid
Discharge Plants



6,000+
Employees



2
State-of-the-art
R&D centres



5
No. of co-
generation power
plants

Financial Trends

20%

5-Year Revenue
CAGR

24%

5-Year EBITDA
CAGR

33%

5-Year PAT CAGR

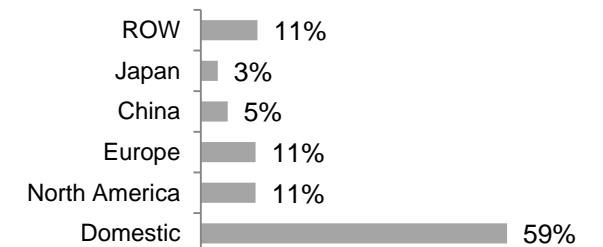
INR 5,000+
crore

Total CAPEX
spends in last 5
years

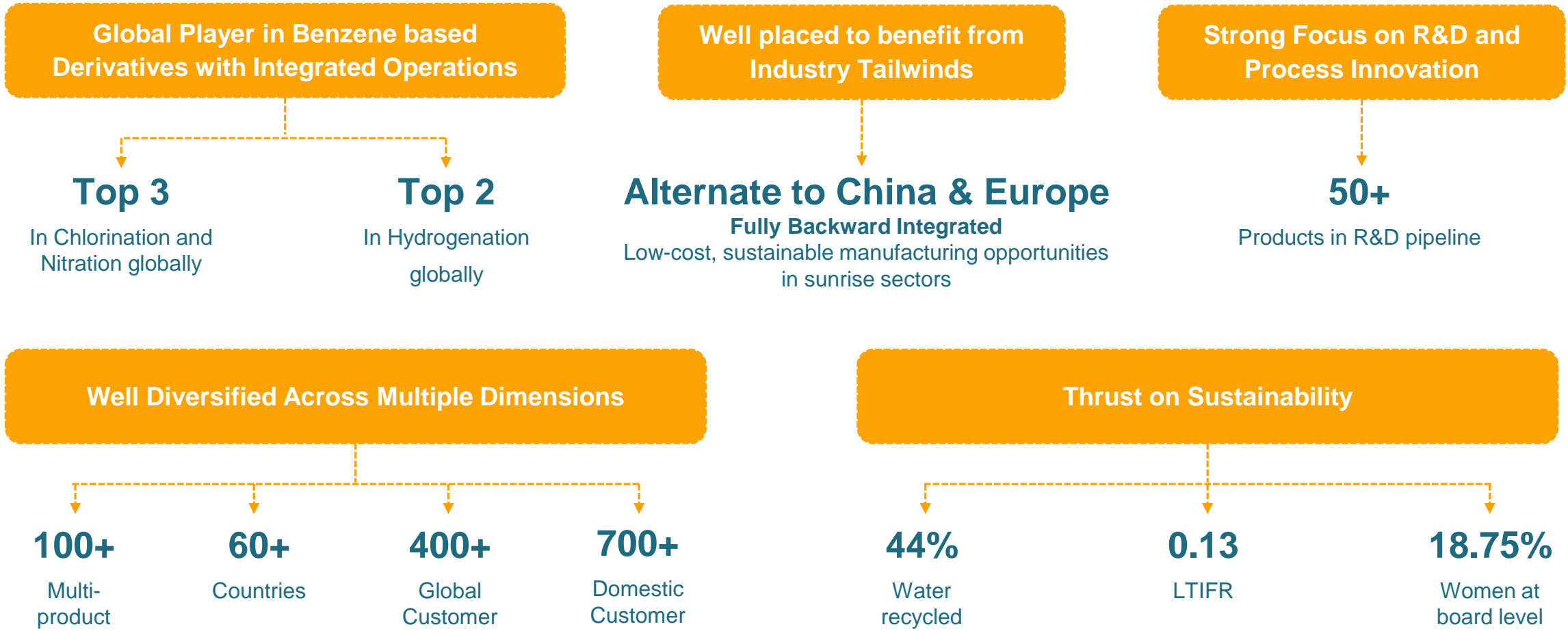
INR 5,036
crore

Fixed Assets
Gross Block for
FY22

Geographical Revenue
break-up for FY22



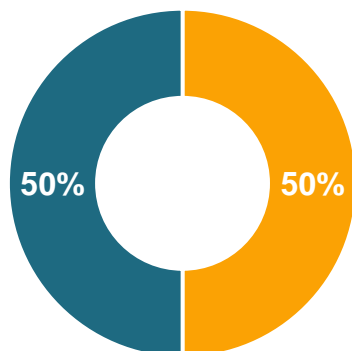
Key Strengths



Key end user industries

Polymer and additives; agrochemicals and intermediates; dyes, pigments, paints, and printing inks; pharma intermediates, fuel additives, rubber chemicals, resins, etc.

Industries Served



- Essentials (Agro, Pharma, FMCG)
- Discretionary (Dyes, Pigments, Printing Inks, Polymer & Additives, Fuel Additives, etc.)

Key Customers

BASF We create chemistry		SOLVAY using more than chemistry®	
TORAY Innovation by Chemistry			
			SunChemical a member of the DIC group

Robust R&D expertise

2

State-of-the-art R&D centres across Maharashtra & Gujarat

250+

Engineers & scientists

7

Patents filed

INR 100+ crore

R&D Spends in FY22; up from Rs. 22 crore in FY17

50+

Planned product introductions from R&D

18,000 sq. ft.

Covered by an ultra-modern synthesis laboratory

65+

PhDs and 150 postgraduate scientists

Fully Digitised Paperless Laboratory with ISO 27001:2013 Accreditation

Focus on:

- **New Product Development**
- **Process Optimization and Scale-up**
- **Life Cycle Technology Management**



- **Expertise in wide-ranging chemistries** at both plant and lab scale
 - Includes **Ammonolysis, Chlorination, Diazotization, Halex (Fluorination), Hydrogenation and Nitration** among others
- **Built a state-of-the-art analytical laboratory** spread over 6,500 sq. ft. with experienced and qualified team of scientists
- Based on the business requirement, a **dedicated team of scientists develops certain strategic chemistries** contributing towards multiple growth projects. These include:
 - **Photochemistry**
 - **Vapour Phase Technology**
 - **Flow Chemistry Technology**

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Q3 & 9M FY23 – Financial Snapshot

Q3 FY23 vs
Q3 FY22
(excl PAT)

INR **1,854**
crore

12%

Revenues

INR **289**
crore

26%

EBITDA

INR **160**
crore

8%

Profit Before Tax

INR **137** crore

Profit After Tax

9M FY23 vs
9M FY22
(excl PAT)

INR **5,456**
crore

19%

Revenues

INR **837**
crore

17%

EBITDA

INR **476**
crore

5%

Profit Before Tax

INR **397** crore

Profit After Tax

Note:

- Q3 FY22 and 9M FY22 figures are exclusive of Termination Income & Shortfall Fee for calculating like-to-like growth
- FY22 Gross Revenues are adjusted for Rs. 631.25 crore in gross termination income
- Q3 FY22 EBIT, EBITDA and PBT are adjusted for net termination income of Rs. 610 crore and shortfall fees of Rs. 51 crore
- 9M FY22 EBIT, EBITDA and PBT are adjusted for net termination income of Rs. 610 crore and shortfall fees of Rs. 133 crore

Key Milestones/ Updates in Q3 FY23

INR 289 cr.

EBIDTA

INR 270+ cr.

CAPEX entailed

52 : 48

Domestic & Exports
revenue-mix

~81%

Value Added Products

0.56x

Net Debt : Equity

- **Consistent EBIDTA growth**, despite global challenges and uncertain environment.
- **Signed a binding term-sheet with Deepak Fertilisers for 20-year Nitric Acid** offtake and supply arrangement valued at over Rs. 8,000 crore
- **Successfully demerged the Pharma entity into a separate Company – Aarti PharmLabs Limited**, thereby unlocking value for all the stakeholders. Record date was 20th Oct, 2022 and the new entity was listed on both NSE and BSE on 30th Jan, 2023
- **Commercialised the facility related to the 3rd Long term contract** at Jhagadia

Performance Overview – Q3 FY23

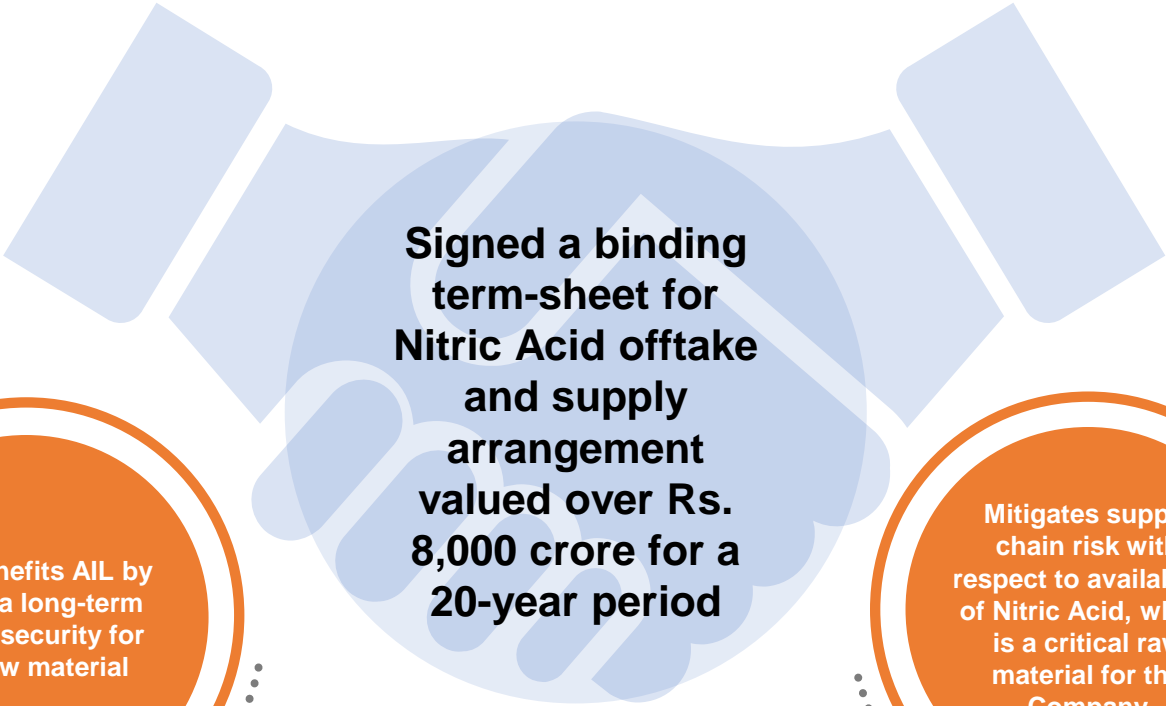
Revenues of Rs. 1,854 crore; increase of 12% over previous year

EBITDA of Rs. 289 crore; increase of 26% over previous year

PAT of Rs. 137 crore

- Revenue grew on Y-o-Y basis on account of inflated RM prices, utility costs, freight costs, etc. On Q-o-Q despite some correction in prices, the revenues were maintained on account of higher mix of valued added product.
 - Performance was also steered by higher contribution from the legacy products targeting essential end user segments due to continued better operating environment; incremental revenues from newly added capacities further aided the performance momentum
 - Product off take linked to Textiles industry like Dyes and Pigments remains subdued, as directed in the previous quarter. The same is expected to start recovering over next two to three quarters.
 - Witnessed Q-o-Q decline in some input costs and logistics, while few still remained elevated during the quarter. The Company has robust pricing mechanisms in place to mitigate the impact of these inflationary cost pressures, and the same is being passed on to the customers thereby protecting absolute profitability
- EBITDA improvement was significant, which came on the back of our dynamic product mix and our efforts to mitigate the global challenges to push for few high value products while the demand for few of the products remains subdued.
- Depreciation as guided earlier is in-line with new capacities commissioned. While Finance costs had an impact of M2M loss of about Rs. 11 crs in respect of the unhedged ECBs.
- Various growth initiatives like NCB capacity expansion and specialty chemicals plants are ongoing. These expected to come on stream over next two quarters and will start revenues in a phased manner from H1 FY24

Historic partnership with Deepak Fertilisers (DFPCL) for Nitric Acid supply



**Signed a binding
term-sheet for
Nitric Acid offtake
and supply
arrangement
valued over Rs.
8,000 crore for a
20-year period**

DFPCL will supply Nitric Acid at formula-driven international prices from 1st April, 2023

Deal benefits AIL by way of a long-term supply security for key raw material

Mitigates supply chain risk with respect to availability of Nitric Acid, which is a critical raw material for the Company

Eliminates the need to invest into backward integration for Nitric Acid and focus on the forward integrated opportunities.

Enables the Company to focus on future growth opportunities, introduction of new value-added products and value chains for niche applications



Commenting on the performance for Q3 FY23, Mr. Rajendra Gogri – Chairman & MD at Aarti Industries Limited said:

“We have demonstrated sustained performance build-up during the period under review, with strong gains in both topline and profitability metrics despite softness in demand across few end-user categories. I am glad how our teams have swiftly reacted to this changing operating scenario and channelized their vast industry experience to deliver a resilient performance. New capacity lines added in the past few quarters have started contributing to the overall performance and this will ramp up in the ensuing period. We witnessed moderation in some input cost line items, while inflation in other costs persisted. We expect this to stabilize soon, the impact of which will be evident in the ensuing period.”

Our historic partnership on Nitric Acid off take will significantly benefit us in the long run and ensure that we remain adequately fueled to achieve our ambitious growth projections. On a separate note, I am pleased to share that we have commercialized the facility linked to 3rd Long Term Contract at Jhagadia, positive contribution of which will start unfolding from next financial year.

Our growth aspirations are huge, and we are making all the right investments to ensure that we further cement our leadership position in the chosen chemistries, while leveraging our expertise in some of the high-potential newer chemical value chains where the addressable opportunity is humongous. Coming two years will see maximum gains arising from various CAPEX projects announced in the past. Overall, we remain confident of delivering what is expected out of us through a combination of our expertise in manufacturing and process enhancements, blended with strength in R&D and innovation. Our objective is to increase shareholder value by capitalizing on the positive sector tailwinds.”

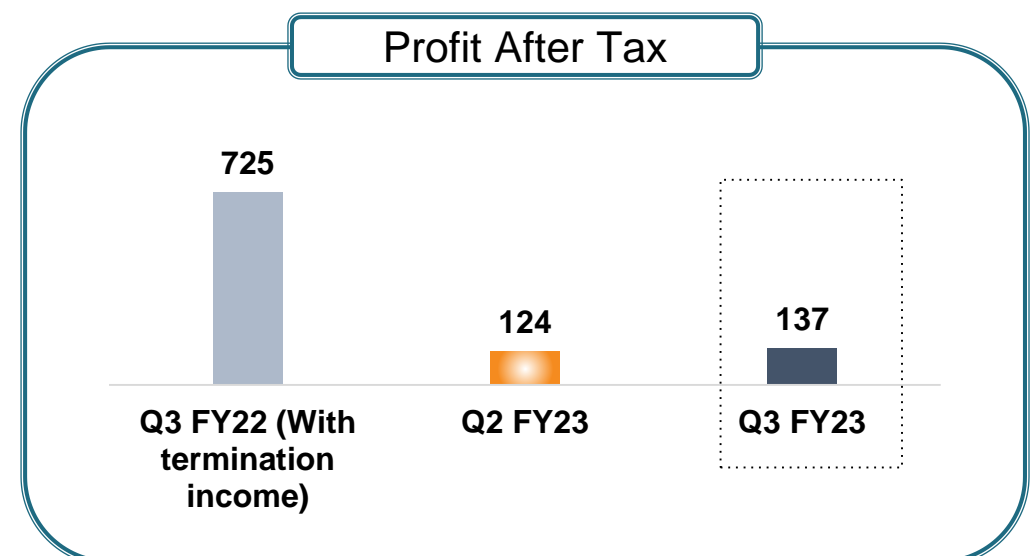
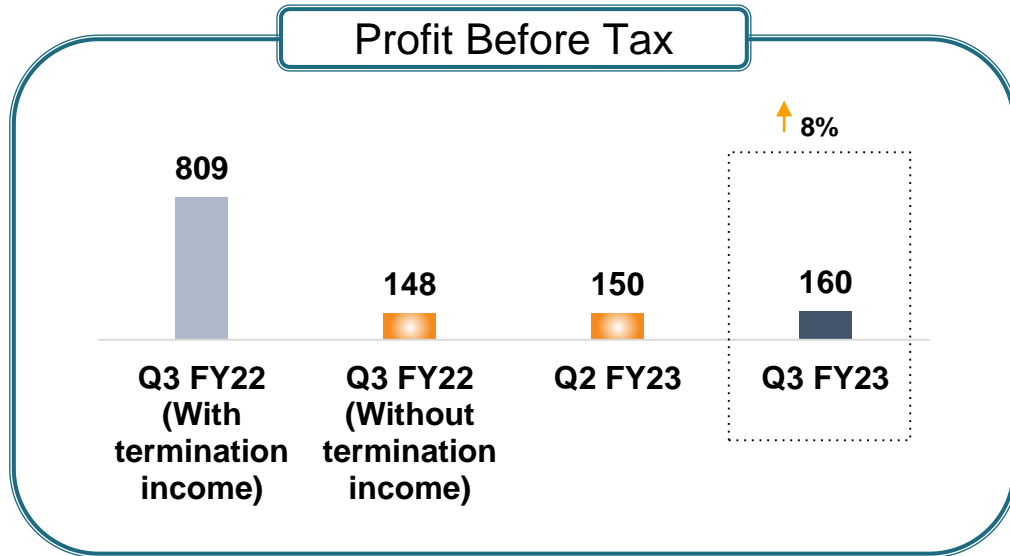
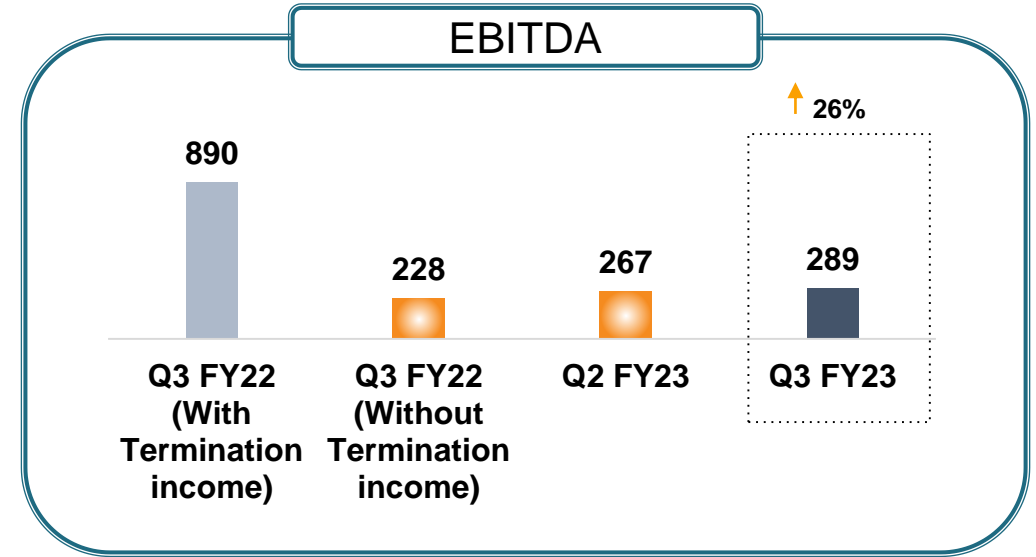
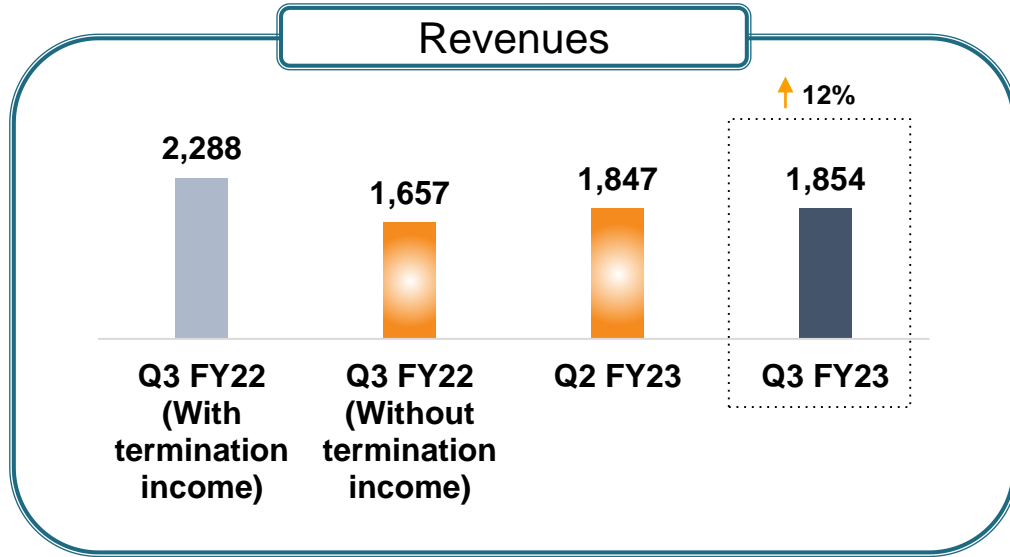
Q3 & 9M FY23 – Consolidated Profit & Loss



Particulars (Rs. Crore)	Q3 FY23	Q3 FY22	Y-o-Y (%)	Q2 FY23	Q-o-Q (%)	9M FY23	9M FY22	Y-o-Y (%)
Gross Income from Operations	1,854	1,657	11.9%	1,847	0.3%	5,456	4,597	18.7%
Exports	888	640	38.8%	927	-4.2%	2,593	1,774	46.2%
<i>% of Total Income</i>	<i>47.9%</i>	<i>38.6%</i>		<i>50.3%</i>		<i>47.5%</i>	<i>38.6%</i>	
EBITDA with Termination & Shortfall Fee	289	890	<i>Not Comparable</i>	267	8.1%	837	1,458	<i>Not Comparable</i>
EBIDTA without Termination & Shortfall Fee	289	229	26.2%	267	8.1%	837	715	17.1%
<i>Adjusted EBITDA Margin (%)</i>	<i>15.6%</i>	<i>13.8%</i>		<i>14.5%</i>		<i>15.3%</i>	<i>15.6%</i>	
EBIT with Termination & Shortfall Fee	207	833	<i>Not Comparable</i>	194	6.4%	610	1,275	<i>Not Comparable</i>
EBIT without Termination & Shortfall Fee	207	172	20.3%	194	6.4%	610	532	14.7%
<i>Adjusted EBIT Margin (%)</i>	<i>11.1%</i>	<i>10.4%</i>		<i>10.5%</i>		<i>11.2%</i>	<i>11.6%</i>	
PAT	137	725	<i>Not Comparable</i>	124	9.7%	397	1,040	<i>Not Comparable</i>
<i>PAT Margin (%)</i>	<i>7.4%</i>	<i>43.8%</i>		<i>6.7%</i>		<i>7.3%</i>	<i>22.6%</i>	
EPS (Rs.)	3.77	20.01	<i>Not Comparable</i>	3.43	9.9%	10.94	28.69	<i>Not Comparable</i>

Note: FY22 gross income from operations figures are exclusive of Termination Income & Shortfall Fee to drive appropriate comparison.

Q3 FY23 Highlights (Consolidated)



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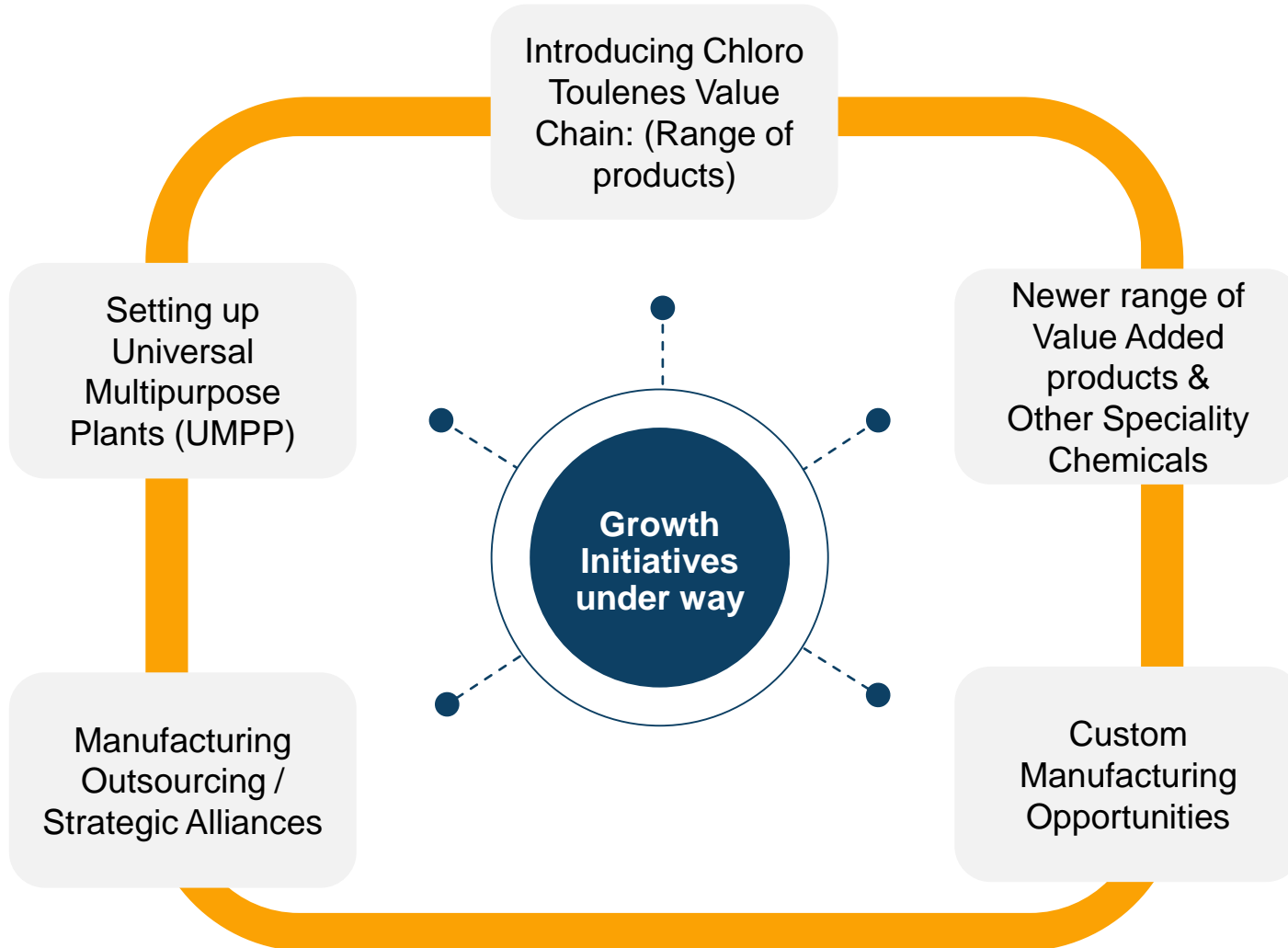
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Future Growth Projects: FY23-24 (Driven by R&D & Innovation)

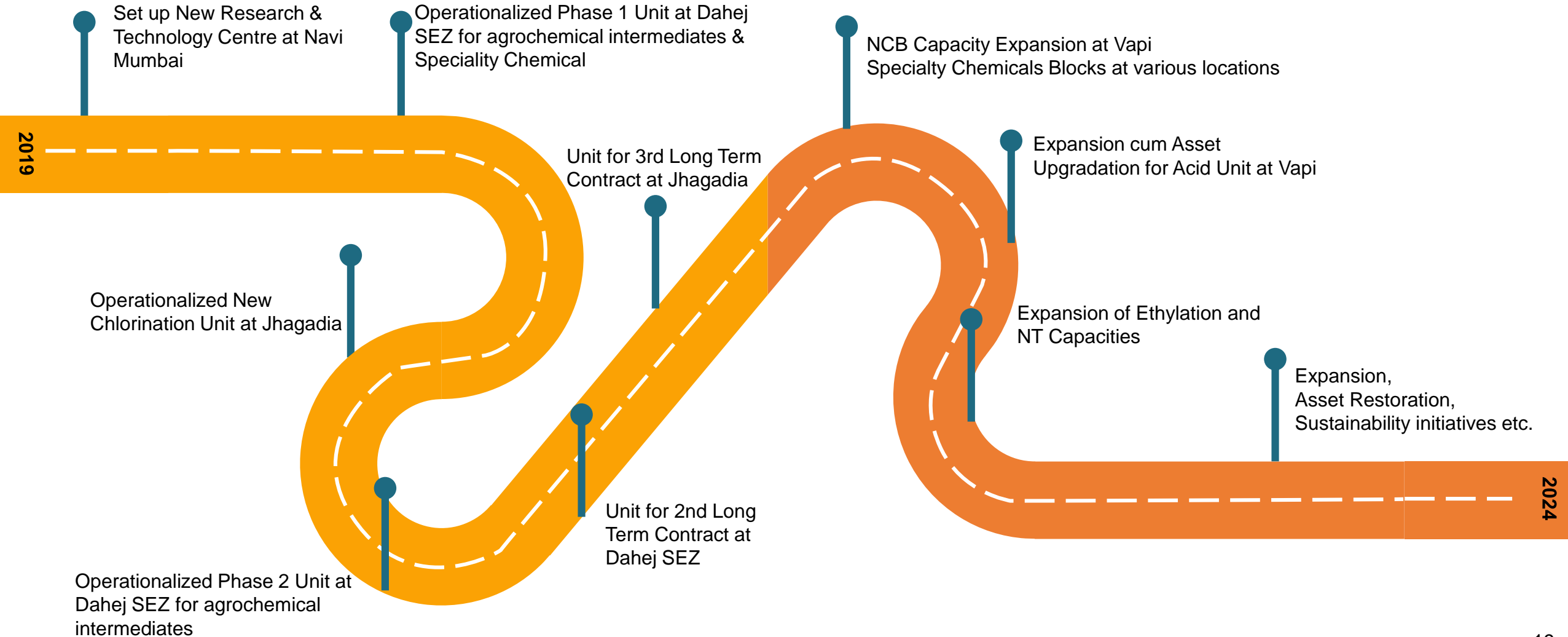


- Adding new chemistries and Value added products
 - 40+ products for Chemicals
- EBITDA margin ~ 25% - 30%
- CAPEX of about:
 - Rs. 2,500-3,000 crore for Chemicals
- Site development work initiated on 100+ acre land at Jhagadia
- Environmental Clearances obtained / in process
- Construction works initiated and expected to be completed by FY24
- Will drive the growth from FY25 and beyond

Major Projects: FY19 – H1 FY25

Operationalised by 9M FY23

To be Completed by Sept 24



About Us

Aarti Industries Limited (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 multi-industry. AIL has 100+ products, 700+ domestic customers, 400+ export customers spread across the globe in 60+ countries with major presence in USA, Europe, Japan. AIL serves leading consumers across the globe for 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 & Environment, equipped with Quality polices mapped to global benchmarks ensuring customer confidence and business sustainability. The Company has 11 Zero Discharge units and a strong focus on Reduce-Reuse-Recover across its 15 manufacturing sites.

AIL is a responsible corporate citizen engaged in community welfare through associated trusts (including 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 for outstanding export performance, leadership in the chemical industry, efforts in conserving the environments as well as ensuring sustainable growth through path breaking innovation.

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

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Future Ready.

Thank You

