

Ref. No.: AIL/B-36/2018/388

May 14, 2018

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.

Please find enclosed herewith the Q4 & FY18 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 & FY18 Results Presentation

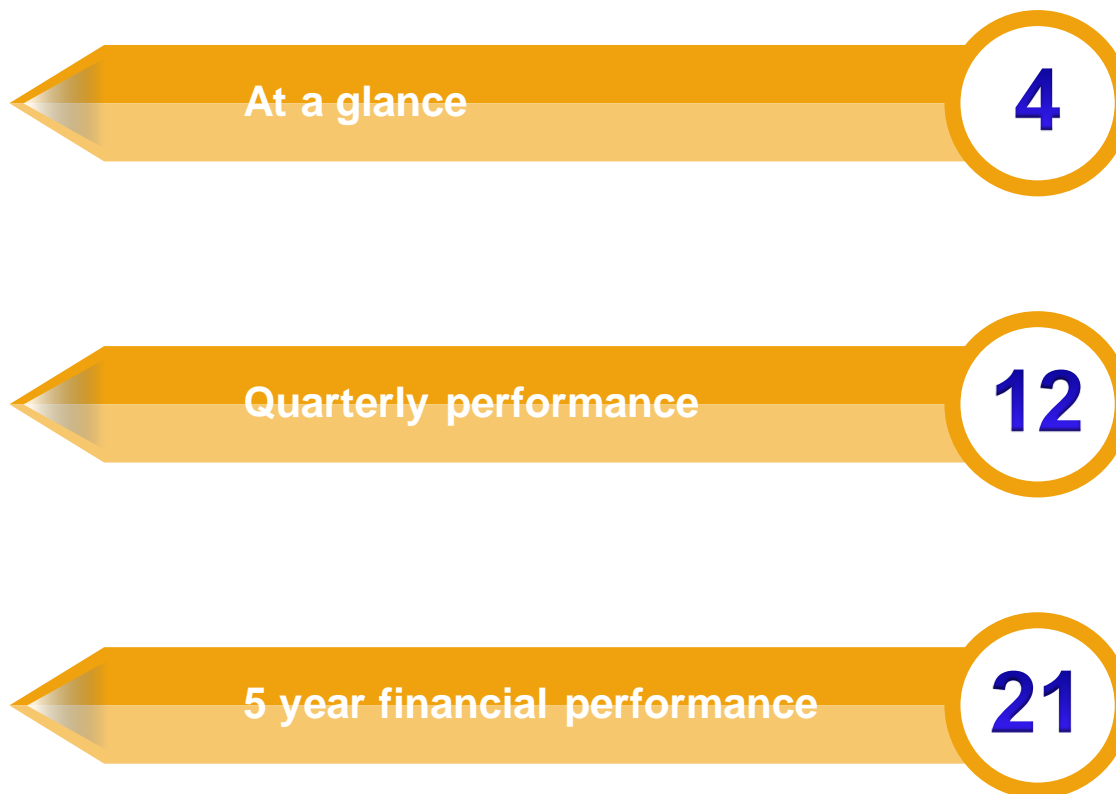




Disclaimer

AARTI INDUSTRIES LIMITED may, from time to time, make additional written and oral forward looking statements, including statements contained in the company's filings with Bombay Stock Exchange and National Stock Exchange, 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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At a glance



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

4,000+

Employees

125+

Products

150+

Global Customers

500+

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

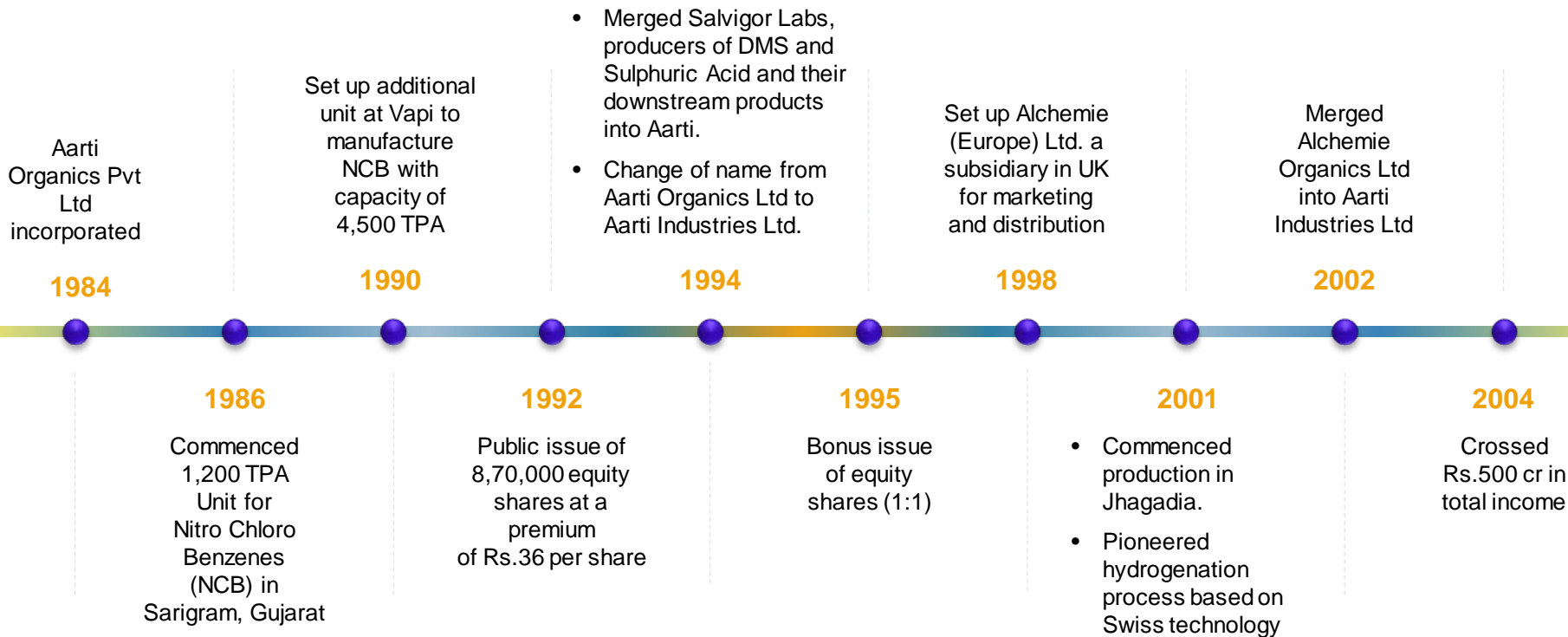
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FY 18 Consolidated numbers



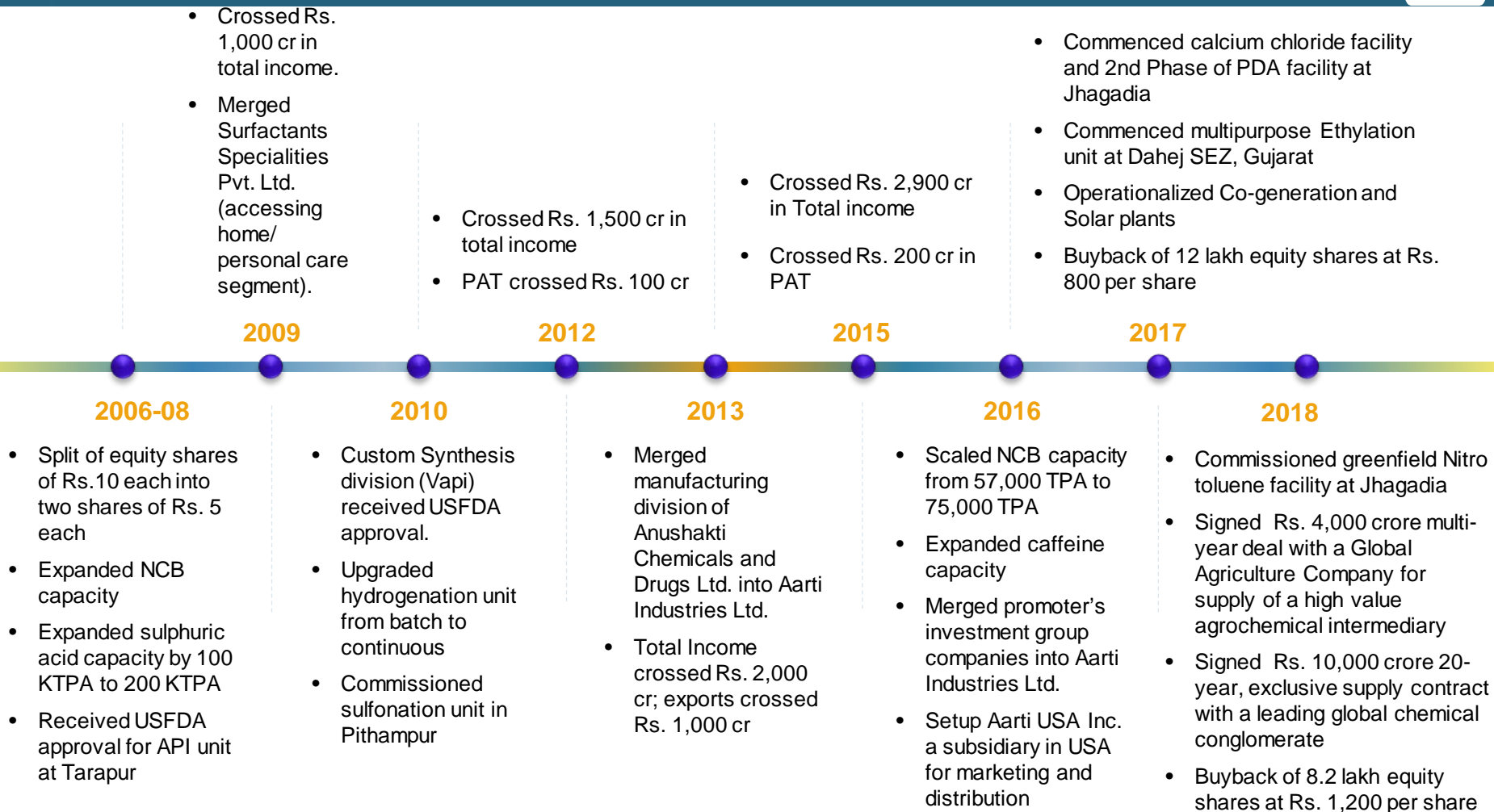
Transformation Journey

Hitting right milestones at right time





Transformation Journey





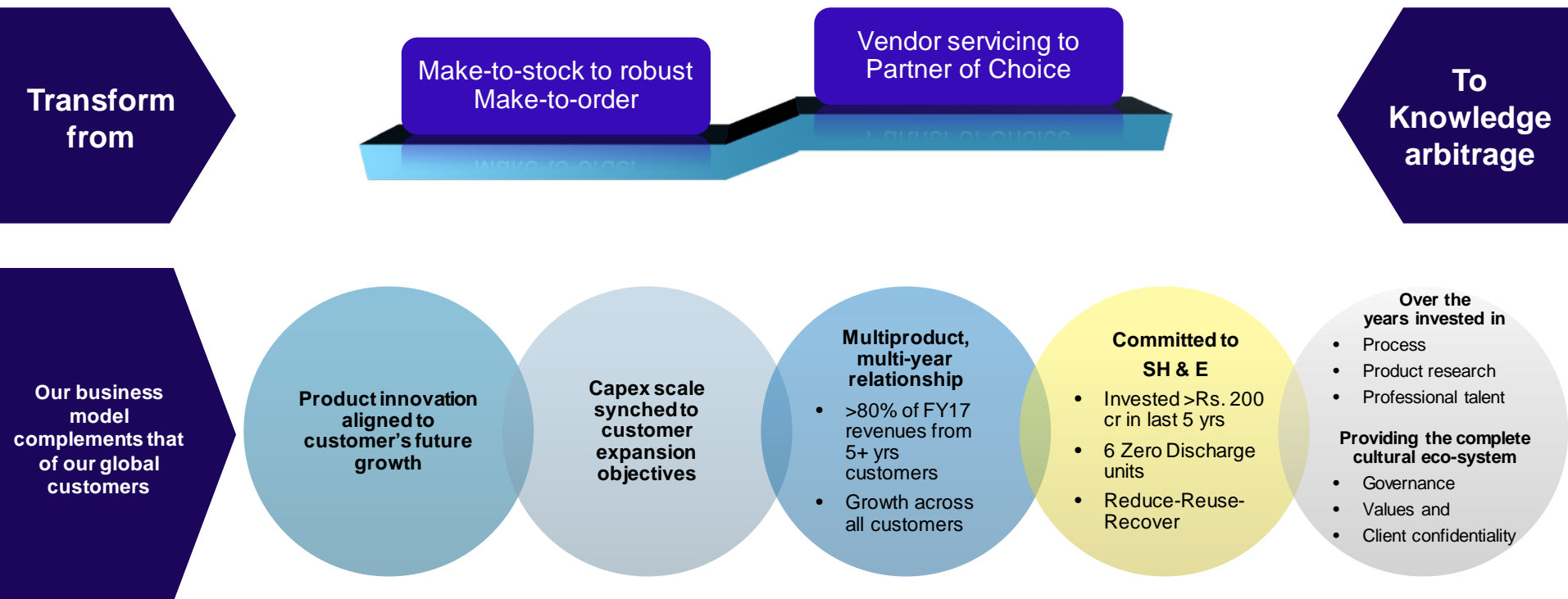
What differentiates us





Global Partner of Choice

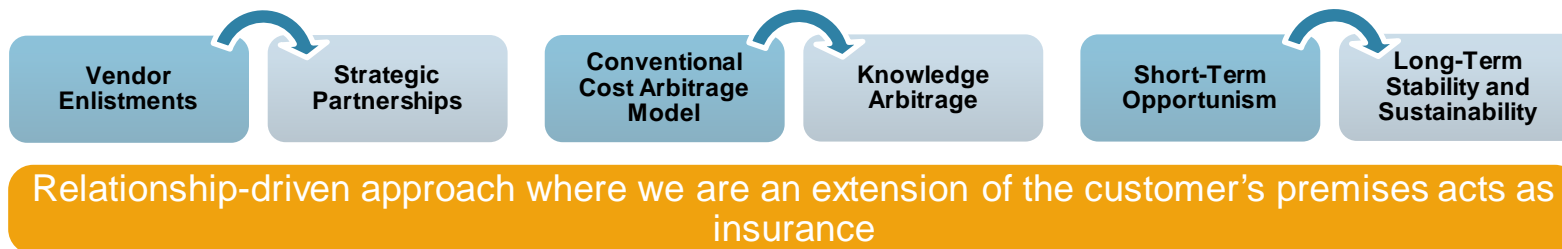
Aarti Industries is a rare instance of a global speciality chemicals company that combines process chemistry competence with scale-up engineering competence





Multi-year deals

Rapidly changing global environment where global industrial players graduating from



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

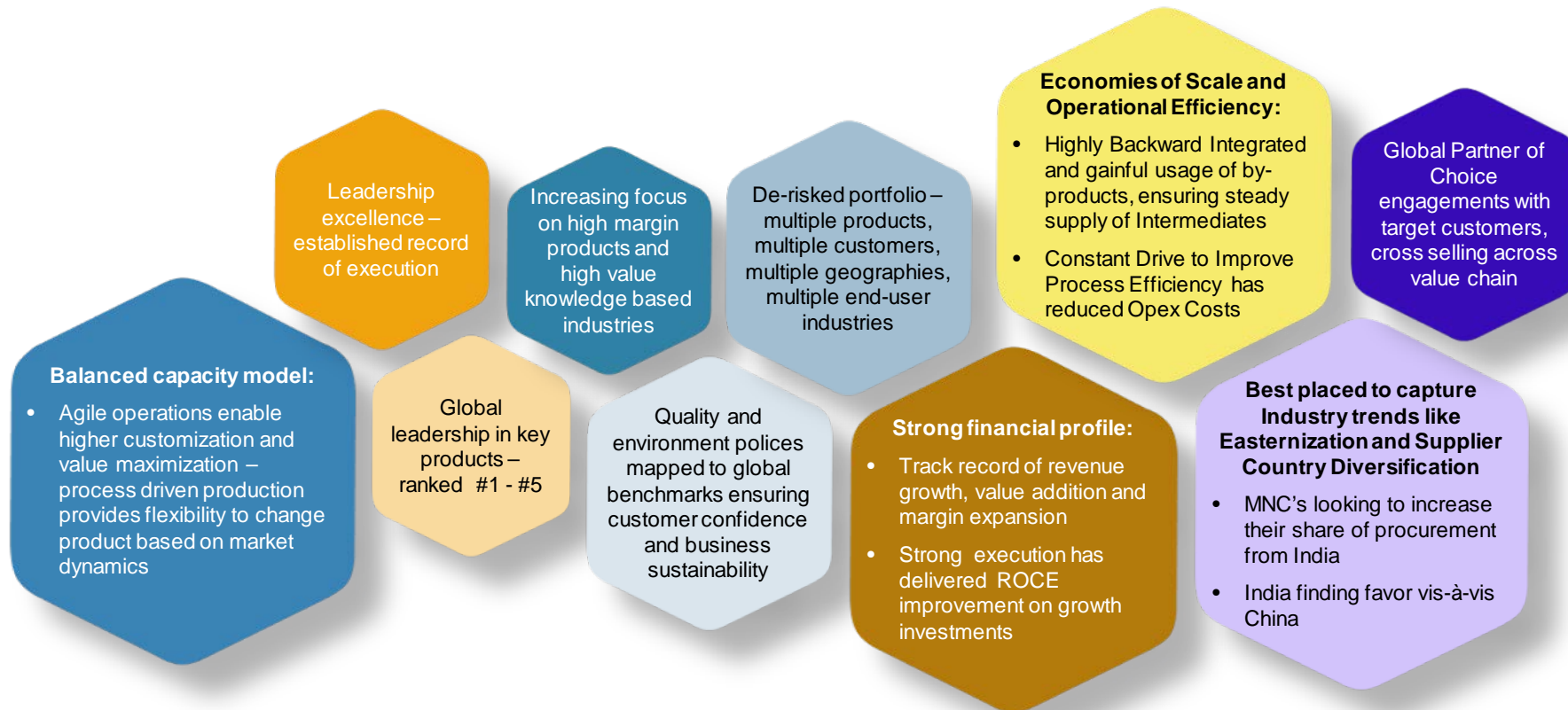
In Dec 2017, AIL signed Rs. 10,000 crore multi-year, exclusive supply contract with a leading global chemical conglomerate over a 20-year period

- 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





Quarterly Performance



Chairman's Message

Commenting on the performance for Q4 & FY18, Mr. Rajendra Gogri – Chairman & M.D. at Aarti Industries Ltd. said,



“This has been an eventful year for AIL on several fronts. I am happy to state in Q4FY18 we have achieved 9% YoY growth in Speciality Chemicals volumes, 18% YoY growth in overall EBITDA and 14% YoY growth in overall PAT. FY18 performance has been impacted by significant currency movement and higher expenses on commissioning of new growth projects. Pharmaceuticals business has sustained the growth trajectory with margins expanding significantly.

I am also pleased with the successful implementation of our growth investments in Nitro toluene, which will further strengthen our global presence in our target end-user applications. Further, we have signed two multi-year deals highlighting our knowledge arbitrage and increasing brand equity amongst target customers. We see this as a sustainable model providing strong visibility of returns on our capex commitments. We have acquired land for new R&D and Innovation facility in Navi Mumbai and expect to commission the facility by the end of FY19. The setting up of this R&D Centre is in line with our focus on research led product and process development and will enable us to enhance and expand our capabilities to develop high-end value added products and chemistries with niche market opportunities.

Looking ahead, the multi-year deals, capacity expansion for existing and new products, innovation agenda coupled with ‘Partner of Choice’ relationships has set us up well for the next leg of growth in Speciality Chemicals. The transformation in our Pharmaceuticals business performance is getting more visible. As a Company, we remain committed on delivering growth while maintaining positive return ratios and maximizing shareholder value.”



Q4 & FY18 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 medium and long term exports contracts. In Q4FY18, the Company reported Mark to Market loss on such contracts of Rs. 10.68 crore (including loss of Rs. 2.05 crore for contracts of more than one year).
 - Company had further provided for Revaluation loss on long term borrowing (ECBs) to the extent of Rs. 2.51 crore as at 31st March, 2018

Pharmaceuticals

- Improved performance across various markets
- EBIT performance continues to improve having crossed the 18 crs quarterly run rate – reached milestone of Rs. 30 crore in Q4



Q4 & FY18 Highlights

Corporate

- Effected share buyback of 8.2 lakh equity shares of face value of Rs. 5 each at a price of Rs. 1,200 per share on Dec 21, 2017. Program highlights the Company's belief in its long-term growth prospects and commitment to efficient capital allocation
- AIL's Board recommended a final dividend of Rs. 1 (20%) per equity share for FY18
- Formed a Committee of Directors to review and recommend to the Board, a scheme of arrangement pertaining to Demerger of Home and Personal Care segment of the Company and merger of the manufacturing operations of Nascent Chemicals Industries Limited into the Company and to appoint the value, merchant bankers and other required agencies in this regard



Q4 & FY18 P&L (Standalone)

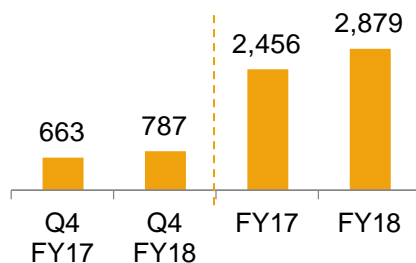
Particulars (Rs. Crore)	FY18	FY17	Y-o-Y Growth (%)	Q4 FY18	Q4 FY17	Y-o-Y Growth (%)
Gross Income from Operations	3,699.31	3,050.23	21.3	1029.39	834.35	23.4
Exports	1,592.72	1414.76	12.6	400.65	385.28	4.0
% of Total Income	43.05	46.38		38.92	46.18	
EBITDA	656.73	608.41	7.9	180.25	152.60	18.1
EBITDA Margin (%)	17.75	19.95		17.51	18.29	
EBIT	523.09	496.12	5.4	144.53	122.68	17.8
EBIT Margin (%)	14.14	16.27		14.04	14.70	
PAT	316.44	306.68	3.2	84.70	74.33	14.0
PAT Margin (%)	8.55	10.05		8.23	8.91	
EPS (Rs.)	38.92	37.35	4.2	10.42	9.05	15.1

- Higher revenue contribution from the direct linkage and pass through of raw material prices in long-term contracts
- Marked-to-market loss in our forward contracts that cover medium to long term export commitments
- Expenses higher on account of commissioning of projects, volumes to ramp up gradually over 3-4 yrs

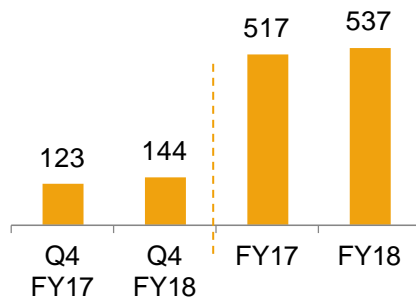


Q4 & FY18 – Speciality Chemicals (Standalone)

Revenue



EBIT



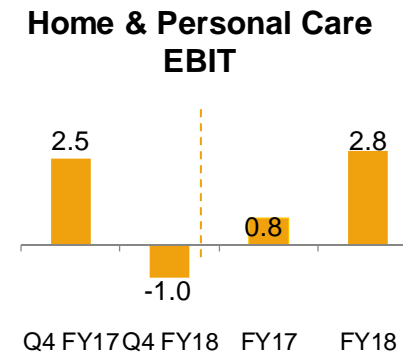
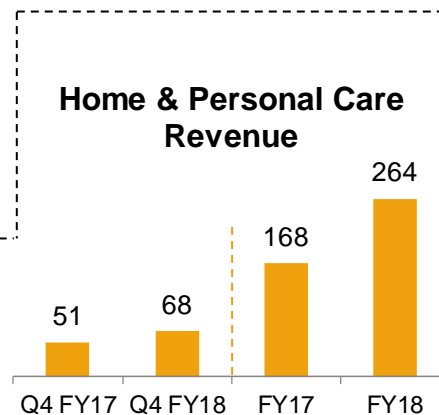
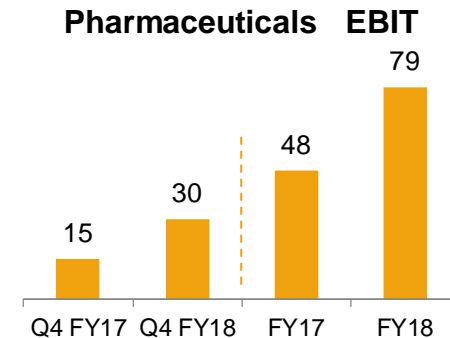
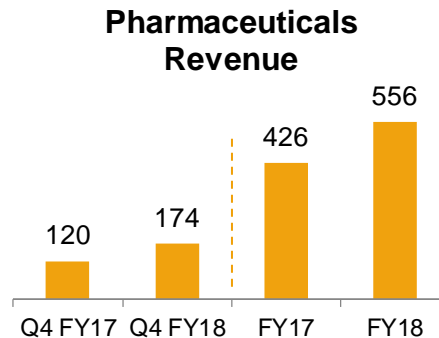
- Revenues are linked to pass through of key raw-material prices
- Speciality Chemicals volume growth increased by 9% YoY in Q4
 - Expect approx. 10-15% volume growth for FY19
- Nitro toluene facility at Jhagadia which commenced in the month of September has reached over 40% utilization.



Q4 & FY18 – Other Businesses (Standalone)

- Improved QoQ EBIT run rate enabled by enhanced business across markets and operating leverage - committed 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
 - cGMP compliant plants meeting ICH Q7 standards enabling buyers to use API in all regulated markets
 - 48 commercial APIs with 33 EDMF, 28 USDMF and 16 CEP. 12 new APIs under development
 - 60% exports coming from US and EU with 4 commercial products in US and several other awaiting partners approval
 - Distinct advantage having dedicated USA, Japan and EU approval for steroids and anti-cancer products
 - Own Backward integrated facilities for most APIs
-
- Segment performance on account of raw material supply constraints due to hurricane in the USA in Q4**
 - Non-ionic surfactants, shampoo, hand wash, dish wash
 - Recently debottlenecked some operations to expand capacities
 - Focus on export-oriented products

(Rs. Crore)

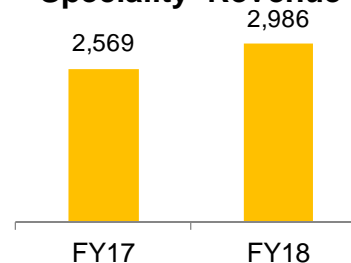




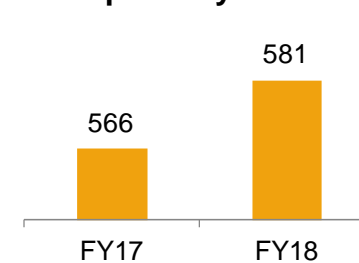
FY18 P&L (Consolidated)

Particulars (Rs. Crore)	FY18	FY17	Y-o-Y Growth (%)
Gross Income from Operations	3,813.83	3,165.44	20.5%
EBITDA	706.89	655.45	7.8%
EBITDA Margin*	18.5%	20.7%	
EBIT	560.6	532.9	5.2%
EBIT Margin*	14.7%	16.8%	
PAT	332.96	315.78	5.4%
PAT Margin*	8.7%	10.0%	
EPS (Rs.)	40.95	38.45	25%

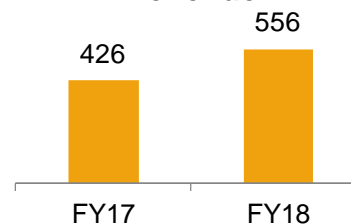
Speciality Revenue



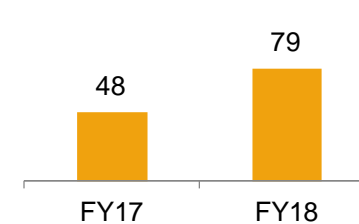
Speciality EBIT



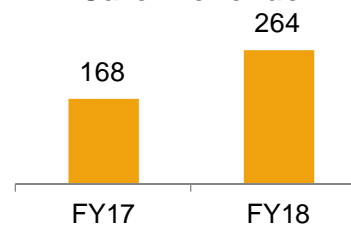
Pharmaceuticals Revenue



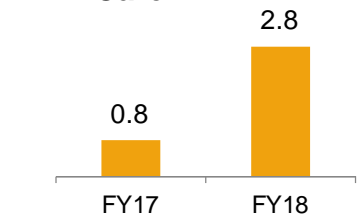
Pharmaceuticals EBIT



Home & Personal Care Revenue



Home & Personal Care EBIT



(Rs. Crore)



Balance Sheet (Consolidated)

Particulars (Rs. Crore)	As on Mar 31, 2018	As on Mar 31, 2017
Shareholders Funds	1,655	1,426
Net Debt	2,080	1,561
Net Block of Fixed Assets	1,996	1,695
Debt/Equity	1.26x	1.17x
Fixed Asset Turnover	1.3x	1.2x

- Strong execution of growth-oriented investments resulted in positive impact on returns on capital
- Debt/Equity has been impacted by delay in GST refunds for exports. Impact of around Rs. 70 crore.

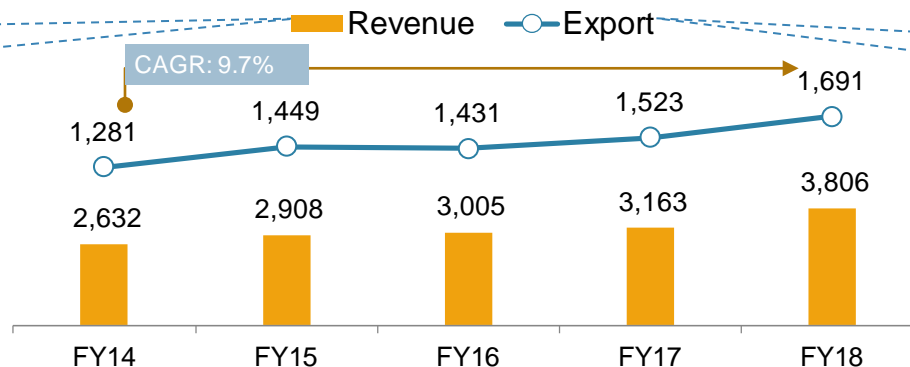


**5 year financial
performance**

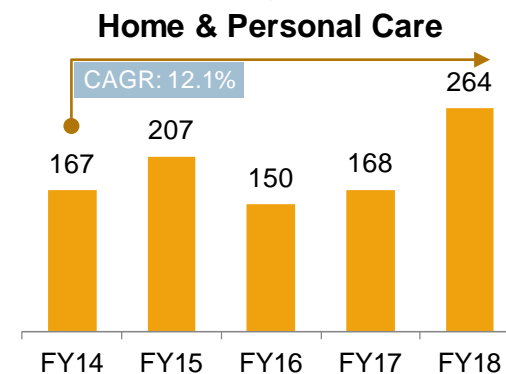
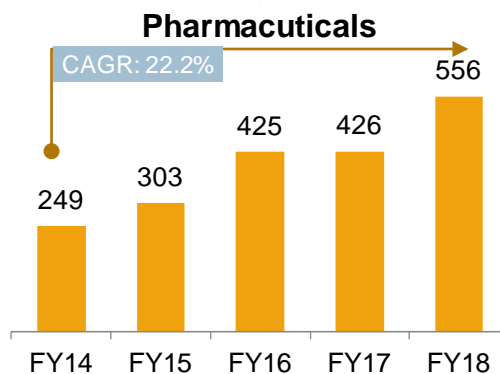
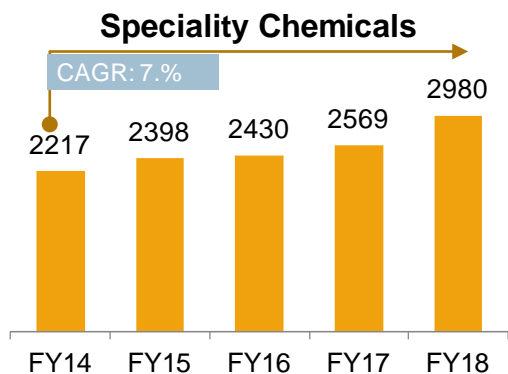


Revenue Performance (Consolidated)

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.

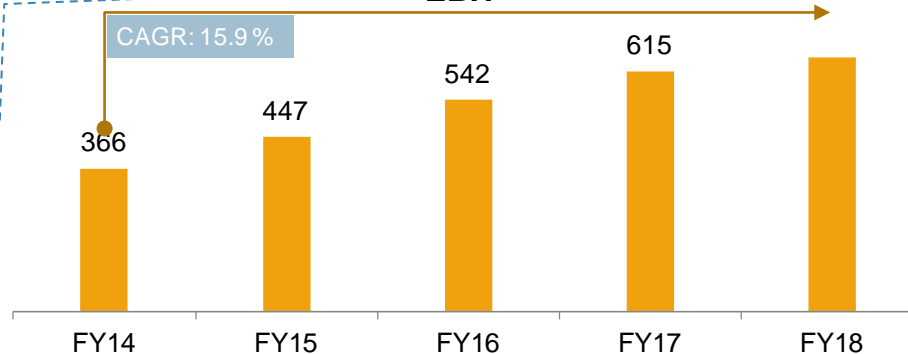




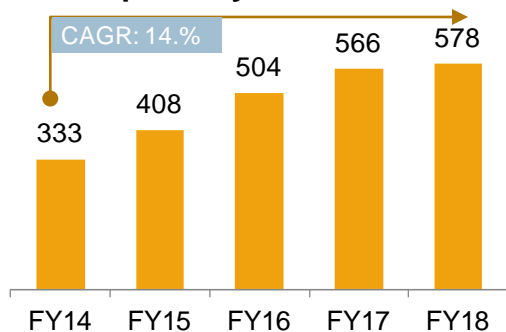
EBIT Performance (Consolidated)

Higher growth relative to revenue highlights value addition delivered by AIL

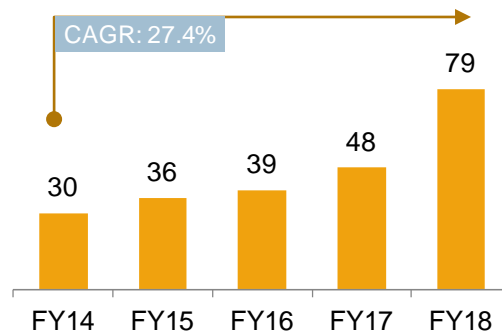
EBIT



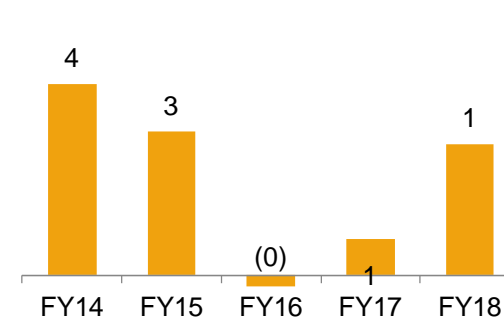
Speciality Chemicals



Pharmaceuticals



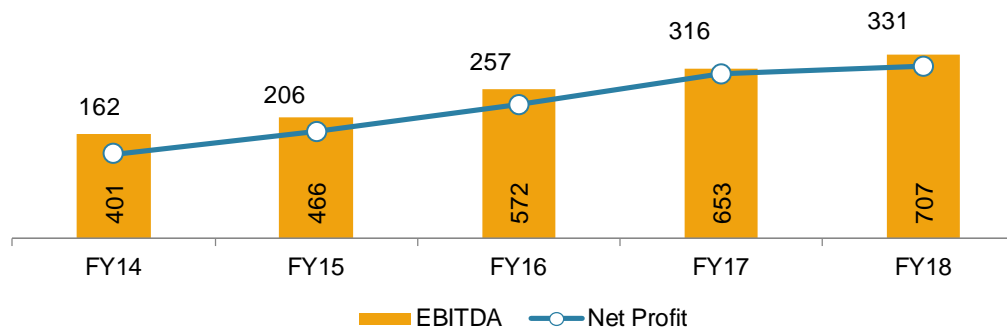
Home & Personal Care



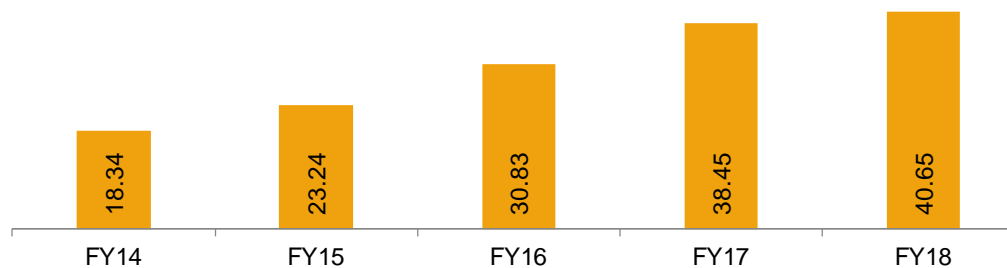


Financial Highlights – (Consolidated)

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 FY15-16 and 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.



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

Vikram Rajput / Shiv Muttoo

CDR India

Tel: +91 22 6645 1223/1207

Email: vikramr@cdr-india.com

shiv@cdr-india.com



Thank You