



**AARTI
INDUSTRIES
LIMITED**

Ref. No.: AIL/B-40/2021/004

January 29, 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**

Please find enclosed herewith the Q3 & 9M FY21 Results Presentation of the Company for your records.

Kindly take the same on record.

Thanking You,

Yours faithfully,

FOR AARTI INDUSTRIES LIMITED

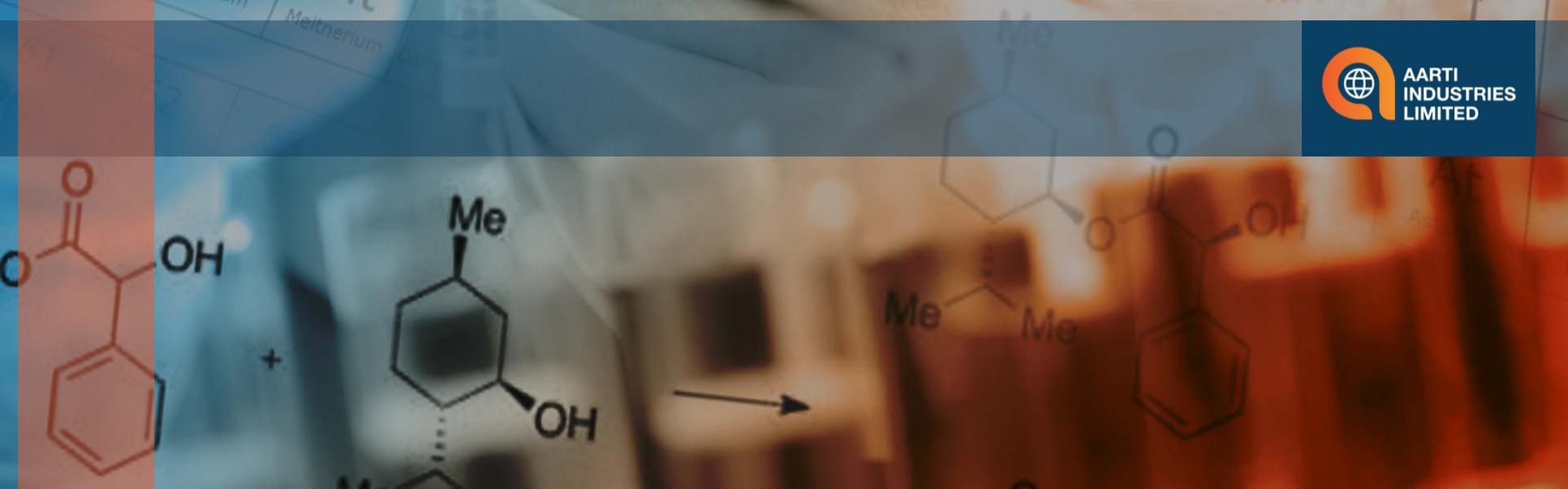



RAJ SARRAF

COMPANY SECRETARY

ICSI M. NO. A15526

Encl. As above.



AARTI INDUSTRIES LIMITED

Q3 & 9M FY21 Results Presentation

January 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.

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Agenda

1 | At a glance

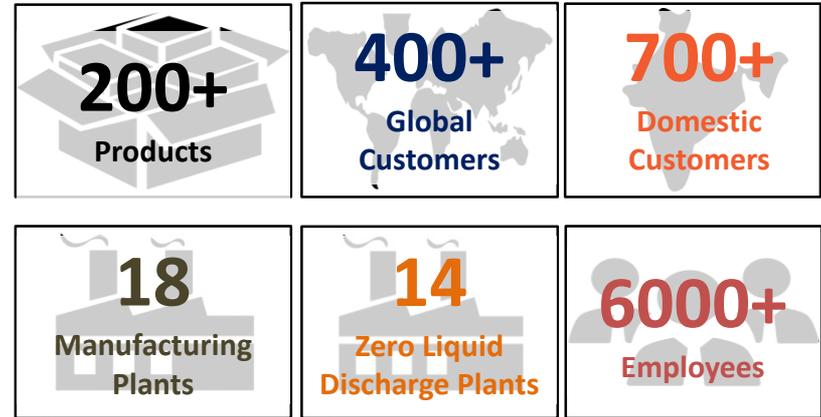
2 | Quarterly and Annual performance

Company Overview

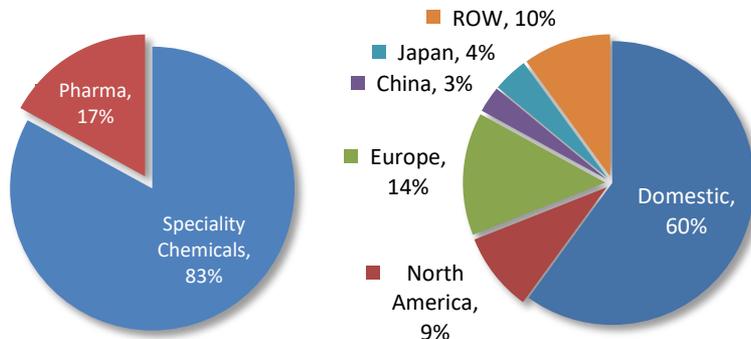
Overview

- 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: 13 for Speciality chemicals; 5 for Pharma (2 USFDA and 3 WHO/GMP)

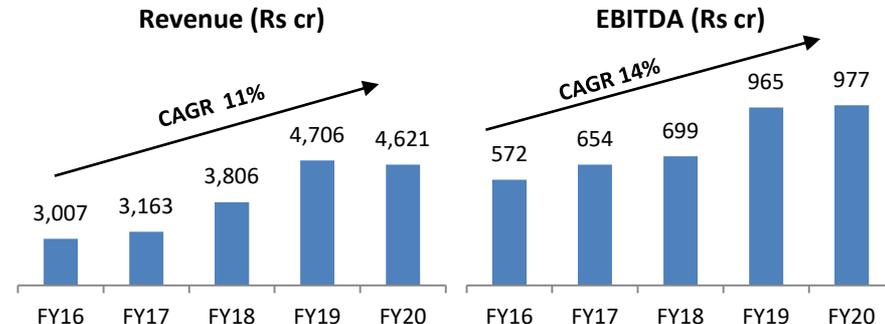
Key Metrics



Revenue split - Segmental and Geographical – FY20



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 5 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 places for a robust domestic demand growth*

Agenda

1 | At a glance

2 | Quarterly & Annual performance

Commenting on the performance for Q3 FY21, Mr. Rajendra Gogri – Chairman & MD at Aarti Industries Limited said,

"We are happy to report strong momentum in operating and financial performance during the third quarter. This is in line with the outlook shared previously, wherein we had indicated improving business visibility in the second half of the current financial year. We are now well-positioned to meet our guidance of delivering profits in line with last year despite the exceptional disruption seen in FY21. Underlying the reported numbers is a return of demand from our regular markets and long-standing relationships, which is reflected in margin improvement and gradually resuming normalcy during the quarter."

Following the part-commercialization of our new chlorination facility at Jhagadia, we continue to take forward other capex programs. Some of these projects are drawing closer to launch as our expansion momentum remains intact – and the capex guidance of Rs. 1,000-1,200 crore during FY21 is likely to be met. Next in line are projects related to Long Term Contracts, NCB Expansion, Pharma Expansion, etc to be commissioned over the next few quarters providing the planned growth acceleration next year."

Our pharma business continues to deliver growth and margin expansion based on operating leverage from growing volumes and our focus on regulated markets and value-added products. We remain in line to expand capacities of both API's and intermediates and we have a pipeline of several new products under development."

We believe that volumes from discretionary demand segments has largely reached normalized levels domestically, while for exports markets the same is on a gradual recovery course."

Strategically, our focus remains on increasing the contribution from value-added chemistries within our portfolio – gaining prominence within the development programs of a large number of global innovators. We have backed this with investments in R&D, sustainability and other internal competencies in line with global best practices. As India continues to get prominent positioning within global supply chains for innovators in speciality chemicals and pharma sectors, Aarti Industries is slated to derive structural benefit from the opportunity."



Q3 & 9M FY21 P&L (Consolidated)

Particulars (Rs. Crore)	Q3 FY21	Q3 FY20	Y-o-Y (%)	Q2 FY21	9M FY21	9M FY20	Y-o-Y (%)
Gross Income from Operations	1,311	1,218	7.6%	1,330	3,676	3,431	7.2%
Exports	548	510	7.5%	599	1,639	1,484	10.4%
<i>% of Total Income</i>	41.8%	41.9%	-	45.0%	44.6%	43.3%	-
EBITDA	285	254	12.1%	254	721	758	-4.9%
<i>EBITDA Margin (%)</i>	21.7%	20.9%	90 bps	19.1%	19.6%	22.1%	-250 bps
EBIT	226	207	9.2%	199	556	622	-10.7%
<i>EBIT Margin (%)</i>	17.3%	17.0%	30 bps	15.0%	15.1%	18.1%	-300 bps
PAT	165	140	18.2%	140	387	426	-9.0%
<i>PAT Margin (%)</i>	12.6%	11.5%	110 bps	10.5%	10.5%	12.4%	-190 bps
EPS (Rs.)	9.49	8.03	-	8.05	22.23	24.42	-

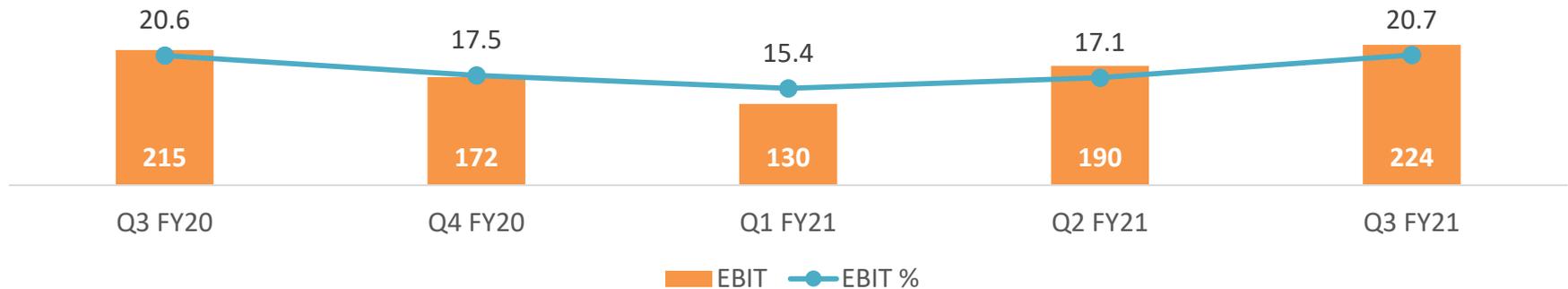
- Sustained revenue growth driven by volume expansion and 76% contribution from value-added products
- Gross margins returned to normalized levels,
- Domestic demand for discretionary products has returned to pre-covid levels, while for exports markets the same are recovering gradually.
- Pharma segment revenues at record levels, profitability sustained as the product basket remains focused on value addition
- Finance charges lower based on lower cost of funds and forex-linked revaluation gains on long-term borrowings
- Capex in Q3FY21: Rs 365 crore; 9M aggregate capex of Rs. 891 crore – in line with guidance of Rs. 1,000-1,200 for FY21

Speciality Chemical Revenue & EBIT

Speciality Chemicals - Revenue

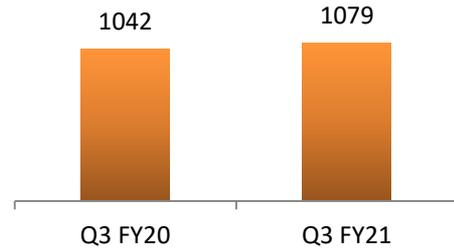


Speciality Chemicals EBIT & EBIT %

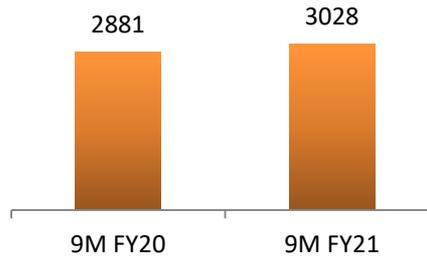


Q3 & 9M FY21 – Speciality Chemicals (Consolidated)

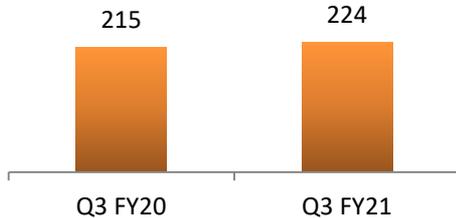
Revenue



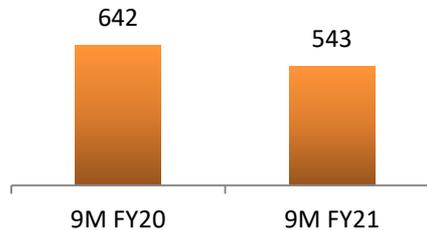
Revenue



EBIT



EBIT



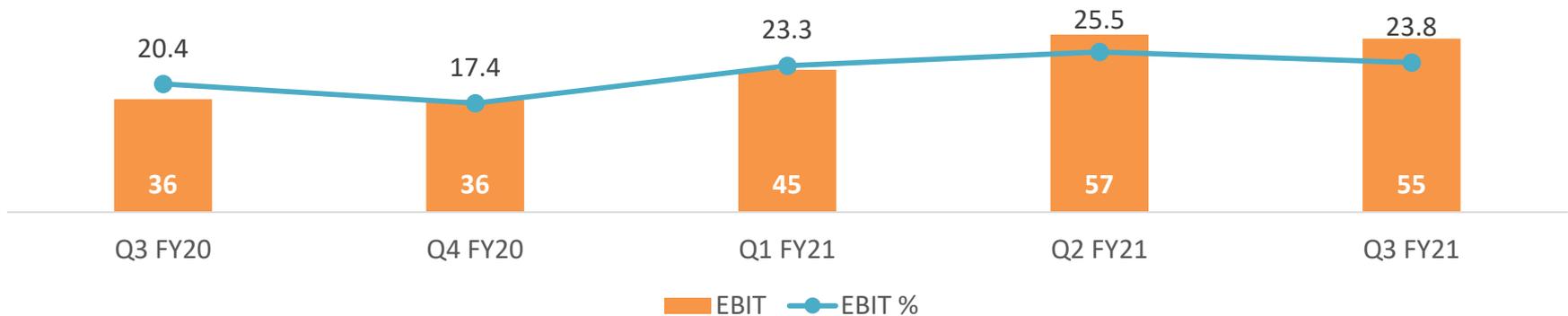
- Revenue growth backed by 90% utilization across operationalized facilities
- Return of demand from established markets driving improved margins – H1 had seen higher exploratory sales to discretionary spending markets with the objective of expanding volumes and rationalizing inventories during a tough operating environment
- 76% is the share of revenue from value-added products during the quarter as compared to 72% in Q2FY21
- Includes income recognition of about USD 5 million in respect of the first long-term contract

Pharma Revenue & EBIT

Pharma - Revenue

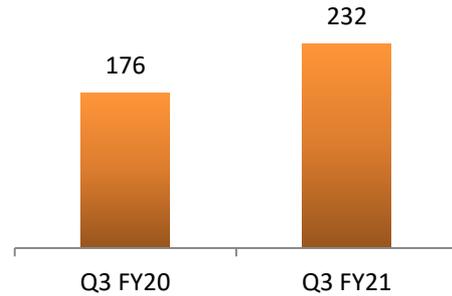


Pharma EBIT & EBIT %

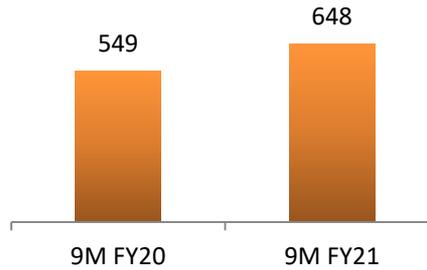


Q3 & 9M FY21 – Pharma (Consolidated)

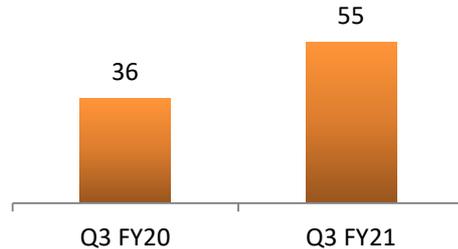
Revenue



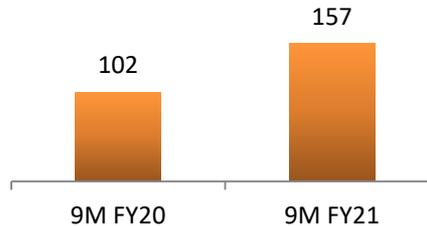
Revenue



EBIT



EBIT

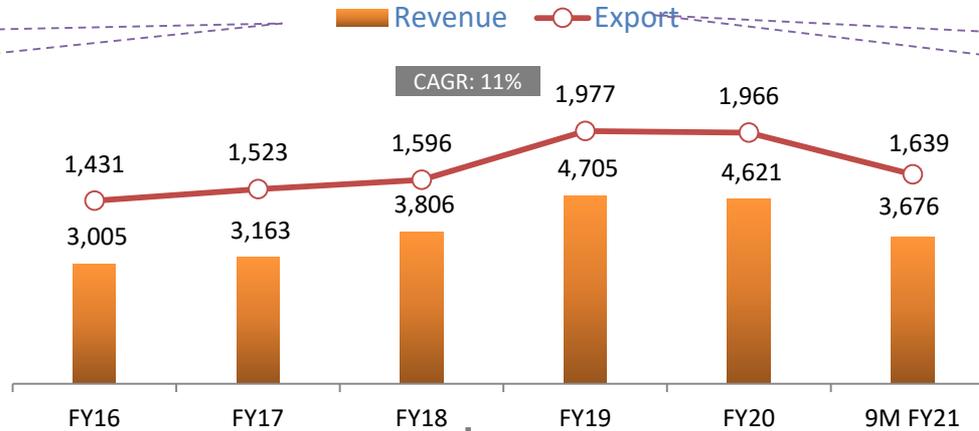


- Pharma business revenue grew by 32% YoY during Q3FY21 – topline at highest ever levels historically
- Continued throughput from regulated markets, value-added products and growing pipeline of new introductions
- Margins seeing structural improvement based on operating initiatives
- Revenue growth is expected to sustain as additional capacities for API's and intermediates are operationalized

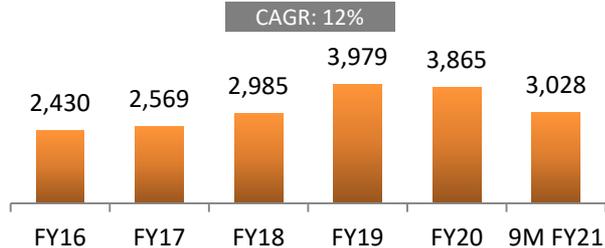
Revenue Performance (Consolidated)

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

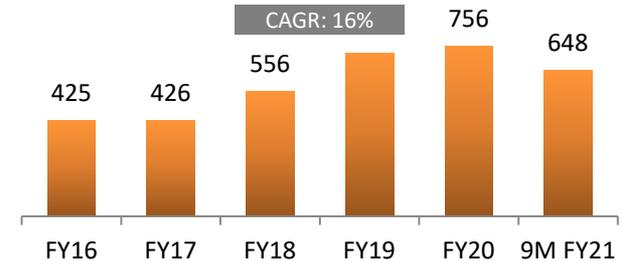
Deep engagement with global customers in Speciality Chemicals and Pharma. In addition, some part of domestic revenues are indirect exports.



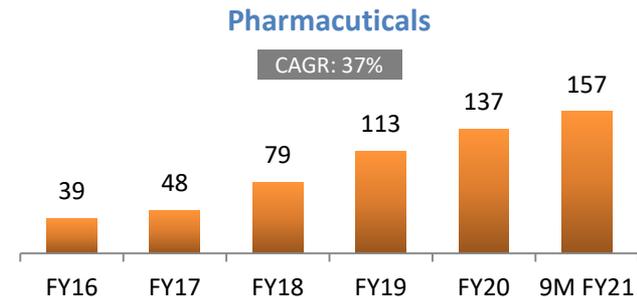
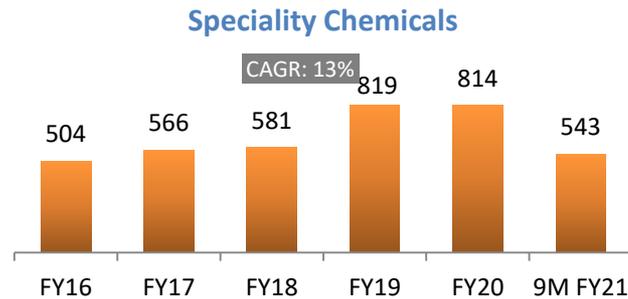
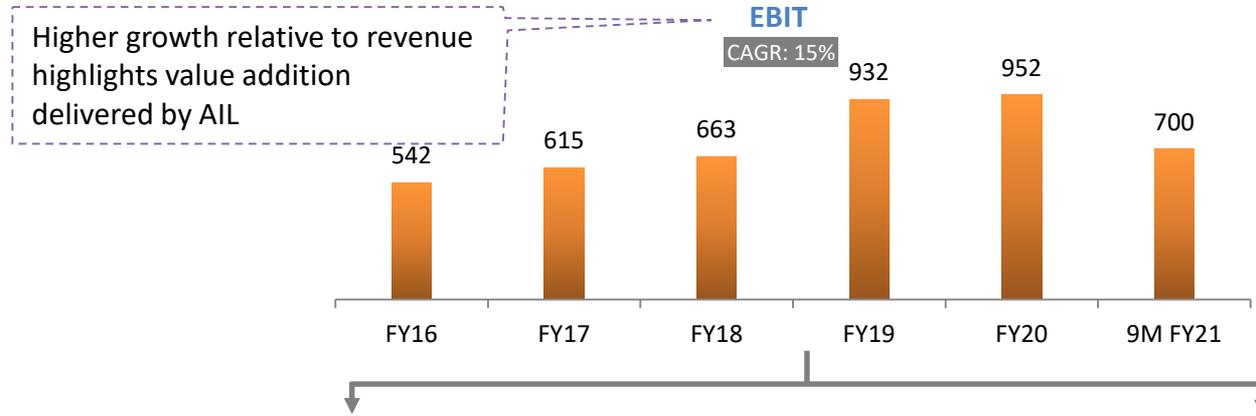
Speciality Chemicals



Pharmaceuticals



EBIT Performance (Consolidated)



Note: For FY16-20 annual numbers have been mentioned

Contact Us

For further information please log on to 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