

May 9, 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 Q4 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

**Q4 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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**Company
Overview**

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**Q4 FY23
Financial
Results**

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**Growth
Opportunity
& Strategy**



OUR VISION

To emerge as a 'Global partner of choice' for leading consumers 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



Overview

- Established by first generation technocrats in **1984**
- Specialized in **Benzene**-based derivatives
- Integrated** operations and high cost optimization
- Key **value chains** include Nitro Chloro Benzenes, Di-Chlorobenzenes, Phenylenediamines, Nitro Toluene Value Chain and Sulphuric Acid & downstream
- Strong **R&D capabilities** with IPRs for customized products
- Strategically located:** In western India with proximity to ports



100+
Products



1,100+
Domestic & Global
Customers



60
Exporting countries



16
Manufacturing Plants



11
Zero Liquid Discharge
Plants



6000+
Employees



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



5
No. of co-generation
power plants

Financial Trends

22%

5-Year Revenue CAGR
(excl. termination &
Shortfall income)

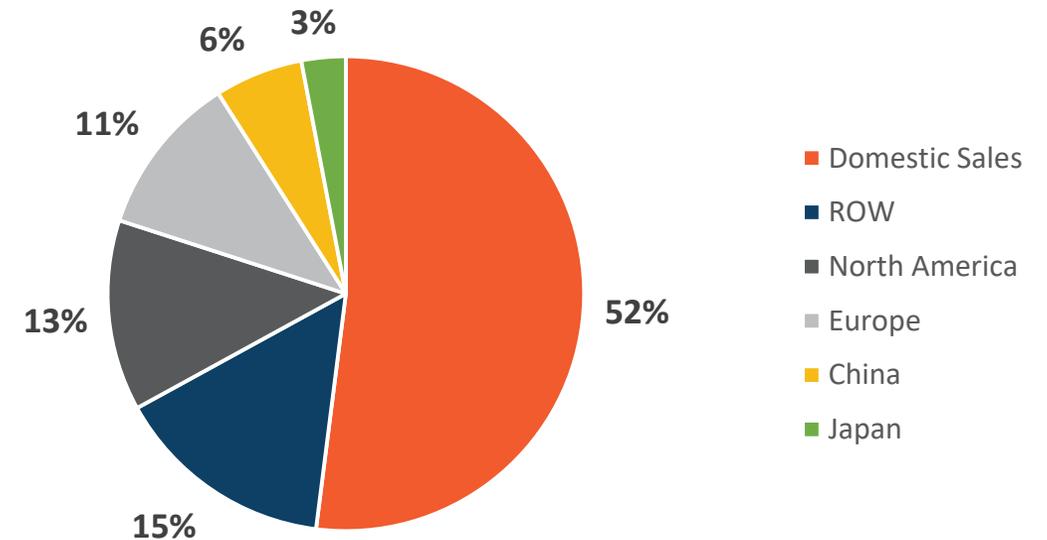
15%

5-Year EBITDA CAGR
(excl. termination &
Shortfall income)

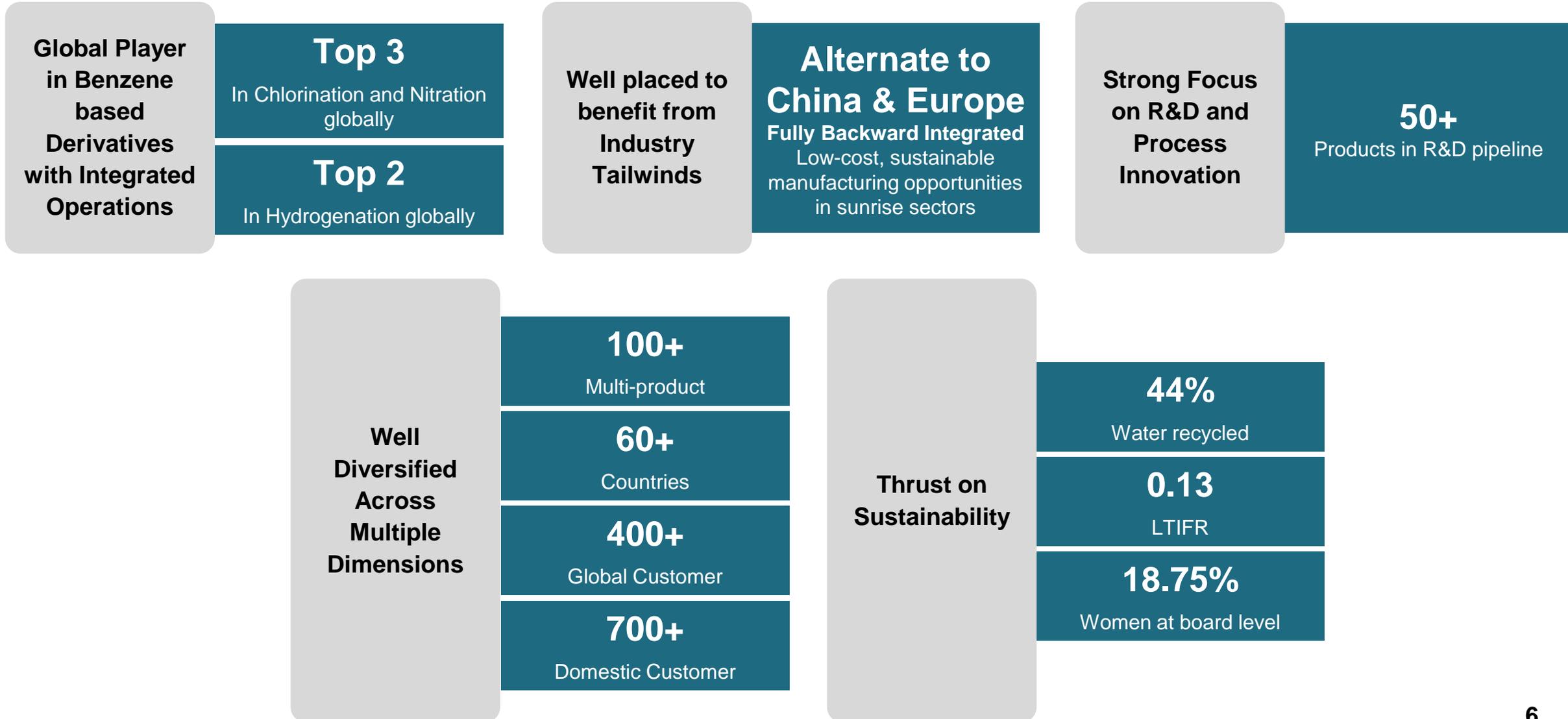
₹6,252 Cr.

**Fixed Assets Gross
Block for FY23**

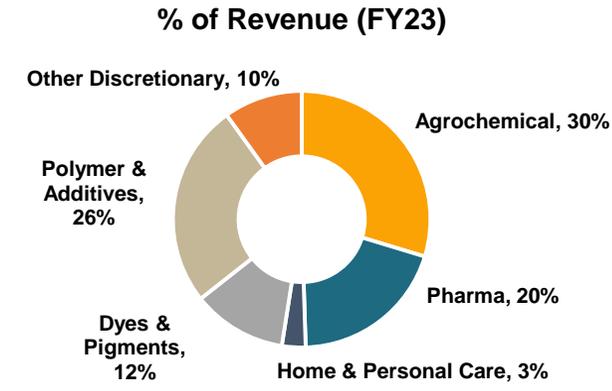
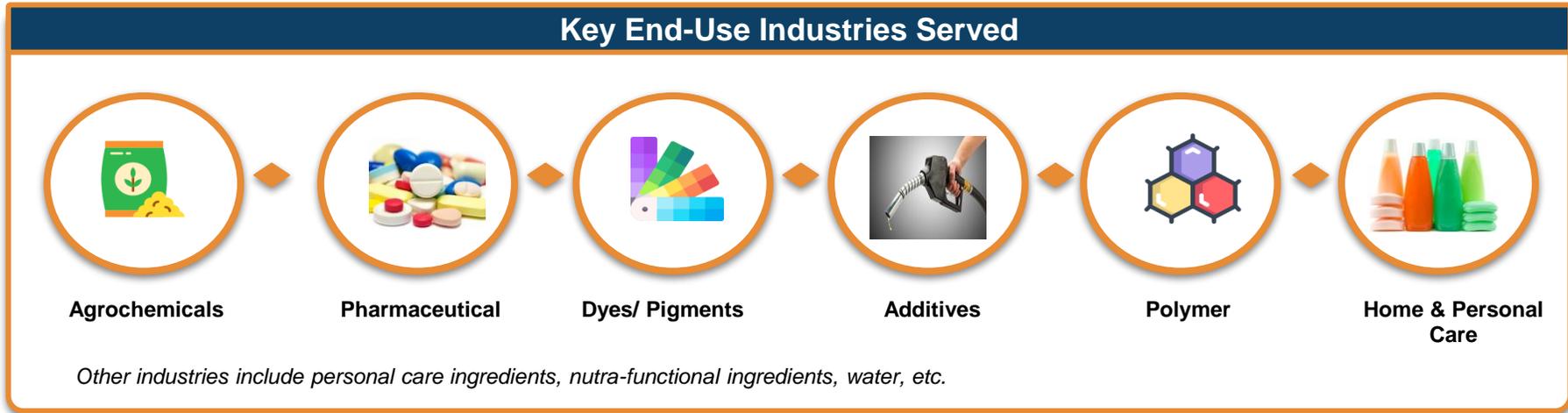
Geographical Revenue break-up (FY23)



Key Strengths



Well diversified customer across varied end-use segments



...with a well diversified product portfolio, and low dependence on individual products

Key Customers



Sustainability Is At The Core Of What Aarti Does



AIL received the gold award in the 2022 EcoVadis CSR assessment, placing us in the top 3% of evaluated companies globally



- Sustainalytics rates Aarti as "Medium Risk"
- AIL score is 24.5
- Aarti is ranked in the top 3 among peers in the Indian chemical sector



- Achieved B in Climate Change and A- rating in Supplier Engagement disclosure for 2022-23
- Chemical industry and Global average rating is at C.



Permission to use Responsible Care (RC) Logo for a period of 3 Years from April 2022 to March 2025



ENVIRONMENT

- 11 sites are Zero Liquid Discharge (ZLD)
- Total water recycled ~45% of the total water withdrawal in FY 22
- More than 6010 KL water harvested through rainwater in FY 22
- Recycled 90% waste, remaining 10% is responsibly disposed



Social

- Incorporated requirements of UN Global Compact, International Labour Organisation's (ILO) Declaration and Sexual Harassment of Women at Workplace Act, 2013, etc.
- Locally Sourced over 75% of raw materials and 98% engineering goods.
- 13 lakhs + lives benefited through our CSR initiatives
- Implementation of Best-in-Class Safety Practices



Governance

- Robust Compliance framework covering 78 acts, 101 rules and 10000 compliance provisions
- Cloud first approach for scalability and reliability to enable future growth
- Robust Information Security Practices and Technology Centre and R&D are ISO 27001 certified

Robust R&D expertise

2

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

250+

Engineers & scientists

7

Patents filed

40+

Planned product introductions, more than 50% products will be launched first time in India

18,000 sq. ft.

Covered by an ultra-modern synthesis laboratory

19

PhDs and 220+ scientists

Fully Digitised Paperless Laboratory with ISO 27001:2013 Accreditation

Focus on:

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



- **Developed various products and processes in-house throughout ALL's journey**
- **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**

01

Company
Overview

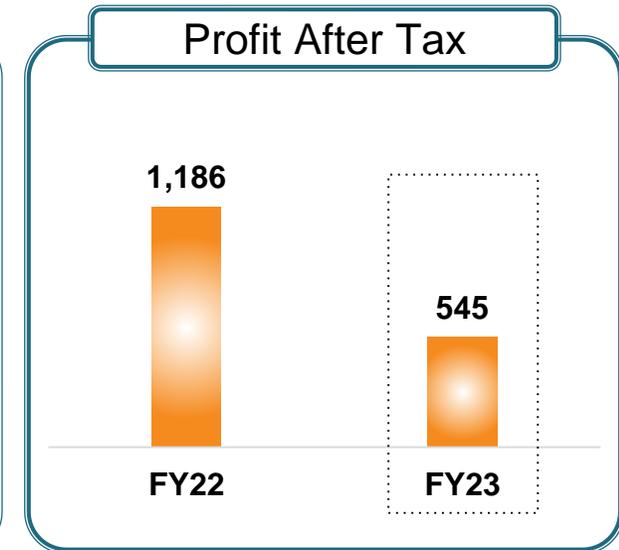
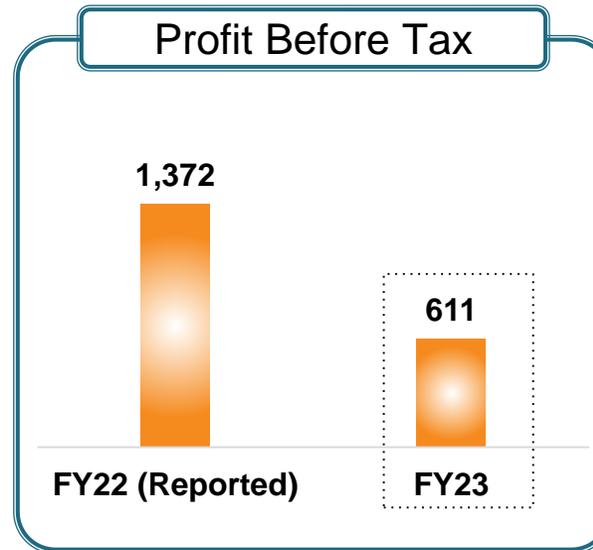
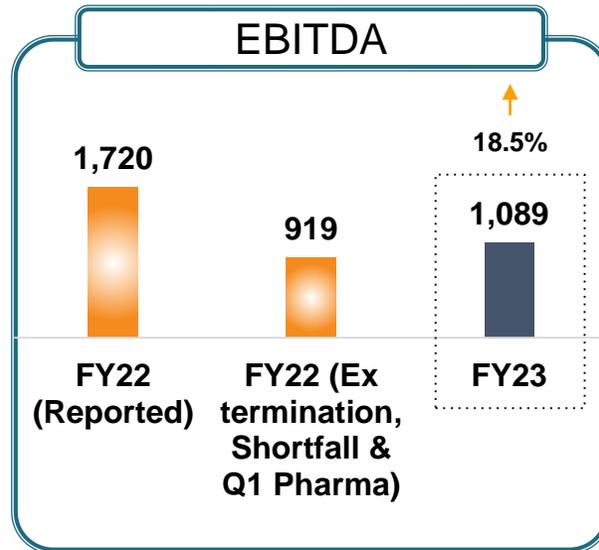
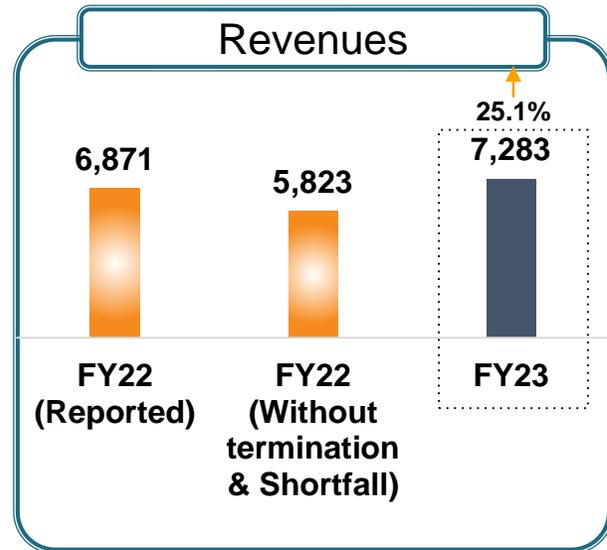
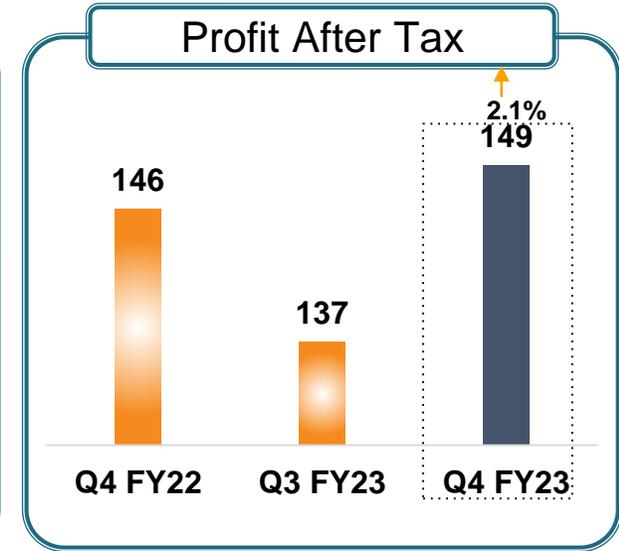
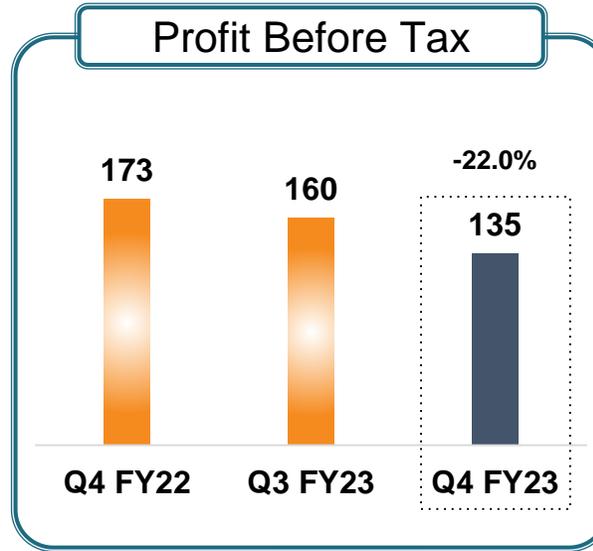
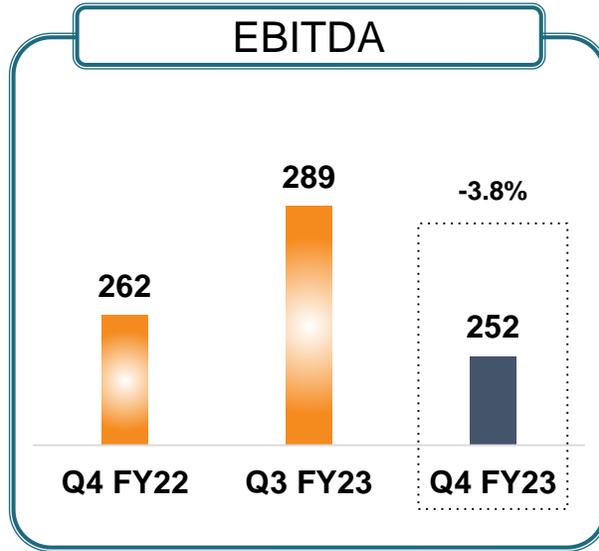
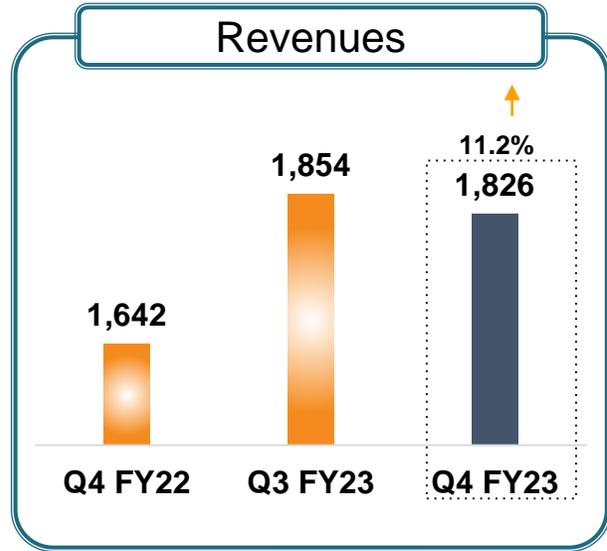
02

Q4 & FY23
Financial
Results

03

Growth
Opportunity
& Strategy

Q4 & FY23 Highlights (Consolidated)



Key Milestones in FY23

100+

Products in R&D pipeline

INR 1300+ cr.

CAPEX entailed

52 : 48

Domestic & Exports
revenue-mix

~85%

Contribution of Value-
Added Products

0.58x

Debt : Equity

- Signed a binding term-sheet with Deepak Fertilisers for 20-year Nitric Acid offtake and supply arrangement valued at over Rs. 8,000 crore
- Demerged the Pharma entity into a separate Company – Aarti PharmaLabs Limited

On Projects:

- Project related to 2nd contract started seeing volume ramp up.
- Commercialised facility for the 3rd Long Term contract at Jhagadia
- Commercialised two Speciality Chemical Complex at Jhagadia
- Announced Expansion in Nitro Toulene and Ethylation Capacities
- Project work under way at Zone 4 (Jhagadia) for Multi purpose plant and Chloro Toulene & Downstream related projects
- Other project initiatives on track

Performance Overview – Q4 FY23

Revenues of Rs. 1,826 crore; increase of 11.2% over previous year

EBITDA of Rs. 252 crore; decrease of 3.8% over previous year

PAT of Rs. 149 crore; increase of 2.1% over previous year

- Revenue growth was driven by higher volumes from expanded capacities for key products as well as higher contribution from value added products.
- EBITDA performance stood strong, but marginally below the stated guidance due to below factors
 - Maintenance shutdown at Acid Unit and at the Kutch Unit resulted into higher costs by ~ Rs. 10 Crs and also there had been some volume impact due to lower operating days.
 - Product off take linked to Textiles industry like Dyes and Pigments remains subdued, as directed in the previous quarter. Though there are green shoots visible and uptick in inquiries for future deliveries. The same is expected to start recovering over next two to three quarters.
 - While energy prices gradually normalizing, RM prices for key inputs increased on the QoQ basis. The Company has robust pricing mechanisms in place to mitigate the impact of such volatility, and the same is being passed on to the customers thereby protecting absolute profitability.
 - The Company supplied certain discretionary products to non-regular markets, resulting in lower than normal margins.
- PAT performance reflected the operational performance of the Company. Depreciation stood higher, which was in-line with newer capacities added during the quarter
 - PAT also factors in one-time impact of write back of previous periods tax provision as few matter (under litigation) are was awarded in favour of the Company.
- The 3rd long term contract which was commissioned in the previous quarter is being ramped up in a phase-wise manner, higher volume will be visible in FY24 and FY25.
- Commercialized Units for two Speciality Chemical process blocks at Jhagadia.

Chairman's Message



Commenting on the performance for Q4 FY23, Mr. Rajendra Gogri – Chairman & MD at Aarti Industries Limited said:

“Financial Year 2023 was a challenging period for the industry guided by unfolding of several material events including Russia-Ukraine conflict, inflationary surge in input prices & energy costs and slowing demand in few developed markets. Given this backdrop, we reported resilient performance and are glad to have concluded the year on a high with EBITDA of close to Rs. ~1,100 crore, as guided previously. Despite the challenges due to pandemic, external market linked disruptions, supply chain issues, inflationary costs, etc faced in last five years, our chemical EBIDTA grew from Rs. 534 crs in FY18 to Rs. 1089 crs in FY23. This more than 2x growth in EBIDTA is testament to our robust and resilient business model and our ability to steer onto the growth journey in the most challenging periods.

Our aspiration of driving growth in a sustained and responsible manner, while being future ready to capitalise on the upcoming market opportunities forms the bedrock of success. All our expansion initiatives remain intact. We have operationalized the two speciality chemical process blocks in Q4 FY23. Our other key projects will be commissioned in a phased manner over the next two years as guided earlier. Our focus is to create new chemical value-chains and introduce high-potential products to elevate our leadership position within the chosen chemistries. This will result in significant volume growth from the current year FY24 and meaningful accretion to both revenues and earnings, as guided earlier.

We firmly believe that this is a ‘Golden Decade’ for the Indian Chemical industry and our teams are working relentlessly on building scale for select high-potential opportunities backed by our inherent strengths and expertise. Over several years, AIL had been pioneering in introducing various products and chemistries in India and also put India into the Global Market. Our future plans for Chloro-toluene and downstreams is one more addition to AIL introducing newer range of products and complex chemistry for the first time in India and will benefit from the opportunities for import substitution and export opportunities for global markets. Our ability to adapt to the changing market conditions and commitment to delivering quality products and services to our customers have been the cornerstone of our success. As we look ahead, we remain optimistic and are confident of demonstrating sustained earnings growth thereby augmenting value for all our stakeholders.”

Q4 & FY23 – Consolidated Profit & Loss



Particulars (Rs. Crore)	Q4 FY23	Q4 FY22	Y-o-Y (%)	Q3 FY23	Q-o-Q (%)	FY23	FY22	Y-o-Y (%)
Gross Income from Operations (without Termination, Shortfall & Pharma)	1,826	1642	11.2%	1,854	-1.5%	7,283	5,823	25.0%
Exports	924	545	69.5%	888	4.1%	3,517	2,950	19.2%
% of Total Income	50.6%	33.2%		47.9%		48.3%	50.7%	
EBITDA (Reported)	252	262	-3.8%	289	-12.8%	1,089	1,720	Not Comparable
EBIDTA (without Termination, Shortfall & Pharma)	252	262	-3.8%	289	-12.8%	1,089	919	18.5%
Adjusted EBITDA Margin (%)	13.8%	15.9%		15.6%		15.6%	15.8%	
EBIT (Reported)	168	198	-15.2%	207	-18.8%	779	1,474	Not Comparable
EBIT (without Termination, Shortfall & Pharma)	168	198	-15.2%	207	-18.8%	779	673	15.8%
Adjusted EBIT Margin (%)	9.2%	12.0%		11.2%		10.7%	11.6%	
PAT (Reported)	149	146	2.2%	137	8.8%	545	1,186	Not Comparable
PAT Margin (%)	8.2%	8.9%		7.4%		7.5%	Not Comparable	
EPS (Rs.)	4.10	4.01	2.2%	3.77	8.8%	15.04	32.71	Not Comparable

Note: FY22 financials are exclusive for Pharma business, Shortfall & Termination income for like-to-like comparison.

01

Company
Overview

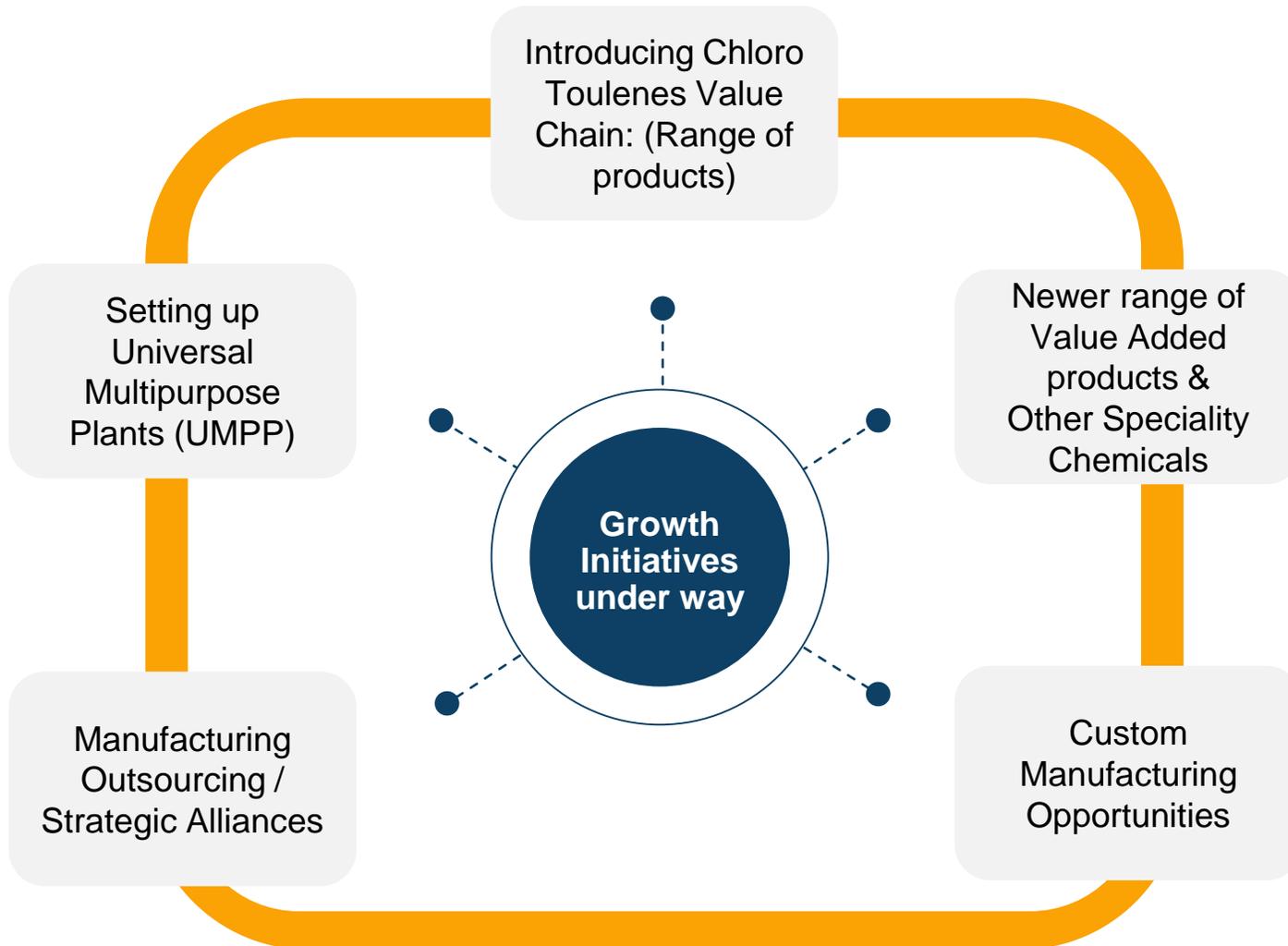
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Q4 FY23
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Growth
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Future Growth Projects: Driven by R&D & Innovation

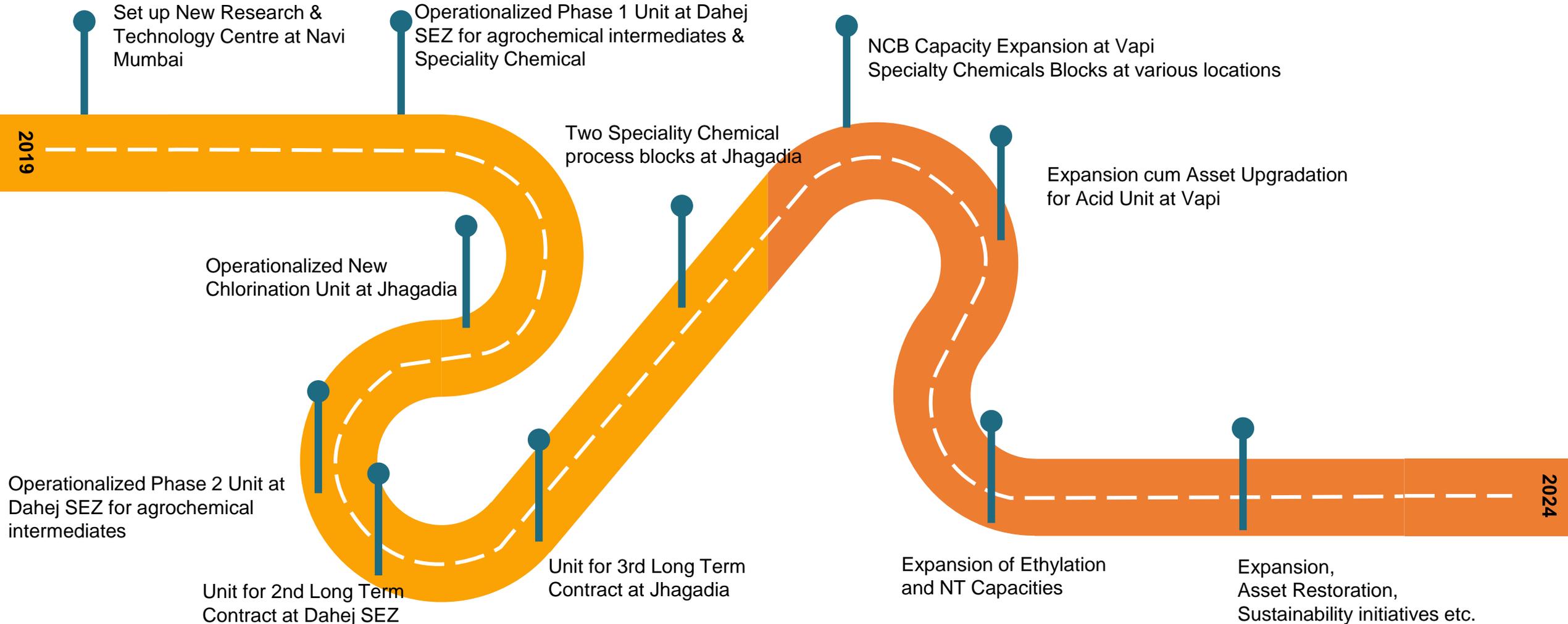


- Adding new chemistries and Value added products
 - 40+ products for Chemicals through and Integrated Value Chain.
 - Chloro Toulene Base capacity: ~ 42000 TPA
- EBITDA margin ~ 25% - 30%
- CAPEX of about:
 - Rs. 2,500-3,000 crore for Chemicals
- Site development work initiated on 100+ acre land at Jhagadia
- Environmental Clearances obtained / in process
- Project works already underway
- Will drive the growth from FY25 and beyond
- End use majorly in Agrochemicals & Pharma.

Major Projects: FY19 – H1 FY25

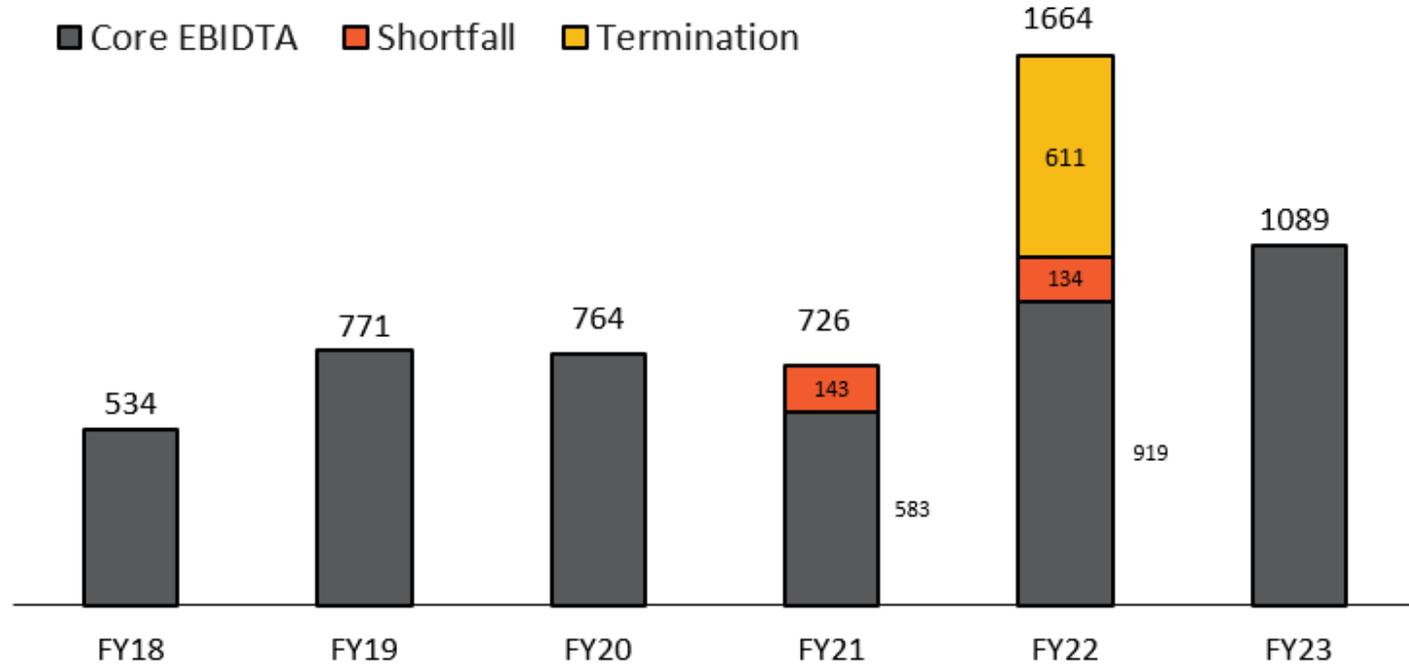
Operationalised by FY23

To be Completed by Sept 24



CHEMICAL EBITDA

- Pandemic Impact (COVID 19), majorly in FY21
- Nitric Acid Shortage across various periods.
- Cancellation of Long term contract resulting into one time cash inflow but loss of annual EBITDA.
 - Facility operating at lower utilisation levels.



Future Growth Opportunities & Outlook

Growth Strategy

Partnership with Global Companies



- Collaborate with world's leading chemical companies
- Build on existing partnerships and build new ones
- Contract Manufacturing/ CDMO Opportunities

New Product Development



- Explore new value Chains
- Add new chemistry: e.g., Photochlorination, oxidation etc.
- Expansion of existing Value chain

Bio and Sunrise sector



- Sustainable/ green products with focus on biochemistry
- Battery chemicals, Electronics chemicals, new age materials, high end polymers etc.

Outlook

FY24

- Macro Concerns on demand continuing from FY23 and is expected to progressively improve in FY24.

FY25

- Ramp-up of capacities and higher operating leverages shall lead to EBITDA of about Rs.1700 crs (~25% CAGR over FY23).
- Zone 4 to start gradually going onstream.

FY26
and
beyond

- EBITDA to grow by ~ 20-25% CAGR driven by
 - Zone 4 ramping up.
 - New Strategic opportunities
 - Higher utilisation for existing capacities at Zone 1,2,3

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:

Chetan Gandhi / Raj Sarraf

Aarti Industries Limited

Email: info@aarti-industries.com

Nishid Solanki / Shruti Joshi

CDR India

Email: nishid@cdr-india.com / shruti@cdr-india.com





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Future Ready.

Thank You

