

November 15, 2022

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 Q2 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

**Q2 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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**Q2 FY23
Financial
Results**

03

**Growth
Opportunity
& Strategy**

About Aarti Industries (AIL)

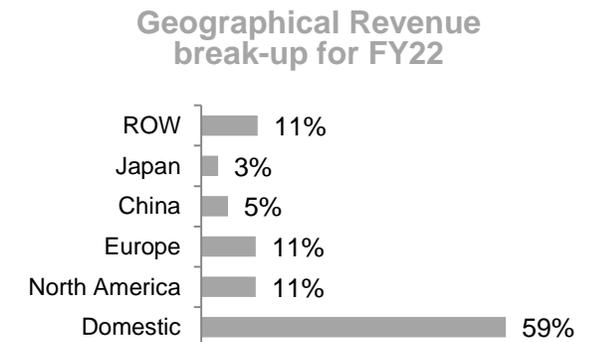
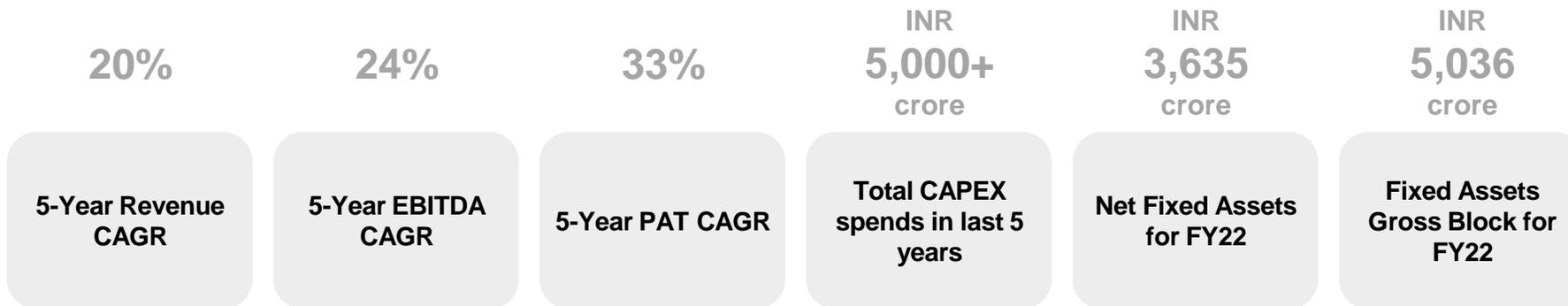


Overview

- 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



Financial Trends



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

40+

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**

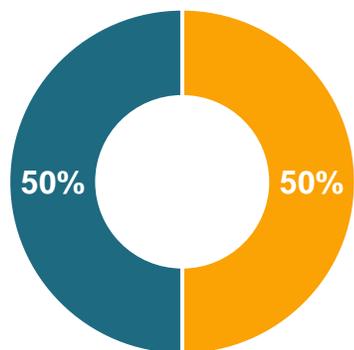


- **Expertise in wide-ranging chemistries** at both plant and lab scale
 - Includes **Ammonolysis, Chlorination, Diazotization, Halex (Fluorination), Hydrogenation and Nitration** among others
- **Built a state-of-the-art analytical laboratory** spread over 6,500 sq. ft. with experienced and qualified 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**

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

Key Strengths



Global Player in Benzene based Derivatives with Integrated Operations

Top 3 In Chlorination and Nitration globally

Top 2 In Hydrogenation globally

Well Diversified Across Multiple Dimensions

150+ Multi-product

60+ Multi-geographic

400+ Global Customer

700+ Domestic Customer

Well placed to benefit from Industry Tailwinds

Alternate to China
Fully Backward Integrated
Low-cost, sustainable manufacturing opportunities in sunrise sectors

Strong Focus on R&D and Process Innovation

50+ Products in R&D pipeline

Thrust on Sustainability

44% Water recycled

0.13 LTIFR

18.75% Women at board level



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.



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Q2 & H1 FY23 – Financial Snapshot

Q2 FY23 vs
Q2 FY22

INR **1,847**
crore

29%

Revenues

INR **267**
crore

5%

EBITDA

INR **150** crore

Profit Before Tax

INR **124** crore

Profit After Tax

H1 FY23 vs
H1 FY22

INR **3,603**
crore

23%

Revenues

INR **548** crore

EBITDA

INR **316** crore

Profit Before Tax

INR **260** crore

Profit After Tax

Key Milestones/ Updates in H1 FY23

INR 577+ cr.

CAPEX entailed

40+

Products in R&D pipeline
for Chemicals

INR 3,603 cr.

Gross income from
operations

50 : 50

Domestic & Exports
revenue-mix

0.67x

Debt : Equity

- The proposed demerger for Pharma business undertaking was approved by NCLT and thus the historic financials from the Appointed date i.e., 1st July 2021 were recasted to consider the effect of the scheme.
- Increase in Export revenues and Product optimization had helped in maintaining EBIDTA
- Witnessing lower demand for few products with end usage into Dyes, Pigments, etc., the company undertook its maintenance shutdown for its Jhagadia unit in Q2 FY23.
- Normalising of the impact of Shortfall fees in Q2FY22 of Rs 52 Crs, the EBIDTA growth in Q2FY23 is over 30%
- Interest cost includes M2M impact of the Rupee depreciation of Rs 20 crs in respect of unhedged ECBs.

Performance Overview – Q2 FY23

Revenues of Rs. 1,847 crore; increase of 29% over previous year

EBITDA of Rs. 267 crore; increase of 5% over previous year.

PAT of Rs. 124 crore

- Revenue growth was achieved on account of stable demand trajectory for the products under the essential end usages, and product optimization had led to the growth in EBIDTA
 - The performance would have been much superior but for the tapered demand in some products linked to end-user industry of Dyes and Pigments; expect this demand to recover from Q4 of the current fiscal year
 - RM and utility costs remained elevated during the period; however, based on strong pricing mechanisms with pass-through clauses in place, the Company was able to pass on the inflationary cost pressures to customers thereby protecting absolute profitability. The same are expected to decline in Q3.
- EBITDA witnessed some improvement in the period under review. Absolute levels were maintained despite these demand pressures.
 - The performance also includes an element of planned maintenance shutdown at its Jhagadia unit.
 - Absolute delta/gross margin (expressed in per kg terms) remains generally unchanged given the pass-through pricing model.
 - Normalising for the Shortfall income in Q2FY22, EBITDA for Q2FY23 reports a growth of over 30%’ y-o-y
- Profit after tax moderated due to higher finance costs owing to mark-to-market impact, and increase in depreciation in-line with new capacities added in the past
- Expansion plans related to the 3rd Long Term Contract, the NCB capacity expansion, as well several other projects are underway, and will commence production in a phased manner; full benefit to accrue from next financial year



Commenting on the performance for Q2 FY23, Mr. Rajendra Gogri – Chairman & MD at Aarti Industries Limited said:

“Q2 of the current fiscal year has been an eventful period for us. Not only have we delivered a stable financial performance, but also received NCLT approval to demerge our Pharma business into a separate entity – Aarti Pharmalabs Limited, thereby significantly enhancing value for our stakeholders while also achieving operational efficiencies. This will help the companies take appropriate strategic decisions in view of the growth opportunities available under the respective businesses.”

The external environment continues to be challenging aggravated by high costs both on raw materials and utilities side, moderate slowdown in some end-user industries related to textiles combined with severe forex fluctuations and other global uncertainties. Within this backdrop, our performance has been resilient. Stability in performance over the years is an outcome of robust proficiency achieved in handling multiple chemistries with manufacturing excellence. Our execution capabilities and delivery commitments are best-in-class, and our customers trust us for that. We remain the go-to players for them when it comes to chemistries linked to Benzene and Toluene product chains among others. Our CAPEX initiatives are well on track, and this will steer the performance momentum in the forthcoming period. Work is underway to create newer chemical value-chains and also introduce high-potential products to expand the addressable market opportunity while catering to increased demand from key customers. We expect full benefit of our expansion program to unfold in FY24 and FY25 as we anticipate demand recovery from Q4 of the current fiscal year. Further, with the volume ramp-up for the new capacities coming in significantly in FY24 and FY25, while fixed costs will generally not increase significantly, the Gross profit to EBITDA conversion will improve in FY24 and beyond.

We will continue to remain agile, while capitalizing on opportunities created through swift movement in the Indian chemical industry landscape. Our R&D led product profile combined with incremental gains from existing value-chains will set the tone and improve our value proposition going ahead.”

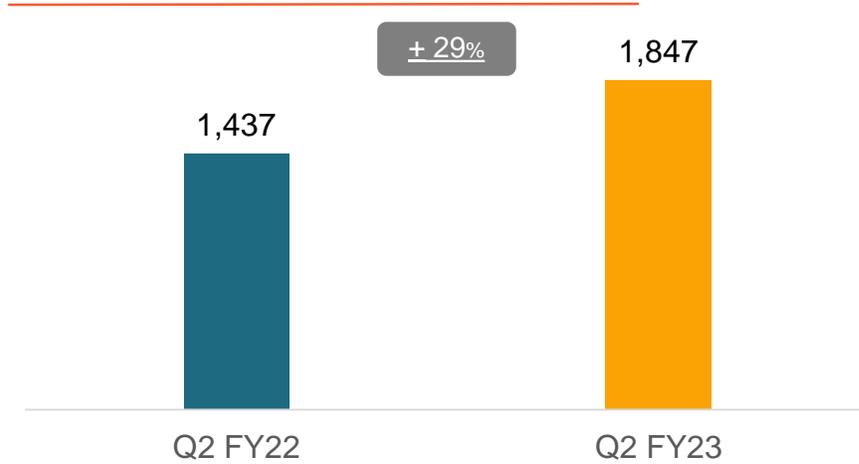
Q2 FY23 – Consolidated P&L

Particulars (Rs. Crore)	Q2 FY23	Q2 FY22	Y-o-Y (%)	Q1 FY23	Q-o-Q (%)	H1 FY23	H1 FY22	Y-o-Y (%)
Gross Income from Operations	1,847	1,437	28.6%	1,755	5.2%	3,603	2,940	22.6%
Exports	927	574	61.5%	778	19.2%	1,705	1,352	26.1%
<i>% of Total Income</i>	50.3%	39.9%		44.2%		47.3%	46.0%	
EBITDA	267	255	4.7%	282	-5.3%	548	569	-3.7%
<i>EBITDA Margin (%)</i>	14.5%	17.7%		16.0%		15.2%	19.4%	
EBIT	194	197	-1.5%	210	-7.6%	404	443	-8.8%
<i>EBIT Margin (%)</i>	10.5%	13.7%		11.9%		11.2%	15.1%	
PAT	124	150	-17.3%	136	-8.8%	260	315	-17.5%
<i>PAT Margin (%)</i>	6.7%	10.4%		7.7%		7.2%	10.7%	
Diluted EPS (Rs.)	3.43	4.14	-17.1%	3.74	-8.3%	7.17	8.69	-17.5%

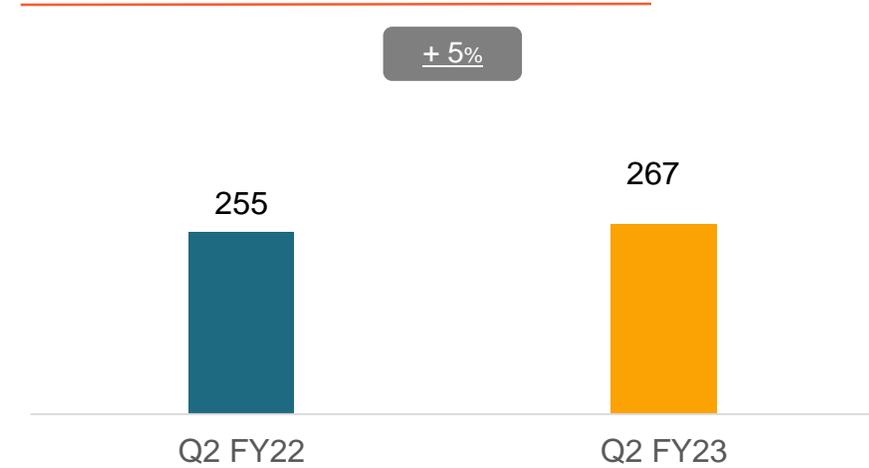
Note: Financials for Q2FY22, Q1FY23 and H1FY22 were recasted to consider the effect of Scheme of Arrangement for the demerger of Pharma Segment from the Appointed date of 1st July 2021.

Q2 FY23 Highlights (Consolidated)

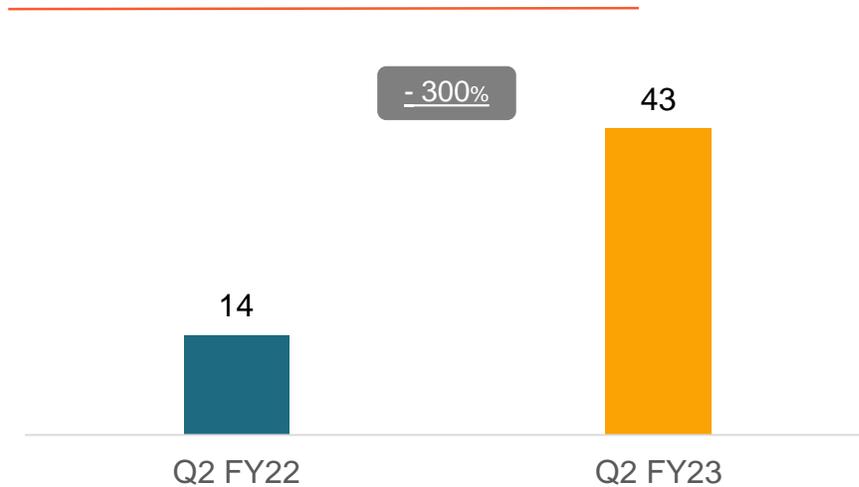
Revenues



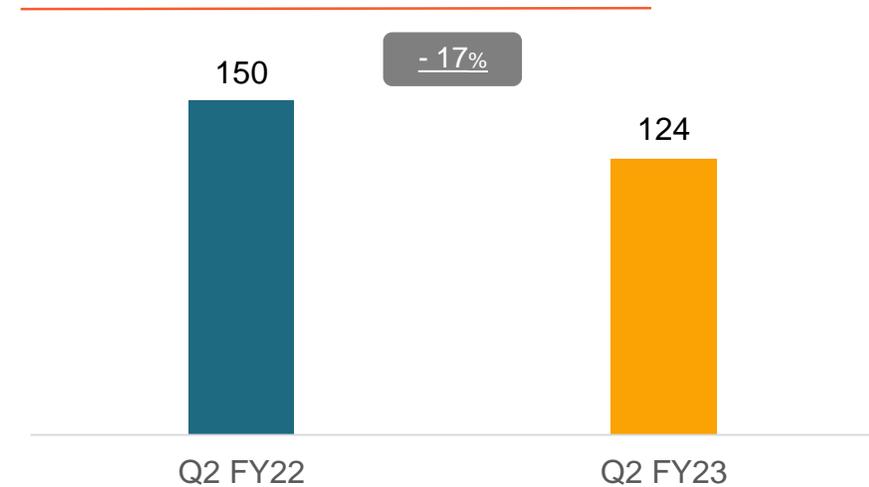
EBITDA



Interest



Profit After Tax



01

Company
Overview

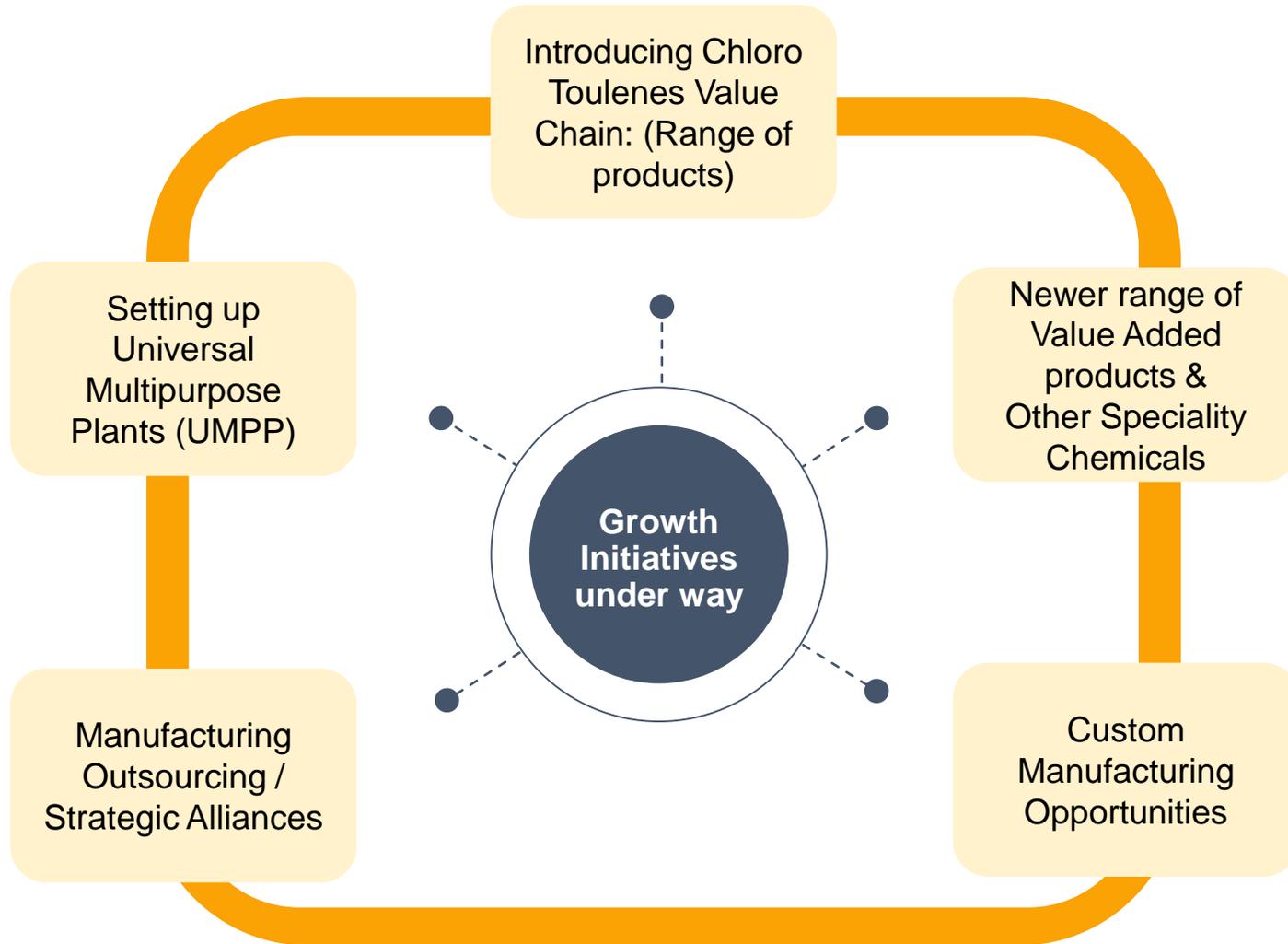
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Q2 FY23
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Growth
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Future Growth Projects: FY23-24 (Driven by R&D & Innovation)



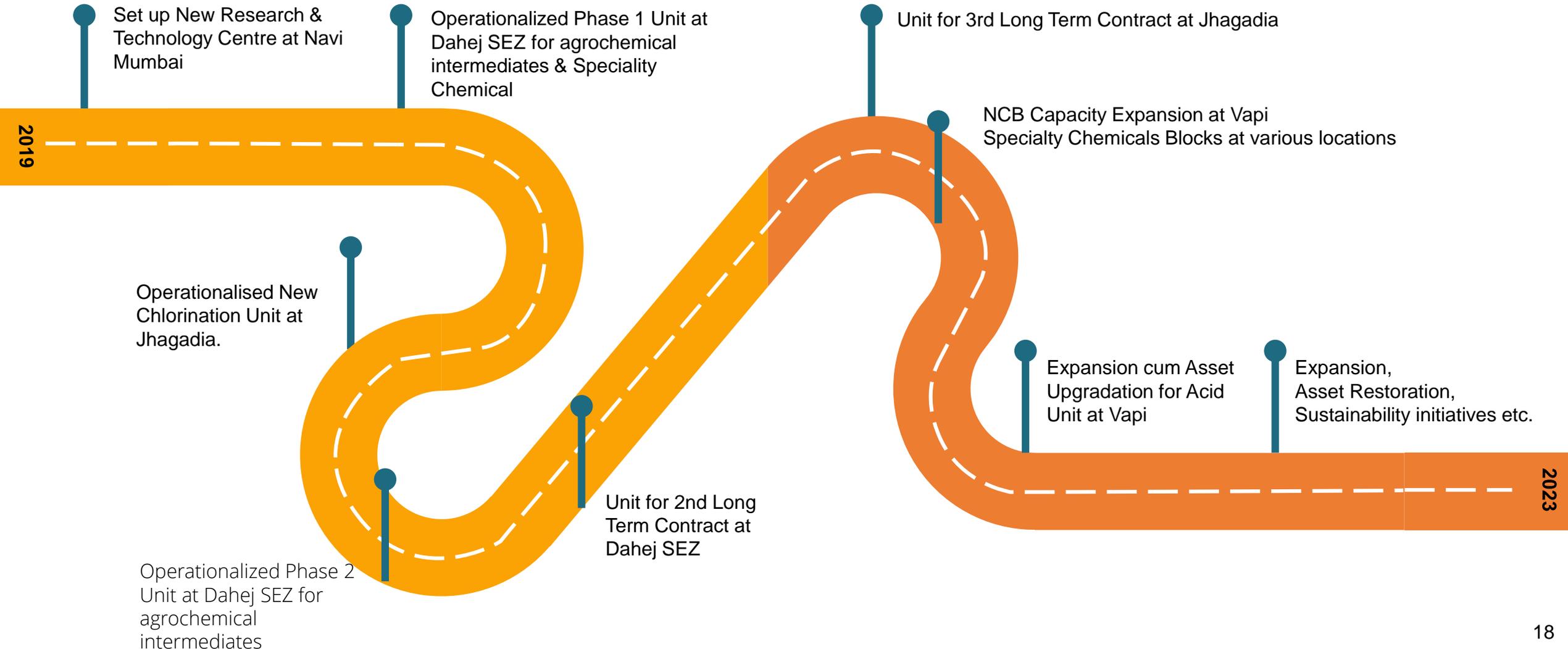
Key Highlights & Performance

- Adding new chemistries and Value added products
 - 40+ products for Chemicals
- EBIDTA margin ~ 25% - 30%
- CAPEX of about:
 - Rs. 2,500-3,000 crore for Chemicals
- Site development work to commence on 100+ acre land at Jhagadia.
- Environmental Clearances obtained / in process
- Construction from FY23 – FY24
- Will drive the growth from FY25 and beyond

Major Projects: FY19 - FY23

Operationalised by H1 FY23

To be Completed by H2 FY23 & FY24



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 200+ 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 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 & 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

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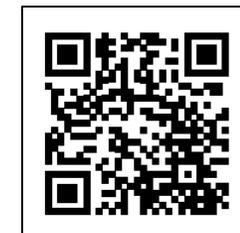
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Growth Focused.
Future Ready.

Thank You

