



**AARTI  
INDUSTRIES  
LIMITED**

**Ref. No: AIL/B-39/2019/612**

**November 14, 2019**

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 Q2 FY20 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

## Q2 FY20 Results Presentation

November 2019

# 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.

All information contained in this presentation has been prepared solely by AARTI INDUSTRIES LIMITED. AARTI INDUSTRIES LIMITED does not accept any liability whatsoever for any loss, howsoever, arising from any use or reliance on this presentation or its contents or otherwise arising in connection therewith.

# Agenda

1 | At a glance

---

2 | Quarterly performance

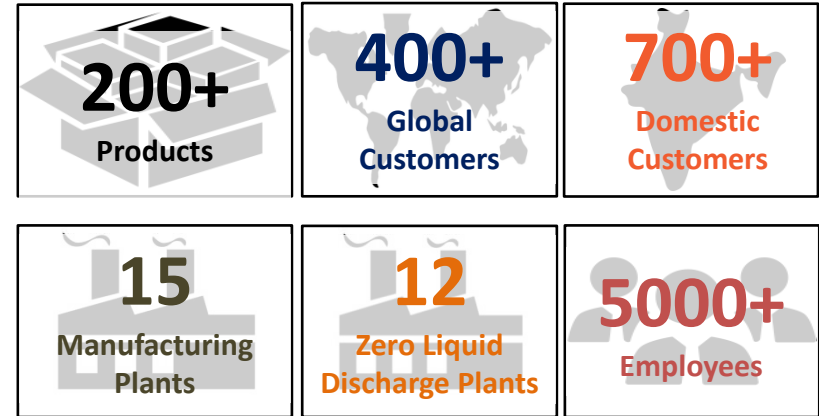
---

# Company Overview

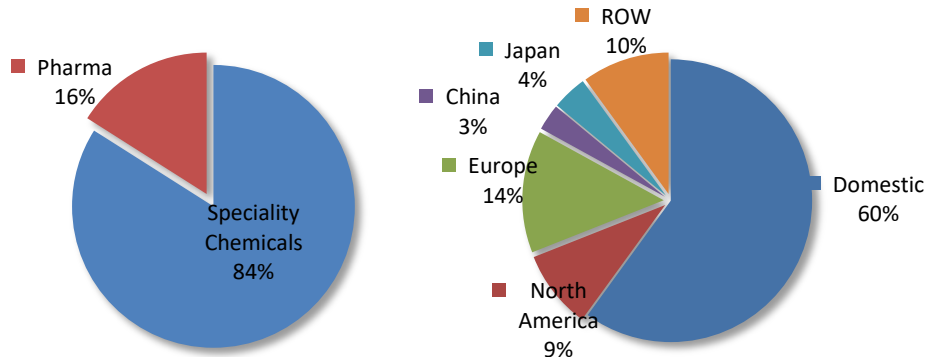
## Overview

- 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 – 3 R&D facilities; dedicated pool of over 170 engineers & scientists; IPRs for developing customized products.
- 11 plants located in western India with proximity to ports
  - 11 for Speciality chemicals; 4 for Pharma (2 USFDA and 2 WHO/GMP)
  - 2 upcoming project sites at Dahej SEZ and 4<sup>th</sup> R&D center at Navi Mumbai

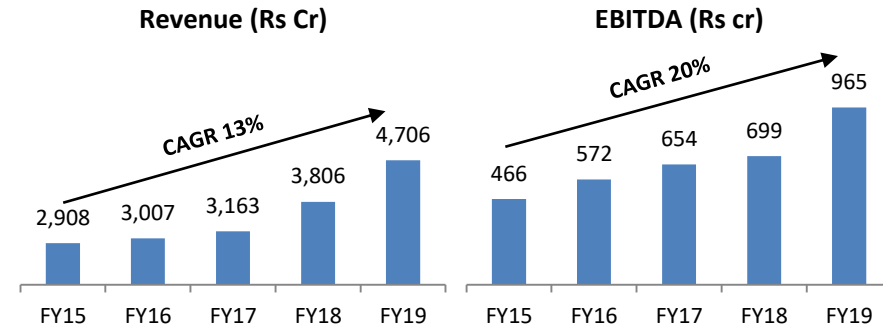
## Key Metrics



## Revenue split - Segmental and Geographical – FY19



## 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*
- *Plan to set up a 4<sup>th</sup> R&D plant focused on Speciality chemicals*

- **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 performance

---

# Chairman's Message

## Commenting on the performance for Q2 FY20, Mr. Rajendra Gogri – Chairman & MD at Aarti Industries Ltd. said,



*“Our financial performance during Q2 is more representative of the planned transition that is happening in our core businesses. From the revenue standpoint, there are three key points that need to be highlighted: 1) we have carved out revenues from the erstwhile homes and personal care segment that will be listed as Aarti Surfactants; 2) there has been a sharp decline in the prices of some key raw materials, which largely get passed on to customers; and 3) continuing increase in the contribution from downstream products, which increased from 70% to 75% y-o-y. As a consequence of these factors, while reported revenues are optically lower, we see this as a positive performance from the perspective of our longer-term business objectives. Our gross profit and operating profit are the more appropriate parameters to evaluate our business and both these remained almost flat compared on a y-o-y basis. These numbers also need to be looked at against the backdrop of continuing macro challenges in the global agrochemicals and automobile sectors.*

*At present, we have engagements with more than 400 global customers with a growing number of long-term, partner-of-choice relationships. Our diversified portfolio of over 200 products manufactured to stringent client specifications are sold in over 60 countries and to 700 customers in India. We maintain low concentration on geography, client and product parameters, thereby significantly de-risking the business.*

*India is emerging as a more significant player in the global chemicals supply chains, with its scalable, low-cost manufacturing ecosystem, improving infrastructure and established ESG compliance frameworks. The country is well-positioned to expand its marketshare globally and there are also opportunities to replace imports with domestic production. Investments into operational excellence and new product development can create differentiation and strong long-term business visibility. We are making several initiatives and investments to participate in this growing potential.”*



# Q2 FY20 P&L (Standalone)

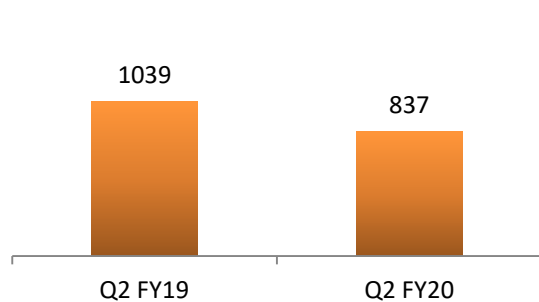
Particulars (Rs. Crore)			Y-o-Y				Y-o-Y	
	Q2 FY20	Q2 FY19	Growth (%)	Q1 FY20	H1 FY20	H1 FY19	Growth (%)	
Gross Income from Operations	1,019.0	1,299.5	-21.58%	1,086.1	2,105.1	2,378.0	-11.47%	
Exports	448.1	472.3	-5.1%	454.9	903.0	867.0	4.2%	
% of Total Income	43.9%	36.2%		41.9%	42.9%	36.4%		
EBITDA	238.5	243.3	-1.97%	235.7	474.2	430	10.28%	
EBITDA Margin (%)	23.4%	18.7%	+470 bps	21.7%	22.5%	18.1%	+440 bps	
EBIT	196	203.2	-3.56%	196.8	392.8	353.4	11.15%	
EBIT Margin (%)	19.2%	15.6%	+360 bps	18.1%	18.7%	14.9%	+380 bps	
PAT	142.2	122.9	15.68%	137.4	279.5	212.2	31.73%	
PAT Margin (%)	14.0%	9.5%	+450 bps	12.6%	13.3%	8.9%	+440 bps	
EPS (Rs.)	16.32	15.12		15.77	32.09	26.1		

- Adjusted for the demerger of the HPC business, Q2 revenue lower by 17.8% YoY and H1 revenue lower by 8.9%
- Substantial margin improvement on account of expanding contribution of higher value products
- Better operating leverage from increasing capacity utilization

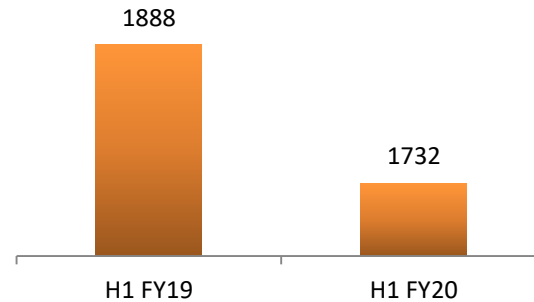
Figures for the quarter and half year ended 30<sup>th</sup> September 2018 are prior to considering the impact of the scheme of arrangement for demerger of Home and Personal Care undertaking of the Company into Aarti Surfactants Ltd and also the merger of manufacturing undertaking of Nascent Chemicals Industries Ltd into the company. To that extent the figures are not comparable. The said scheme of arrangement was approved by NCLT, Ahmedabad vide its order dated 10<sup>th</sup> June 2019 and thus it became effective from appointed date 1<sup>st</sup> April 2018.

# Q2 FY20 – Speciality Chemicals (Standalone)

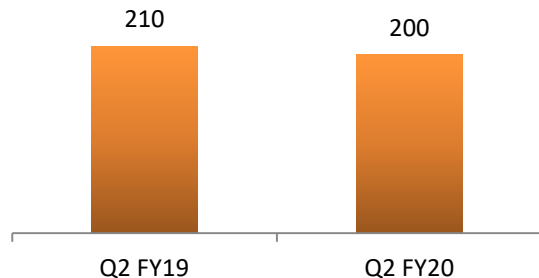
**Revenue**



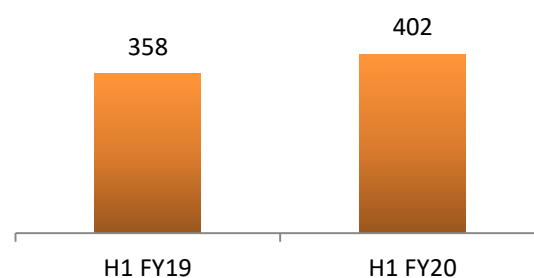
**Revenue**



**EBIT**



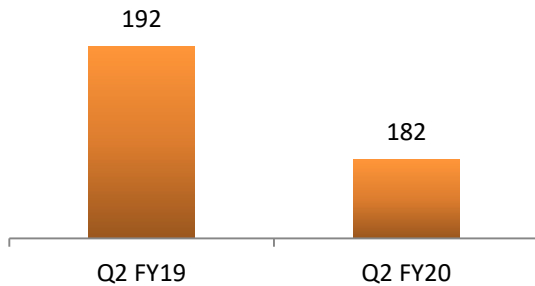
**EBIT**



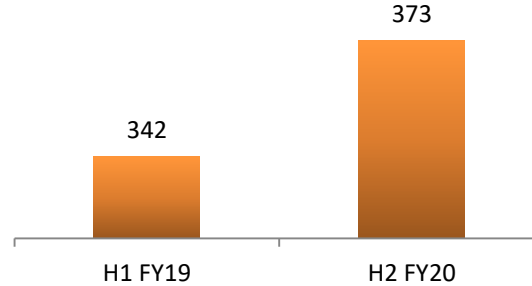
- Specialty Chemicals revenue lower due to decrease in raw material prices
- Lower RM price had impacted the revenue by 7%.
- Absolute EBIT maintained at almost stable levels despite weakness in some key demand segments
- Higher margins on account of increasing share of value added and high margin products
- Revenue share of products in Chlorination and Nitration chemistries reduced to 26% in H1 FY20 from 30% in FY19

# Q2 FY20 – Pharma (Standalone)

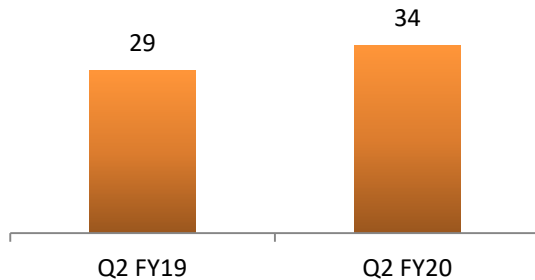
**Revenue**



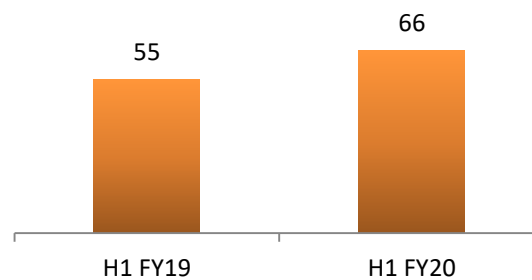
**Revenue**



**EBIT**



**EBIT**

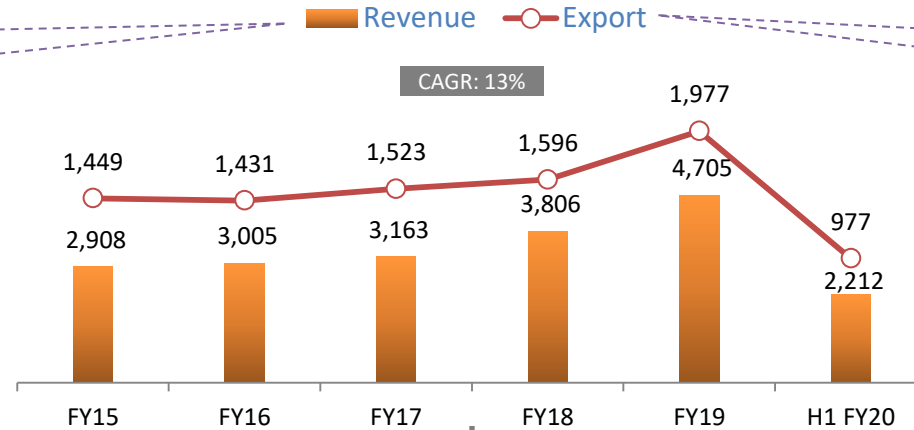


- Pharma business revenue lower by 5% YoY in Q2 and higher by 9% in H1.
- Highest ever EBIT reported for the Pharma Segment
- Diversified contribution from domestic, regulated and non-regulated markets
- Focusing on off-patented generics in regulated markets
- Expanding business volumes across markets and operating leverage – expected to sustain momentum

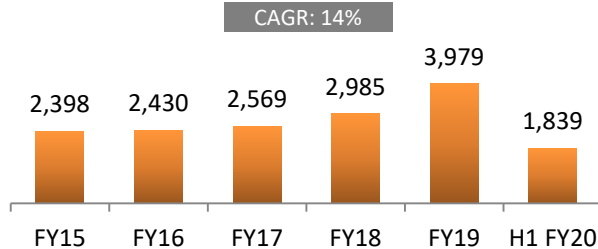
# Revenue Performance (Consolidated)

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

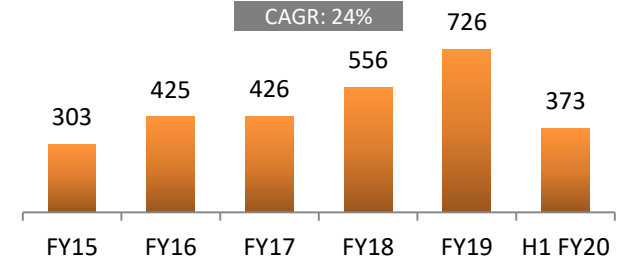
Deep engagement with global customers in Speciality chemicals and pharma. In addition, part of domestic revenues are indirect exports.



## Speciality Chemicals

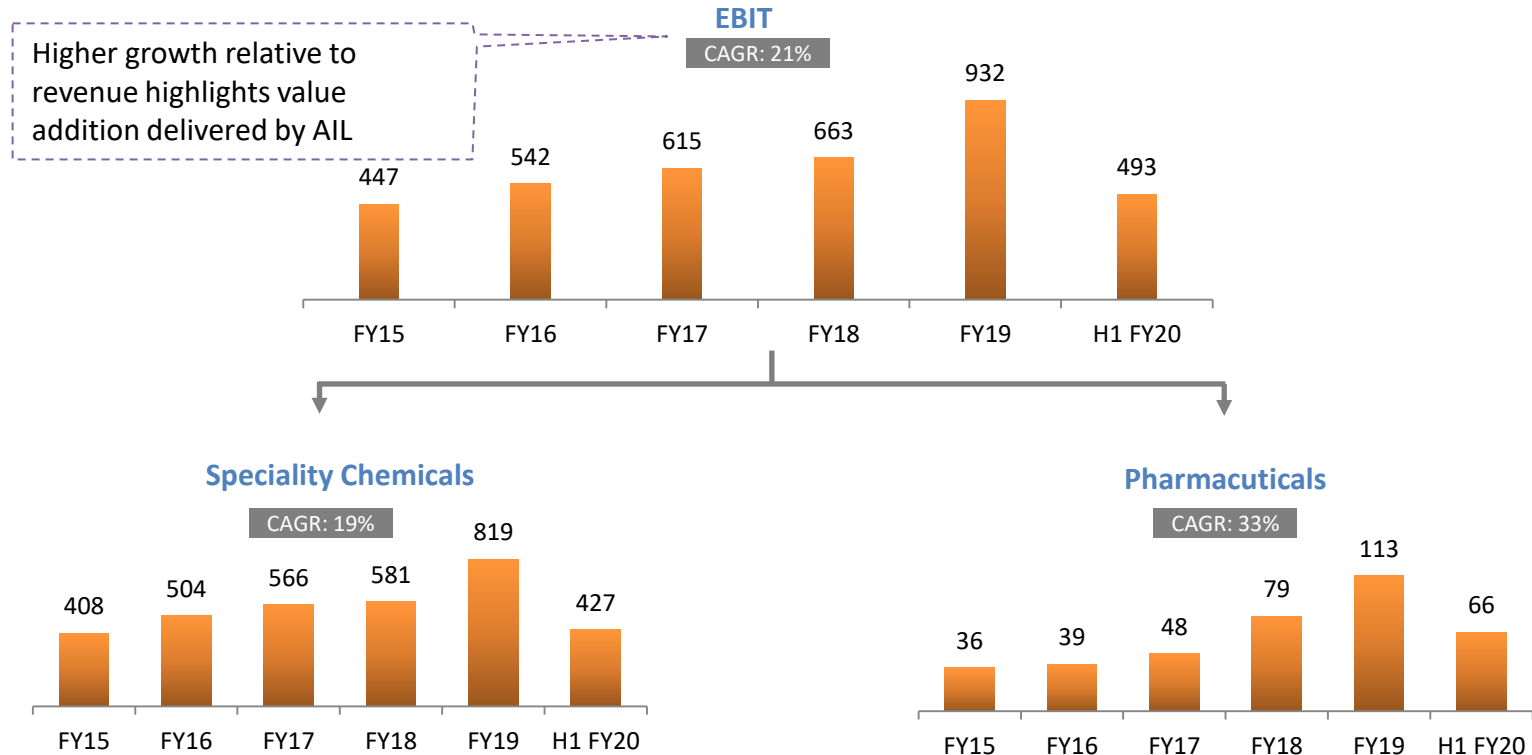


## Pharmaceuticals



Note: For FY15-19 annual numbers have been mentioned; FY20 figures pertain to only the first half and are not comparable

# EBIT Performance (Consolidated)



Note: For FY15-19 annual numbers have been mentioned; FY20 figures pertain to only the first half and are not comparable

# Balance-sheet as on

Particulars	Standalone		Consolidated	
	30.09.2019	31.03.2019	30.09.2019	31.03.2019
Property, Plant & Equipment	2,024	1,979	2,190	2,147
Capital Work-in-Progress	1,151	795	1,151	795
Investments	37	33	38	33
Inventories	753	701	805	772
Trade Receivables	914	806	879	776
Cash & Cash Equivalents	309	797	317	804
Other Current & Non Current Assets	447	517	482	531
<b>Total Assets</b>	<b>5,635</b>	<b>5,628</b>	<b>5,862</b>	<b>5,858</b>
Net Worth	2,765	2,561	2,932	2,715
Deferred Tax Liability (Net)	182	171	203	193
Long term Liabilities	288	203	288	203
Long Term Borrowings	638	808	646	815
Short term Borrowings	1,136	1,263	1,162	1,291
Creditors	229	265	231	279
Other current Liabilities and Provisions	397	357	400	362
<b>Total Liabilities</b>	<b>5,635</b>	<b>5,628</b>	<b>5,862</b>	<b>5,858</b>



# Cash Flow (Consolidated)

Particulars	30.09.2019	30.09.2018	31.03.2019
Net profit before Tax and Exceptional/ Extraordinary Items	361	284	622
Depreciations and Amortisation Expenses	89	82	163
(Increase)/ Decrease in Trade & Other Receivables	-41	-72	-154
(Increase)/ Decrease in Trade Payable & Current Liabilities	34	-18	129
(Increase)/ Decrease in Inventories	-33	-88	-74
Direct Taxes Paid	-86	-58	-131
<b>Net Cash Flow from Operating Activities</b>	<b>379</b>	<b>230</b>	<b>736</b>
Addition to Property, Plant & Equipment / Capital WIP	-485	-338	-791
(Increase)/ Decrease in Other Investment	-2	-2	-6
Proceeds /(Repayment) of Borrowings	-258	256	318
Increase in Equity through QIP (net of expenses)/(Expenses)	-1	0	741
Dividend Paid	-63	-11	-44
<b>Net Cash Flow from Investing &amp; Financing Activities</b>	<b>-867</b>	<b>-193</b>	<b>36</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>-488</b>	<b>37</b>	<b>772</b>
Cash and Cash Equivalents (Opening Balance)	804	32	32
Cash and Cash Equivalents (Closing Balance)	316	69	804

# Contact Us

For further information please log on to [www.aarti-industries.com](http://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](mailto:info@aarti-industries.com)

---

**Shiv Muttoo / Shruti Joshi**

**CDR India**

Tel: +91 98335 57572 / +91 75065 67349

Email: [shiv@cdr-india.com](mailto:shiv@cdr-india.com) / [shruti@cdr-india.com](mailto:shruti@cdr-india.com)

---

PRODUCTIVITY WITH SAFETY IS OUR MOTTO  
उत्पादकता के साथ सुरक्षा हमारा लक्ष्य है

Thank You