



**AARTI
INDUSTRIES
LIMITED**

Ref. No.: AIL/B-40/2020/159

November 11, 2020

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 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

Q2 FY21 Results Presentation

November 2020

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

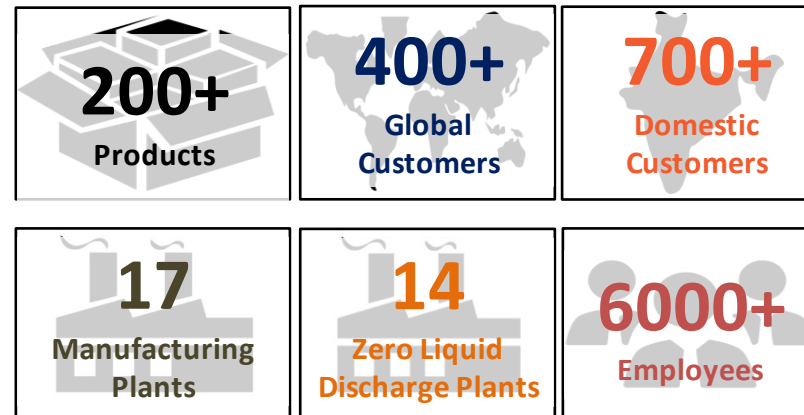
2 | Quarterly and Annual performance

Company Overview

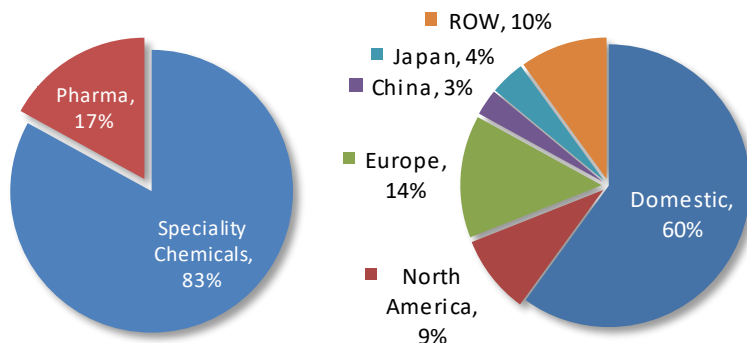
Overview

- 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)

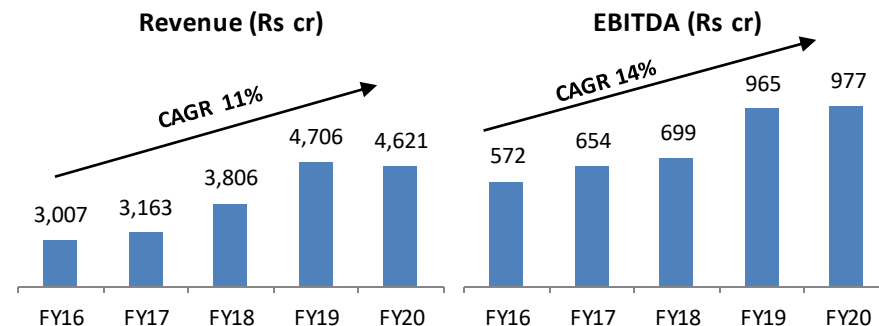
Key Metrics



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

Chairman's Message

Commenting on the performance for Q2 FY21, Mr. Rajendra Gogri – Chairman & MD at Aarti Industries Limited said,



“Our financial performance in Q2 has seen significant scale up compared to Q1. During the quarter, we were able to explore new markets for discretionary products resulting in increased volumes in the speciality chemicals segment. During the quarter, we also commercialized the part of the new chlorination unit at Jhagadia. Our other expansion projects are also progressing as per plan to be commissioned progressively in H2 FY21 and a few are to be commissioned in the next financial year. This will drive stronger growth over the next year and further periods. Our pharma business continues to grow and see operating leverage based on increasing volumes as demand remains intact. Further, we are witnessing a structural margin expansion for Indian manufactured APIs and Intermediates along with strong long-term demand which will drive growth for this segment in coming years.”

Overall, we are satisfied with the Q2 performance and look forward to operational improvements and higher performance during the course of the second half. We see demand in India in respect of the discretionary end-use sectors reaching pre-COVID levels in Q3FY21, while for the global market demand is expected to progressively improve in the next 2-3 quarters. We now expect full year profits to be flattish and expect significant growth momentum from FY22 onwards.

Our focus on expanding value-added products, chemistries and value chains in the portfolio has allowed us to emerge as a leading global partner to a growing list of innovator companies. Also, with a view to enhancing longer-term prospects of the business, we have been investing in organizational competencies including R&D initiatives, SHE excellence, talent acquisition and greater process orientation, benchmarking ourselves with best-in-class global practices. Added to these positives is India's rapid emergence as a leading supplier of chemical intermediates, well-supported by the government's Aatma Nirbhar initiatives that are likely to increase the country's share in the global market. Aarti Industries is well-positioned to benefit from these trends.”

Q2 FY21 P&L (Consolidated)

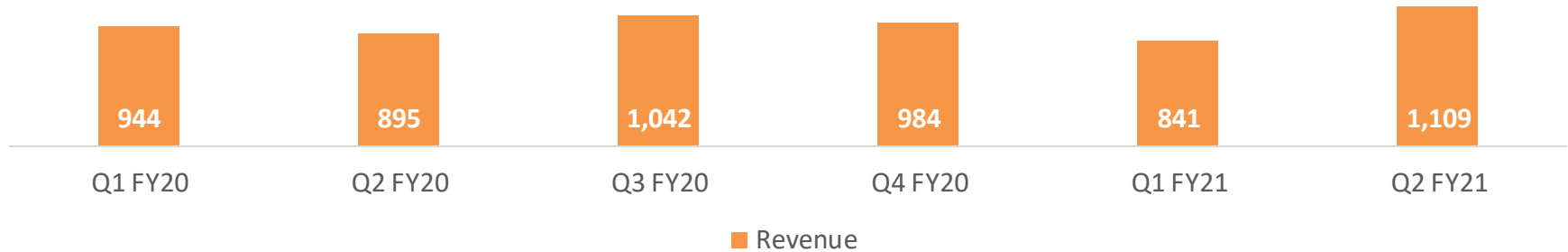
Particulars (Rs. Crore)	Q2 FY21	Q2 FY20	Y-o-Y (%)	Q1 FY21	H1 FY21	H1 FY20	Y-o-Y (%)
Gross Income from Operations	1,330	1,077	23.5%	1,035	2,366	2,212	6.9%
Exports	599	483	24.0%	487	1,086	975	11.4%
<i>% of Total Income</i>	<i>45.0%</i>	<i>44.8%</i>	-	<i>47.0%</i>	<i>45.9%</i>	<i>44.1%</i>	-
EBITDA	254	254	0.1%	182	436	504	-13.5%
<i>EBITDA Margin (%)</i>	<i>19.1%</i>	<i>23.6%</i>	<i>-450 bps</i>	<i>17.6%</i>	<i>18.4%</i>	<i>22.8%</i>	<i>-440 bps</i>
EBIT	199	208	-4.4%	130	329	415	-20.7%
<i>EBIT Margin (%)</i>	<i>15.0%</i>	<i>19.4%</i>	<i>-440 bps</i>	<i>12.6%</i>	<i>13.9%</i>	<i>18.8%</i>	<i>-490 bps</i>
PAT	140	148	0	82	222	286	-22.3%
<i>PAT Margin (%)</i>	<i>10.5%</i>	<i>13.7%</i>	<i>-320 bps</i>	<i>7.9%</i>	<i>9.4%</i>	<i>12.9%</i>	<i>-350 bps</i>
EPS (Rs.)	8.05	16.94	-	4.70	12.75	32.79	-

**EPS are prebonus EPS and hence not comparable*

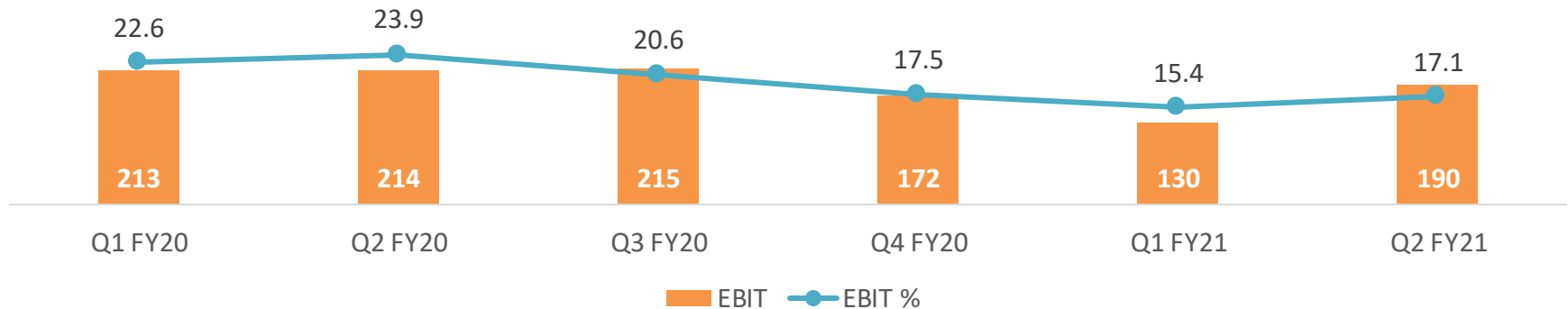
- Strong revenue growth driven by expanding volumes and greater traction from customers based on scale-up in value-added products
- Margins were lower for products forming part of the discretionary spend basket
- Record profit performance in pharma business
- Part commercialization of new chlorination unit in Jhagadia has increased the fixed cost base, operating leverage expected as volumes scale-up in coming quarters
- Employee cost and other opex reflective of investments in organizational competencies
- Higher depreciation provision post-expansion and lower other income earned during the quarter
- Capex in Q2FY21: Rs 302 crore
- Acquired land in Gujarat for future expansion.

Speciality Chemical Revenue & EBIT

Speciality Chemicals - Revenue

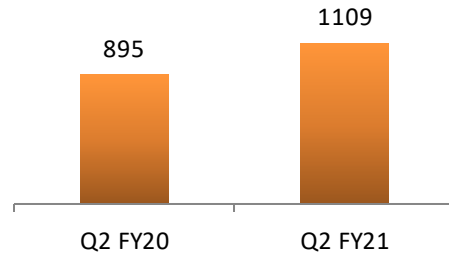


Speciality Chemicals EBIT & EBIT %

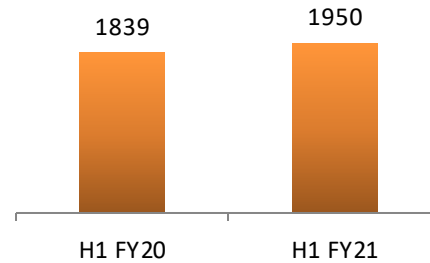


Q2 FY21 – Speciality Chemicals (Consolidated)

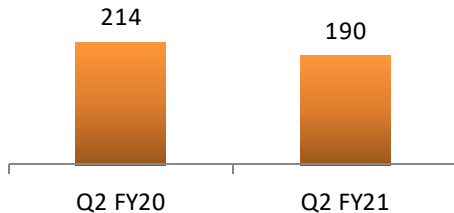
Revenue



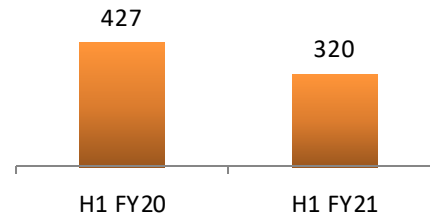
Revenue



EBIT



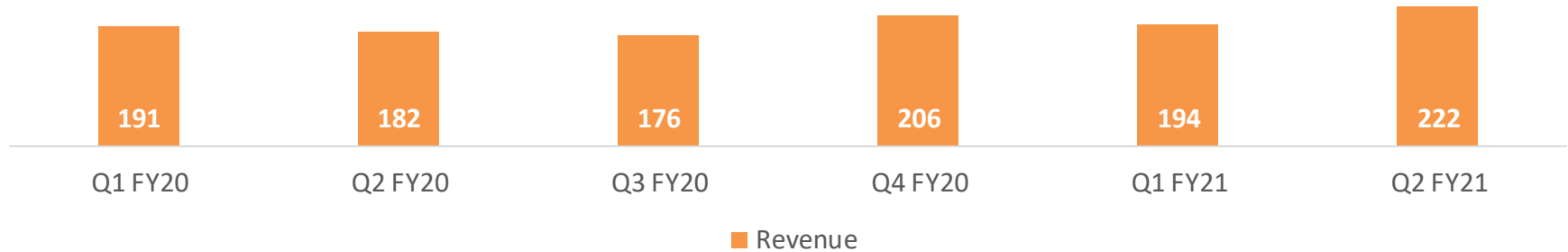
EBIT



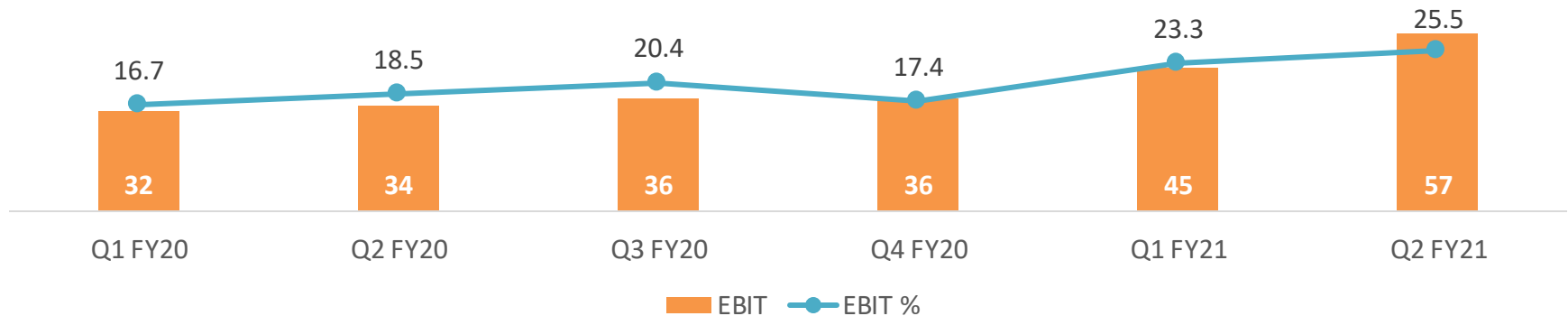
- Strong 24% topline growth on the back of higher volumes
- Plant operations hitting 90% levels
- One-time effort to push higher volumes for products in the discretionary spend basket at lower margins in non-regular markets – this has impacted the overall margin but helped gain market share, expand presence and liquidate inventory into cash.
- Includes income recognition of about USD 5 mn in respect of the first long-term contract
- Includes additional costs in relation to COVID mitigation to the extent of about Rs. 5 crore
- Higher manufacturing and people cost on account of commercialization of new units

Pharma Revenue & EBIT

Pharma - Revenue

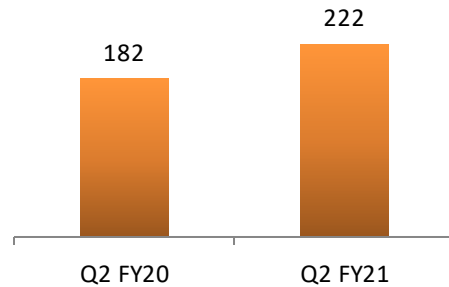


Pharma EBIT & EBIT %

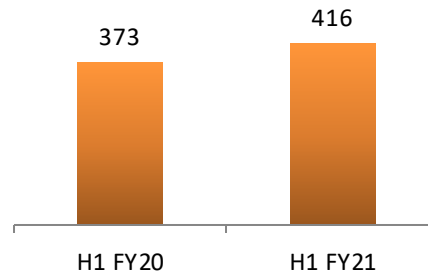


Q2 FY21 – Pharma (Consolidated)

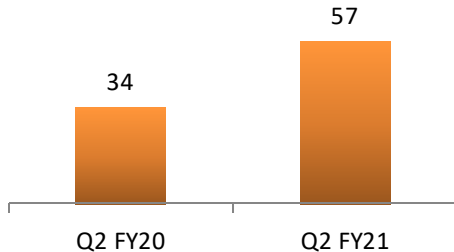
Revenue



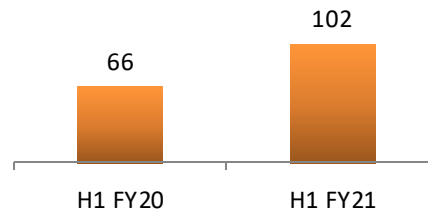
Revenue



EBIT



EBIT

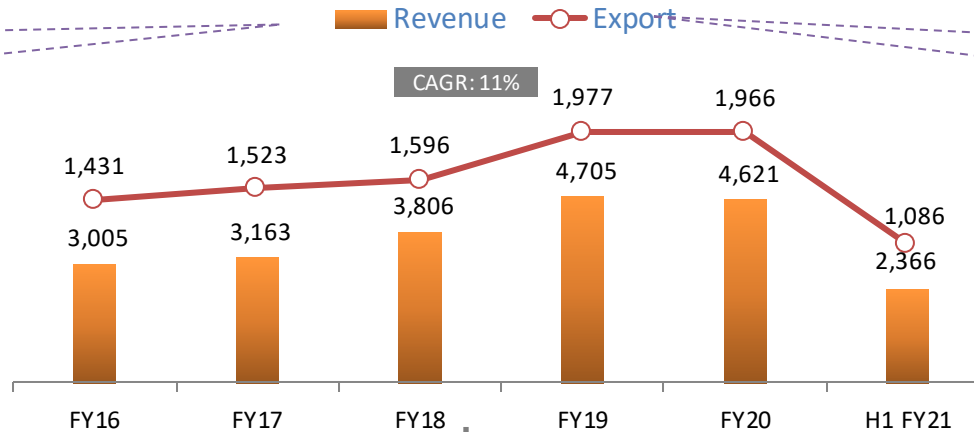


- Pharma business revenue grew by 22% YoY in Q2
- Growth driven by increasing contribution from regulated markets and value-added products
- Record profit in the segment, margins expanded to 25%
- Continued growth and operating leverage likely to be maintained in the near-term
- Major expansion of API and intermediate facilities expected to be progressively commercialized in the next 2-3 quarters

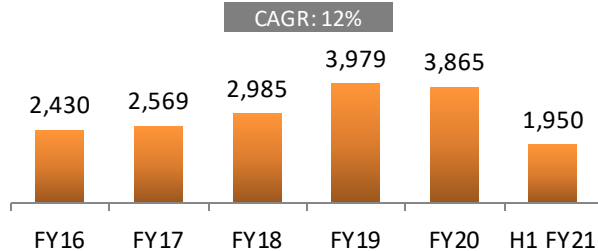
Revenue Performance (Consolidated)

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.

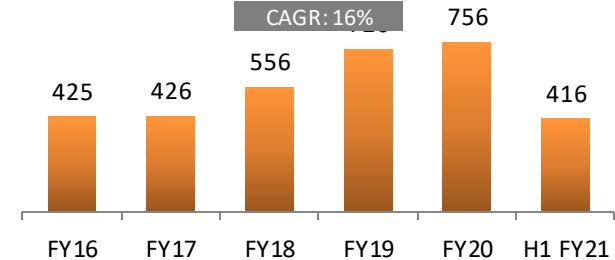
Deep engagement with global customers in Speciality Chemicals and Pharma. In addition, some part of domestic revenues are indirect exports.



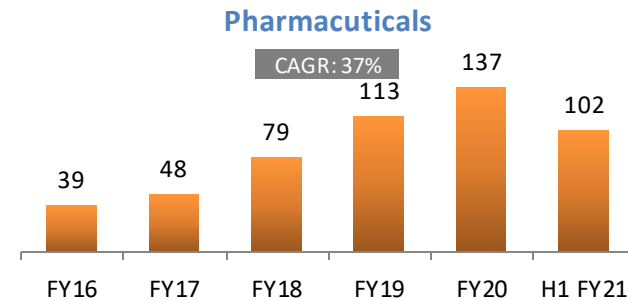
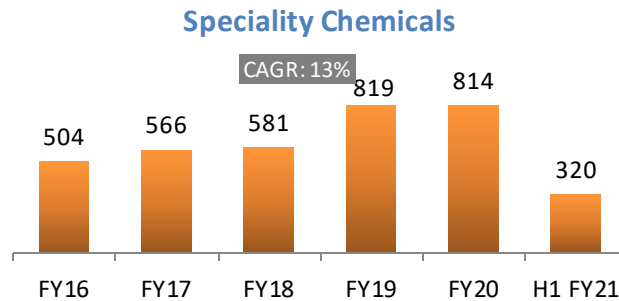
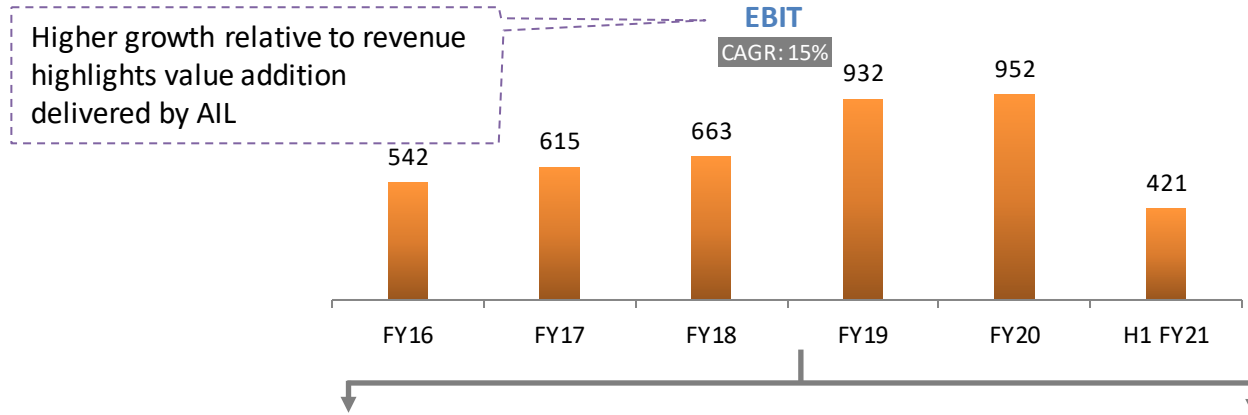
Speciality Chemicals



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