

**November 6, 2023**

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**

**Sub.: Results Presentation**  
**Ref: Regulation 30 of the SEBI**  
**(LODR) Regulations, 2015**

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Please find enclosed herewith the Q2 FY24 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**

Unlocking  
Opportunities

Building a  
Stronger  
Future



**Aarti Industries  
Limited**

Q2 FY24  
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  
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**Q2 FY24  
Financial  
Results**

03

**Growth  
Opportunity  
& Strategy**

# Our Ethos



## PURPOSE

Right Chemistry for  
a Brighter Tomorrow



## VISION

To emerge as a Global Partner of  
Choice for leading consumers of speciality  
chemicals and intermediates



## MISSION

Delighted Stakeholders



CARE



INTEGRITY



EXCELLENCE

## 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

Note: The data and numbers presented on this slide corresponds to the Chemical business only.

## Financial Trends

**15%**

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

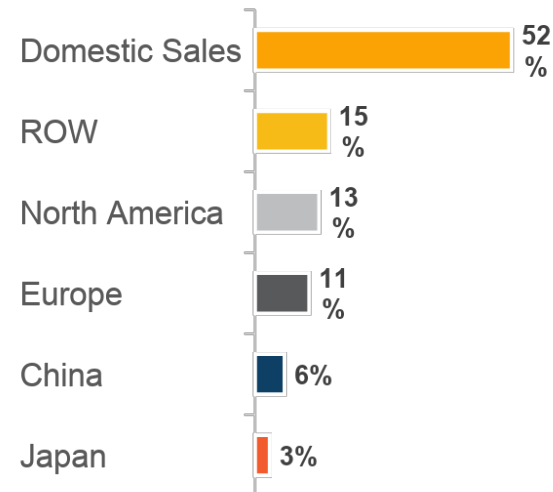
**15%**

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

**₹6,252 Cr.**

Fixed Assets Gross  
Block for FY23

### Geographical Revenue break-up (FY23)



# Key Strengths



**Global Player in Benzene based Derivatives with Integrated Operations**

**Top 3**

In Chlorination and Nitration globally

**Top 2**

In Hydrogenation globally



**Well placed to benefit from Industry Tailwinds**

**Alternate to China & Europe**

Fully Backward Integrated

Low-cost, sustainable manufacturing opportunities in sunrise sectors



**Strong Focus on R&D and Process Innovation**

**40+**

Products in R&D pipeline



**Well Diversified Across Multiple Dimensions**

**100+**

Multi-product

**60+**

Countries

**400+**

Global Customer

**700+**

Domestic Customer



**Thrust on Sustainability**

**45%**

Water recycled

**0.15**

LTIFR

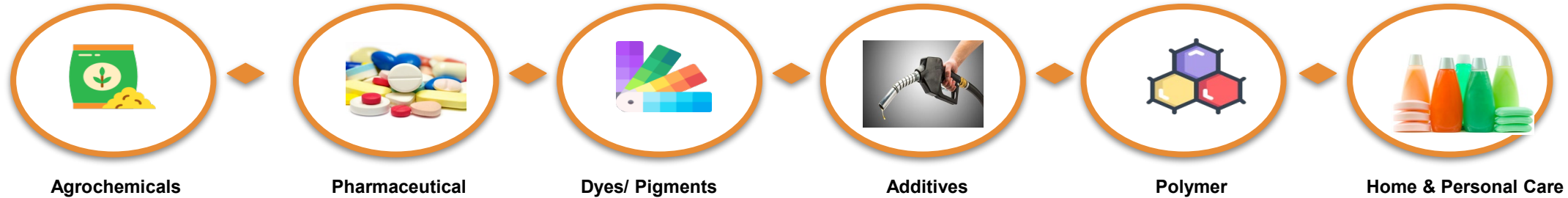
**18.75%**

Women at board level



# Well diversified customer base across varied end-use segments

## Key End-Use Industries Served



Other industries include personal care ingredients, nutra-functional ingredients, water, etc.

## Key Customers

**BASF**  
We create chemistry

**syngenta**

**DUPONT**

**BAYER**

سابك  
**sabik**

**TORAY**  
Innovation by Chemistry

**UPL**

**EASTMAN**

**ARCHROMA**  
LIFE CHEMICALS

**colourtex**  
The Dyestuff Company

**heubach**

**sojitz**

**arxada**

**TEIJIN**

**Nouryon**

**GHARDA**  
CHEMICALS LIMITED

**FMC**

**SunChemical**

**farmson**  
Pharmaceutical Gujarat Pvt. Ltd.

**Atul**

**CLARIANT**

**SUDARSHAN**

**Celanese**

**MFL**

**IndianOil**

**SINCLAIR**

**SUMITOMO CHEMICAL**



# Sustainability Is **At The Core Of What Aarti Does**

## 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



# Pioneering R&D Excellence



2

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

40+

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

19

PhDs and 220+ scientists

18,000  
Sq. Ft.

Covered by an ultra-modern synthesis laboratory

19

Patents filed



## Fully Digitised Paperless Laboratory with ISO 27001: 2013 Accreditation

- Developed various products and processes in-house throughout ALL's journey
- Expertise in diverse chemistries at plant and lab scale, including: Photochlorination, Nitration, AHF, Grignard, Diazotization and more
- Built a state-of-the-art 6,500 sq. ft. analytical laboratory with experienced and qualified scientists
- Has a dedicated team of scientists who develop strategic chemistries for multiple growth projects, such as:
- Photochemistry
- Vapour Phase Technology
- Flow Chemistry Technology





01

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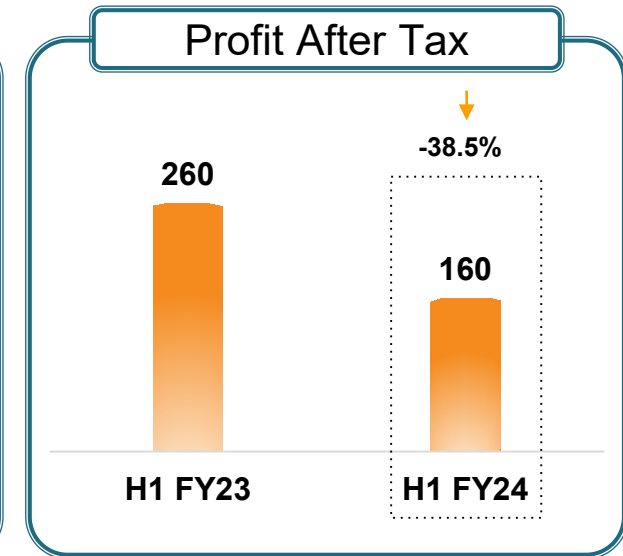
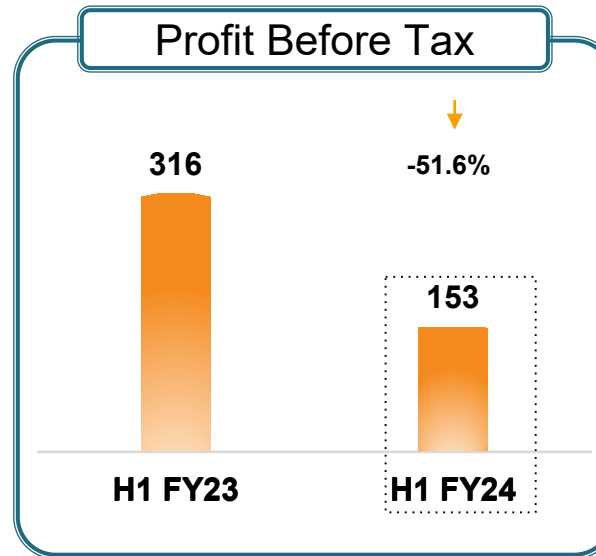
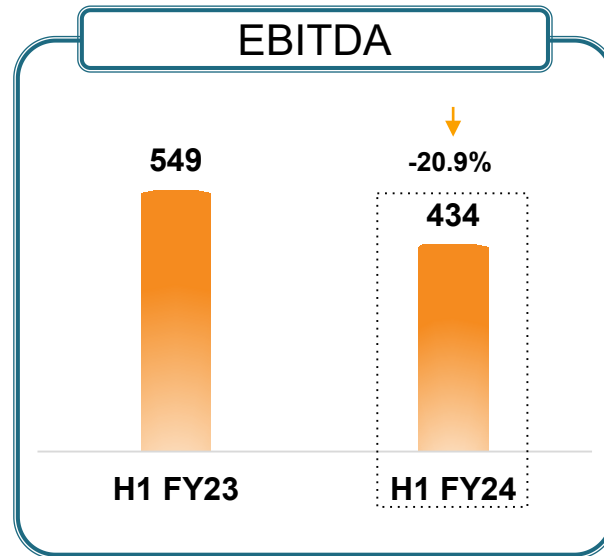
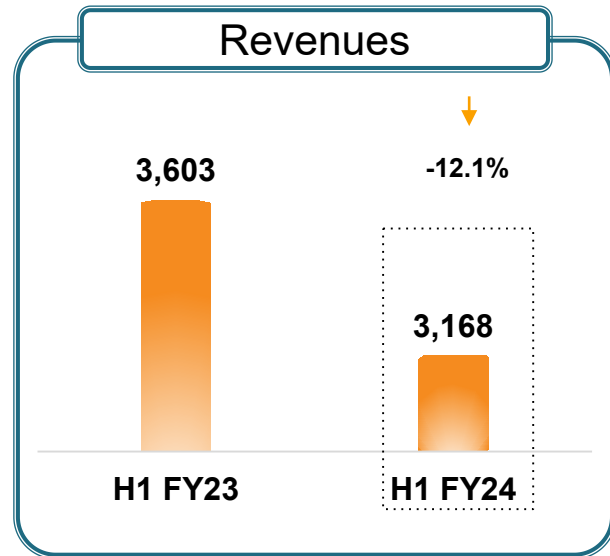
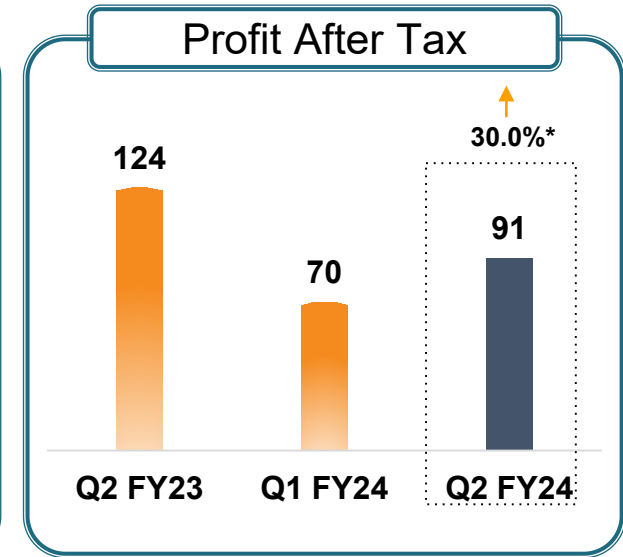
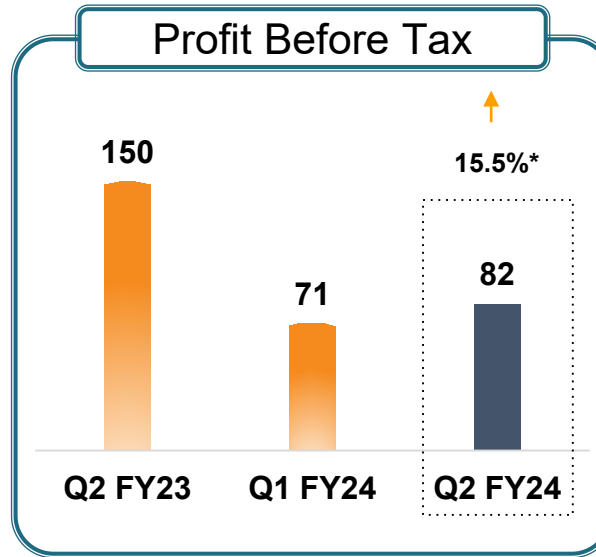
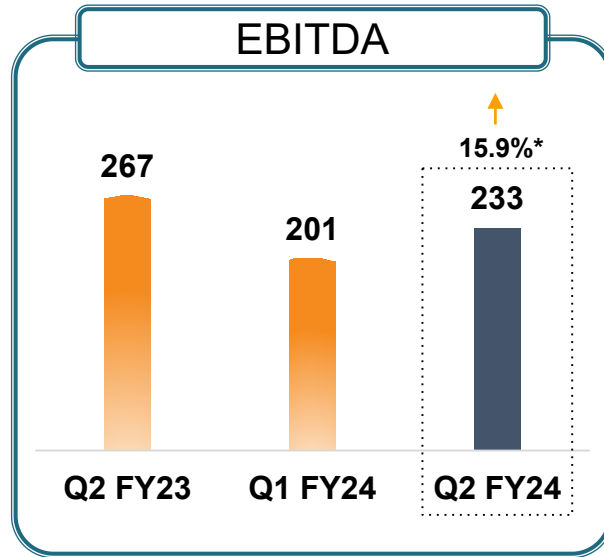
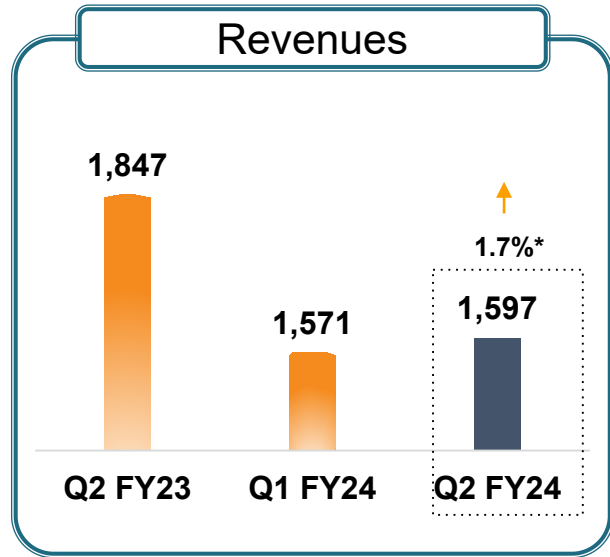
Q2 & H1 FY24  
Financial  
Results

03

Growth  
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& Strategy



# Q2 & H1 FY24 Highlights (Consolidated)



# Performance Overview – Q2 FY24



Revenue of Rs. 1,597 crore; an increase of 2% over Q1 FY24

EBITDA of Rs. 233 crore; an increase of 16% over Q1 FY24

PAT of Rs. 91 crore; an increase of 30% over Q1 FY24

- The performance improved on a sequential basis due to volume gains in several products. Headwinds related to inventory destocking, demand pressure from export markets and geopolitical uncertainties among others persisted during the quarter. Medium-to-long term trend continue to be appealing backed by steady demand recovery in key end-user industries.
  - Witnessing gradual demand recovery quarter-on-quarter, will take few more quarters for normalized demand across various end segments/product lines.
  - H2 is anticipated to be better than first half; foresee FY25 to be a normalizing year considering the current pace of recovery
- EBITDA performance was bolstered by:
  - Volume expansion with stable-to-better realization for some products; saw balanced contribution from both regular and non-regular markets.
- Interest cost was higher on account of mark-to-market / revaluation loss of about Rs. 12 crore with respect to unhedged long-term loans
- Benefits of Higher Tax depreciation and exemptions resulted into lower tax liability and also accrual of deferred tax assets of Rs. 9 crore

## Project updates:

- Commercialised the Phase 1 of Scale-up of Acid Unit Revamp
- CAPEX of about Rs. 575 crore in H1 FY24. FY24 Annual CAPEX estimated to be about Rs. 1,200-1,300 crore
- Other projects progressing well, as planned



**Commenting on the performance for Q2 FY24, Mr. Rajendra Gogri – Chairman & Managing Director at Aarti Industries Limited said:**

*“I am glad to share that we have reported a strong performance, during the challenging times, reflected by 16% gains in absolute EBITDA compared to the previous quarter. While the challenges with respect to global inventory destocking, high interest rates, recessionary trends across various end-markets, slowdown in export markets and geopolitical tension persists, we witnessed some recovery on Q-o-Q basis. This was possible due to our concerted efforts of enhancing our market position, optimizing our product mix and driving operational excellence. We are hopeful of maintaining the growth momentum in the upcoming quarters supported by better demand recovery across various end use industries. On the positive note, we continuously engage with our customers for increasing the market share, widen the market base, while anticipating the situation to normalise in next few quarters.*”

*Our ambitious growth initiatives are taking concrete shape as we prepare to greatly enhance our proficiency and capabilities in various high-end and intricate chemical processes. Considering the changing landscape and increasing reliance of global customers on India, we anticipate rapid growth for the industry in the foreseeable future as conditions stabilize. We will actively participate in this golden decade, leveraging our inherent strengths and maintaining our unwavering commitment to achieving manufacturing excellence and sustainability. While FY24 is a transitional period marked by several external challenges, we expect healthy accretion to earnings from FY25 in a phase-wise manner as newer projects begin to contribute.”*



# Q2 & H1 FY24 – Consolidated Profit & Loss

Particulars (Rs. Crore)	Q2 FY24	Q2 FY23	Y-o-Y (%)	Q1 FY24	Q-o-Q (%)	H1 FY24	H1 FY23	Y-o-Y (%)
Gross Income from Operations	1,597	1,847	<b>-13.5%</b>	1,571	<b>1.7%</b>	3,168	3,603	<b>-12.1%</b>
Exports	854	927	<b>-7.9%</b>	674	<b>26.7%</b>	1,528	1,705	<b>-10.4%</b>
% of Total Income	53.5%	50.2%		42.9%		48.2%	47.2%	
EBITDA	233	267	<b>-12.7%</b>	201	<b>15.9%</b>	434	549	<b>-20.9%</b>
EBITDA Margin (%)	14.6%	14.5%		12.8%		13.7%	15.2%	
EBIT	140	194	<b>-27.8%</b>	112	<b>25.0%</b>	252	404	<b>-37.6%</b>
EBIT Margin (%)	8.8%	10.5%		7.1%		8.0%	11.2%	
PAT	91	124	<b>-26.6%</b>	70	<b>30.0%</b>	160	260	<b>-38.5%</b>
PAT Margin (%)	5.7%	6.7%		4.5%		5.1%	7.2%	
EPS (Rs.)	2.50	3.43	<b>-27.1%</b>	1.93	<b>29.5%</b>	4.43	7.17	<b>-38.2%</b>

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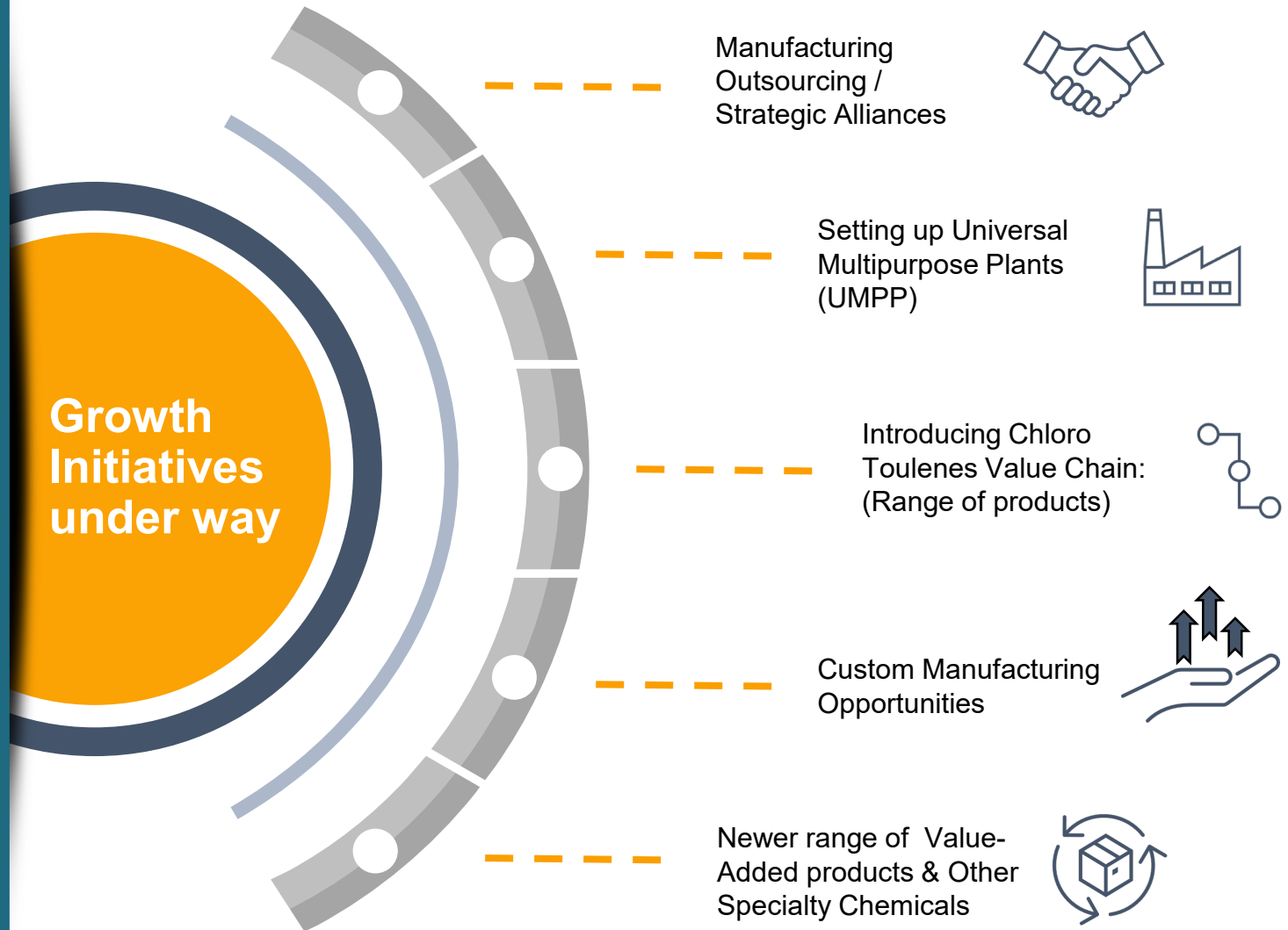
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# Future Growth Projects: Driven by R&D & Innovation

- 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.

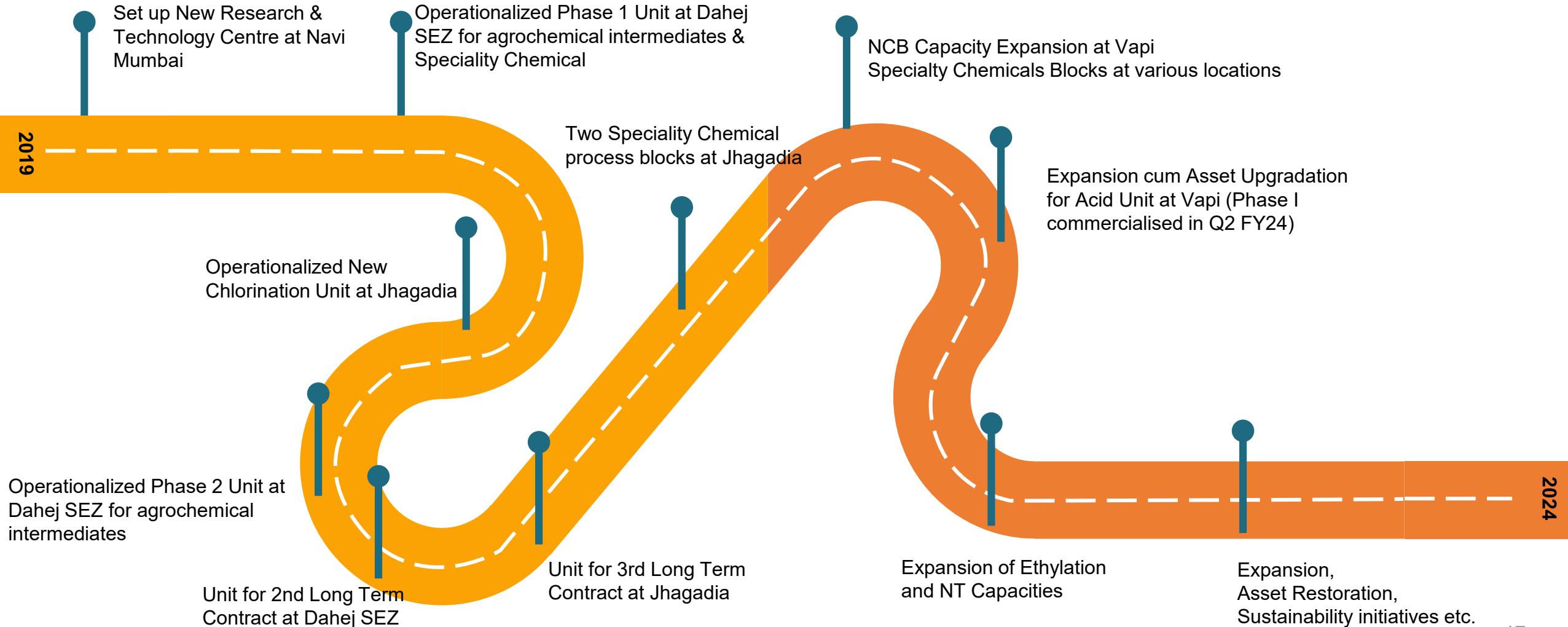




# Major Projects: FY19 – H1 FY25

## Operationalised by FY23

## To be Completed by Sept 24



## 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 H2FY24.

FY25

- Recovery of Volumes across the sector, Ramp-up of capacities and higher operating leverages shall lead to EBITDA growth
- Commissioning of expanded capacities of NT and Ethylation
- 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

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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](http://www.aarti-industries.com) or contact:

**Chetan Gandhi / Raj Sarraf**

**Aarti Industries Limited**

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**AARTI  
INDUSTRIES**



**Thank you**