

February 7, 2022

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**

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Please find enclosed herewith the Q3 FY22 Results Presentation of the Company for your records.

Kindly take the same on record.

Thanking You,

Yours faithfully,  
For **AARTI INDUSTRIES LIMITED**,

  
RAJ SARBAJ  
**COMPANY SECRETARY**  
ICSI M. NO. A15526



Encl. As above.



**AARTI INDUSTRIES LIMITED**

**Q3 FY22 Results Presentation**

**5<sup>th</sup> February 2022**



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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**01** Company Overview

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**02** Q3 FY21-22 Financial Results

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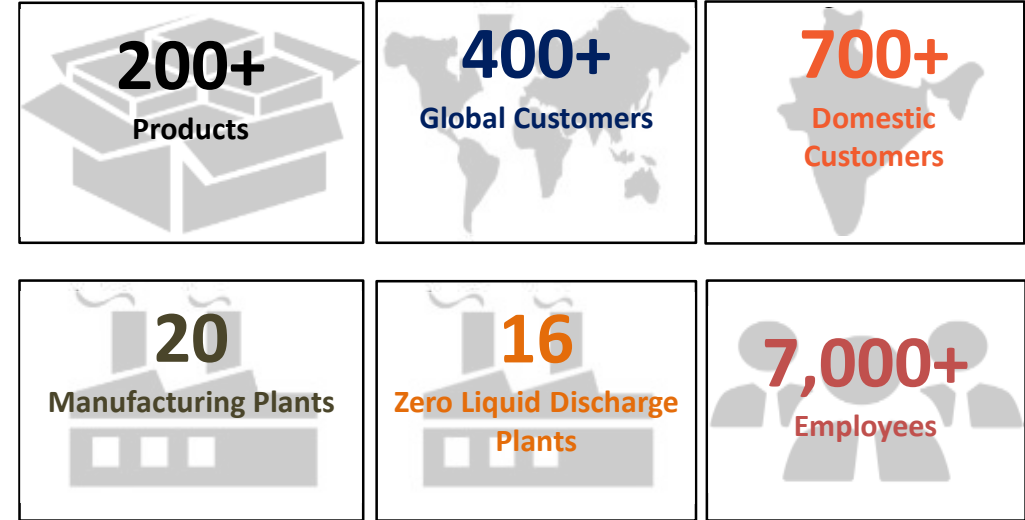
**03** Growth Opportunity & Strategy

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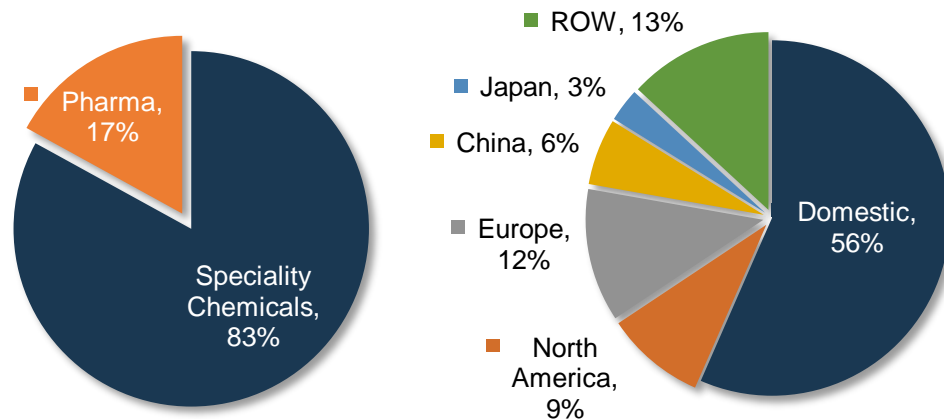
## Overview

- A leading Speciality Chemicals company in Benzene based derivatives with integrated operations and high level of cost optimization.
- Pharma operations spanning APIs, intermediates and Xanthene derivatives
- Established by first generation technocrats in 1984
- Strong R&D capabilities – 4 R&D facilities; dedicated pool of about 400+ engineers & scientists; IPRs for developing customized products.
- Plants located in western India with proximity to ports: 15 for Speciality chemicals; 5 for Pharma (2 USFDA and 3 WHO/GMP)

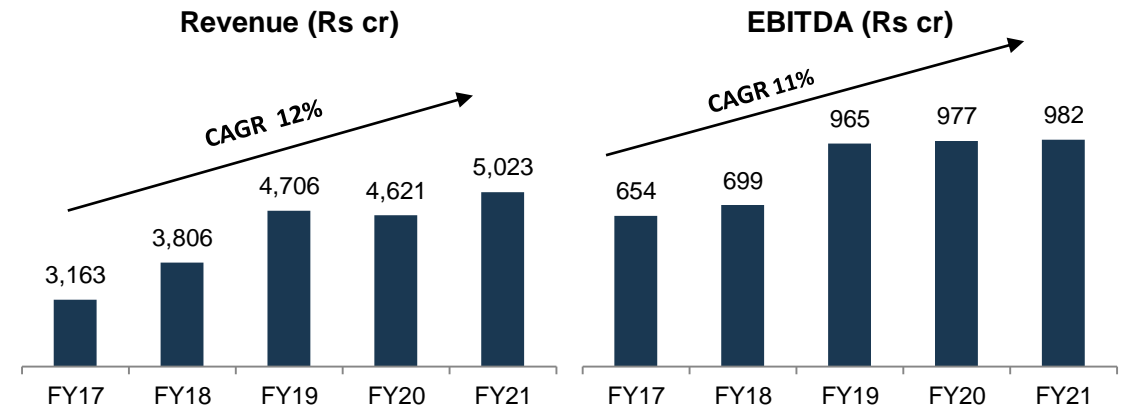
## Key Metrics



## Revenue split - Segmental and Geographical – FY21



## Key Financials




## Major Highlights

- Revenue expansion during the quarter includes cost escalations passed on to the customers due to substantial increase in raw material prices as well as fuel and logistics costs.
- Accrual of termination fees in respect of the long-term contract of Rs 631 crores resulting higher revenues. As a result, EBIDTA includes Rs 611 crs (net of expenses/currency m2m in relation to the termination fees) during the quarter.
- Absolute YoY growth of 25% in EBITDA (excluding the impact of accrual of termination fees) reflects the ability to substantially pass-on input price increase to the customer.
- EBIDTA and profitability (excluding termination fees) at all time highs.
- Key projects such as Project for the second long-term supply contract and pharma API/intermediate expansion projects nearing final stages and expected to commercialised in Q4 FY22.
- Macro factors indicate positive traction to continue in the near to mid-term



## Commenting on the performance for Q3 FY22, Mr. Rajendra Gogri – Chairman & MD at Aarti Industries Limited said:



*“During Q3, our core EBITDA of Rs. 356 crore is once again the highest in our operating history, demonstrating the ability of the business to maintain margins by passing on to customers the substantial input cost inflation experienced during the reported period. Our current operating trajectory also suggests resumption of growth momentum in FY22 following a period of slower expansion in the previous two years due to the impact of a tough macro environment.*

*We remain focused on addressing the large opportunity arising from import substitution and supply chain diversification by global majors. Our established position as a partner of choice across an ever-increasing number of engagements is driving scale. We are also investing in product diversification, capacity expansion/upgradation in both speciality chemicals and pharmaceuticals as well as building out internal capabilities on quality, safety, health and environment and an expanded R&D pipeline.*

*We believe this augmented organizational framework positions us strongly to capture strategic growth opportunities. This will be supported by the expanded pipeline of operationalized projects that are currently underway, providing clear visibility to the business over the next several years.*

*As India emerges as an increasingly significant global chemicals supply destination, backed by a supportive regulatory framework instituted by the government, our capex commitments driven by a well-capitalized balance sheet, will allow the pursuit of aggressive growth in line with our business blueprint. Our plan to create individually focused businesses in our two core verticals will further enhance value for all our stakeholders.”*

**01** Company Overview

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**02** Q3 FY21-22 Financial Results

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**03** Growth Opportunity & Strategy

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# Q3 FY22 P&L - Consolidated

Particulars (Rs. Crore)	Q3 FY22	Q3 FY21	Y-o-Y (%)	Q2 FY22	Q-o-Q (%)	9M FY22	9M FY21	Y-o-Y (%)
Gross Income from Operations	2,636	1,311	101.1%	1,762	49.6%	5,901	3,676	60.5%
Exports (excl Termination Income)	825	548	50.5%	751	9.8%	2,178	1,639	32.9%
<i>% of Total Income</i>	40.7%	41.8%		42.6%		36.9%	44.6%	
EBITDA with Termination Income	966		238.9%		211.6%	1,589		120.4%
EBIDTA without Termination Income	356	285	24.9%	310	14.8%	979	721	35.8%
<i>EBITDA Margin (net of termination %)</i>	17.8%	21.7%		17.6%		18.6%	19.6%	
EBIT with Termination Income	894		295.6%		274.1%	1,378		147.8%
EBIT Without termination income	284	226	25.7%	239	18.8%	768	556	38.1%
<i>EBIT Margin without termination %)</i>	14.1%	17.3%		13.5%		14.6%	15.1%	
PAT	772	165	367.9%	176	338.6%	1,113	387	187.6%
<i>PAT Margin (%)</i>	29.3%	12.6%		10.0%		18.9%	10.5%	
EPS (Rs.)	21.31	9.49		4.86		30.72	22.23	

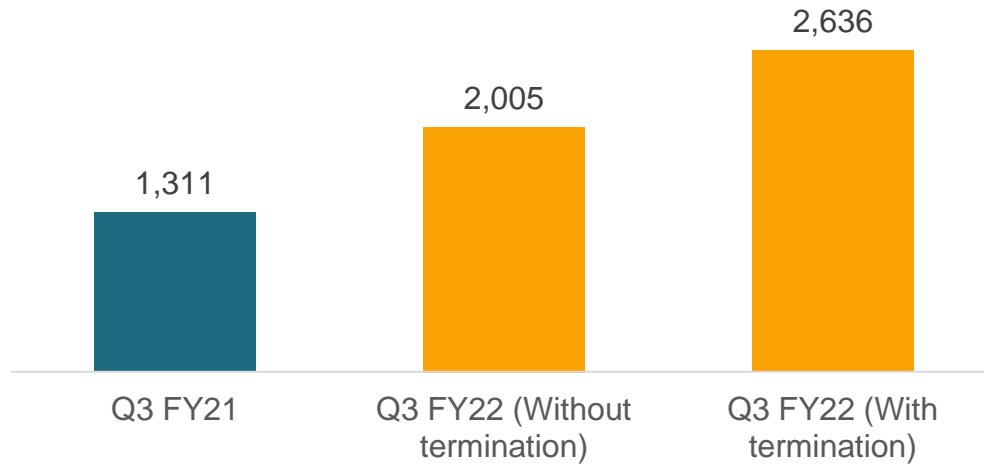
\*EPS are pre bonus EPS and hence not comparable

\*\*Gross Income from operations includes termination fee income

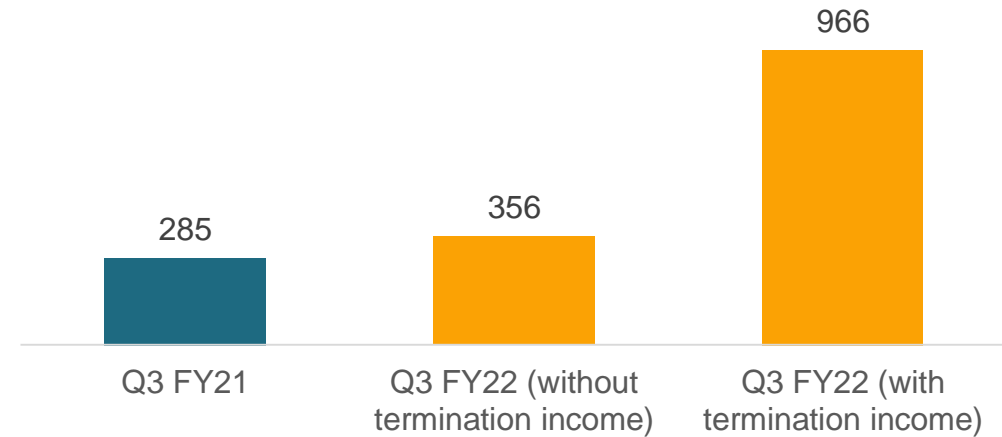
- Sustained revenue growth driven by volume expansion and 71% contribution from value-added products
- Strong performance across both speciality chemicals and pharmaceuticals segments
- Excluding the termination income, EBIDTA for 9MFY22 equals annual EBIDTA for FY21.
- Capex in Q3FY22: Rs 312 crore; year-to-date aggregate capex of Rs. 913 crore is in line with guidance of Rs. 1,200-1,500 crore for FY22

# Q3 FY22 Highlights (Consolidated)

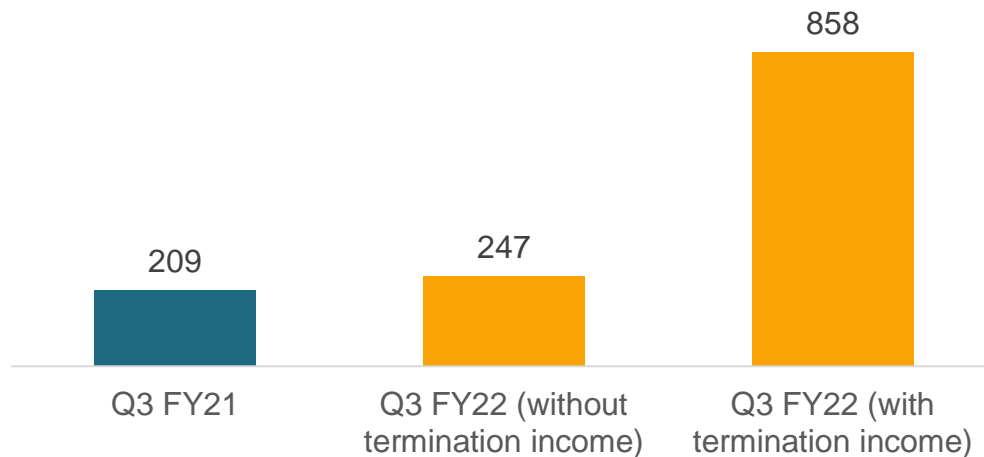
## Revenues



## EBIDTA



## PBT

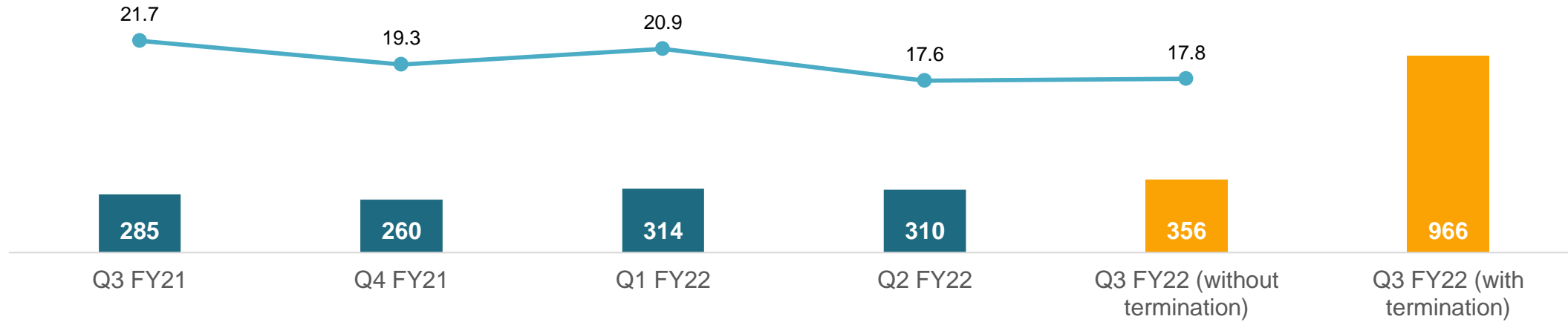


## Key Highlights:

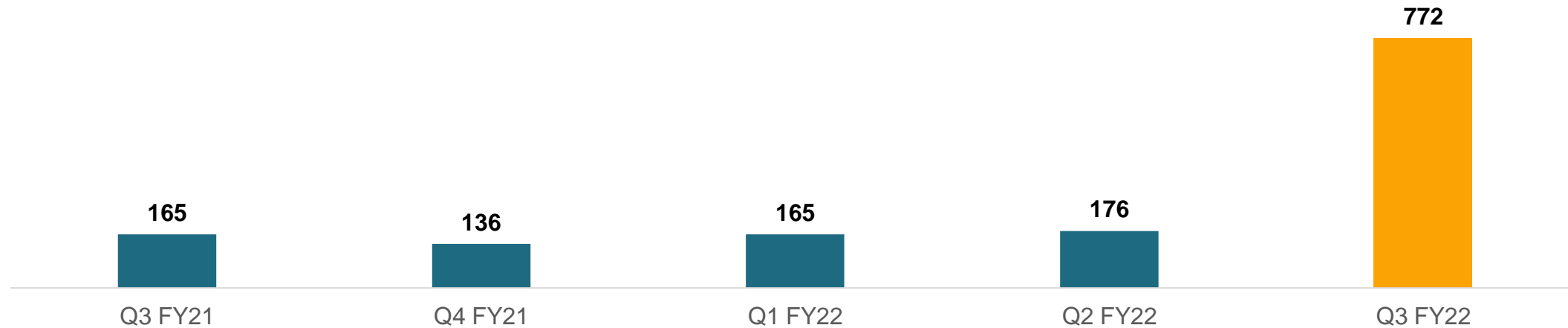
- Re-iterated guidance of 25%-35% growth for FY22.
- Strong momentum driven by rising demand across various products
- Higher contribution from domestic demand as the local manufacturing ecosystem continues to progress

# Quarterly EBITDA & PAT (Consolidated)

## EBITDA & EBITDA %

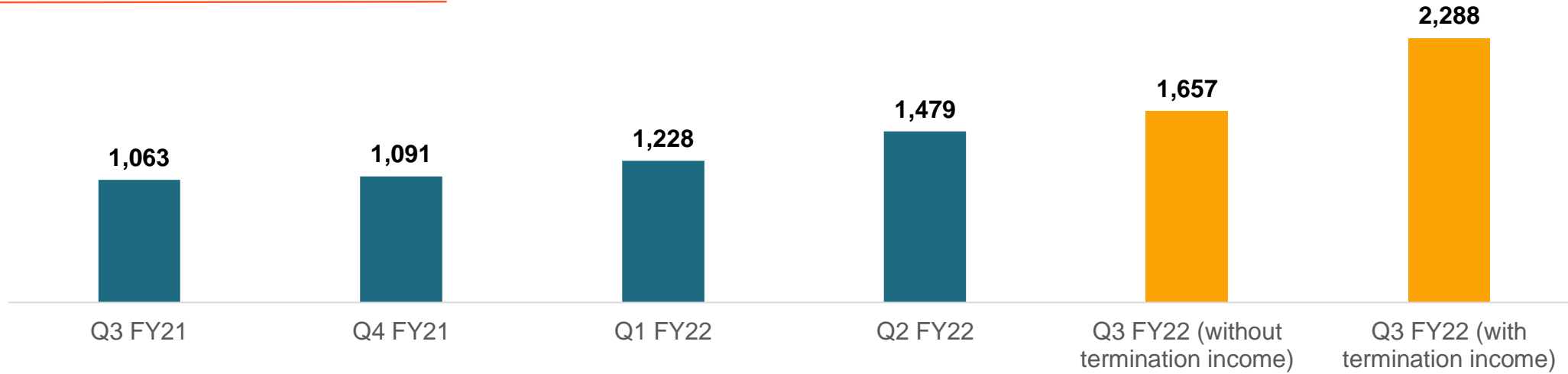


## PAT

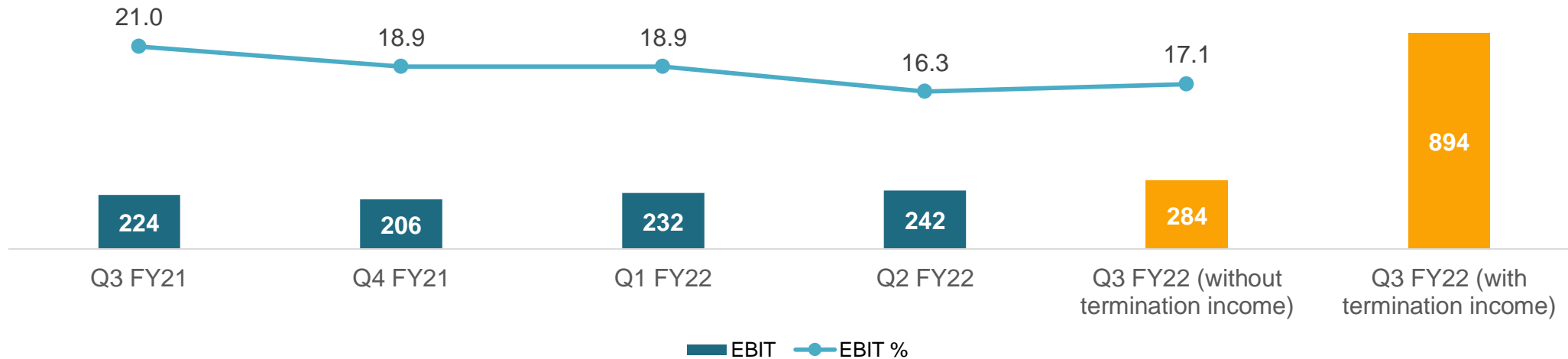


# Speciality Chemical - Revenue & EBIT

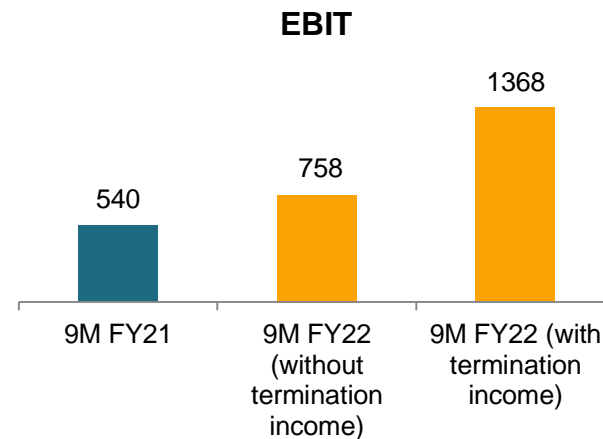
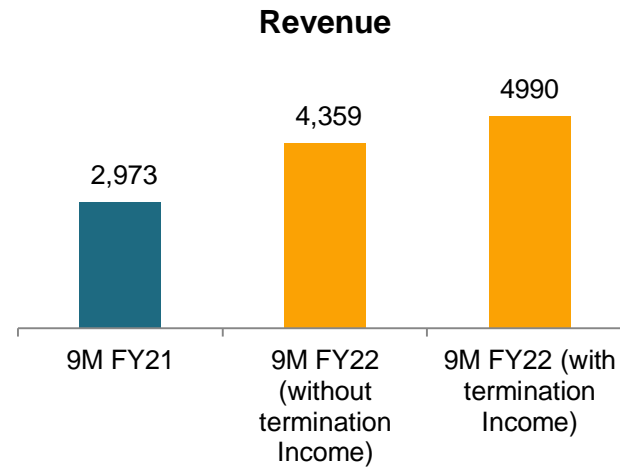
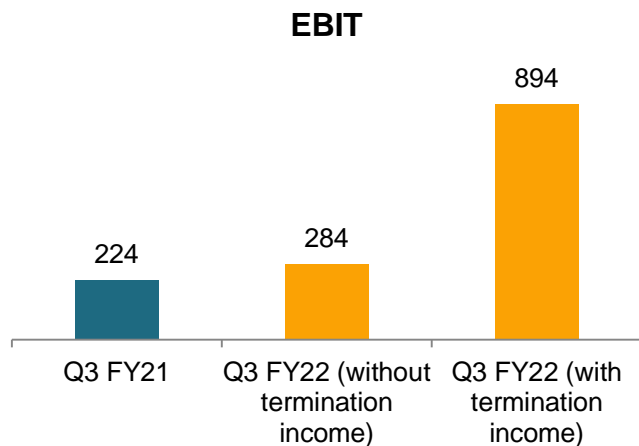
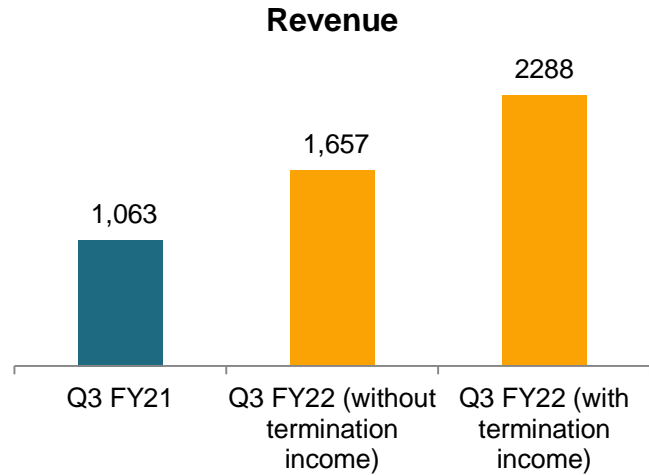
## Speciality Chemicals - Revenue



## Speciality Chemicals EBIT & EBIT %



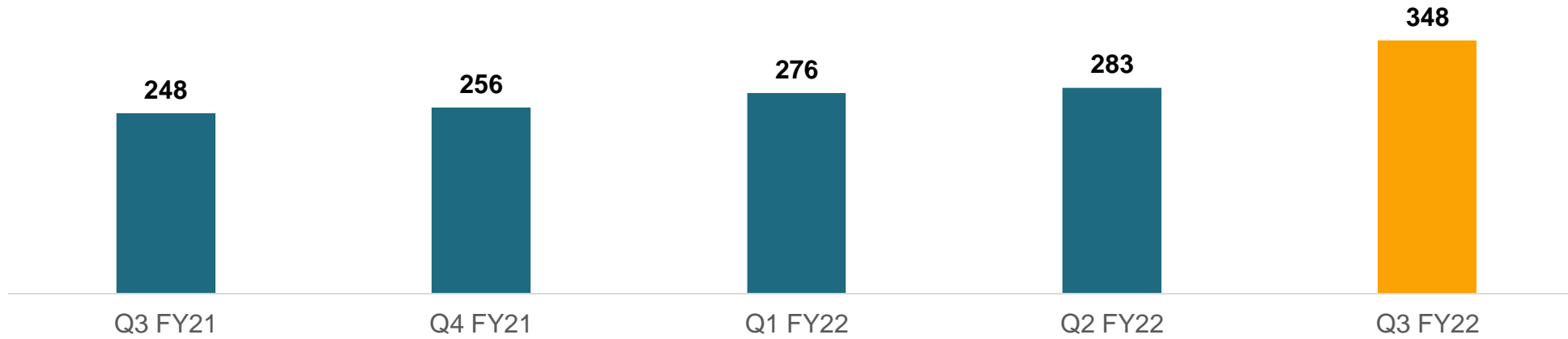
# Q3 FY22 Speciality Chemical - Consolidated



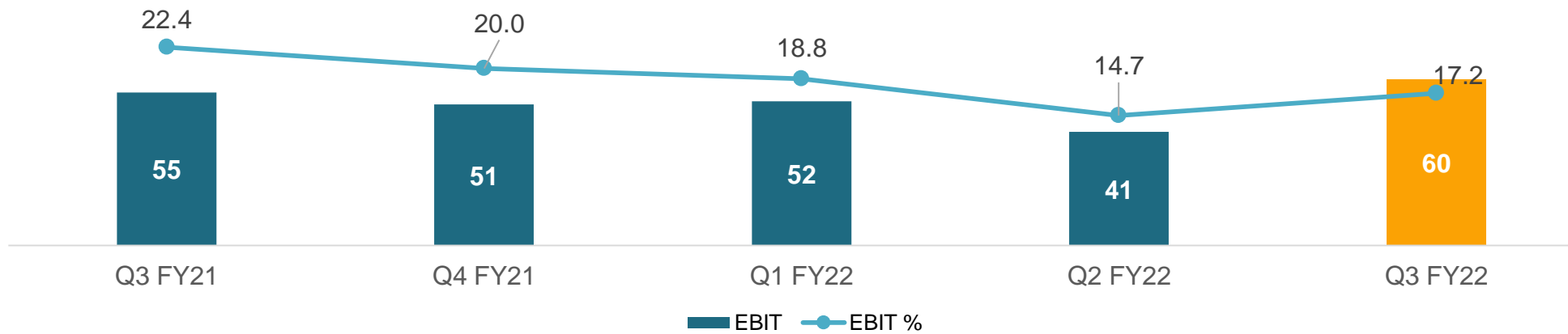
- Segment revenue includes long-term contract termination fees of Rs. 631 crores and EBIT includes the impact of the same of Rs 611 crores
- Revenue growth backed by about 85% utilization across most of the operationalized facilities.
- Return of demand from established markets driving improved margins.
- Substantial increase in input costs passed on to customers.
- Nitric Acid shortage during the Quarter impacted the volumes of Nitric based products.
- 71% share of revenue from value-added products during the quarter
- Positive traction from higher realizations

# Pharma - Revenue & EBIT

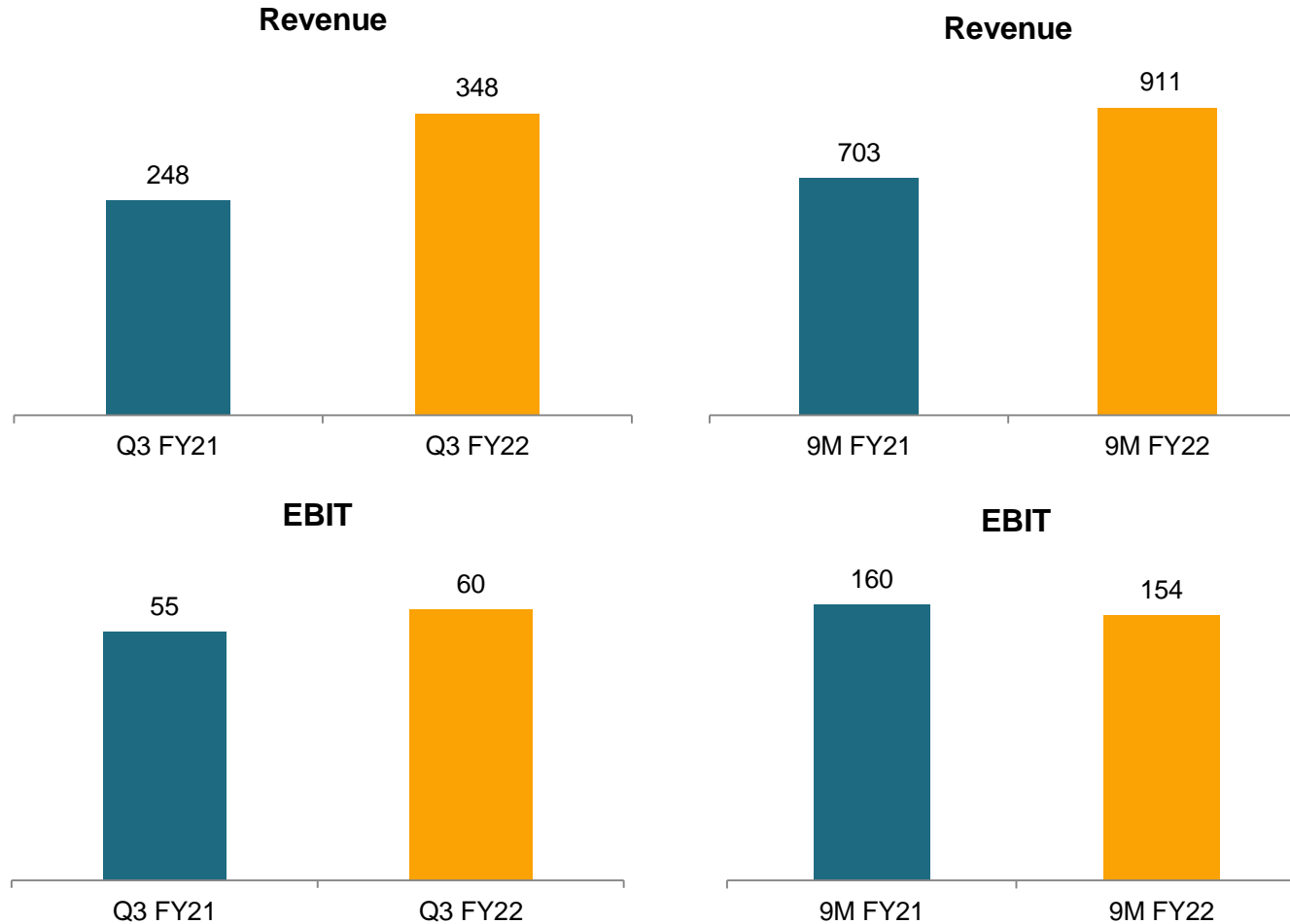
## Pharma - Revenue



## Pharma EBIT & EBIT %



# Q3 FY22 Pharma - Consolidated



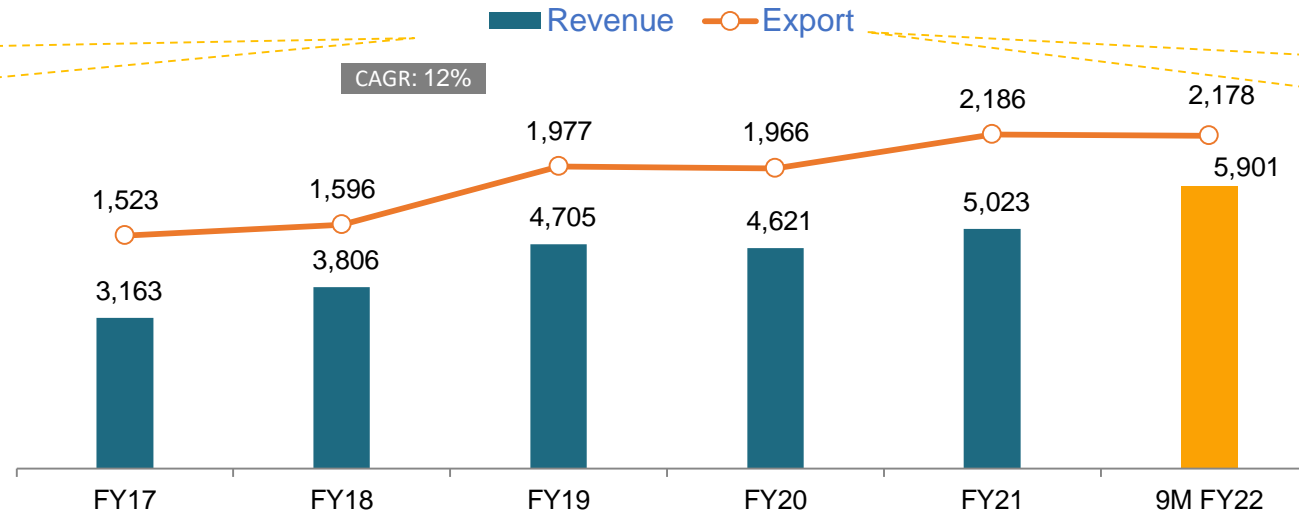
- Higher costs, passed on to the customer, has resulted into increased topline.
- Trial runs at the new expanded block at Intermediate facility are underway with commissioning targeted in Q4 FY22.
- Expected to sustain the growth momentum as additional capacities for API's and intermediates are being operationalized



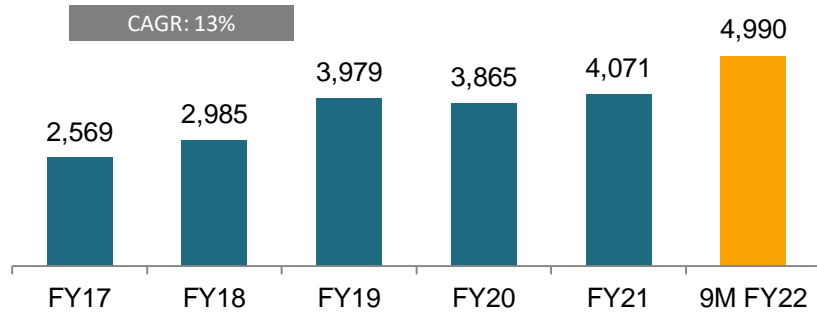
# Revenue Performance - Consolidated

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.

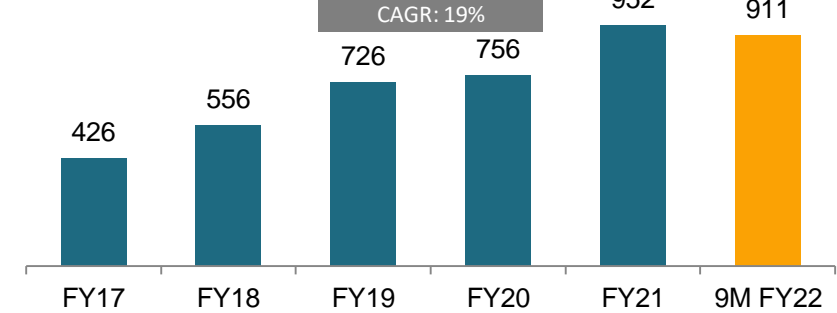
Deep engagement with global customers in Speciality Chemicals and Pharma. In addition, some part of domestic revenues are indirect exports.



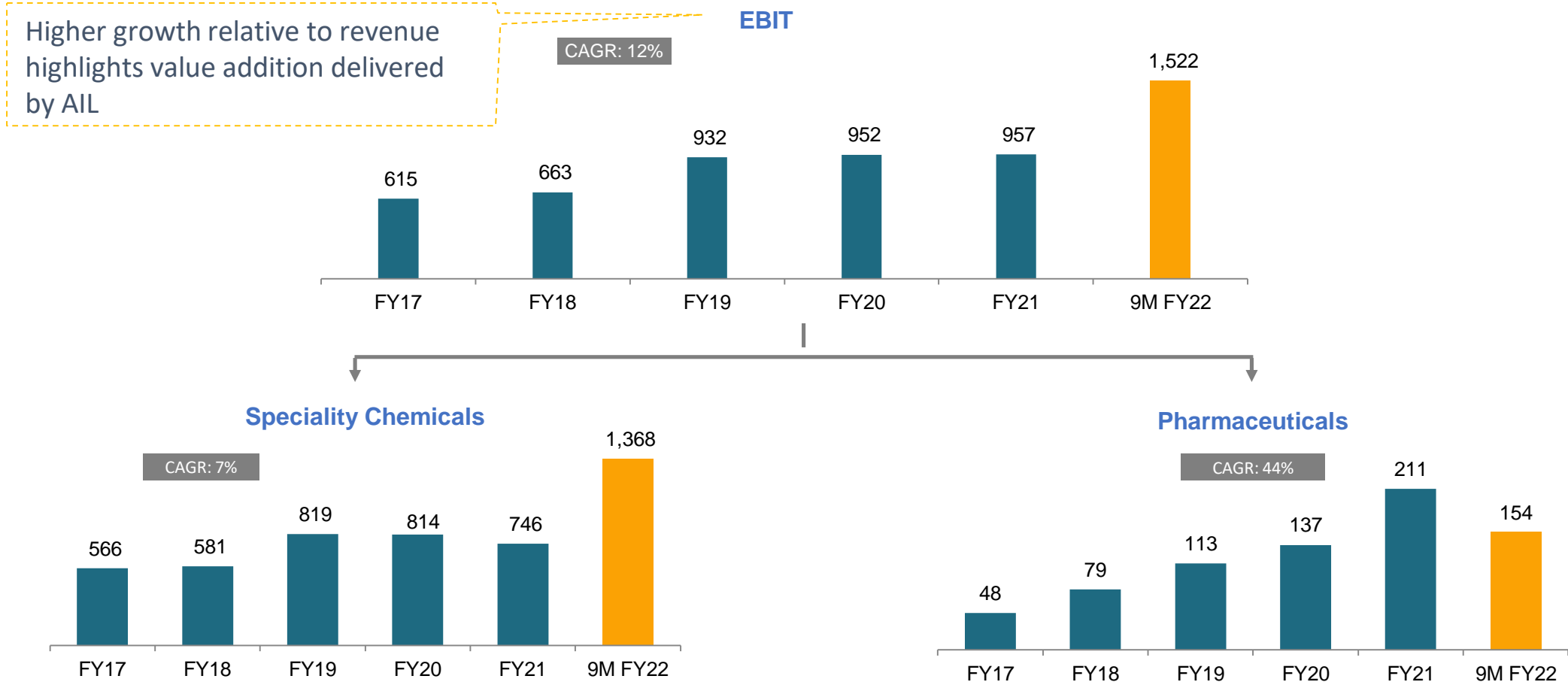
## Speciality Chemicals



## Pharmaceuticals



# EBIT Performance - Consolidated

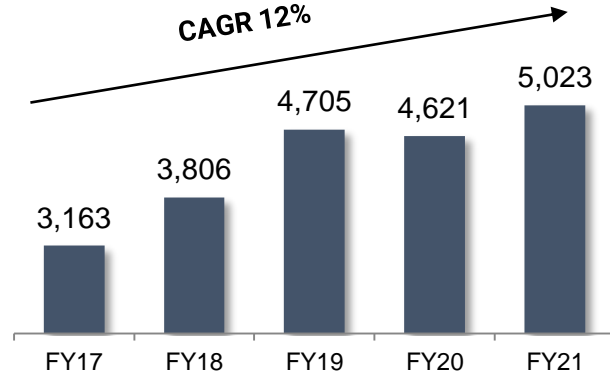


# Financials - Consolidated

## Robust Revenue Growth

FY17-20 CAGR: 13%

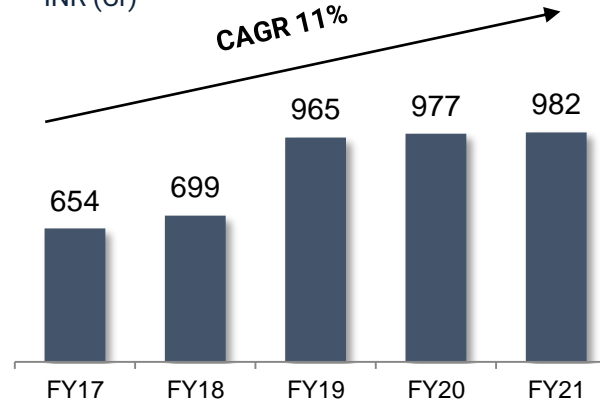
INR (Cr)



## Strong EBITDA Growth

FY17-20 CAGR: 14%

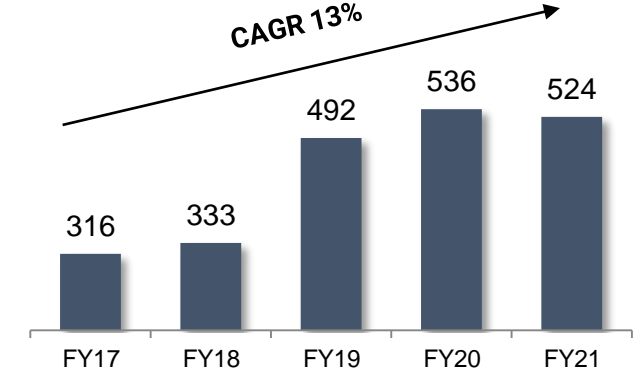
INR (Cr)



## Strong PAT Growth

FY17-20 CAGR: 19%

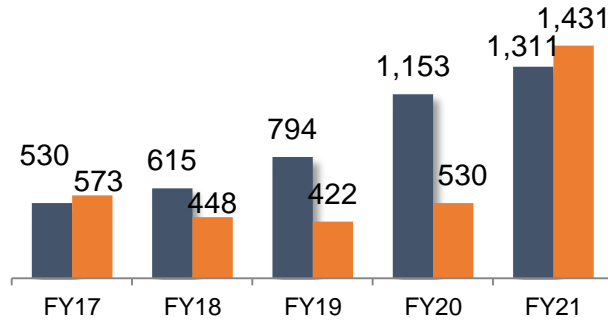
INR (Cr)



## Significant Capex Undertaken

INR (Cr)

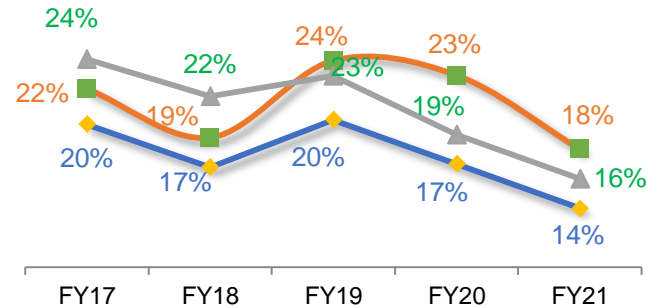
■ Capex ■ Capex Capitalized



**CWIP of 1,298 Crs as of Mar'21**  
**1,040 Crs of Capex capitalized in H2 FY21**

## Strong Return Ratios

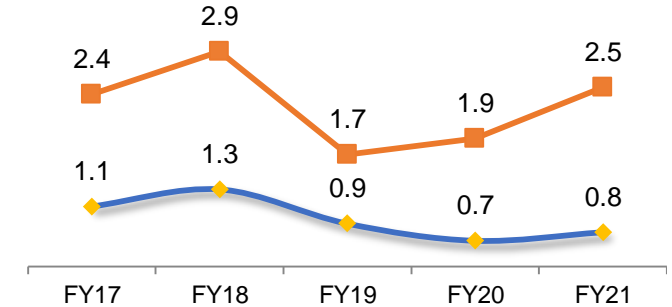
◆ ROCE ■ ROCE (exc CWIP) ▲ ROE



Return ratios declined in FY21 due to rear ended capitalization and impact of Covid

## Debt Profile

◆ D/E ■ Net Debt/EBITDA



EBITDA = Profit before Tax + Interest Expense + Depreciation - Other Income; EBIT = EBITDA - Depreciation; Capital Employed = Net Worth + LT Debt + ST debt + current maturity of long term debt - cash; Capital Employed adj for CWIP = Capital Employed - CWIP; ROCE = EBIT / (Average of Capital employed of current & previous year); ROCE (exc CWIP) = EBIT / (Average of Capital employed adj for CWIP of current & previous year); ROE = Net Income / Average of Net Worth of current & previous year; D/E = Total Debt / Total Equity; Net Debt/EBITDA = (Gross Debt - cash) / EBITDA

# 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

## 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, etc

## Pharma – Significant growth with diversification

- API & Intermediate market (domestic & exports) expected to witness strong growth
- Xanthine Derivatives are expected to continue the growth momentum

## 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

## Thrust on Sustainability

- Significant capex done in SH&E, which provide long term benefits
- Continuous efforts to enhance on ESG Initiatives.

**01** Company Overview

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**02** Q2 FY21-22 Financial Results

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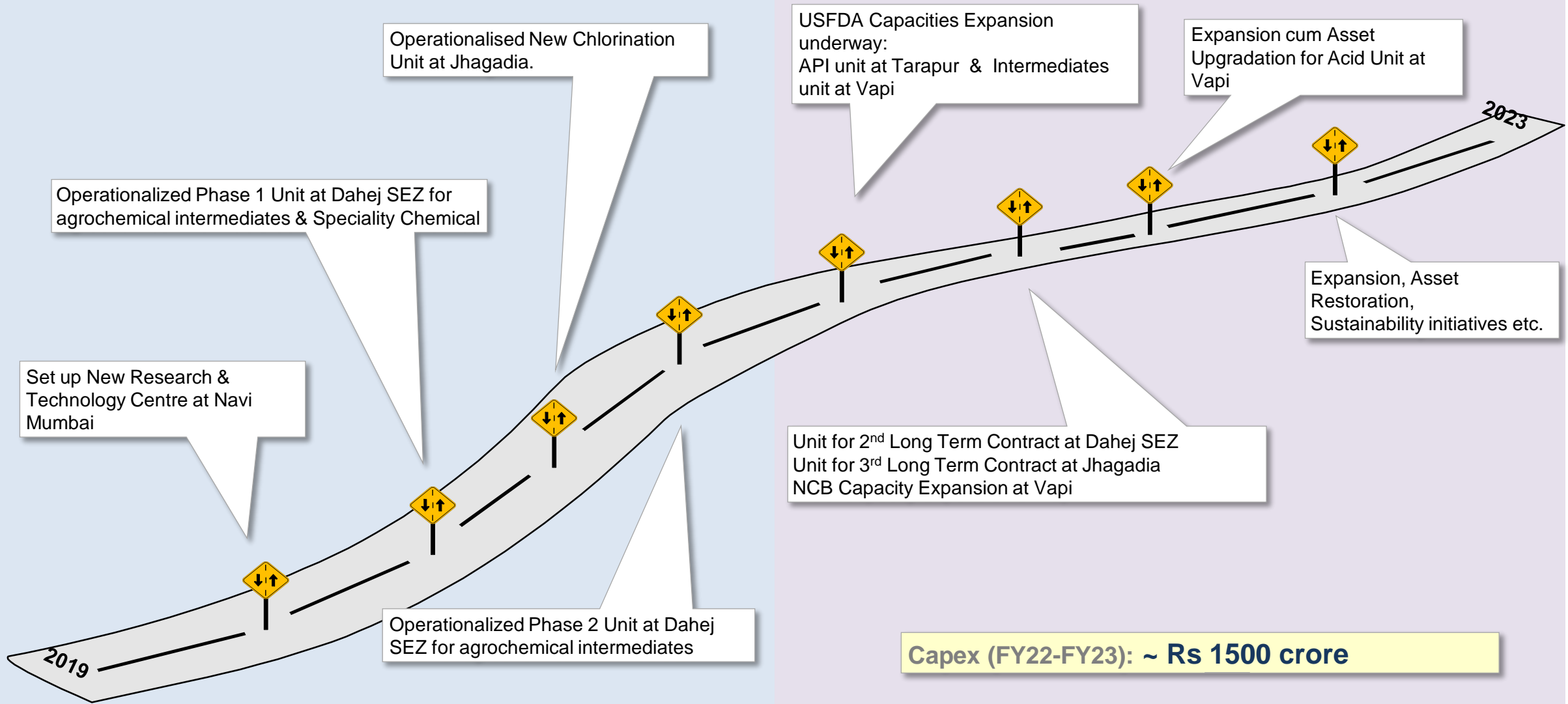
**03** **Growth Opportunity & Strategy**

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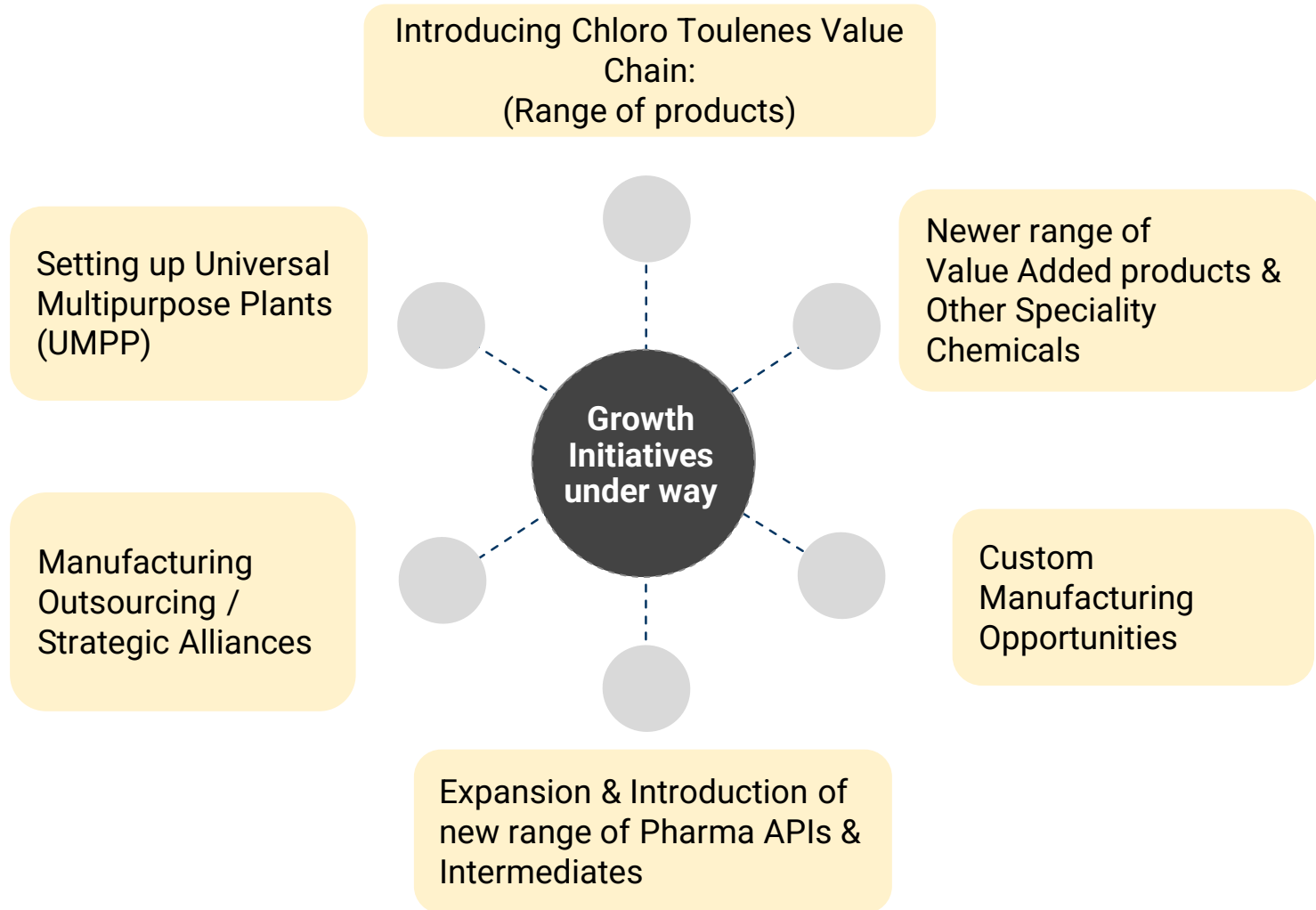
# Major Projects: FY19 - FY23

## Operationalised by FY21

## To be Completed by FY23



# Future Growth Projects: FY22-24 (Driven by R&D & Innovation)



## Highlights

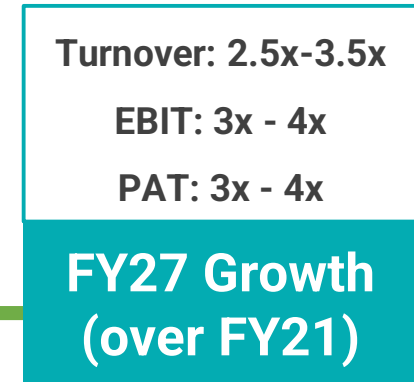
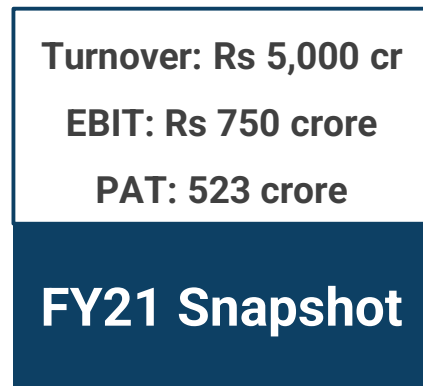
- Adding new chemistries and Value added products
  - 40+ products for Chemicals
  - 50+ products for Pharma
- EBIDTA margin ~ 25% - 30%
- Capex of about
  - Rs 2,500-3,000 crore for Chemicals
  - Rs 350-500 crore for Pharma
- Site development work to commence on 100+ acre land at Jhagadia. Also acquired over 120 acres land at Atali, Gujarat.
- Environmental Clearances obtained / in process
- Construction from FY22 – FY24
- Will drive the growth from FY25 and beyond



# Growth Estimates

## Expecting Robust Growth fuelled with aggressive Capex Investment

- Capex for FY 22-24: ~ Rs 4,500-5,000 crore
- Existing Products: ~ Rs 1500 crore, New Products: Rs 3,000-3,500 crore



# Contact Us

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**For further information please log on to [www.aarti-industries.com](http://www.aarti-industries.com) or contact:**

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**THANK YOU**