

**August 9, 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 Q1 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**

• Q1 FY24  
Results Presentation

## Disclaimer

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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

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01

**Company  
Overview**

02

**Q1 FY24  
Financial  
Results**

03

**Growth  
Opportunity  
& Strategy**

# Vision, Mission and Values



## OUR VISION

To emerge as a 'Global partner of choice' for leading consumers 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



# About Aarti Industries Limited



## 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)

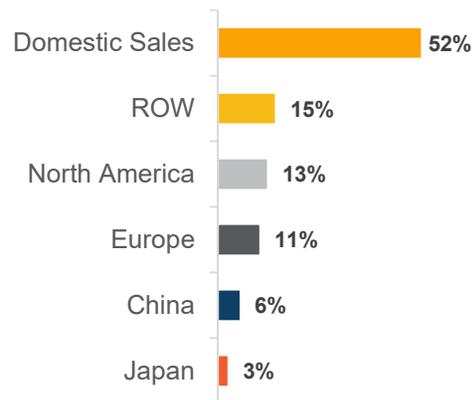
**15%**

**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

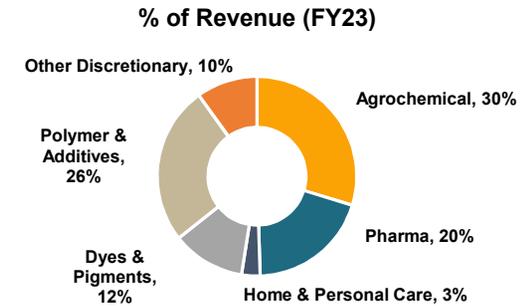
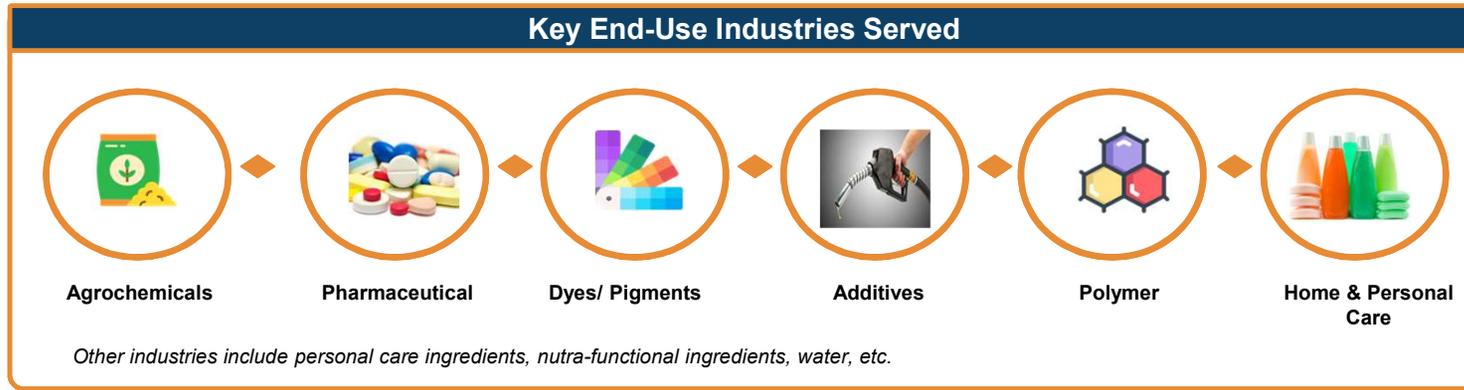
**0.15**

LTIFR

**18.75%**

Women at board level

# Well diversified customer across varied end-use segments



...with a well diversified product portfolio, and low dependence on individual products

## Key Customers



# Sustainability Is At The Core Of What Aarti Does



AIL received the gold award in the 2022 EcoVadis CSR assessment, placing us in the top 3% of evaluated companies globally



- Sustainalytics rates Aarti as "Medium Risk"
- AIL score is 24.5
- Aarti is ranked in the top 3 among peers in the Indian chemical sector



- Achieved B in Climate Change and A- rating in Supplier Engagement disclosure for 2022-23
- Chemical industry and Global average rating is at C.



Permission to use Responsible Care (RC) Logo for a period of 3 Years from April 2022 to March 2025



## ENVIRONMENT

- 11 sites are Zero Liquid Discharge (ZLD)
- Total water recycled ~45% of the total water withdrawal in FY 23
- More than 6547 KL water harvested through rainwater in FY 23
- Recycled 92% waste, remaining 8% 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 97% 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

# Robust R&D expertise

2

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

250+

Engineers & scientists

7

Patents filed

2

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

40+

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

18,000 sq. ft.

Covered by an ultra-modern synthesis laboratory

19

PhDs and 220+ scientists

ISO 27001:2013 Accreditation

Fully Digitised Paperless Laboratory

Focus on:



New Product Development



Process Optimization and Scale-up



Life Cycle Technology Management



- Developed various products and processes in-house throughout AIL's journey
- 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

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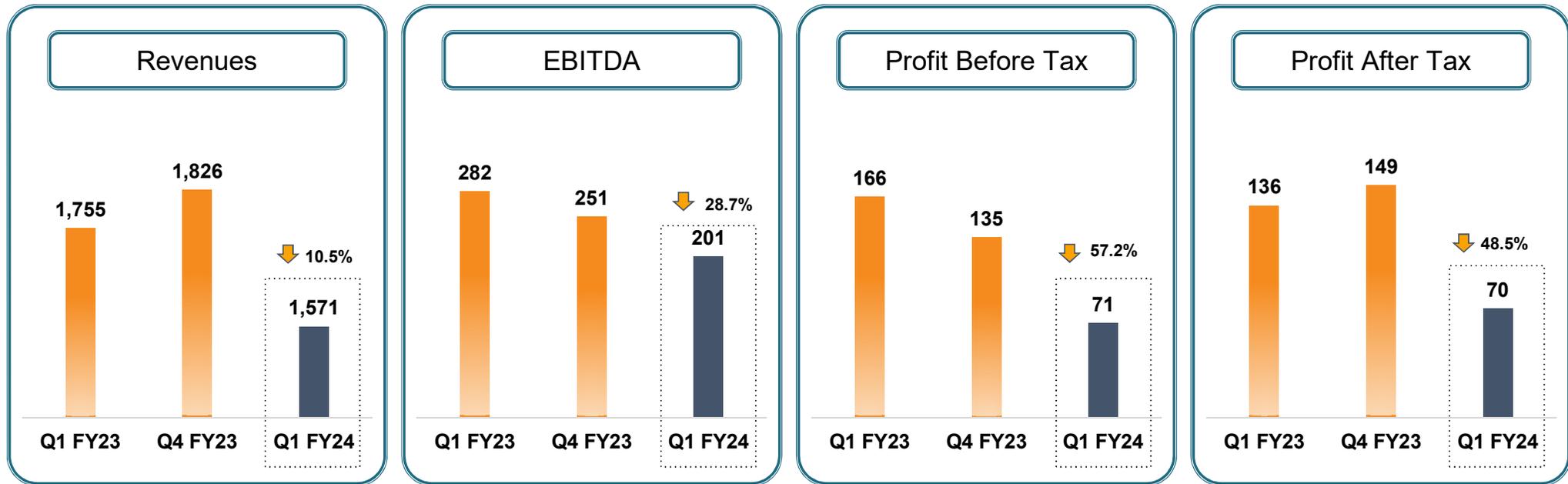
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# Q1 FY24 Highlights (Consolidated)



# Performance Overview – Q1 FY24



Revenues of Rs. 1,571 crore; decrease of 10.5% over previous year

EBITDA of Rs. 201 crore; decrease of 28.7% over previous year

PAT of Rs. 70 crore; decrease of 48.5% over previous year

- Revenues declined on account of decline in volumes, decline in prices of key RM and margin contraction due to excess supply from China, etc. Commitments with reference to Long term contract and demand for few products with end use into additives continuing to be on an uptick.
  - Witnessed deeper impact in the discretionary end uses and slower than expected recovery in Dyes & Pigments.
  - Inventory correction across the globe at various end uses (including in Agrochemicals) lead to sharp demand contraction in the months of May and June, significantly impacting Exports and domestic supply targeting global markets.
  - Higher interest rates and inflationary costs in global markets, coupled with ease in global logistics also leading to inventory corrections across various markets.
  - Slowdown in China impacting the domestic demand in China, resulting in excess volumes originating from China. Further, the depreciation of Chinese currency vis a vis Indian Rupee also impacts the competitiveness of Indian manufacturers. These had led to margin contraction across few products.
- EBITDA performance was impacted due to below factors:
  - Demand weakness in products with end use industries such as Dyes and Pigments, Agrochemicals, Auto, etc. With impact being deep, the recovery is expected to gradually come from H2 FY24.
  - Lower utilization of key capacities impacted the EBITDA.
  - Key cost components like energy prices have started normalizing. RM prices for key materials like Benzene have softened a bit in Q1 FY24, however the same have again started moving upwards from July 2023. The Company has robust pricing mechanisms in place to mitigate the impact of volatility and the same is being passed on to the customers.
- Benefits of Higher Tax depreciation and exemptions resulting into lower tax liability

## Project updates:

- Recently commercialized the Expanded NCB Capacity.
- Commercialised renewable power generation unit with the capacity of 13 MW, in Partnership with Renew Power. This will partly mitigate the Company's power needs through cost effective and renewable sources.

## Chairman's Message

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**Commenting on the performance for Q1 FY24, Mr. Rajendra Gogri – Chairman & MD at Aarti Industries Limited said:**

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*“We entered the new financial year on a cautious note with unprecedented challenges faced by the chemical industry mainly owing to sluggish demand. This was aggravated by oversupply situation in China due to weak domestic demand, inventory correction across the globe and slowdown in several developed markets. All this has significantly impacted the volumes as well as product realisations. We believe this is transient in nature and the long-term prospects continue to be appealing. Our performance mirrored the industry trends which remained subdued overall. We continue to utilise our efforts to optimise the business operations and offer best possible value to our customers which is a testament of our commitment and continued progress.*

*Our medium-to-long term growth journey remains on track and in-line with this, our CAPEX initiatives are progressing satisfactorily. We aim to complement our product offerings by leveraging the deep expertise in manufacturing as well as R&D competence. We have maintained our leadership position in Benzene-based derivatives and the objective is to replicate the same success for several other specialised chemical value-chains. Our Zone 4 project initiatives is taking concrete shape and we remain confident of commencing production in a phased manner from FY25. With short term macro headwinds significantly prevailing in CY23, we expect the year to be weaker than expected earlier. However, the long-term opportunities remain strong and intact and thus we remain optimistic and expect FY25 to be a crucial year for us, steering the growth momentum.*

*The road ahead continues to be inspiring, guided by immense potential that India can offer on a global scale. While the short-term scenario will test our capabilities, the long-term prospects remain compelling. We are well poised to demonstrate a standpoint performance once the trend reverses, anchored by our inherent strengths and nuanced understanding of market complexities. We will continue to remain agile to the evolving market conditions and grow responsibly thereby enhancing value for the stakeholders.”*

## Q1 FY24 – Consolidated Profit & Loss



Particulars (Rs. Crore)	Q1 FY24	Q1 FY23	Y-o-Y (%)	Q4 FY23	Q-o-Q (%)
Gross Income from Operations	1,571	1,755	-10.5%	1,826	-14.0%
Exports	674	778	-13.4%	924	-27.1%
% of Total Income	42.9%	44.3%		50.6%	
EBITDA	201	282	-27.9%	251	-19.9%
EBITDA Margin (%)	12.8%	16.0%		13.7%	
EBIT	112	210	-45.7%	167	-32.9%
EBIT Margin (%)	7.1%	12.0%		9.1%	
PAT	70	136	-48.5%	149	-53.0%
PAT Margin (%)	4.5%	7.7%		8.2%	
EPS (Rs.)	1.93	3.74	-48.4%	4.10	-52.9%

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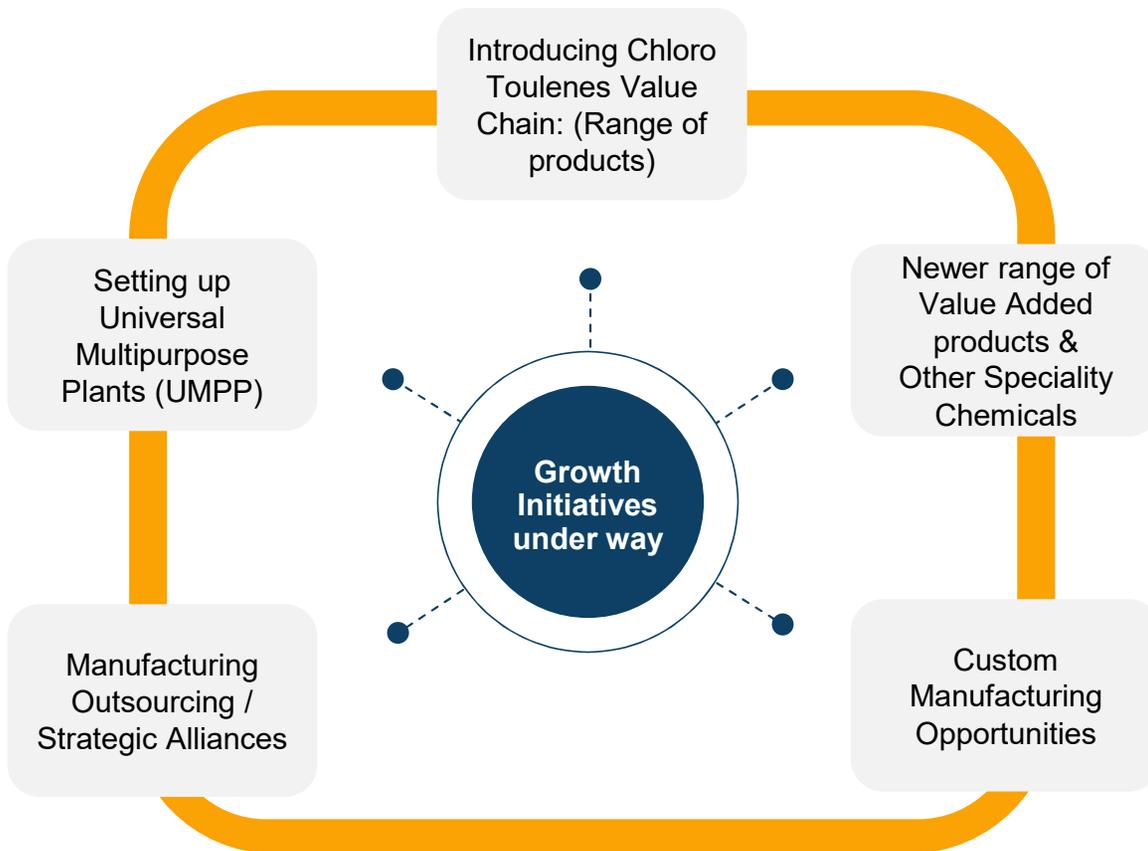
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# Future Growth Projects: Driven by R&D & Innovation



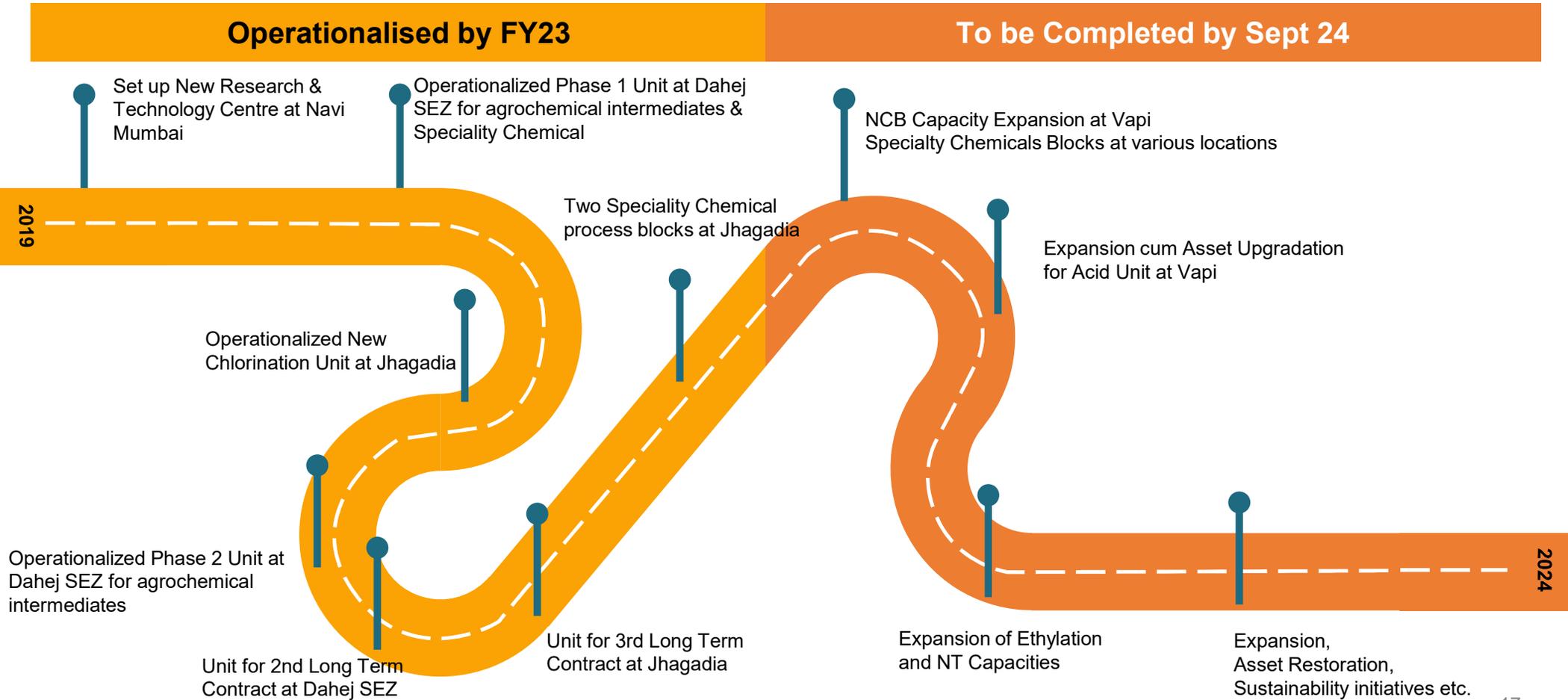
- Adding new chemistries and Value added products
  - 40+ products for Chemicals through and Integrated Value Chain.
  - Chloro Toulène Base capacity: ~ 42000 TPA
- EBITDA margin ~ 25% - 30%
- CAPEX of about:
  - Rs. 2,500-3,000 crore for Chemicals
- Site development work initiated on 100+ acre land 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



# Future Growth Opportunities & Outlook

## 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
- Zone 4 to start gradually going onstream.

FY26  
and  
beyond

- EBITDA growth 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**