

February 9, 2024

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

Please find enclosed herewith the Q3 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**

• Q3 FY24
Results Presentation

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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**Q3 & 9M FY24
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**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

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)

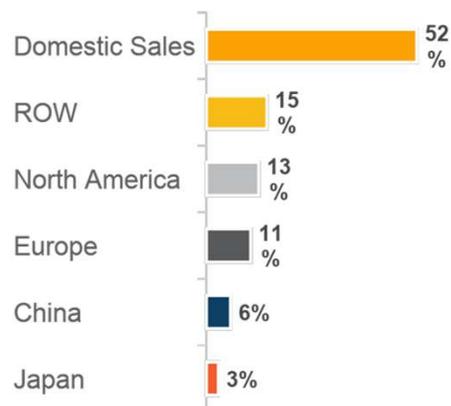
15%

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

44%

Water recycled

6500 KL

Harvested through rainwater

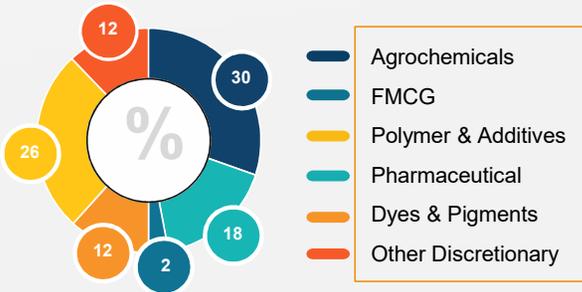
18.75%

Women at board level

Key End-Use Industries Served



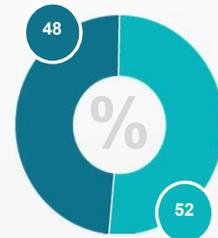
Revenue Break-up (FY 2022-23)



Well Diversified Across Various Regions



Export



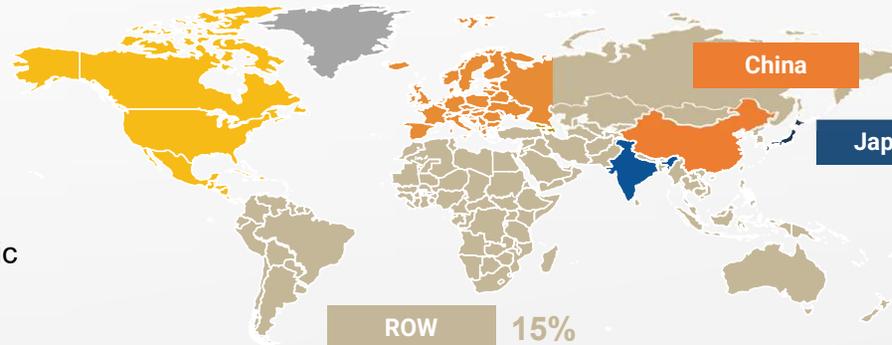
North America 13%

Europe 11%

China 6%

Japan 3%

ROW 15%



Key Customers



Sustainability Is At The Core Of What Aarti Does



Environment

- 11 sites are Zero Liquid Discharge (ZLD)
- Total water recycled ~44% of the total water withdrawal in FY23
- More than 6,500 KL water harvested through rainwater in FY23
- 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 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 10,000 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

7

Patents filed



Fully Digitised Paperless Laboratory with ISO 27001: 2013 Accreditation

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



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Business updates



December 2023

Entered into a long-term supply contract with a Global Agrochem major for a niche agrochemical intermediate with a revenue potential of over Rs. 3,000 crore

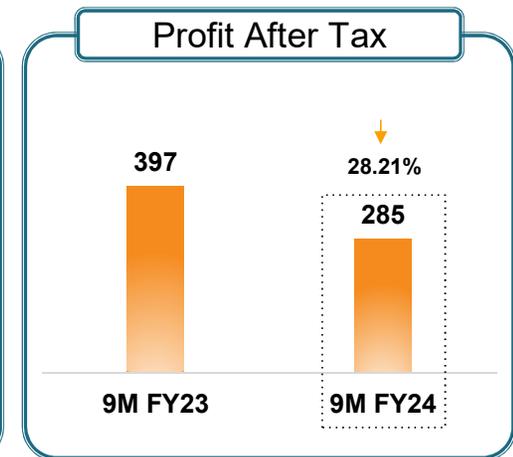
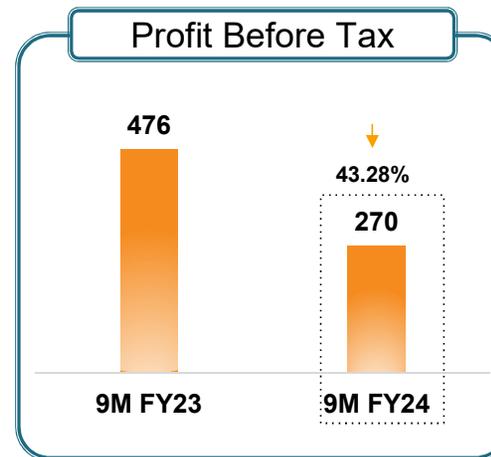
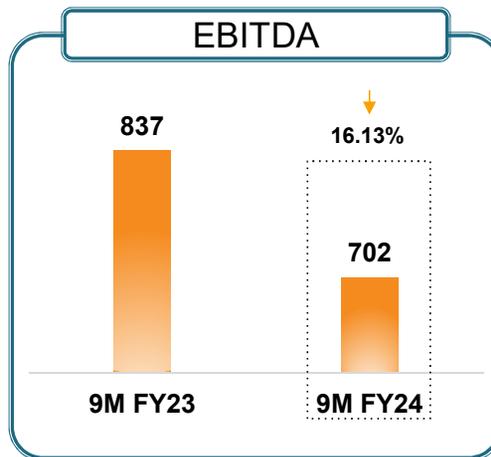
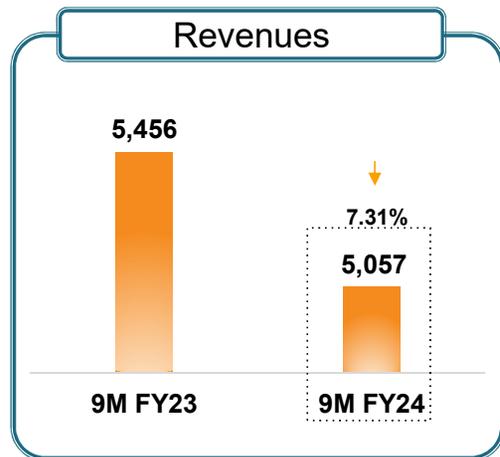
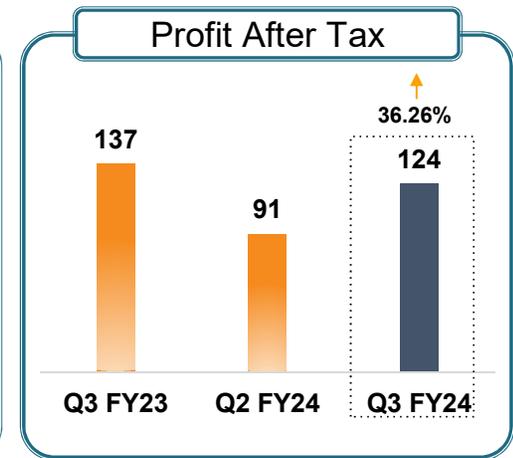
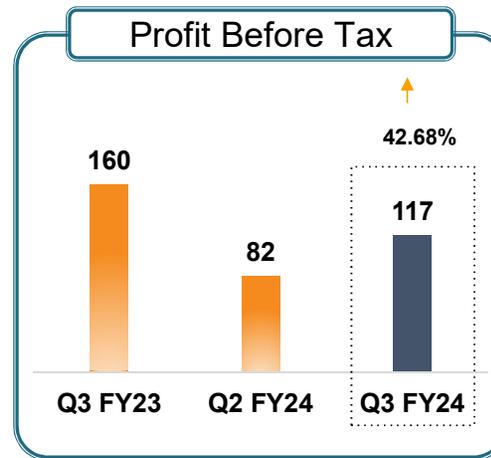
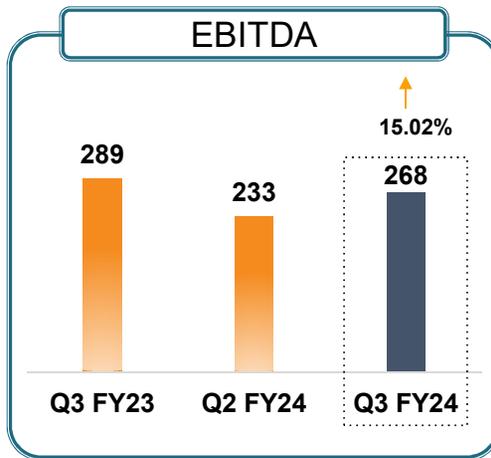
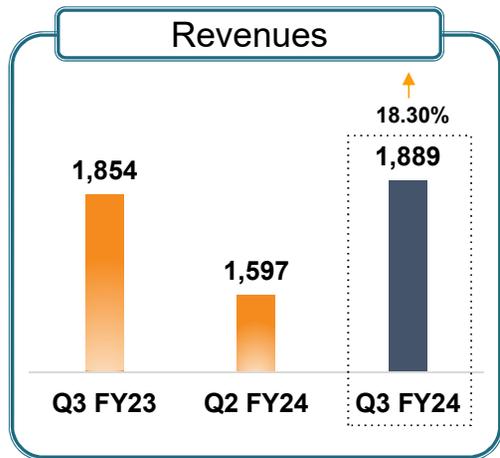
- To be executed over a period of 9 years commencing from current fiscal.
- Serves as a crucial input component for a widely used Herbicide; global market for this Herbicide remains large and growing steadily.
- Existing product for AIL and the product has already been supplied to the said customer for past few years.
- Current CAPEX well aligned to meet this order requirement.
- Anticipate an EBITDA margin of ~20% based on stable raw material prices.

January 2024

Entered into a 4-year supply contract worth over Rs. 6,000 crore with a multinational conglomerate for a niche specialty chemical

- To be executed from CY24 to CY27.
- Product already a part of existing product basket of AIL
- AIL has been supplying this product to the said customer for the past few years with consistent annual increase in volumes. Volumes are expected to be doubled in CY24 vs that of CY23.
- Strong demand for this product based on newer applications which has been evolving over past 4 to 5 years.
- No incremental CAPEX needed as existing CAPEX is structured to accommodate this additional requirement.
- Expect ~15-17% EBITDA margin based on the current input prices.

Q3 & 9M FY24 Highlights (Consolidated)



Amt in Rs. crore
*Comparison is on Q-o-Q basis;

Performance Overview – Q3 FY24

Revenue of Rs. 1,889 crore; an increase of 18% over Q2 FY24

EBITDA of Rs. 268 crore; an increase of 15% over Q2 FY24

PAT of Rs. 124 crore; an increase of 36% over Q2 FY24

- Sequential improvement in volumes owing to better demand visibility for products targeted at applications within the discretionary segment has translated into QoQ EBITDA growth. Non-discretionary portfolio barring select products remained tepid given the ongoing weak operating environment for both agrochemicals and pharmaceuticals globally.
 - Witnessed general improvement in pricing trends, although it still indicates some level of weakness
 - Demand recovery seen in segments like Dyes, Pigments, Polymers and select Speciality Applications
 - Challenges persist for Agrochemicals and Pharmaceuticals; anticipate widespread demand normalisation in the coming quarters
 - Medium-to-long term outlook remains promising, bolstered by strategic shift in manufacturing to India and expected recovery in demand from key end-user industries
- EBITDA improvement was driven by:
 - Higher volumes with stable pricing for products.
 - Operating leverage gains
- **Project updates**
 - The Project initiatives are progressing satisfactorily, as planned.
 - Capex of about Rs. 285 crore for Q3 FY24 and about Rs. 860 crore for 9M FY24. Annual capex estimated to be about Rs. 1,200-1,300 crore

Chairman's Message



Commenting on the performance for Q3 FY24, Mr. Rajendra Gogri – Chairman & Managing Director at Aarti Industries Limited said:

“The recent few months has been noteworthy for Aarti Industries, with the attainment of two major high value orders on a consecutive basis from prominent global customers. This demonstrates the depth of our discussions with potential customers and underscores India's reputation as a reliable manufacturer on a global scale.

Building on our momentum from the preceding quarter, we once again delivered a resilient performance despite ongoing global headwinds. I am glad to share that we have overcome these obstacles to achieve about 15% growth in EBITDA on a Q-o-Q basis. This success is attributed to our diversified product mix, keen emphasis on operational efficiencies, and unparalleled expertise in critical high-end chemistries. We continue to witness sequential improvement in demand for our products and remain confident of accelerating our performance trajectory as the demand on ground fully rebounds.

Our medium-to-long term expansion initiatives remain intact and progressing satisfactorily. The recent long-term contracts will instill greater stability, enhance our plant utilization, strengthen our leverage, and substantially boost our earnings going ahead. We are confident of achieving our stated guidance and delivering sustained value to all our stakeholders.”

Q3 & 9M FY24 – Consolidated Profit & Loss



Particulars (Rs. Crore)	Q3 FY24	Q3 FY23	Y-o-Y (%)	Q2 FY24	Q-o-Q (%)	9M FY24	9M FY23	Y-o-Y (%)
Gross Income from Operations	1,889	1,854	1.9%	1,597	18.3%	5057	5,456	-7.3%
Exports	1,100	888	23.9%	854	28.9%	2,628	2,593	1.3%
% of Total Income	58.2%	47.9%		53.5%		52.0%	47.5%	
EBITDA (with other Income)	268	289	-7.3%	233	15.0%	702	837	-16.1%
EBITDA Margin (%)	14.2%	15.6%		14.6%		13.9%	15.3%	
EBIT	171	207	-17.4%	140	22.1%	422	610	-30.8%
EBIT Margin (%)	9.1%	11.2%		8.8%		8.3%	11.2%	
PAT	124	137	-9.5%	91	36.3%	285	397	-28.2%
PAT Margin (%)	6.6%	7.4%		5.7%		5.6%	7.3%	
EPS (Rs.)	3.42	3.77	-9.3%	2.5	36.8%	7.85	10.94	-28.2%

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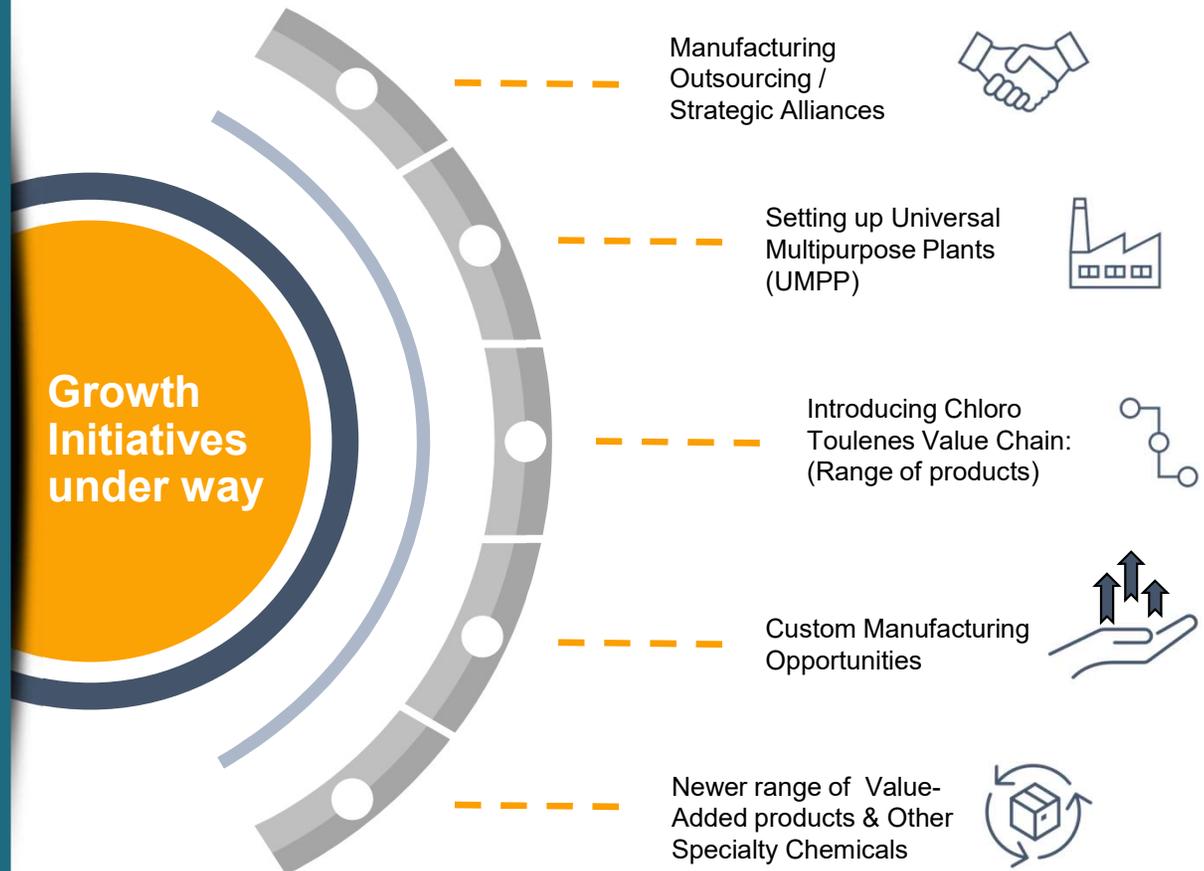
03

Growth
Opportunity
& Strategy

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.



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
- 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



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 policy 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 or contact:

Chetan Gandhi / Raj Sarraf

Aarti Industries Limited

Email: info@aarti-industries.com

Nishid Solanki / Shruti Joshi

CDR India

Email: nishid@cdr-india.com / shruti@cdr-india.com





**AARTI
INDUSTRIES**



Thank you