



**AARTI
INDUSTRIES
LIMITED**

Ref. No: AIL/B-39/2020/040

February 13, 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 Q3 & 9M FY20 Results Presentation of the Company for your records.

Kindly take the same on record.

Thanking You,

Yours faithfully,

FOR AARTI INDUSTRIES LIMITED


RAJ SARRAP

COMPANY SECRETARY

ICSI M. NO. A15526

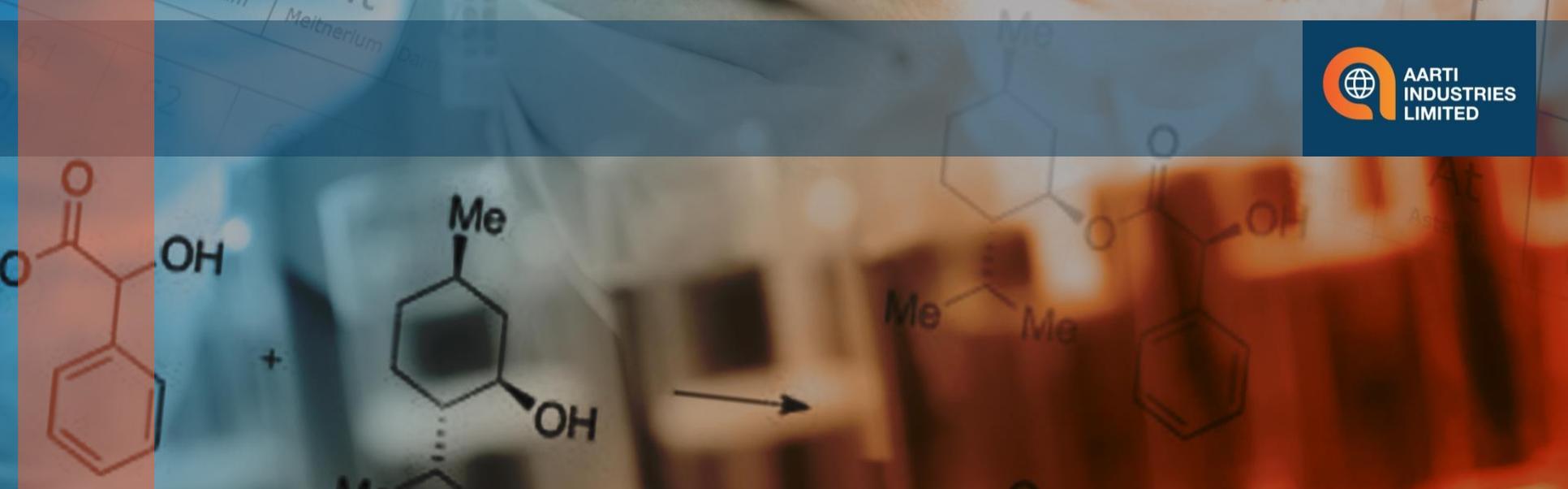
Encl.: As above.



www.aarti-industries.com | CIN: L24110GJ1984PLC007301

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AARTI INDUSTRIES LIMITED

Q3 & 9M FY20 Results Presentation

December 2019

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

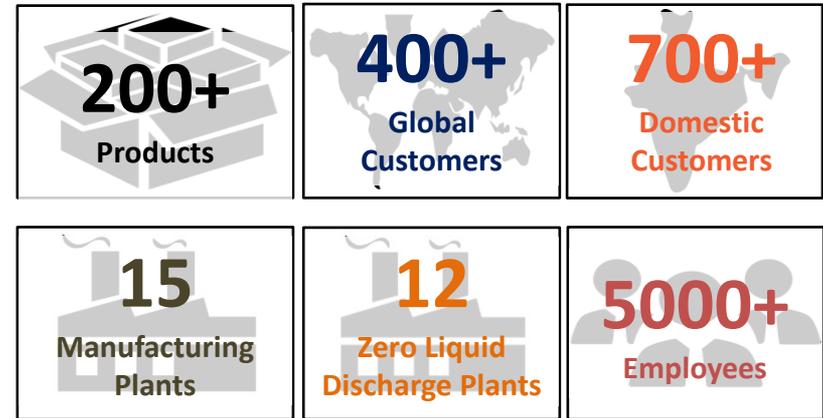
2 | Quarterly performance

Company Overview

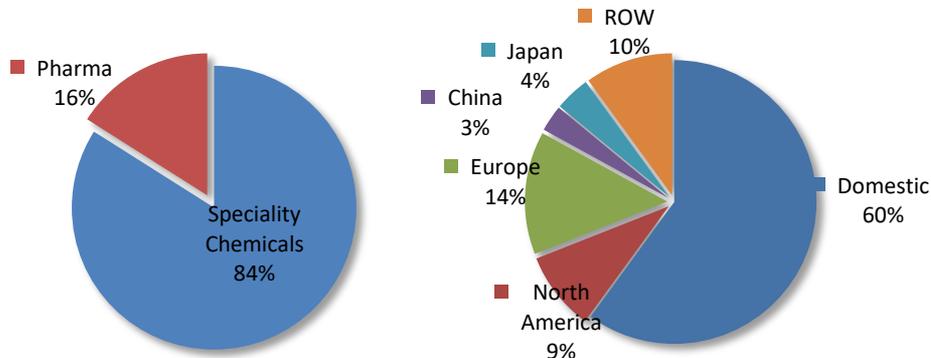
Overview

- 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 – 3 R&D facilities; dedicated pool of over 170 engineers & scientists; IPRs for developing customized products.
- 11 plants located in western India with proximity to ports
 - 11 for Speciality chemicals; 4 for Pharma (2 USFDA and 2 WHO/GMP)
 - 2 upcoming project sites at Dahej SEZ and 4th R&D center at Navi Mumbai

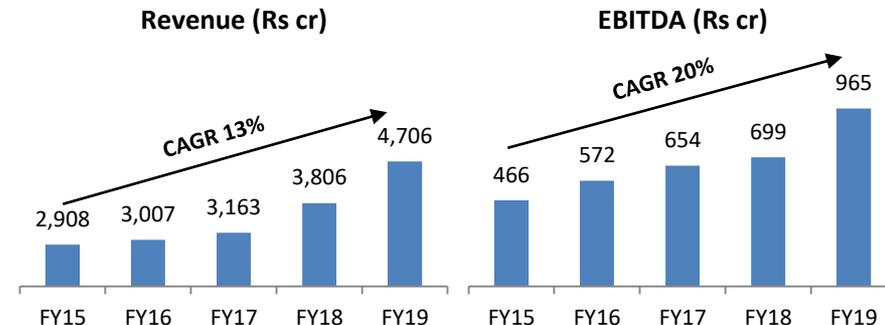
Key Metrics



Revenue split - Segmental and Geographical – FY19



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*
- *Plan to set up a 4th R&D plant focused on Speciality chemicals*

- **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 performance

Commenting on the performance for Q3 FY20, Mr. Rajendra Gogri – Chairman & MD at Aarti Industries Ltd. said,

“We are pleased to report another steady performance in Q3, which is well-aligned with the value transition of the business and our longer-term growth plans. Q3 revenues and operating profit, adjusted for the demerged HPC business, were both marginally higher on y-o-y basis. Contribution to the Chemicals business from downstream products, a key focus area as we scale our presence in non-commoditized segments, remained high at 75%.

We continue to have positive visibility of long-term demand for our products, as a result we have continued to drive capital expenditure as per plan – spending Rs. 830 crore in the first nine months and expect to close the year within the guided range of Rs. 1,000-1,200 crore. All our key projects including the expansion of chlorination capacity, investments underlying various long-term contracts, etc. are on track to be commissioned as per scheduled timelines.

In the Pharma business, there has been consistent improvement in performance, resulting into margin expansions as envisaged by us. Here, I would like to highlight that our Pharma margins are expanding as we derive a higher contribution from supplies to regulated markets and improve the product mix to more value-addition. Also, Pharma capacity expansions are continuing which will drive deeper penetration in some key therapies such as antihypertensive, cardiovascular, oncology, corticosteroids, etc. We also have a strong pipeline of approvals and visibility to maintain our growth momentum.

We also remain confident that our diversified exposure to chemistries, products, clients and geographies as well as low-cost, regulatory compliant production provides the platform for long-term, partner of choice relationships and market share gains in global supply chains and substitute imports in domestic manufacturing ecosystems.”



Q3 & 9M FY20 P&L (Standalone)

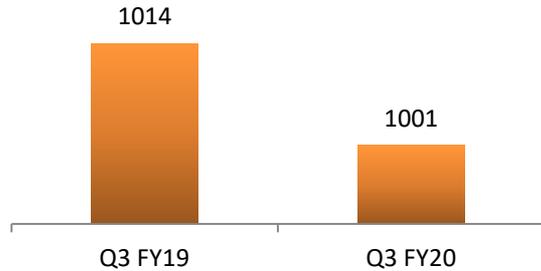
Particulars (Rs. Crore)	Y-o-Y			Y-o-Y			
	Q3 FY20	Q3 FY19	Growth (%)	Q2 FY20	9M FY20	9M FY19	Growth (%)
Gross Income from Operations	1,176.7	1,268.2	-7.2%	1019.0	3,281.9	3,646.2	-10.0%
Exports	485.8	504.3	-3.7%	448.1	1,388.5	1,371.7	1.2%
% of Total Income	41.3%	39.8%	-	44.0%	42.3%	37.6%	-
EBITDA	242.7	246.9	-1.7%	238.5	718.2	676.9	6.1%
EBITDA Margin (%)	20.6%	19.5%	115 bps	23.4%	21.9%	18.6%	330 bps
EBIT	198.9	206.3	-3.6%	196.0	591.7	559.7	5.7%
EBIT Margin (%)	16.9%	16.3%	60 bps	19.2%	18.0%	15.3%	265 bps
PAT	136.8	132.7	3.1%	142.2	416.4	344.9	20.7%
PAT Margin (%)	11.6%	10.5%	115 bps	14.0%	12.7%	9.5%	320 bps
EPS (Rs.)	7.85	16.32	-	16.32	23.9	42.42	-

- Substantial margin improvement on account of expanding contribution of higher value products
- Better operating leverage from increasing capacity utilization

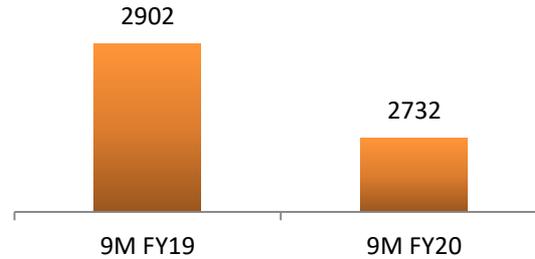
Figures for the quarter and nine months ended 31st December 2018 are prior to considering the impact of the scheme of arrangement for demerger of Home and Personal Care undertaking of the Company into Aarti Surfactants Ltd and also the merger of manufacturing undertaking of Nascent Chemicals Industries Ltd into the company. To that extent the figures are not comparable. The said scheme of arrangement was approved by NCLT, Ahmedabad vide its order dated 10th June 2019 and thus it became effective from appointed date 1st April 2018.

Q3 & 9M FY20 – Speciality Chemicals (Standalone)

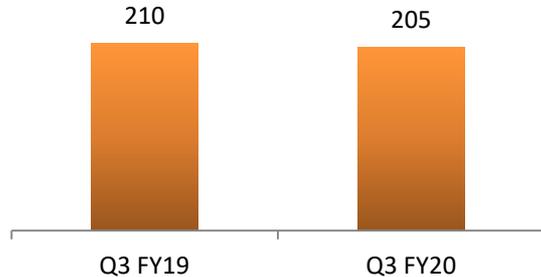
Revenue



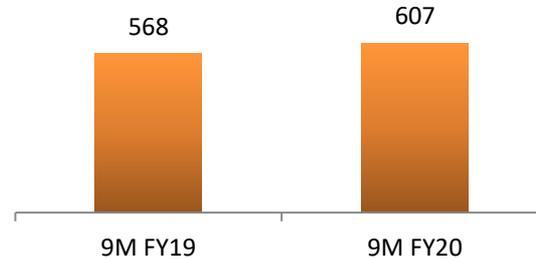
Revenue



EBIT



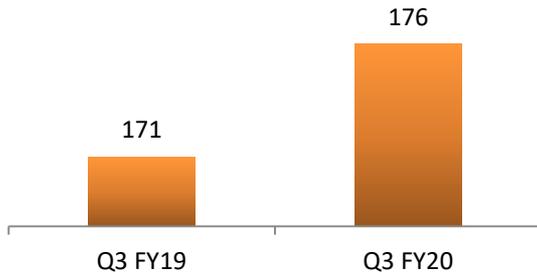
EBIT



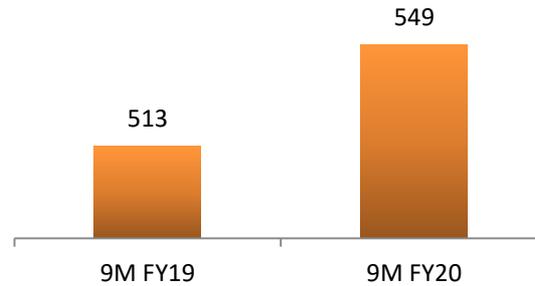
- Higher margins on account of increasing share of value added and high margin products
- Revenue share of products in Chlorination and Nitration chemistries reduced to 25% in 9M FY20 from 30% in FY19

Q3 & 9M FY20 – Pharma (Standalone)

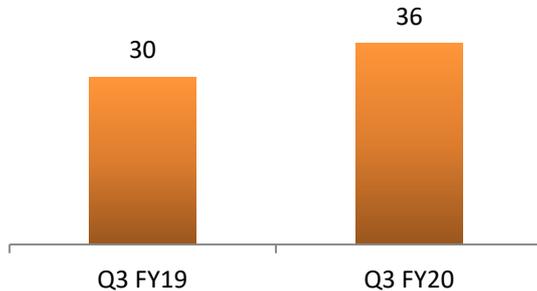
Revenue



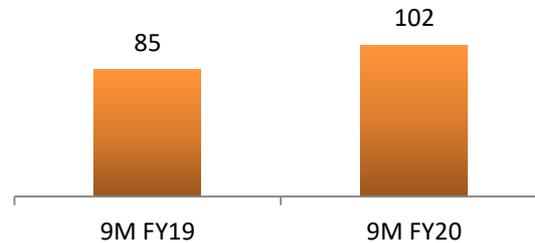
Revenue



EBIT



EBIT

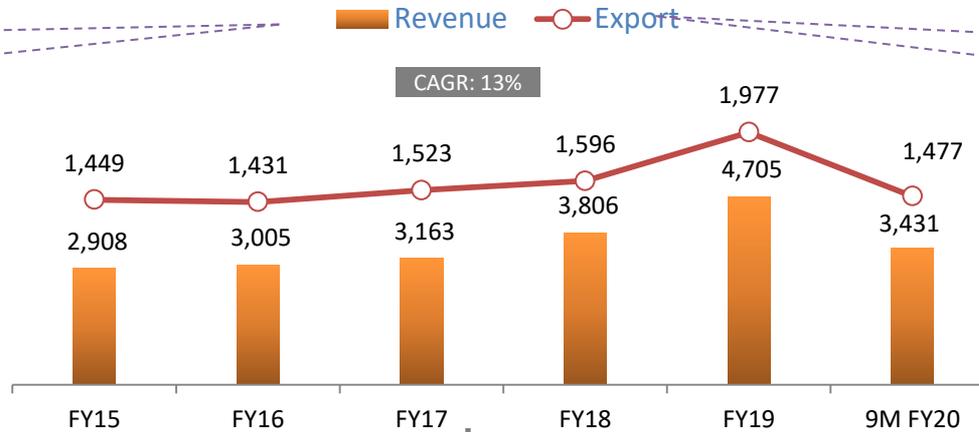


- Pharma business revenue higher by 3% YoY in Q3 and higher by 7% in 9M FY20
- EBIT margins have seen significant expansion based on higher contribution from regulated markets and value-added products
- Focusing on off-patented generics in regulated markets
- Expanding business volumes across markets and operating leverage – expected to sustain growth momentum

Revenue Performance (Consolidated)

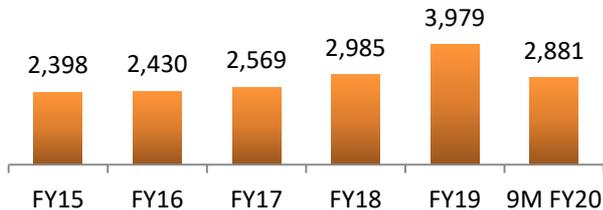
Operating revenues have grown on the back of strong volume growth in key business segments and better product mix. Top line is also a function of variations in raw material prices linked to crude oil.

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



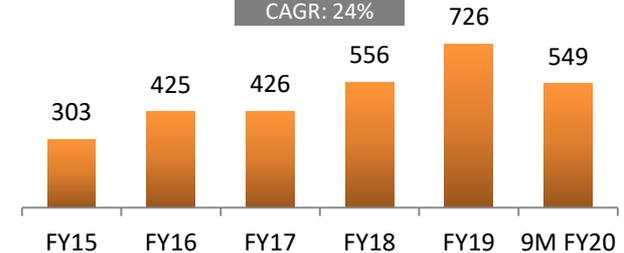
Speciality Chemicals

CAGR: 14%



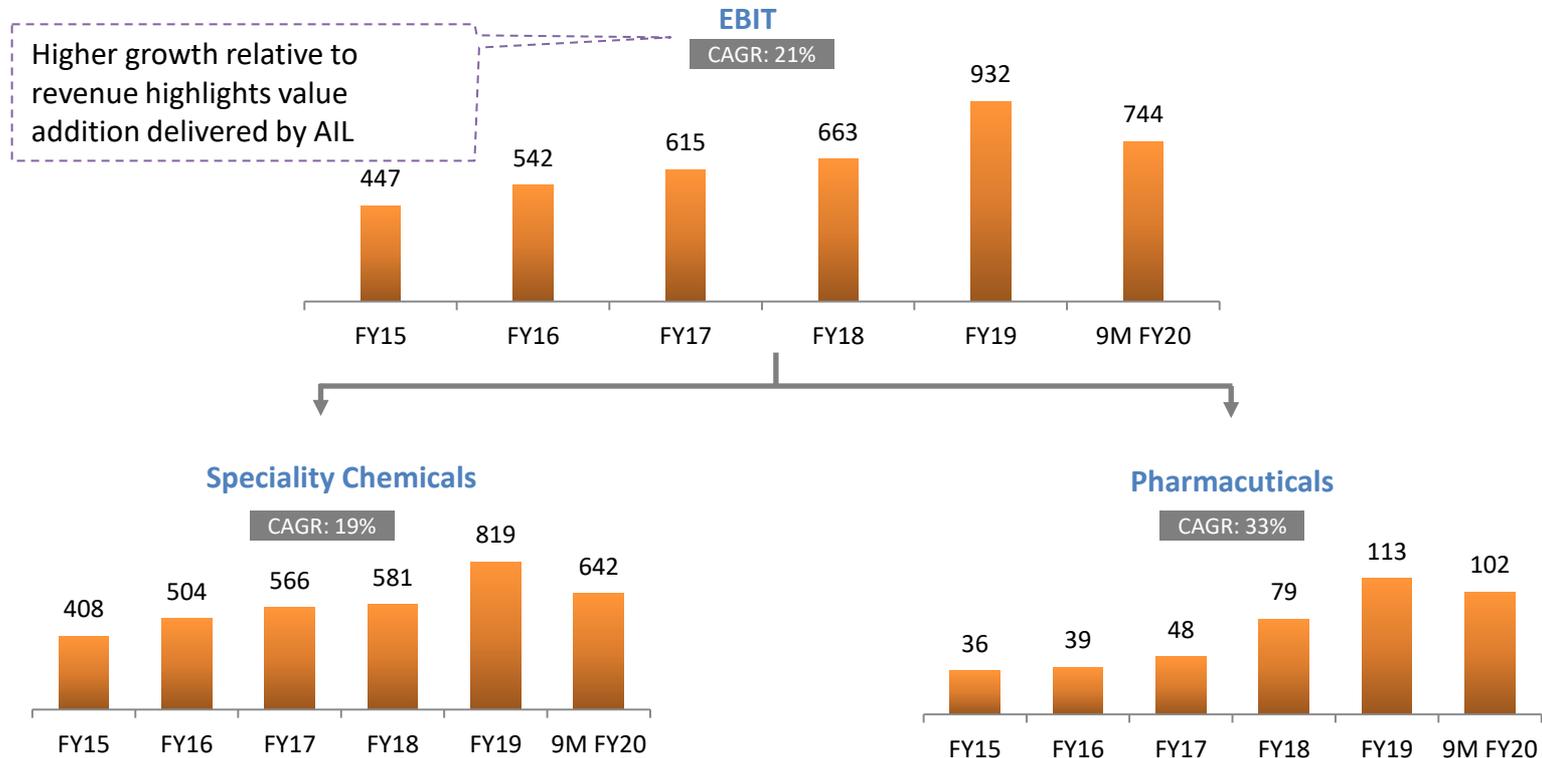
Pharmaceuticals

CAGR: 24%



Note: For FY15-19 annual numbers have been mentioned; FY20 figures pertain to only the first nine months and are not comparable

EBIT Performance (Consolidated)



Note: For FY15-19 annual numbers have been mentioned; FY20 figures pertain to only the first nine months and are not comparable

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