

**Ref. No: AIL/B-40/2021/019
May 19, 2021**

To,
Listing/Compliance Department
BSE LTD.
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001.

BSE CODE –524208

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**

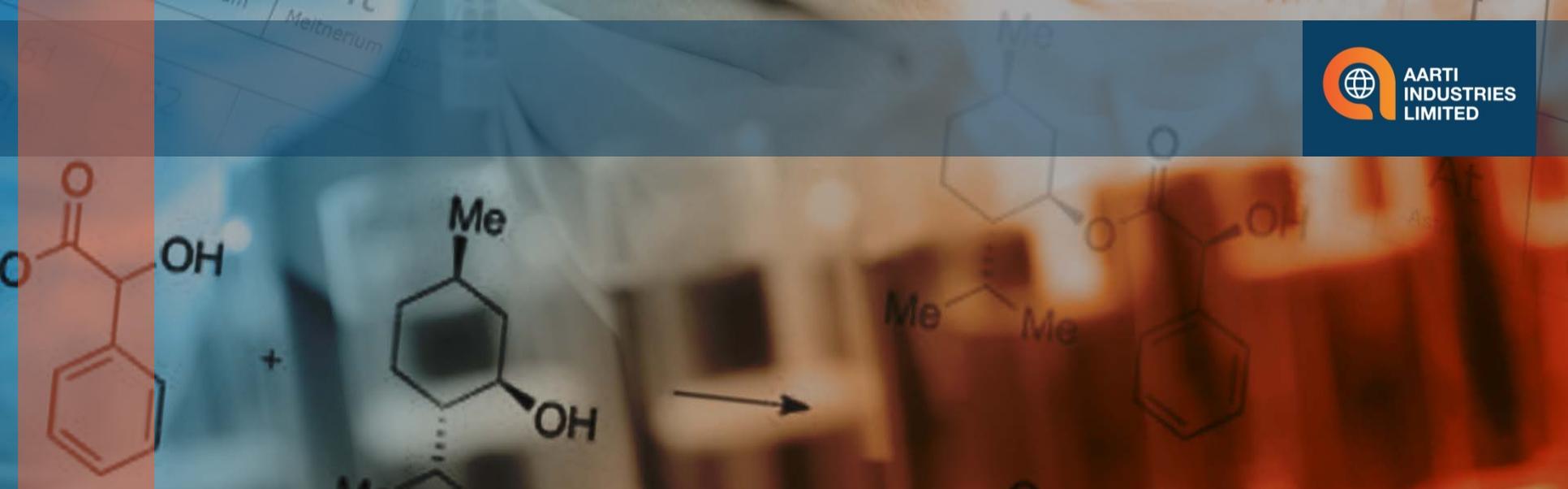
Please find enclosed herewith the Q4 & FY21 Results Presentation of the Company for your records.

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 LIMITED

Q4 & FY21 Results Presentation

18th May 2021

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.

All information contained in this presentation has been prepared solely by AARTI INDUSTRIES LIMITED. AARTI INDUSTRIES LIMITED does not accept any liability whatsoever for any loss, howsoever, arising from any use or reliance on this presentation or its contents or otherwise arising in connection therewith.

Agenda

1 | **At a glance**

2 | **Quarterly and Annual performance**

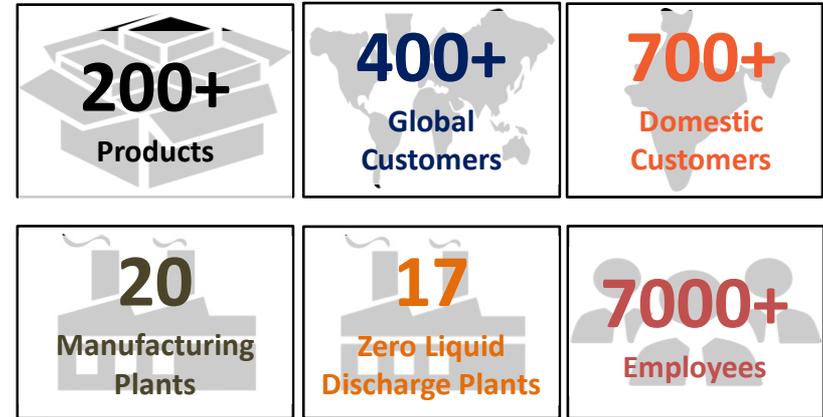
3 | **Growth Plan: Projects & Growth Estimates**

Company Overview

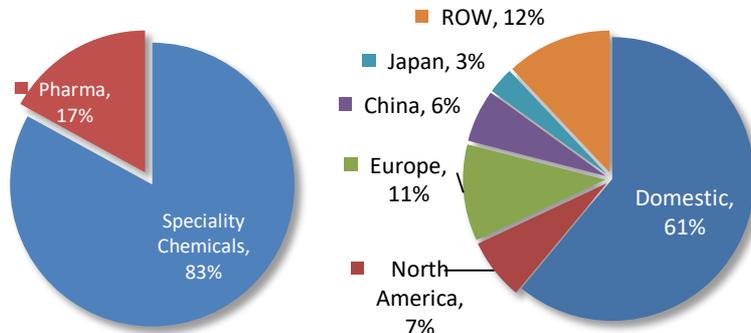
Overview

- 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 – 4 R&D facilities; dedicated pool of about 300+ 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)

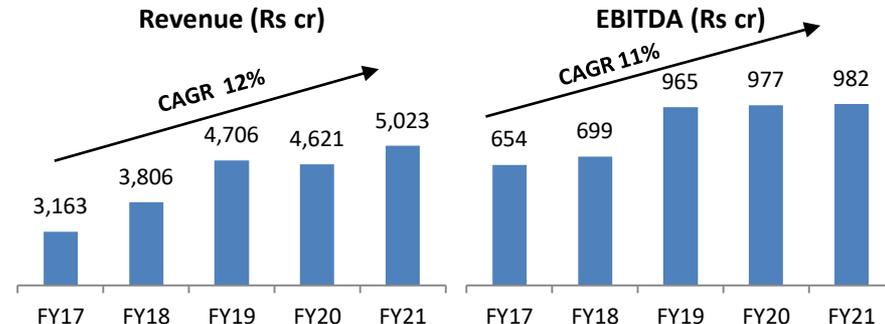
Key Metrics



Revenue split - Segmental and Geographical – FY21



Key Financials



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*

- **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 and Annual performance

3 | Growth Plan: Projects & Growth Estimates

Key Highlights – FY21

Major factors impacting performance

- COVID-19 Impact
 - Demand impact on Discretionary part of the business (about 40% of the speciality chemical segment). Majorly recovered in Q3 & Q4 FY21
 - Restrictions on Manpower movement impacted operations and project work.
 - Logistics impacted affecting supply chain and despatch to customers. Global Logistics cost increased significantly
 - Social Contribution to PM Cares Fund, CM Relief Funds, various NGOs and assistance to Labourers.

Other Updates and factors

- Cancellation of one of the long term contract. Shortfall Fees for FY21 majorly received.
- Started Commercial operations at Chlorination unit at Jhagadia. Company capacity for Chlorination enhanced from 110KTPA to 175KTPA.
- Started Commercial operation for Phase 2 at Dahej SEZ unit.
- Commercialization of major facilities resulted into increase in Fixed Costs and Depreciation, while the benefits for volume scale up will start accruing from FY22 onwards.
- Acquired over 100 acres of Land in Gujarat for further expansion and new project initiatives at Chemical & Pharma Segment.
- Gold Ecovadis Medal awarded from Ecovadis (the world's most trusted sustainability rating company). This places AIL into the top 5% of the companies globally with respect to its sustainability practices.

Chairman's Message

Commenting on the performance, Mr. Rajendra Gogri – Chairman & MD at Aarti Industries Limited said,

“Despite the challenging year, I am pleased to share that the company has been able to present an outstanding performance in one of the most challenging phase we have witnessed so far. I would like to thank all the stakeholders for your continuous support to AIL enabling us overcome this journey so far.

“We are happy to report continuing strong momentum in operating and financial performance during the last quarter coming from demand for most of the products recovering to the precovid normal volumes. We are now well-placed to be able to hit a high growth phase in FY22 and also on track to maintain our long term growth momentum, as guided earlier.

*During the quarter, we completed the commercialization of the balance for the chlorination project and also for the Phase 2 unit at Dahej SEZ. Next in line are projects related to 2nd and 3rd Long Term Contracts, NCB Expansion, Pharma Expansion, etc, which are expected to be commissioned over the next few quarters, providing the planned growth acceleration in coming periods. With these current pipeline of projects under execution, **we expect to be able to near double the current EBIDTA over a period of three years, ie by FY24.***

Our pharma business continues to deliver growth and margin expansion based on operating leverage from growing volumes and our focus on regulated markets and value-added products. We remain in line to expand capacities of both API's and intermediates and we have a pipeline of several new products under development.

*Strategically, our focus remains on increasing the contribution from value-added chemistries within our portfolio – gaining prominence within the development programs of a large number of global innovators. We have backed this with investments in R&D, sustainability and other internal competencies in line with global best practices. As India continues to get prominent positioning within global supply chains for innovators in speciality chemicals and pharma sectors, Aarti Industries is slated to derive structural benefit from the various long term opportunities which it had been working on over last 12-24 months. In addition to the growth initiatives at our existing range of products, we also have an **additional projects pipeline entailing a capex of over 3000 crs** to be taken up in forthcoming 3 years. These will add a host of new products and chemistry which will add to the strength and further diversify the company. These projects will drive the growth of the company beyond FY24 and help the company maintain a growth momentum in the 2nd half of this decade.”*

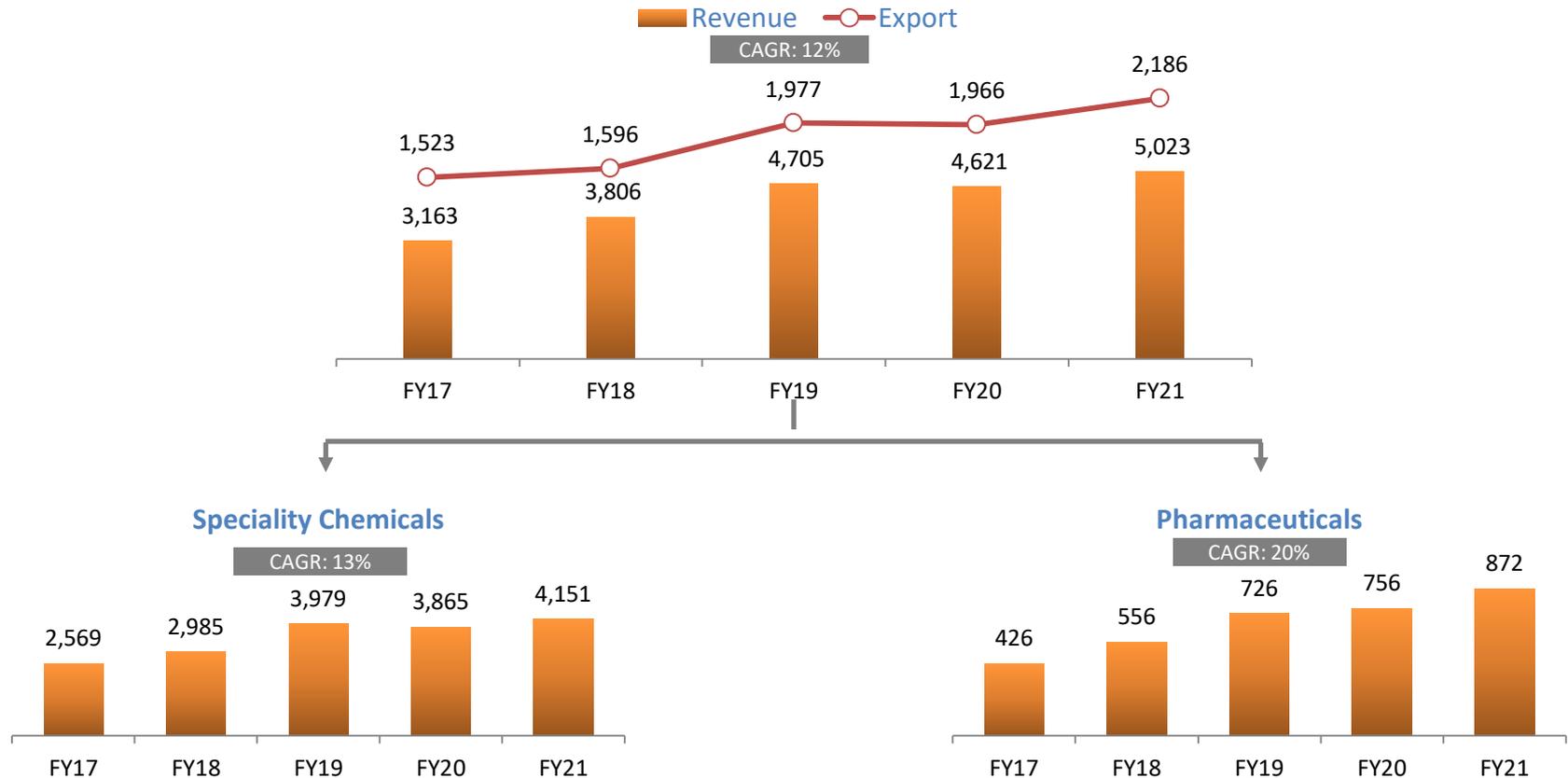


Q4 & FY21 P&L (Consolidated)

Particulars (Rs. Crore)	FY		Y-o-Y	Q4		Y-o-Y
	FY21	FY20	(%)	FY21	FY20	(%)
Gross Income from Operations	5,023	4,621	8.7%	1,347	1,190	13.2%
Exports	2,186	1,966	11.2%	546	482	13.3%
% of Total Income	43.5%	42.5%	-	40.5%	40.5%	-
EBITDA	982	977	0.4%	260	219	18.9%
EBITDA Margin (%)	19.5%	21.2%		19.3%	18.4%	
EBIT	751	801	-6.2%	195	170	14.7%
EBIT Margin (%)	15.0%	17.1%		14.5%	14.3%	
PAT	524	536	-2.2%	136	110	23.6%
PAT Margin (%)	10.4%	11.6%		10.1%	9.3%	
EPS (Rs.)	30.04	30.77		7.81	6.33	

- Sustained revenue growth driven by volume expansion and 75% contribution from value-added products
- Gross margins returned to normalized levels
- Demand for discretionary products has majorly returned to pre-covid levels
- Pharma segment revenues at record levels, profitability sustained as the product basket remains focused on value addition
- Depreciation and Fixed Costs higher due to commissioning of new manufacturing units
- Capex in FY21: Rs 1300+ crore
- **Final Dividend recommended – Rs 3.00 per share (Pre Bonus) / Rs 1.50 per share (Ex-Bonus)**
- **Bonus announced – 1:1**

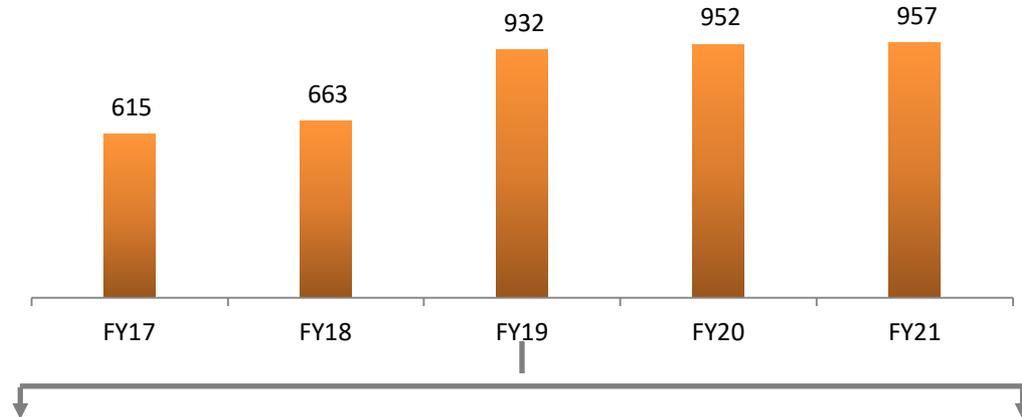
Revenue Performance (Consolidated)



EBIT Performance (Consolidated)

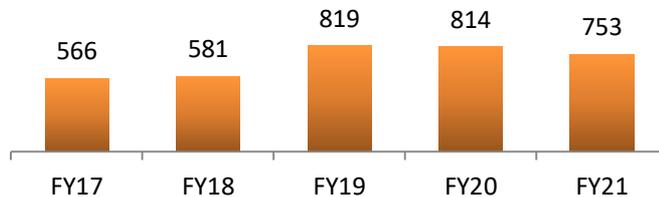
EBIT

CAGR: 12%



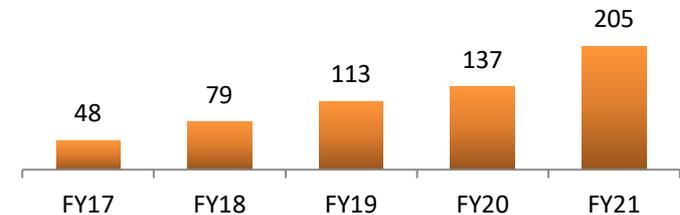
Speciality Chemicals

CAGR: 7%



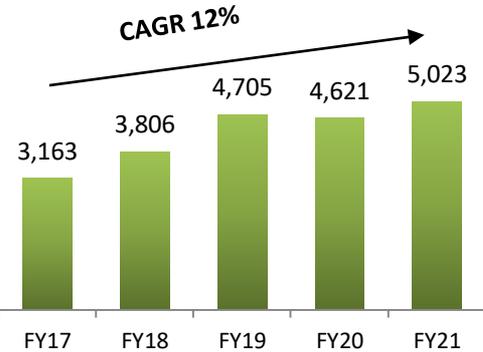
Pharmaceuticals

CAGR: 44%

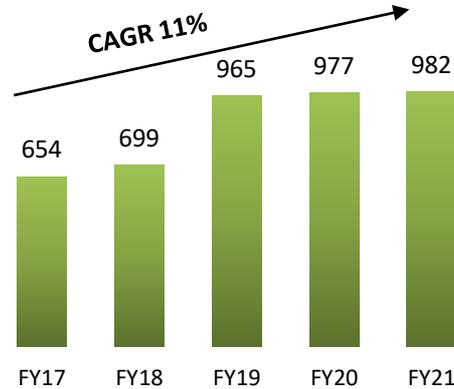


Financials – (Consolidated)

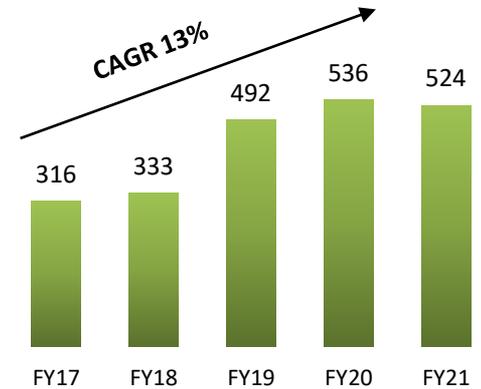
Robust Revenue Growth



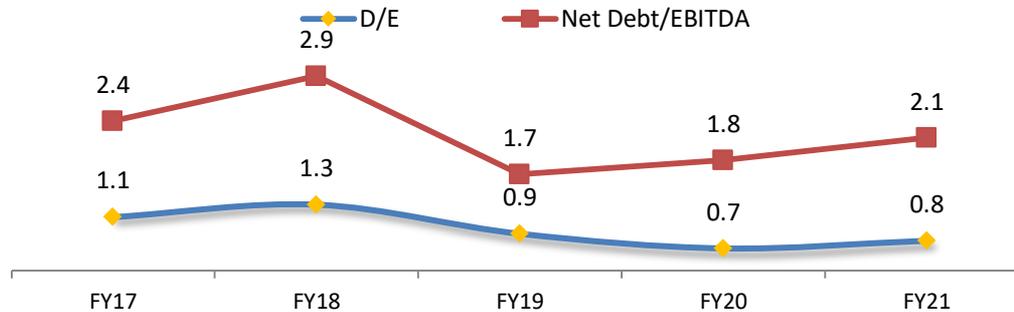
Strong EBITDA Growth



Strong PAT Growth



Debt Profile



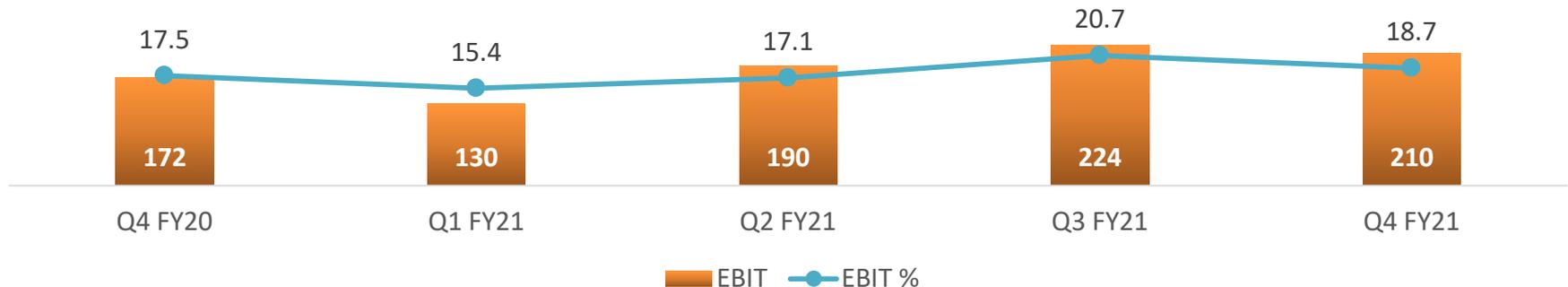
Amount in INR (Cr)

Speciality Chemicals: Quarterly Revenue and EBIT

Speciality Chemicals - Revenue

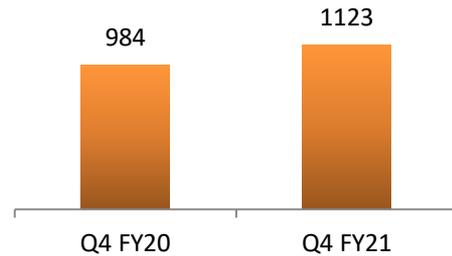


Speciality Chemicals EBIT & EBIT %

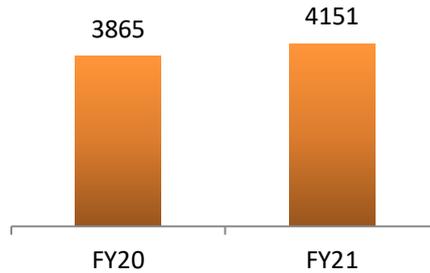


Q4 & FY21 – Speciality Chemicals

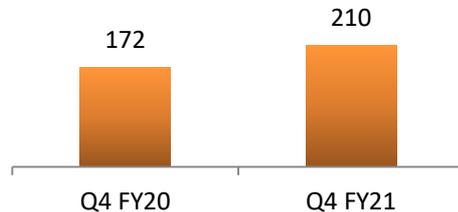
Revenue



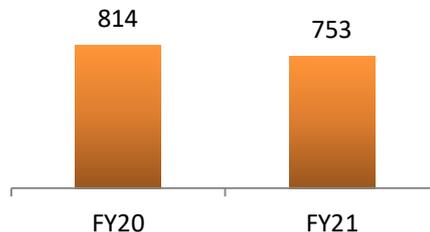
Revenue



EBIT



EBIT



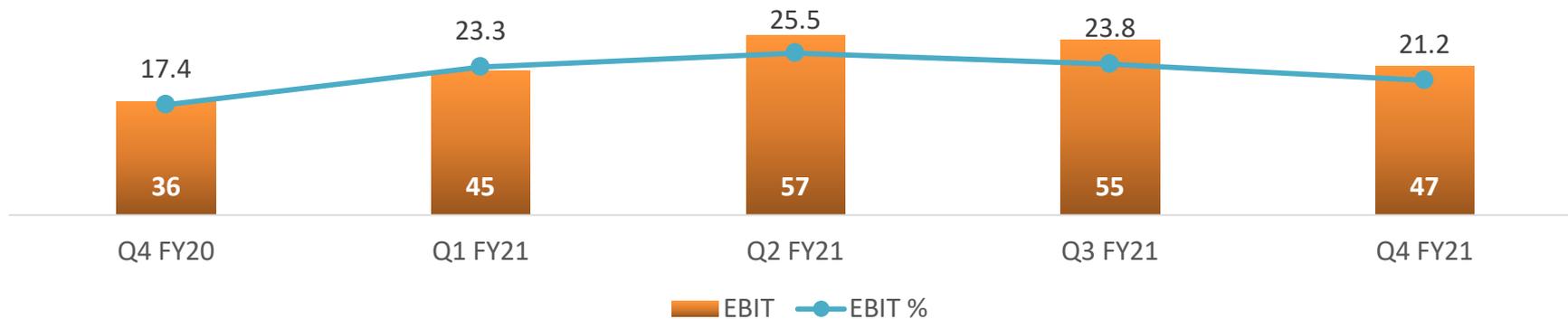
- Annual maintenance shutdown at the Acid Division at Vapi and asset revamp linked maintenance shutdown at Jhagadia – both taken in Q4FY21, impacted volumes and resulted in higher costs by about Rs 12 crore
- Return of demand from established markets driving improved margins
- Depreciation and Fixed Costs in Q4FY21 higher due to commissioning of new units
- Includes income recognition of about USD 5 million per quarter and USD 20 million for FY21 towards the shortfall fees in respect of the first long-term contract

Pharma Segment: Quarterly Revenue and EBIT

Pharma - Revenue

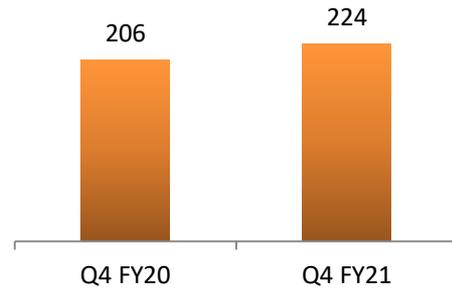


Pharma EBIT & EBIT %



Q4 & FY21 – Pharma

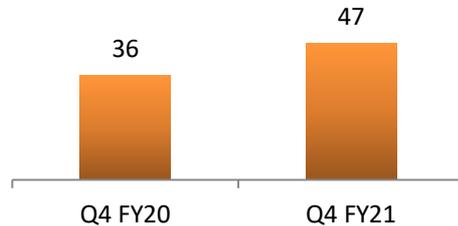
Revenue



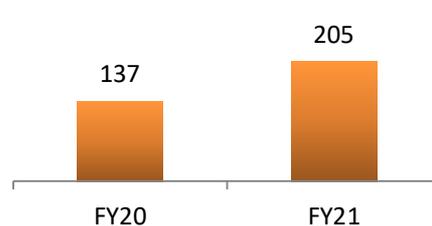
Revenue



EBIT



EBIT



- Pharma business revenue grew by 15% YoY during FY21 – topline at highest ever levels historically.
- Pharma Ebit grew by 50% during FY21 – EBIT at highest ever levels historically.
- Sustainability initiative linked shutdown taken at Pharma units in Q4FY21, impacting the operations partly.
- Continued throughput from regulated markets, value-added products and growing pipeline of new intermediates.
- Margins seeing structural improvement based on operating initiatives.
- Revenue growth is expected to sustain as additional capacities for API's and intermediates are getting operationalized in coming quarters.

Agenda

1 | At a glance

2 | Quarterly and Annual performance

3 | **Growth Plan: Projects & Growth Estimates**

Our Growth Strategy



Value Chain Expansion

- Scale up of capacities in existing products
- New markets and applications for existing products
- New value-added products in existing value chains
- Improved market position across isomers



Customer Collaboration

- Co-development and scale up of new products through customer partnerships
- Multi-product collaboration with customers to deepen relationships
- Contract research opportunities



New Value Chains

- Extension of process and chemistry expertise to enter new value chains (such as chlorotoluenes)
- Addition of new reaction capabilities



Manufacturing Outsourcing

- Long-term contract with customers leveraging process expertise, raw material security and India advantage
- Setting up dedicated toll manufacturing facilities



Opportunities in Pharmaceuticals

- Scale up of capacities in existing products and related applications
- Increase presence in the regulated markets
- Develop and explore more opportunities for innovators for APIs and intermediates



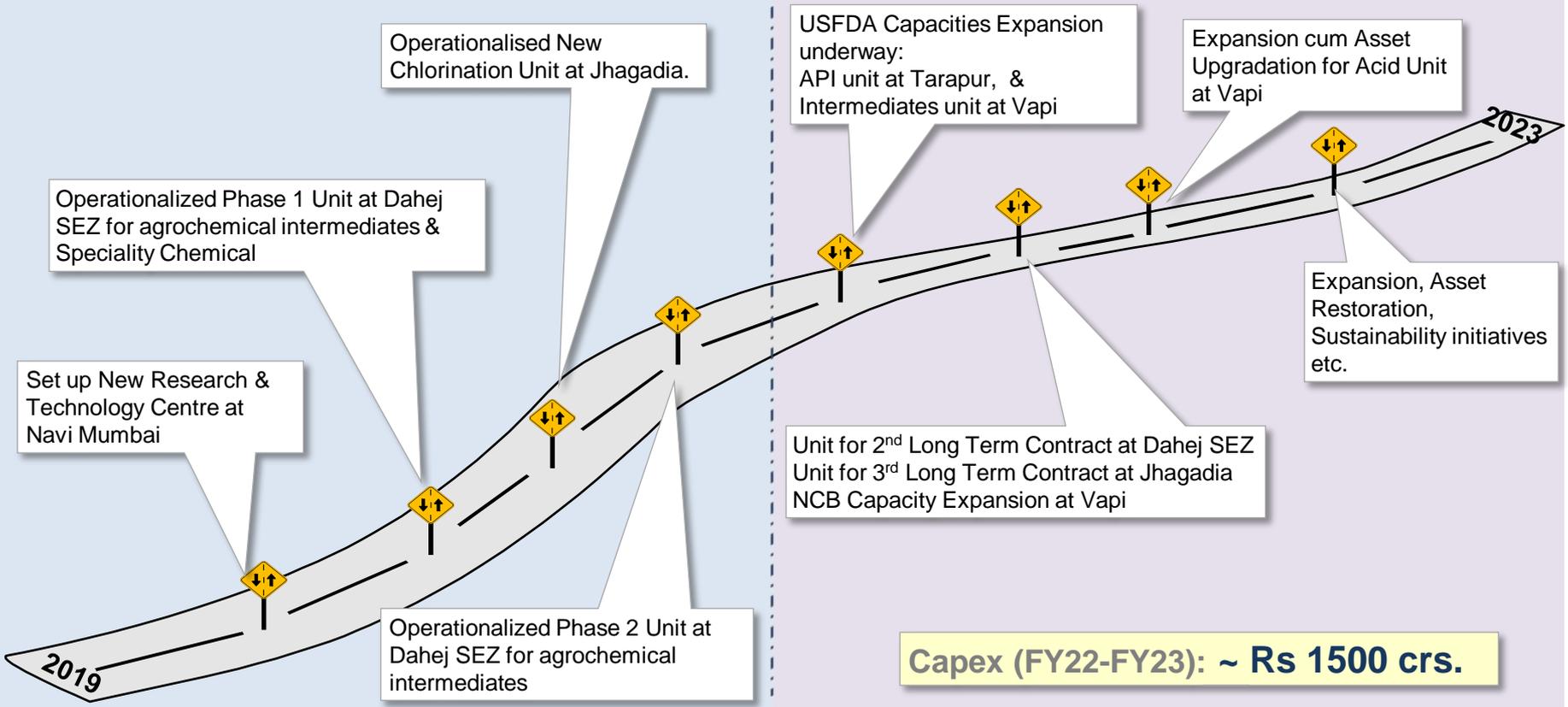
High Growth Sector

- Focus on high growth sectors and emerging mega trends

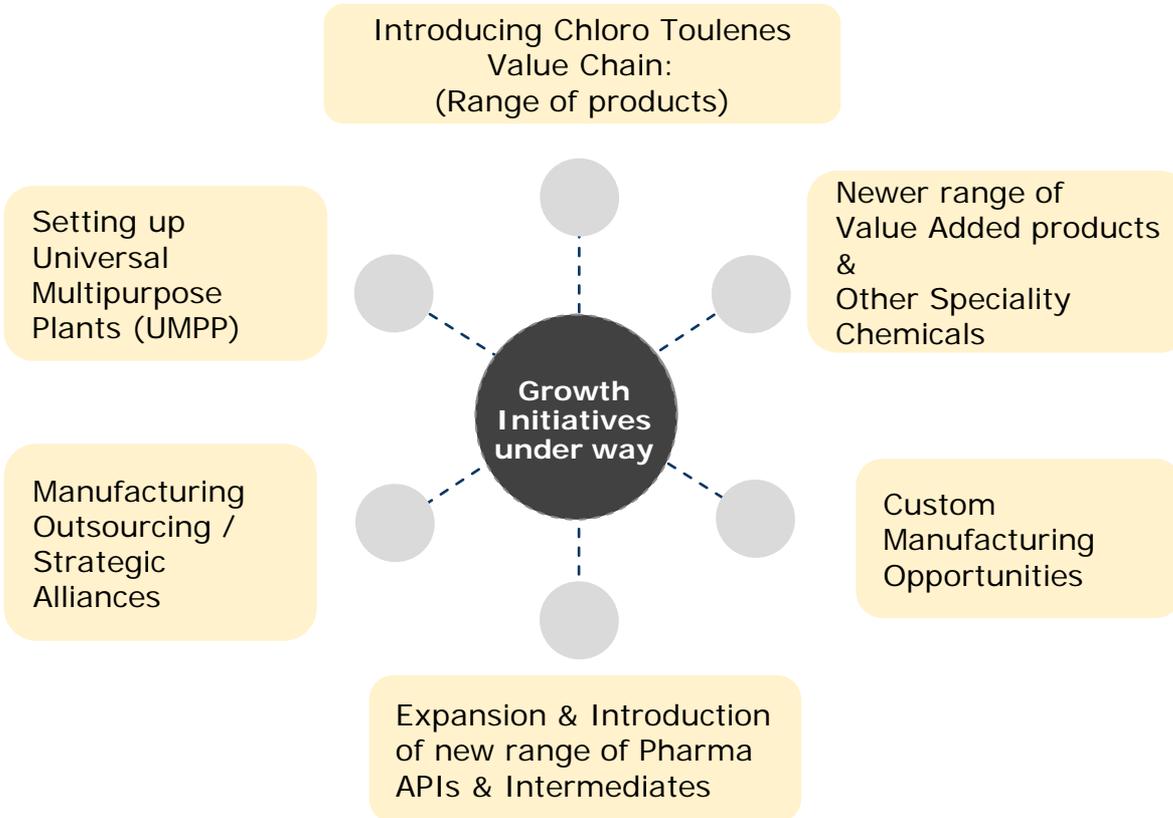
Major Projects: FY19 - FY23

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 Chemical
 - **50+ products** for Pharma
- **EBIDTA margin ~ 25% - 30%**
- Capex of about
 - **Rs 2500 – 3000 crs** for Chemical
 - **Rs 350 – 500 crs** 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.*

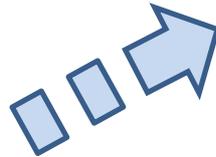
Capex FY22-FY24: ~ Rs 4500 crs – 5000 crs

FY21 Snapshot

Turnover: 5000 crs

EBIT: 750 crs

PAT: 523 crs

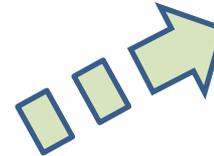


FY24 Growth (over FY21)

Turnover: 1.7x -2.0x

EBIT: 1.7x - 2.0x

PAT: 1.7x – 2.0x



FY27 Growth (over FY21)

Turnover: 2.5x-3.5x

EBIT: 3x - 4x

PAT: 3x - 4x

Contact Us

For further information please log on to www.aarti-industries.com or contact:

Mr. Chetan Gandhi / Mr. Raj Sarraf

Aarti Industries Limited

Tel: +91 22 6797 6666

Email: info@aarti-industries.com

Shiv Muttoo / Shruti Joshi

CDR India

Tel: +91 98335 57572 / +91 75065 67349

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

PRODUCTIVITY WITH SAFETY IS OUR MOTTO
उत्पादकता के साथ सुरक्षा हमारा लक्ष्य है

Thank You