



AARTI INDUSTRIES LIMITED

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Ref. No: AIL/B-33/2017/096

Date : 6th February, 2017

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

BSE CODE –524208

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

Dear Sir/Madam,

Ref: Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Please find enclosed herewith the Q3 & 9Months FY'17 results presentation of the Company for your records.

Kindly rake note of the same and oblige

Thanking You,

Yours faithfully,

FOR AARTI INDUSTRIES LIMITED


MONA PATEL

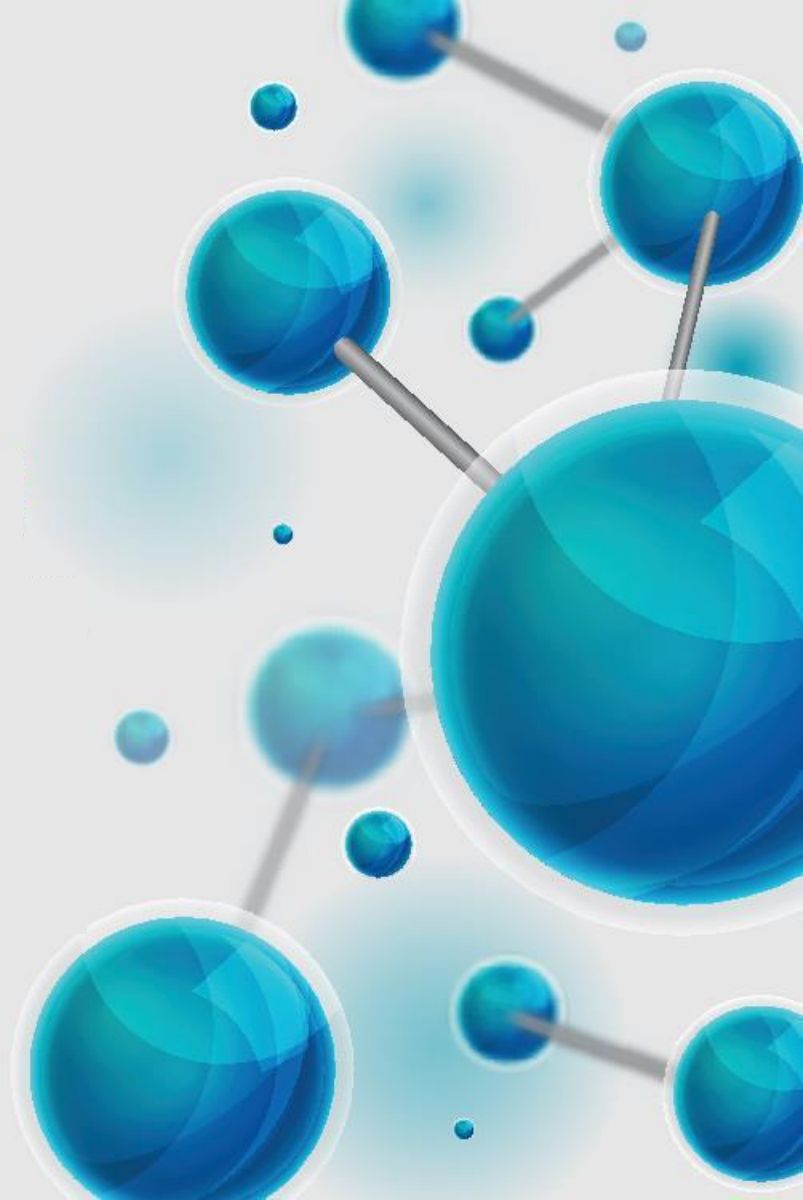
COMPANY SECRETARY & COMPLIANCE OFFICER

Encl. As above.



Aarti Industries Limited

Q3 & 9M FY17 Results Presentation



Disclaimer



AARTI INDUSTRIES LIMITED may, from time to time, make additional written and oral forward looking statements, including statements contained in the company's filings with Bombay Stock Exchange and National Stock Exchange, 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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At a glance

Profile



Aarti is one of the most competitive benzene-based speciality chemical companies in the world

Globally ranks at 1st – 4th position for 75% of its portfolio. “Partner of Choice” by various Major Global & Domestic Customers.

Promoters are First Generation Technocrats

- 5 of 6 Promoter Directors are engineers. 3 of 4 Founder Promoters are chemical engineers from ICT (formerly known as UDCT)
- Shri Chandrakant Gogri, Founder Chairman, retired in August 2012 and advises in the capacity as Chairman Emeritus

Highly integrated operations

- Cost-efficient processes
- Extensively integrated across more than 70 products

Present in niche chemistry spaces. Multi-year multi-product relationships with several leading global customers

16

Manufacturing Plants

2

USFDA Units

3,250+

Employees

125+

Products

150+

Global Customers

500+

Domestic customers

Speciality Chemicals

- Polymer & additives
- Agrochemicals & intermediates
- Dyes, Pigments, Paints & Printing Inks
- Pharma Intermediates
- Fuel Additives, Rubber chemicals, Resins, etc.
- Fertilizer & Nutrients

Pharmaceuticals

- Active Pharmaceutical Ingredients (APIs)
- Intermediates for Innovators & Generic Companies

Home & Personal Care

- Non-ionic Surfactants
- Concentrates for shampoo, hand wash & dish wash

Revenue in Rs. crore

2,265

383

132

EBIT in Rs. crore

504

39

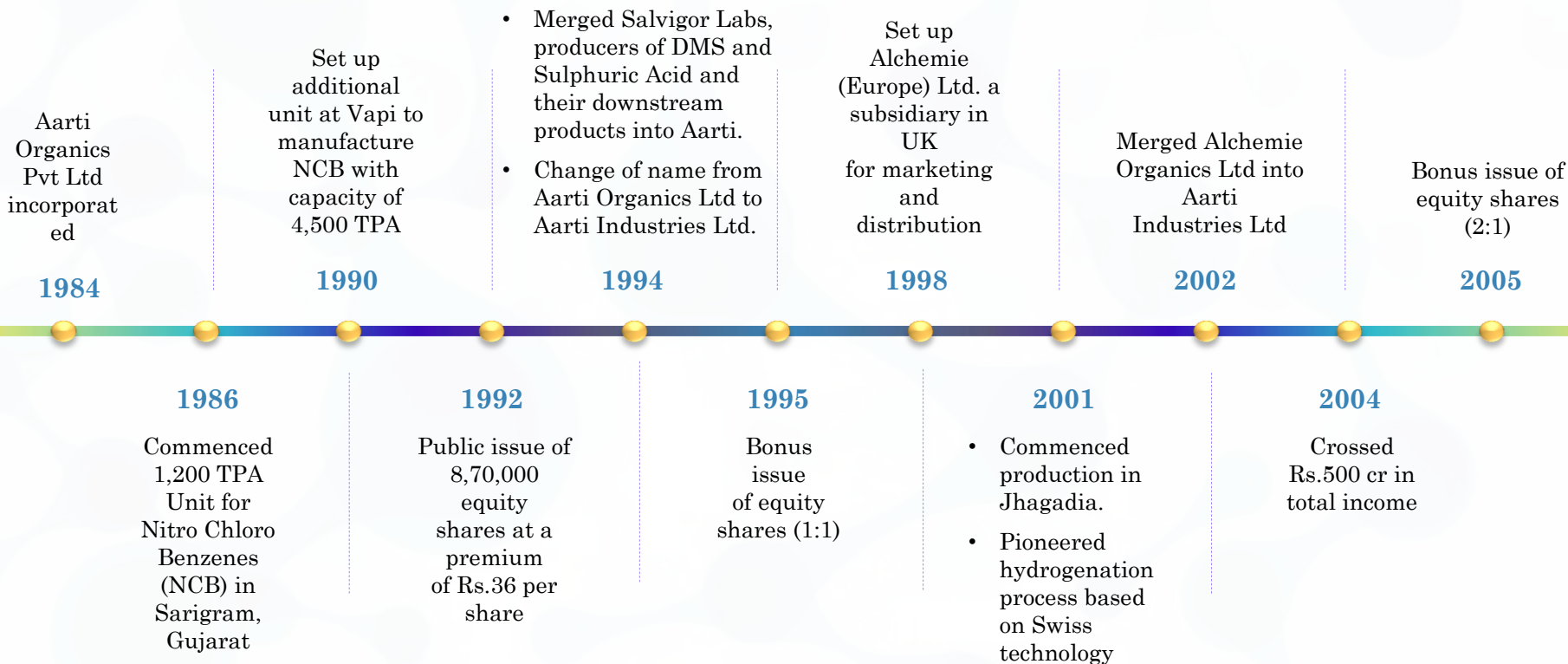
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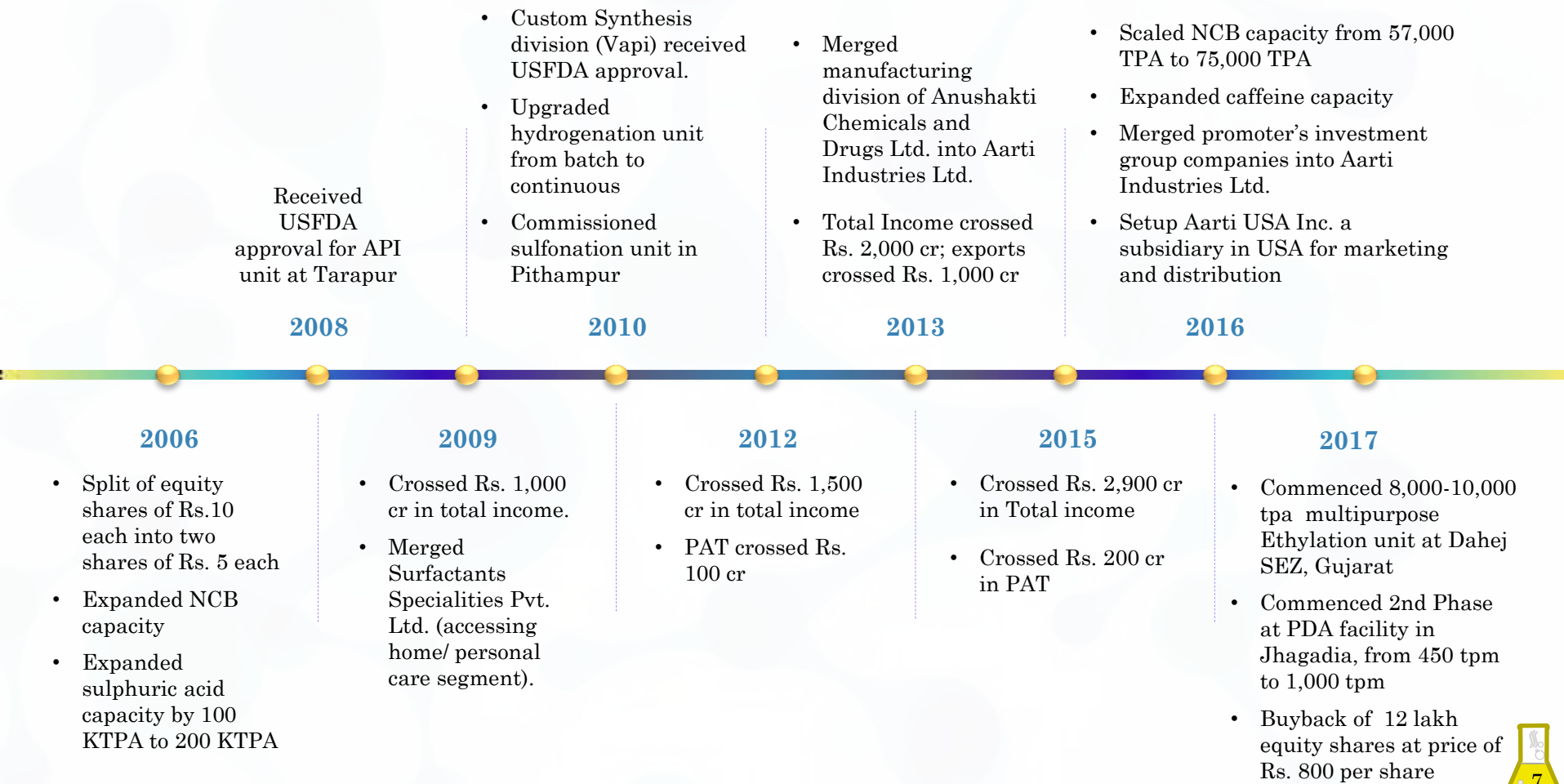


Transformation Journey

Hitting right milestones at right time



Transformation Journey



What differentiates us



Product mix comprises more than 125 research-led products

Most chemical companies focus on a handful of products

We have focused on the manufacture of integrated derivatives

Most chemical companies focus on a fragmented standalone product mix

We have global capacities & are better placed for scale-up

Most chemical companies serve local markets

We have selected to focus on customers across continents

Most chemical companies do not have a diversified geographic mix

We are seamlessly backward integrated for precursor materials

Most chemical companies are completely dependent on external resource supplies

We have selected to be present in niche chemistry spaces with relatively low competition

Most chemical companies select to be present in large spaces marked by extensive competition

We have been engaged in multiyear relationships with a large number of leading global downstream customers

Most chemical companies seek to work with small global companies as a market-entry strategy



Global Partner of Choice



Aarti Industries is a rare instance of a global speciality chemicals company that combines process chemistry competence (recipe focus) with scale-up engineering competence (asset utilization)

Transformed from

Make-to-stock to robust Make-to-order

Vendor servicing to Partner of Choice

Our business model complements that of our global customers

Product innovation aligned to customer's future growth

Capex scale synched to customer expansion objectives

Multiproduct, multi-year relationship

- >80% of FY16 revenues from 5+ yrs customers
- Growth across all customers

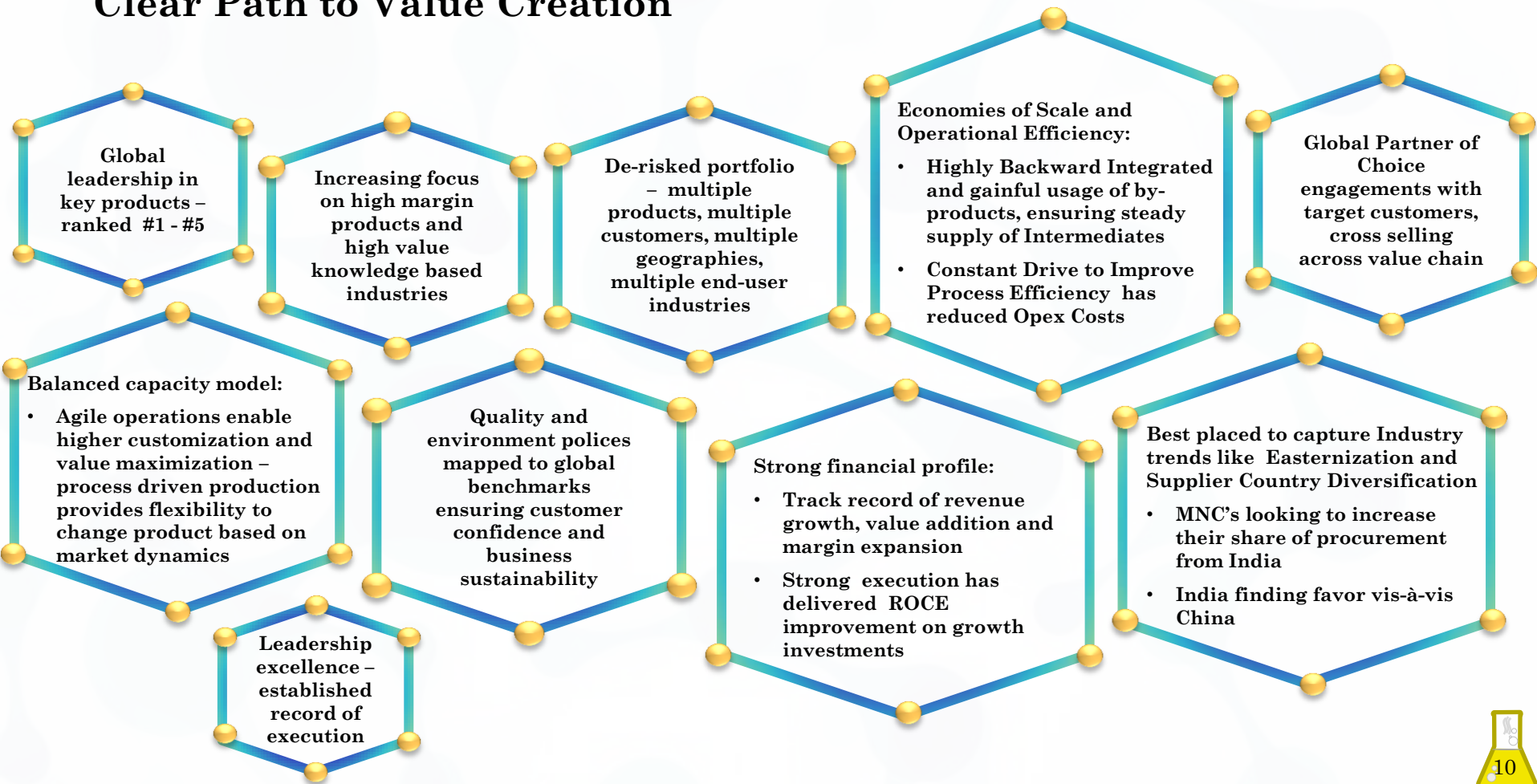
Committed to SH&E

- Invested >Rs. 200 cr in last 5 yrs
- 4 Zero Discharge units
- Reduce-Reuse-Recover



Key Investment Theme

Clear Path to Value Creation





Quarterly Performance

Chairman's Message



Commenting on the performance for Q3 & 9M FY17, Mr. Rajendra Gogri – Chairman & M.D. at Aarti Industries Ltd. said,



“I am happy to report a healthy performance in Q3, with a 10% YoY growth in volumes. This performance is particularly pleasing given a subdued global scenario for some speciality chemicals segments and a challenging environment domestically resulting from demonetization. Our profitability continues to expand with a 16% YoY growth in EBITDA and 22% in PAT, indicating the quantum of value addition from our product mix and the strength of our core competencies.

Our performance is in line with our stated targets and we are set to end the year on strong note. The capex program is progressing as per plan; the pathway to an enhanced future is set where our progress will unfold in line with our growth investments backed by constant innovation. Aarti Industries is at the cusp of robust sustainable growth in “Partner of Choice” relationships, revenues, profits, returns and value creation ”.

Q3 & 9M FY17 P&L (Standalone)

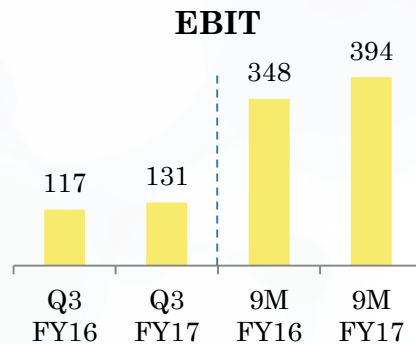
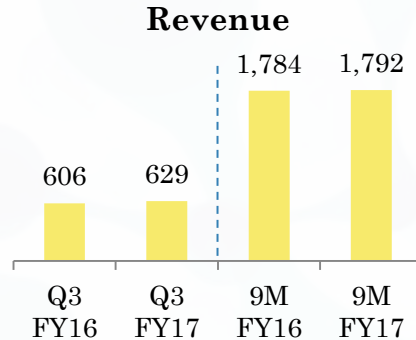


Particulars (Rs. Crore)	9M FY17	9M FY16	Y-o-Y Growth (%)	Q3 FY17	Q3 FY16	Y-o-Y Growth (%)
Gross Income from Operations	2,215.88	2,189.87	1.2%	770.23	744.90	3.4%
Net Income from Operations	2,067.70	2,018.29	2.4%	718.24	678.77	5.8%
Exports	1,029.48	986.85	4.3%	376.43	348.44	8.0%
% of Total Income*	49.8%	48.9%		52.4%	51.3%	
EBITDA	455.81	393.39	15.9%	150.23	129.98	15.6%
EBITDA Margin*	22.0%	19.5%		20.9%	19.1%	
EBIT	373.44	327.66	14.0%	121.76	107.91	12.8%
EBIT Margin*	18.1%	16.2%		17.0%	15.9%	
PAT	232.35	182.83	27.1%	73.84	60.72	21.6%
PAT Margin*	11.2%	9.1%		10.3%	8.9%	
EPS (Rs.)	28.29	21.94	28.9%	8.99	7.29	23.32%

*Calculated as a percentage of net income from operations

- Depreciation has increased as new production facilities have been operationalized
- Despite expansion of operations, financing costs are under control and debt coverage is improving
- Replaced portion of dollar denominated loans with INR debt

Q3 & 9M FY17 – Speciality Chemicals



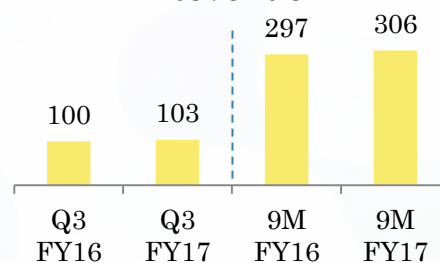
- Speciality Chemicals volume growth increased by 10% YoY
- Revenues are linked to pass through of key raw-material prices
- EBIT expanded by 12.0% as value addition component of revenues continues to increase by leveraging wide range of products

Q3 & 9M FY17 – Other Businesses

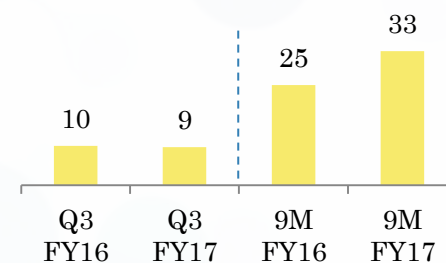


- Debottlenecking and expansion activities have facilitated growth in pharma volumes
- Since major fixed costs already built-in, incremental volumes will result in significant increase in segmental profits
- Focusing on off-patented generics to be supplied in regulated markets
- cGMP compliant plants meeting ICH Q7 standards enabling buyers to use API in all regulated markets
- 48 commercial APIs with 33 EDMF, 28 USDMF and 16 CEP. 12 new APIs under development
- 60% exports coming from US and EU with 4 commercial products in US and several other awaiting partners approval
- Distinct advantage having dedicated USA, Japan and EU approval for steroids and anti-cancer products
- Own Backward integrated facilities for most APIs

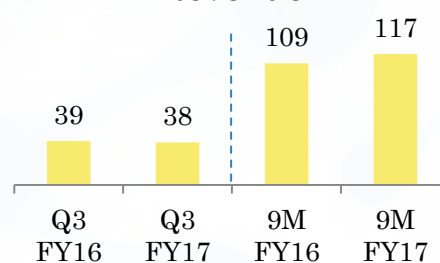
Pharmaceuticals Revenue



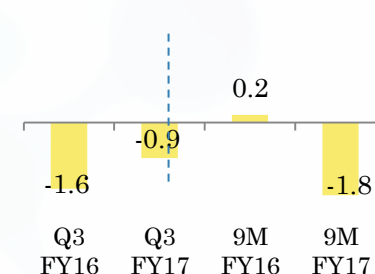
Pharmaceuticals EBIT



Home & Personal Care Revenue



Home & Personal Care EBIT



- Non-ionic surfactants, shampoo, hand wash, dish wash
- Recently debottlenecked some operations to expand capacities
- Focus on export-oriented products

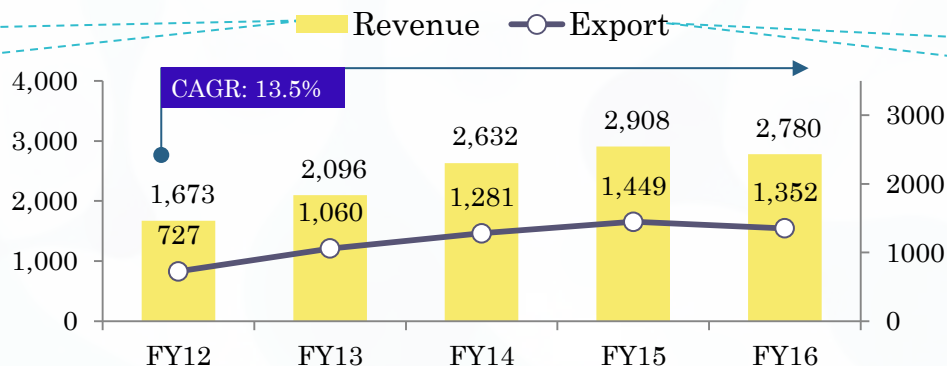


5 year financial performance

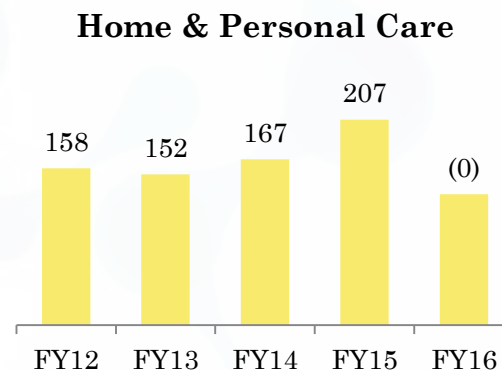
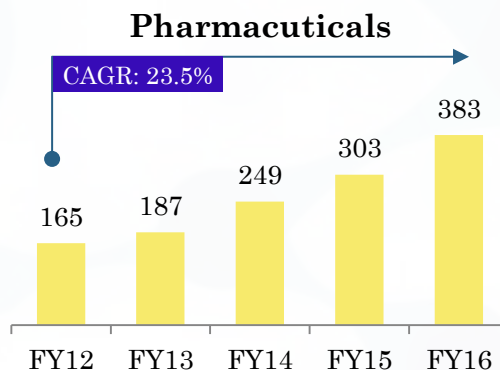
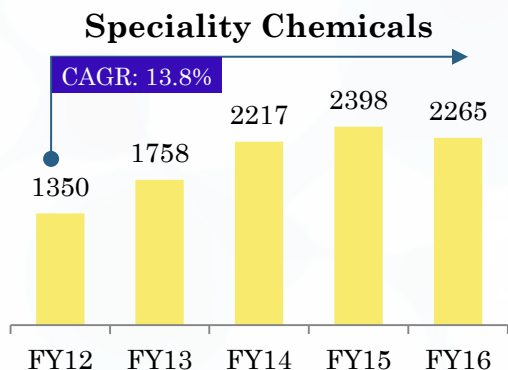
Revenue Performance (Consolidated)



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



Deep engagement with global customers in Speciality chemicals and pharma. In addition, part of domestic revenues are indirect exports.

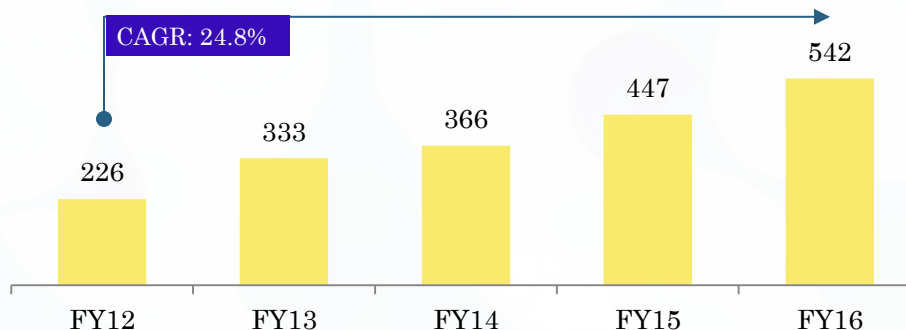


EBIT Performance (Consolidated)

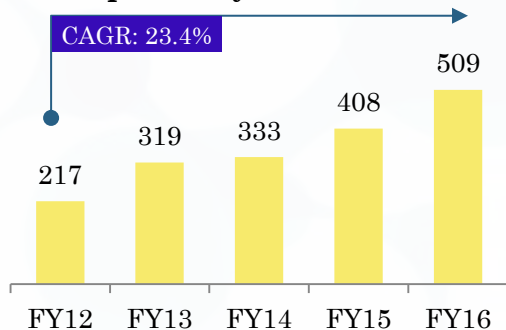


Higher growth relative to revenue highlights value addition delivered by AIL

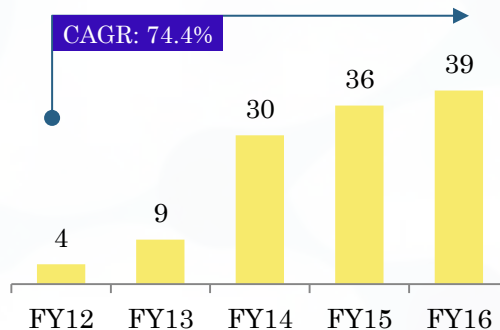
EBIT



Speciality Chemicals



Pharmaceuticals



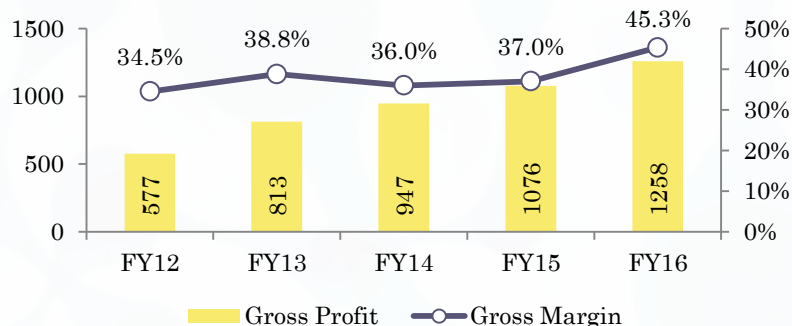
Home & Personal Care



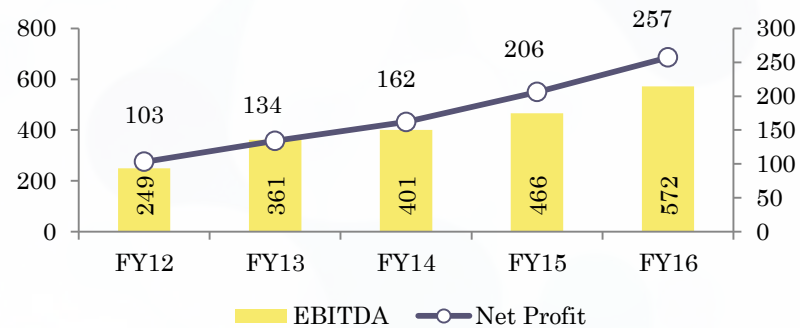
Financial Highlights – (Consolidated)



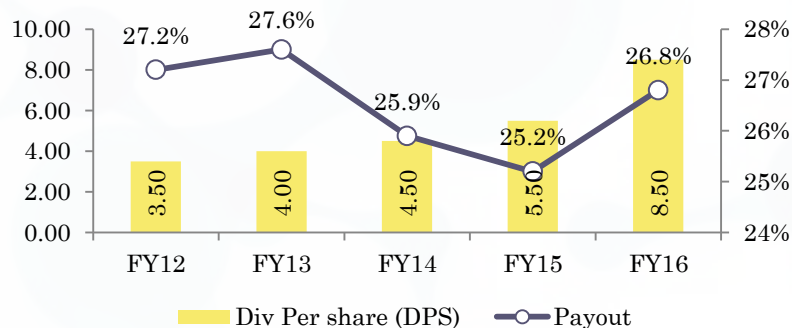
Gross Profit (Rs. Cr.) & Gross margin



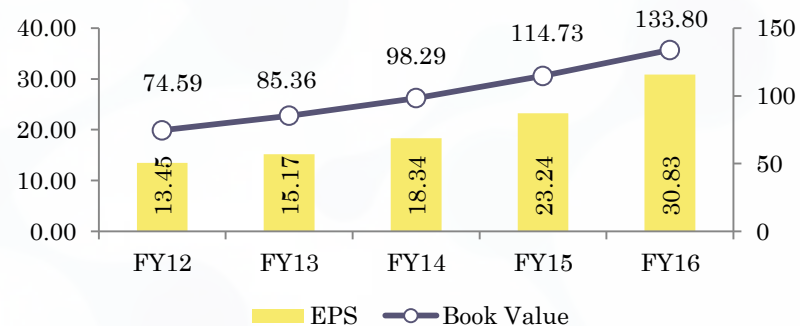
EBITDA & Net Profit (Rs. Cr.)



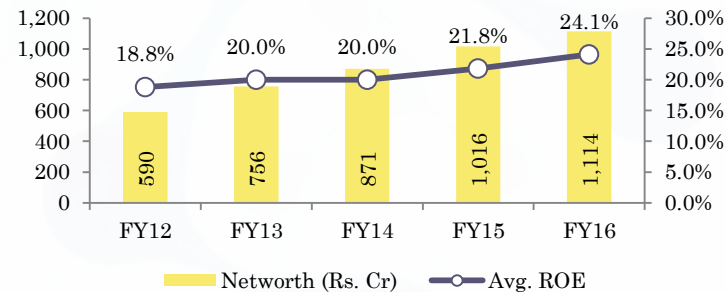
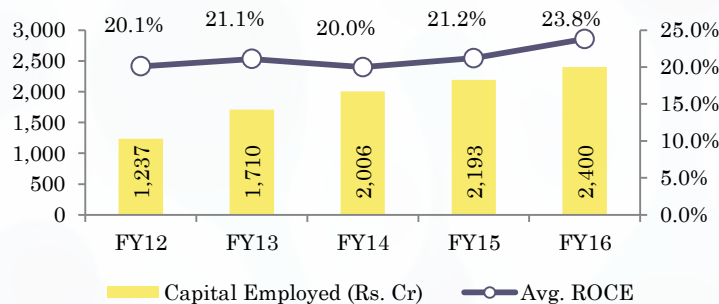
Dividend Per Share (DPS) & Payout



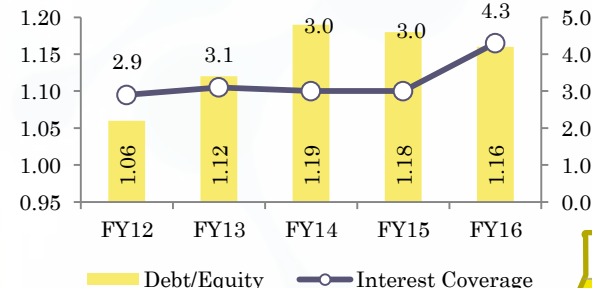
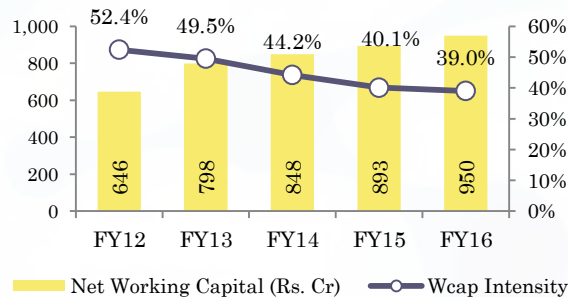
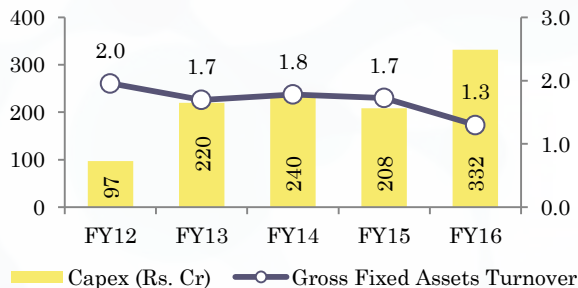
Earnings Per Share (EPS) & Book Value



Financial Highlights – (Consolidated)



- Growth-oriented investments have been committed by the management, strong execution has resulted in positive impact on returns on capital
- Annual Capex plan of Rs. 400-450 crore over the next 3 years, investments focused on value-added products. Brownfield expansion will allow leverage of previously committed investments
- Fixed Capital leverage and value addition focus is evident in rapid revenue expansion
- Working Capital management initiatives have allowed better efficiency
- Leverage has remained stable while growing profitability has allowed debt to be serviced comfortably



About Us



Aarti Industries (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 multiindustry. AIL has 125+ products, 500+ domestic customers, 150+ export customers spread across the globe in 60 countries with major presence in USA, Europe, Japan. AIL serves leading consumers across the globe of 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 & Equipment Quality with environment polices mapped to global benchmarks ensuring customer confidence and business sustainability. The Company has 4 Zero Discharge units and a strong focus on Reduce-Reuse-Recover across its 16 manufacturing sites.

AIL is a responsible corporate citizen engaged in community welfare through associated trusts (Aarti Foundation and Dhanvallah Charitable Trust) as well as focused NGOs engaged in diverse social causes.

Over the years, AIL has received multiple awards and recognitions. CHEMEXCIL presented the Company ‘Trishul Award’ for outstanding export performance for FY14-15 and ‘Award of Excellency’ for the consistency in export performance for FY13-14. CHEMTECH Foundation accorded AIL with the ‘Outstanding Achievement for Innovation’ award for the company’s commendable efforts in conserving the environments as well as ensuring sustainable growth through path breaking innovation. Indian Institute of Chemical Engineers bestowed the prestigious Lala Shriram National Award for ‘Leadership in Chemical Industry’ to Chairman Emeritus and founder Shri Chandrakant V. Gogri.

Contact Us



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Thank You