

Growth Focused. Future Ready.



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AARTI INDUSTRIES AT A GLANCE

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YEAR IN REVIEW

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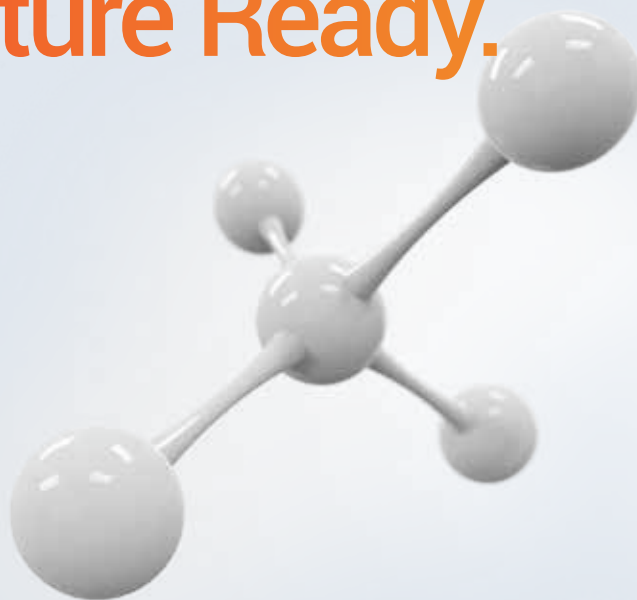
FINANCIAL STATEMENTS

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Know more about Aarti Industries
<https://www.aarti-industries.com>

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2021-22 Highlights

₹7,919 Cr

Revenue

↑ 58%

₹1,930 Cr

EBITDA

↑ 96%

₹1,307 Cr

Profit After Tax

↑ 150%

₹1,315 Cr

Capital Expenditure

₹1,200 Cr

Value of QIP raised

0.44x

Debt to Equity
0.81x in FY21




Read more on page 18



Y-o-Y growth

The above financials include the termination income for a long-term contract



Through the development of a well-rounded product portfolio and a persistent emphasis on R&D capabilities, we have created a solid integrated business model. Our close relationships with our clients and suppliers will continue to be a key factor in our company's long-term growth and profitability. Our growth trajectory will be determined by our superior execution skills, ongoing scale-up, and introduction of new chemical value chains like chlorotoluene.

We intend to demerge the Pharma business in order to focus and streamline each segment, allowing for better synergies and eliminating any segmental overlaps. As a result, the pharmaceutical industry will be able to focus on the fast-moving pharma sector in India and around the world. Through aggressive capex plans, new chemistries, and value-added products in pharma and specialty chemicals, we are well-positioned to capture the market in the specialty chemicals and pharmaceuticals segment.

OPERATIONAL

- Delivered strong volume growth along with improved product mix
- Value-added products **contributed over 70% of sales**
- **Price realisations were higher on account of pass-through** of higher raw material prices, fuel costs and logistics costs
- Onboarded about **1,500 personnel** in FY 2021-22
- Awarded the prestigious **Responsible Care certification** by the Indian Chemical Council (ICC)
- In the process of the **demerger of Aarti Industries' pharma business into Aarti Pharmed Labs Limited**. Awaiting the formal approval from NCLT Ahmedabad. Post this, it will take around two-three months to complete the demerger procedure

PROJECT UPDATE

- Commercialised the unit at Dahej SEZ for the project related to 2nd Long-Term Contract

Key projects to be commercialised in FY 2022-23 and FY 2023-24

- Capacity expansion for USFDA approved API facility
- Project linked to the third long-term contract at Jhagadia
- NCB capacity expansion at Vapi
- Acid Unit revamp and expansion at Vapi

Our Capitals

Leveraging Resources, Building Value



FINANCIAL CAPITAL

What is it



It refers to our finances available to generate value via manufacturing processes, as well as revenues from our activities. These include, among other things, equity, debt, retained earnings and investments. We have a solid balance sheet and prioritise effective capital utilisation.



MANUFACTURING CAPITAL

It refers to our cutting-edge infrastructure for manufacturing specialty chemicals and pharmaceuticals, as well as shipping, storage, and sales. In these state-of-the-art facilities, we create products of the highest quality. We continuously upgrade technology and strive to improve the safety and reliability of our facilities.



INTELLECTUAL CAPITAL

Through dedicated R&D, we create products that our customers can rely on and invest in new technologies to make processes safer, smarter, and easier. Patents, trademarks, copyrights, technical know-how, formulae, and new goods and processes generated via R&D and other activities comprise our intellectual capital.

Management Approach



Create value for shareholders through sustainable growth

Ensure well-maintained functional assets and facilities

Embrace innovation as a strategic element of the Company

FY22 Highlights



₹5,919 Cr
Equity

₹2,578 Cr
Debt

21
Manufacturing units

₹6,272 Cr
Gross Block of Fixed Assets

44
Patents Filed

11
Patents Granted

4
R&D Centres



HUMAN CAPITAL

To build our organisation, we rely on our employees, their talent, competencies, expertise, and commitment. We are dedicated to creating an enabling and inclusive work environment which is both safe and supportive for our people. This encourages creative thinking and motivates people to perform to the best of their ability. We provide them with opportunities to learn and flourish by training them and chalking an appropriate development path.

Invest in a right talent pool for enhancing productivity while offering an inclusive and a balanced work environment

8,000+

Total Manpower

₹12.62 Cr

CSR Expenditure



SOCIAL AND RELATIONSHIP CAPITAL

We have mutually beneficial collaboration with our key stakeholders, including investors, customers, suppliers, society, and government, among others, that are critical to our success. We are devoted to fostering inclusive and overall growth in our communities by generating holistic value.

Promote trust with stakeholders, enhancing the quality of life of people in areas of operations

12.53 Lakhs

Lives Impacted

45%

Water Recycled



NATURAL CAPITAL

This comprises of natural resources such as air, water, energy, land, and biodiversity, which we either use or have an influence on. We aspire to achieve 'zero waste to landfill' at the majority of our manufacturing plants by optimising resource utilisation, lowering energy emissions, and utilising raw materials wisely.

Ensure sustainable use of natural resources and contribute to combating climate change

5,99,557 tCO₂e

Scope 1 Emissions

16

Zero Liquid Discharge Plants

Corporate Identity

Driving Leadership with Responsibility

We are a leading global specialty chemicals company in benzene-based derivatives, and a fast-growing player in pharmaceutical API and intermediates. Our investments in world-class manufacturing capacity, R&D and innovation are driving our sustainable growth by enhancing our position as a Global Partner of Choice.

We are globally ranked among the top 3 players in chlorination, nitration, ammonolysis and hydrogenation in the benzene value chain chemistry. Our pharmaceutical operations span APIs, intermediates and Xanthine derivatives that are supplied to global innovators and generic companies. Our integrated operations are low cost and produce a wide range of products that serve diverse sectors and geographies.

Our growth prospects are supported by our expansion projects backed by long-term contracts with leading global companies, coupled with an increased utilisation of our operational facilities with a strong product pipeline. Focusing on multi stage processes and new value added chemistries, we aim to add 40+ products in chemical segment and 50+ products in pharma segment by FY 2024-25.



OUR VISION

To emerge as a 'Global partner of choice' for leading consumers of specialty chemicals and intermediates

OUR MISSION

Delighted stakeholders

OUR VALUES



Care

Our commitment to care includes all our stakeholders – our employees, our customers, our suppliers, our community and our environment.



Integrity

We practice highest ethical and moral standards



Excellence

We continuously raise the bar of our performance to delight our stakeholders.



KEY FACTS

16

Zero Liquid
Discharge Plants

4

R&D
Centres

15

Specialty
Chemical Plants

6

Pharmaceutical
Plants

KEY DIFFERENTIATORS

Global player in
benzene-based derivatives
with integrated operations

Top 3

In Chlorination and
Nitration globally

Top 2

In Hydrogenation
globallyPharma – significant growth
with diversificationThe API and intermediate
markets (domestic and
exports) are expected to
grow rapidlyThe growth of Xanthine
derivatives is anticipated
to continueWell-diversified across
multiple dimensions

200+

Multi-product

400+ global,
700+ domestic

Multi-customer

60+

Multi-geographic

Well-placed to benefit from
industry tailwinds

Alternate to China

- Low-cost, sustainable manufacturing opportunities in sunrise sectors

Strong return profile despite
significant capex

18%

EBIT/Gross Block*

₹4,100+ Cr

Capitalisation over FY19-22

*Without considering termination income

Capex of ₹2,500-3,000 Cr for Chemicals and
₹350-500 Cr for Pharma over next two yearsStrong focus on R&D and
process innovation

100+

Products in R&D pipeline



Thrust on sustainability

45%

Water
recycled

0.13

LTIFR

18.75%

Women at
board level

Business Portfolio

Diversified Product Offerings

An extensive portfolio and a limited reliance on specific goods allow us to navigate through business cycles and market fluctuations in both specialty chemicals and pharmaceuticals. Diverse markets and a wide variety of clientele assure long-term stability. To capitalise on market prospects, we are increasing manufacturing capabilities of specialty chemicals as well as high-value APIs and intermediates.





Specialty Chemicals

Specialty chemicals are our key business division, accounting for the majority of our sales. We use feedstock materials such as benzene, toluene, nitric acid, chlorine, methanol, aniline, sulphur, etc. with a vast array of reactions to serve major chemical businesses across the world.

84%

Share of Revenue in FY22

KEY HIGHLIGHTS

15

Number of
Manufacturing Units

₹5,049 Cr

Gross Block



KEY END USERS

Polymer and additives; agrochemicals and intermediates; dyes, pigments, paints, and printing inks; pharma intermediates, and fuel additives, rubber chemicals, resins, etc.

KEY VALUE CHAINS

| | |
|------------------------------|--|
| Nitro Chloro Benzenes (NCBs) | Nitro Toluene Value Chain |
| Di-Chloro Benzenes (DCBs) | Equivalent Sulphuric Acid (E.S.A) & downstream |
| Phenylenediamines (PDAs) | |



Business Portfolio

KEY CUSTOMERS



BASF
We create chemistry



sajitz



SOLVAY
asking more from chemistry®



TEIJIN



TORAY
Innovation by Chemistry



DU PONT



سابك
sabir



DIC



BAYER



syngenta



UPL



**GHARDA
CHEMICALS LIMITED**



FMC



**MAKHTESHIM
A G A N**



Coromandel



colourtex®



CLARIANT



Atul



ARCHROMA
LIFE ENHANCER



SunChemical®
a member of the DIC group **dic**



SUDARSHAN



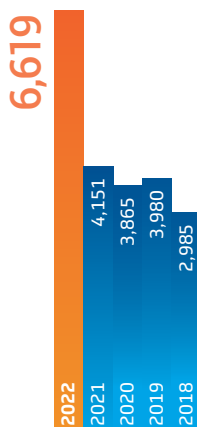
hubergroup

PERFORMANCE IN FY 2021-22

Our strong performance in FY 2021-22 was driven by higher capacity utilisation and better product mix. The year was marked by recovery in demand in established markets to pre-COVID levels, and high input and logistics costs driven by global trends. We successfully passed on impact of higher input costs, partly with a time lag. Towards the end of the year, we commercialised the unit at Dahej SEZ, catering to the 2nd long term contract is expected to incrementally add to the revenue in FY 2022-23.

The revenue for the year includes long-term contract termination fees of ₹631 crores, and EBIT includes the impact of the same of ₹610 crores.

REVENUE (₹ Crores)



EBIT (₹ Crores)

