Disclaimer

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AIL - At a glance

Overview
- A leading Speciality Chemicals company 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 400 engineers & scientists; IPRs for developing customized products.
- Plants located in western India with proximity to ports: 12 for Speciality chemicals; 5 for Pharma (2 USFDA and 3 WHO/GMP)

Revenue split - Segmental and Geographical – FY20

Key Metrics
- 200+ Products
- 400+ Global Customers
- 700+ Domestic Customers
- 17 Manufacturing Plants
- 14 Zero Liquid Discharge Plants
- 5200+ Employees

Key Financials
- Revenue (Rs cr)
  - FY16: 3,007
  - FY17: 3,163
  - FY18: 3,806
  - FY19: 4,706
  - FY20: 4,621
- PAT (Rs cr)
  - FY16: 257
  - FY17: 316
  - FY18: 333
  - FY19: 492
  - FY20: 536

CAGR 11%
Key Milestones with Growth Strategies

**Growth Strategies**

<table>
<thead>
<tr>
<th>Year Range</th>
<th>Growth Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984 - 1991</td>
<td>SSI, Licensing, import substitution</td>
</tr>
<tr>
<td>1992 - 2011</td>
<td>Consolidation, Scale, cost competitiveness, exports</td>
</tr>
<tr>
<td>2012 - present</td>
<td>Productivity with Sustainability</td>
</tr>
</tbody>
</table>

**1984 - 1991**
- Incorporation
- Commenced 1,200 TPA Unit for Nitro Chloro Benzenes (NCB) in Sarigramp, Gujarat

**1992 - 2011**
- Upgraded hydrogenation unit from batch to continuous
- Custom Synthesis division at Vapi received USFDA approval
- First large scale organic plant in Vapi (4,500 TPA for NCB)

**2012 - present**
- Signed 2 large multi-year contracts with global players
- Commissioned NT plant
- Commissioned Ethylation facility
- Expanded NCB capacity from 57 to 75 ktpa
- Commissioned Calcium Chloride Facility
- Operationalised Co-Gen and Solar Power Plants
- Commissioned 2 units at Dahej SEZ
- Operationalised 4th R&D Centre in Navi Mumbai
- Commissioned Ethylation facility.
Founding Promoters

Technocrat

Mr. Chandrakant Gogri
Chairman Emeritus

Mr. Rajendra Gogri
Chairman & M.D.

Mr. Parimal Desai
Founder Director

Commercial

Late Mr. Shantilal Shah
Erstwhile Vice Chairman
Financials - Consolidated

**Robust Revenue Growth**

<table>
<thead>
<tr>
<th>INR (Cr)</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,007</td>
<td>3,163</td>
<td>3,806</td>
<td>4,705</td>
<td>4,621</td>
<td></td>
</tr>
</tbody>
</table>

CAGR 11%

**Strong EBITDA Growth**

<table>
<thead>
<tr>
<th>INR (Cr)</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>572</td>
<td>654</td>
<td>699</td>
<td>965</td>
<td>986</td>
<td></td>
</tr>
</tbody>
</table>

CAGR 15%

**Strong PAT Growth**

<table>
<thead>
<tr>
<th>INR (Cr)</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>257</td>
<td>316</td>
<td>333</td>
<td>492</td>
<td>536</td>
<td></td>
</tr>
</tbody>
</table>

CAGR 20%

**Strong Return Ratios**

ROCE  ROCE (exc CWIP)  ROE

<table>
<thead>
<tr>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>23%</td>
<td>24%</td>
<td>22%</td>
<td>24%</td>
<td>23%</td>
</tr>
<tr>
<td>20%</td>
<td>20%</td>
<td>17%</td>
<td>20%</td>
<td>18%</td>
</tr>
</tbody>
</table>

**Debt Profile**

D/E  Net Debt/EBITDA

<table>
<thead>
<tr>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.2</td>
<td>2.4</td>
<td>1.7</td>
<td>1.8</td>
<td>2.9</td>
</tr>
<tr>
<td>1.1</td>
<td>1.1</td>
<td>1.3</td>
<td>0.9</td>
<td>0.7</td>
</tr>
</tbody>
</table>

EBITDA = Profit before Tax + Interest Expense + Depreciation – Other Income; EBIT = EBITDA-Depreciation; Capital Employed = Net Worth + LT Debt + ST debt + current maturity of long term debt - cash; Capital Employed adj for CWIP = Capital Employed -CWIP; ROCE = EBIT/(Average of Capital employed of current & previous year); ROCE (exc CWIP) = EBIT/(Average of Capital employed adj for CWIP of current & previous year); ROE = Net Income/Average of Net Worth of current & previous year; D/E = Total Debt/ Total Equity; Net Debt/EBITDA = (Gross Debt- cash)/ EBITDA
Segmental Revenue & EBIT

Chemical Segment

Pharma Segment

(Rs. Crore)
10 Years Highlights

**Revenues**
- FY10: 1277
- FY15: 2908
- FY20: 4621

CAGR 16%

**PAT**
- FY10: 82
- FY15: 206
- FY20: 536

CAGR 23%

**Gross Block**
- FY10: 727
- FY15: 1685
- FY20: 3874

CAGR 20%

**Market Capitalization**
- FY10: 364
- FY15: 3124
- FY20: 18581

CAGR 55%
Shareholders Info

Shareholders Base

<table>
<thead>
<tr>
<th>Month</th>
<th>Shareholders Base</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sep-16</td>
<td>19780</td>
</tr>
<tr>
<td>Sep-17</td>
<td>23259</td>
</tr>
<tr>
<td>Sep-18</td>
<td>26113</td>
</tr>
<tr>
<td>Sep-19</td>
<td>42051</td>
</tr>
<tr>
<td>Sep-20</td>
<td>123044</td>
</tr>
</tbody>
</table>

Shareholding Pattern

- Public: 25%
- Promoter: 47%
- Domestic Institutions: 20%
- Foreign Institutions: 7%

Market Cap (Rs. Cr)

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>364</td>
</tr>
<tr>
<td>2011</td>
<td>374</td>
</tr>
<tr>
<td>2012</td>
<td>478</td>
</tr>
<tr>
<td>2013</td>
<td>700</td>
</tr>
<tr>
<td>2014</td>
<td>1086</td>
</tr>
<tr>
<td>2015</td>
<td>3125</td>
</tr>
<tr>
<td>2016</td>
<td>4311</td>
</tr>
<tr>
<td>2017</td>
<td>6287</td>
</tr>
<tr>
<td>2018</td>
<td>9323</td>
</tr>
<tr>
<td>2019</td>
<td>13633</td>
</tr>
<tr>
<td>2020</td>
<td>18581</td>
</tr>
</tbody>
</table>
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01 Company Overview

02 Strengths & Capabilities

03 Focus on Sustainability

04 Growth Opportunities & Strategies

05 AIL’s response to COVID-19

06 Corporate Social Responsibility

07 Awards & Recognition
### Key Strengths

<table>
<thead>
<tr>
<th><strong>• Global Player in Benzene based Derivatives with Integrated Operations</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>o Strong/Leadership position in key products and processes</td>
</tr>
<tr>
<td>o Integrated operations across product chain of Benzene and Toluene</td>
</tr>
<tr>
<td>o Ability to effectively use co-products and generate value-added products</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>• Well Diversified Across Multiple Dimensions</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>o Diversification provides significant de-risking</td>
</tr>
<tr>
<td>o Multi-product, multi-customer, multi-geographies &amp; multi-end-user industry</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>• Pharma – Significant growth with diversification across products and geographies</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>o API &amp; Intermediate market (both domestic and exports) is expected to witness strong growth</td>
</tr>
<tr>
<td>o Xanthine Derivatives are expected to continue the growth momentum</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>• Strong Return Profile despite Significant Capex</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>o Expanded capacities and diversified into new products while maintaining return profile</td>
</tr>
<tr>
<td>o New capacities are still ramping up providing operating leverage</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>• Well placed to benefit from Industry Tailwinds</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>o Significant opportunity for exports arising from environmental related shutdowns in China</td>
</tr>
<tr>
<td>o Structural drivers in places for a robust domestic demand growth</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>• Strong Focus on R&amp;D and Process Innovation</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>o Focus on downstream products through processes like high value chlorination, hydrogenation, ammonolysis</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>• Thrust on Sustainability</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>o Significant capex done in SH&amp;E and power, which provide long term benefits</td>
</tr>
</tbody>
</table>
In paints that brings colour to your life

In lightweight polymers of the aircraft bodies

In the medicines that keep you healthy

In the Agrochemicals which help improve productivity of farms

In perfumes and flavours that tickle your senses

In printing inks that help express stories

In gasoline to improve engine performance

In soaps and shampoos that keep you clean

Our products have a host of end uses.
We are proud to be associated with most of the major players in our enduse domain
Strong Focus on R&D & Process Innovation

**Process Innovation**
- Scrub NOx in Sulphuric Acid from MDCB plant to manufacture commercial grade Nitrosyl Sulphuric Acid
- Directly utilize HCL gas, byproduct of Benzene chlorination, for Chloro Sulphonic Acid (CSA) manufacturing
- First and only company in India to commercialize manufacture of our range of Nitro Flouro compounds via Halex Chemistry (with KCl recovery)

**World Class Technology**
- Adopted Swiss technology for
  - Continuous Loop reactor for eco-friendly hydrogenation process
  - Continuous crystallizer

**Commercial Innovation**
- Produce 100% export grade Calcium Chloride Granules from dilute HCL
- Export Speciality chemicals in ship load

Strong focus on R&D and process innovation
- Aarti has been increasing its presence in niche chemistries where competitive intensity is low
- 4 R&D facilities
  - 2 are focused to pharmaceutical API & Intermediate business and 2 for the Speciality chemicals business
  - 4th R&D plant operationalized in March 2020 focusing on Speciality chemicals, with a capacity to host around 250 scientists
- Constant focus on downstream products through processes like high value chlorination, hydrogenation, ammonolysis, fluoro-compounding
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07 Awards & Recognition
Our Strategy

Growth with Sustainability for a Sustainable Growth

Commitment to Safety and Health
Commitment to Environment
Commitment towards Society
Commitment to Energy Efficiency
Strong Focus on Sustainability

**Health & Safety**

- Process safety audits and inspections from external experts
- DCS control systems and process automation
- Focused on Zero tolerance and Zero harm
- Process of 'Learning from Incident' is established
- Toxicologist on board for Occupational Health and emergency response
- Complete Fire protection audits for all facilities
- Focus on Behavior Base Safety
- Launched company-wide “BE SAFE” initiative

**Environment & Sustainability**

- **3R Principle:** Reduce – Recover – Reuse
- **Swiss Loop Reactor technology for hydrogenation**
- Installation of Ash Handling Systems, Solvent Recovery Systems and Gas Scrubbing Units
- Installation of bioreactors, chemical RO's, multiple effect evaporator and incinerator drastically minimized water consumption
- IMS certification for major operations
- Adapted online compliance management system for better governance
- Governance through Sustainability Council Committee for Sustainability Management
- Major units audited by TFS (Together for Sustainability) initiative
- Gold Standard Ratings by ECOVADIS

**Financials**

- 250+ Cr
  - Amount invested in EHS initiatives over last 5 yrs

**Environmental Initiatives**

- 14 units
  - With Zero Liquid Discharge Facility
- 697 kW
  - Installed solar power generation capacity across units

**Additional Initiatives**

- USD 1mn+ invested in solar energy in 2016
Certifications

The certifications listed above may be applicable to only some manufacturing units of Aarti Industries
We have received multiple awards in the area of sustainability/Innovation.

**CHEMTECH Foundation Award**
CHEMTECH Foundation accorded Aarti Industries 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.

**Gujarat Cleaner Production Award**
Forest and Environment Dept., Government of Gujarat presented the Gujarat Cleaner Production Award to team Jhagadia.
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The Chemical Sector underpins virtually every sector of the Economy

| 80,000 | Products are commercially manufactured across the chemical industry |
| $3.6 Tn | Of Chemical Sales were recorded globally in 2018 |
| 2-3% | Is spent on R&D by the Indian chemical industry |
| $450 Bn | Will be invested in capacity addition and upgradation in the chemical industry |
| $136 Bn | Total Sales of Indian Chemical Industry (2019), making it the 6th largest by sales globally |

- Agrochemicals
- Polymers
- Colors & Cosmetics
- Construction
- Pharmaceuticals
- Personal Care
- Synthetic Materials
- Water Treatment
- and many more...
Offerings & Requirements

What India offers
- Capex & Opex Cost Savings
- Availability of Feed Stock
- Skilled Manpower
- Access to Ports
- Geographic De-Risking
- Better Legal & Regulatory Framework
- Stronger IP Protection

What Indian Companies need to do
- Strong Safety, Health & Environment
- Better Project Management
- Strong R&D
- Customer Relations Management
- Operating Efficiencies
- Availability of Finance and Willingness to Invest.
- Legal & Regulatory Compliance
- Competent Manpower

AIL’s strengths, including its backward Integration to globally available raw-materials / feed stocks enhances its competitiveness and provides supply security to customers, resulting into multiple opportunities to collaborate with Global MNCs across various product segments.
India is emerging as an alternative to China due to various factors

1. India has grown a critical mass and several Indian Companies are eager to Invest creating global sized plants to cater to growing domestic and global demand.

2. Global multinationals need alternate sourcing destinations from China to de-risk their supply chain. India is a best fit in this case.

3. Govt. Thrust: Improvement in EODB rank to 63 in 2020 vs 142 in 2014, Thrust to manufacturing via Make in India, cut in Corporate Tax rates and Tax reforms, PLI Schemes

4. Equalization of Indian and Chinese Cost: Inherent CAPEX and labour cost advantage, CAPEX in India being 40% - 60% of the West

5. Additionally, demand of consumer goods in India is growing, providing larger opportunities at domestic market.

6. Indian Currency Depreciated against USD and CNY strengthening Cost Position for Indian Products in Exports Markets
India is emerging as an alternative to China due to various factors

AIL is one of the rare Chemical Company in India to compete with China, for over a decade, both in

- Global Markets
- Chinese Market

by Exporting to China
Six Pronged Growth Strategy

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

2. Extending process and chemistry expertise to enter new value chains (such as chlorotoluenes)
   - Adding new reaction capabilities

3. Co-development and scale up of new products through customer partnerships
   - Contract Research may be linked to Value chain and may or may not be linked to Customer Research

4. Long term contracts with customers leveraging process expertise, RM security and India advantage
   - Setting up dedicated toll manufacturing facilities

5. Focus on High Growth sectors and Megatrends
   - Collaboration models can be: JV, M&A

6. 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
# AIL’s Support during COVID-19

|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Employees         | - Annual increment given out in first quarter itself to all employees.  
                    - Mobilize resources with full safety precautions                                                                                                    |
| Customers         | - Support to Customers by Better service & logistics support  
                    - Exploring new markets and optimizing product mix  
                    - Agro/ Pharma/ FMCG account to 60% of revenues                                                                                                     |
| Vendors & Suppliers | - Minimum Daily wages/ Sustenance Wages provided to contractors  
                      - Payment to Suppliers continued unaffected                                                                                                         |
| Society           | - Donated 20+ Cr to PM Cares Fund, CM Relief Fund and NGO’s throughout the nation by Aarti group, Promoters, Directors and Employees                                   |
| Financial Institutions | - All financial commitments have been honoured timely.                                                                                                             |

The targeted outcome post COVID -19 should be strengthened relations with all the stakeholders.
AIL has been involved in various CSR activities focused on health and education

Aartí Industries is a responsible corporate citizen engaged in community welfare through associated trusts (Aarti Foundation and Dhanvallabh Charitable Trust) as well as focused NGOs engaged in diverse segments.

Promoters of the company have set aside approximately 40 lac equity shares held in the Company (worth about USD 40 mn), for charitable / philanthropic purposes.
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Multiple Awards for innovation, excellence in exports, etc.

**ICC Lifetime Achievement Award**
ICC (Indian Chemical Council) conferred the prestigious "Lifetime Achievement Award 2018“ to Shri. Chandrakant V. Gogri in recognition of his outstanding & tremendous contribution towards the Indian Chemical Industry.

**Trishul Award for outstanding export performance**

**IICIE LALA SHRIRAM NATIONAL AWARD FOR LEADERSHIP IN CHEMICAL INDUSTRY**
Indian Institute of Chemical Engineers conferred the prestigious “Lala Shriram Award” for leadership in the chemical industry to Shri Rajendra V. Gogri in 2019.
Thank You