



**AARTI  
INDUSTRIES  
LIMITED**

**September 28, 2021**

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 of the SEBI (LODR)  
Regulations, 2015**

Please find enclosed herewith presentation made to the shareholders of the Company at the 38<sup>th</sup> Annual General Meeting held today i.e. September 28, 2021.

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.





# Annual General Meeting of Shareholders

28th Sept 2021



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

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**01** Company Overview

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**02** AIL's Covid Response

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**03** Financial Snapshot & Shareholders Info

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**04** Strengths

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**05** Growth Opportunity & Strategy

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**06** Demerger Proposal

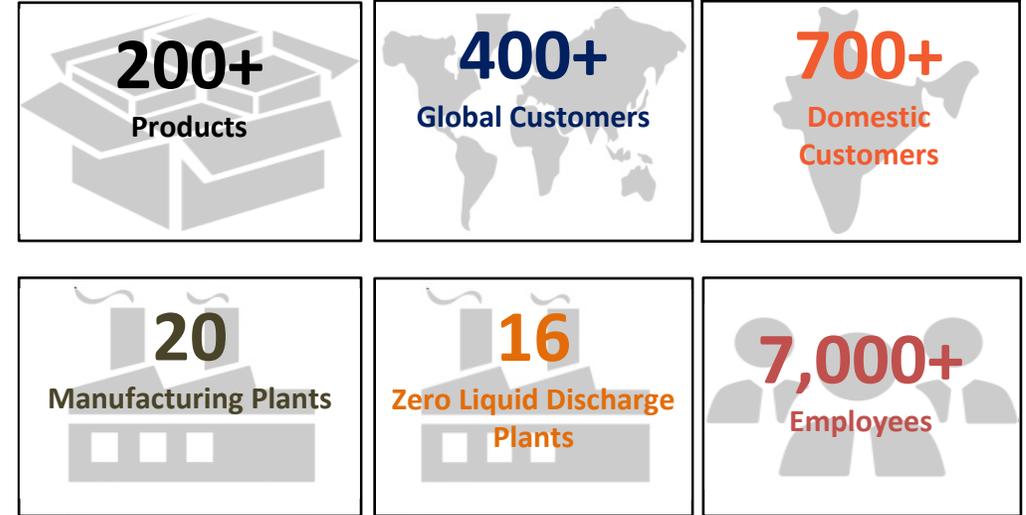
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**07** Corporate Social Responsibility

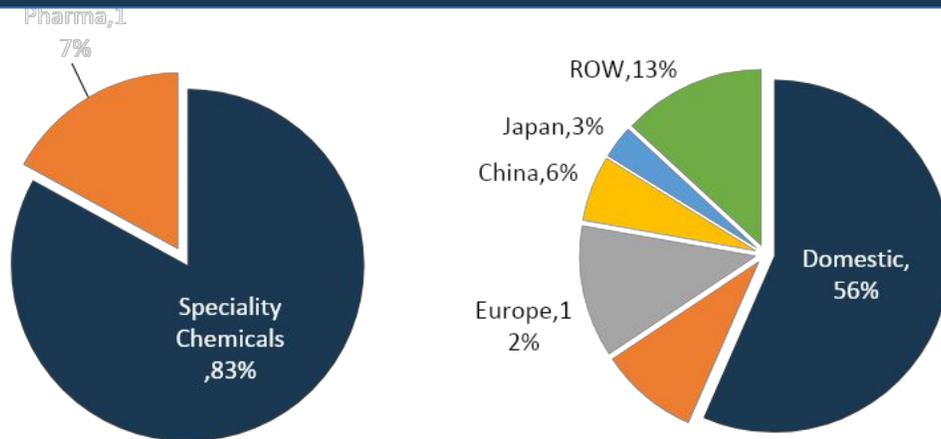
## Overview

- A leading Speciality Chemicals company in Benzene based derivatives with integrated operations and high level of cost optimization.
- Pharma operations spanning APIs, intermediates and Xanthene derivatives
- Established by first generation technocrats in 1984
- 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: 15 for Speciality chemicals; 5 for Pharma (2 USFDA and 3 WHO/GMP)

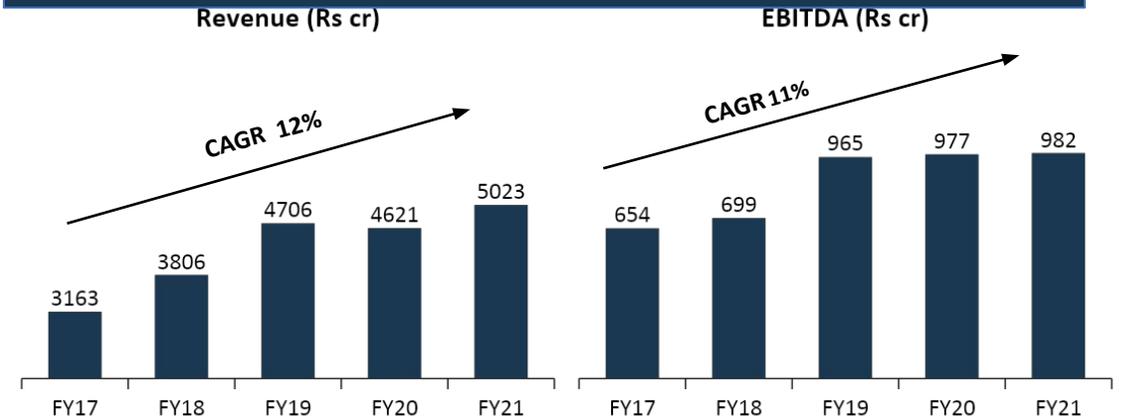
## Key Metrics



## Revenue split - Segmental and Geographical – FY21



## Key Financials



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**07** Corporate Social Responsibility

Stakeholders	COVID - 19: Health Crisis
Employees	<ul style="list-style-type: none"><li>- Annual increment given out in first quarter itself to all employees.</li><li>- Continued the new recruitment as committed by us.</li><li>- Mobilize resources with full safety precautions</li></ul>
Customers	<ul style="list-style-type: none"><li>- Support to Customers by Better service &amp; logistics support</li><li>- Exploring new markets and optimizing product mix</li><li>- Agro/ Pharma/ FMCG account to 60% of revenues</li></ul>
Vendors & Suppliers	<ul style="list-style-type: none"><li>- Minimum Daily wages/ Sustenance Wages provided to contractors</li><li>- Payment to Suppliers continued unaffected</li></ul>
Society	<ul style="list-style-type: none"><li>- <b>Donated 20+ Cr</b> to PM Cares Fund, CM Relief Fund and NGO's throughout the nation by Aarti group, Promoters, Directors and Employees</li></ul>
Financial Institutions	<ul style="list-style-type: none"><li>- All financial commitments have been honoured timely.</li></ul>

# AIL COVID Response

**45k+**

Touched &  
Enhanced lives  
of people

**10.7**

Crores INR  
donated for  
Covid-19 Relief

**97%**

Number of  
Employees  
Vaccinated

**98%**

Number of  
contract  
workers  
Vaccinated

## Key Highlights

- Provided adequate medical and financial assistance to COVID-19 infected contract workmen, AIL employees and their family members
- Extended our CSR efforts during COVID-19 pandemic, we distributed food grains to daily wage workers in the nearby communities
- Identified appropriate healthcare facilities for COVID care for our employees and designated points of contact to facilitate timely and hassle-free medical care.
- Supported healthcare facilities and frontline workers by providing Ventilators, Oxygen Generating units, Sanitizers, PPE kits, oxygen cylinders, etc.
- Setup dedicated Covid care centre at Vapi



Rotary  ROTARY-AARTI  AARTI  
INDUSTRIES

**Dedicated Covid Health Centre**

Managed By  
**Haria L G Rotary Hospital, GIDC Vapi**

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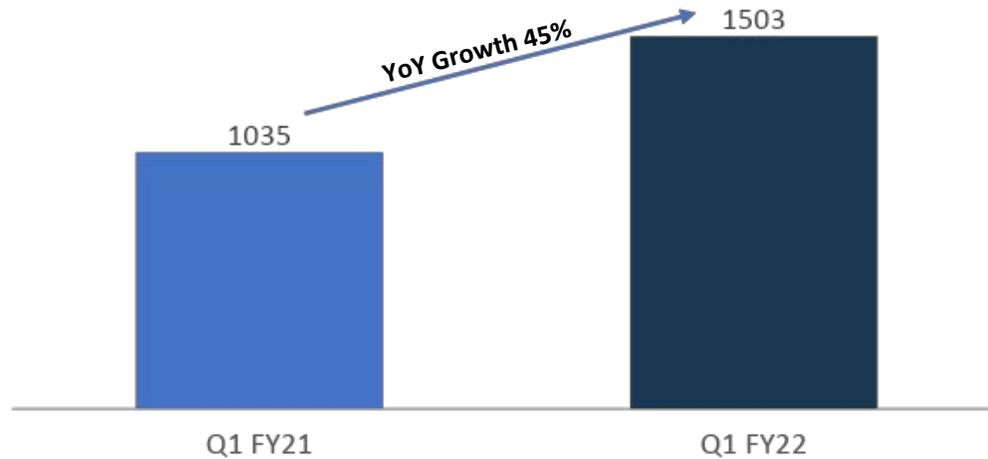
**06** Demerger Proposal

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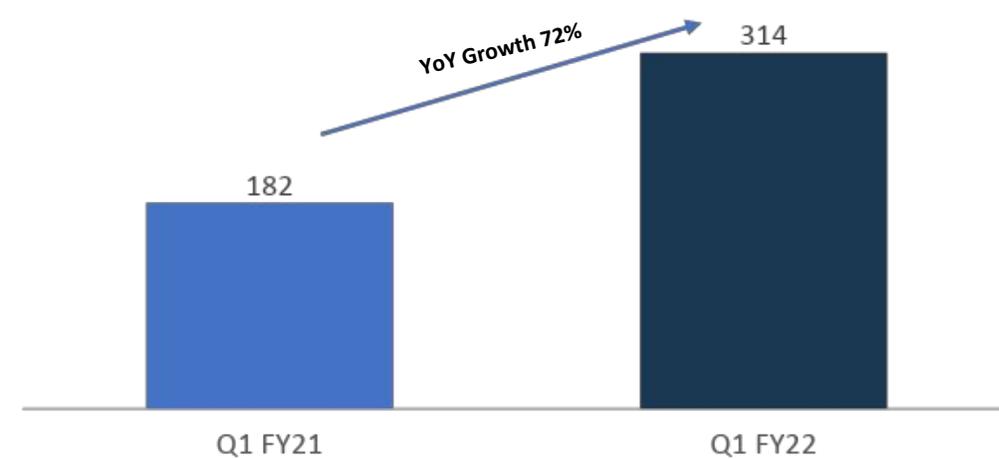
**07** Corporate Social Responsibility

# Q1 FY2021-22 Highlights (Consolidated)

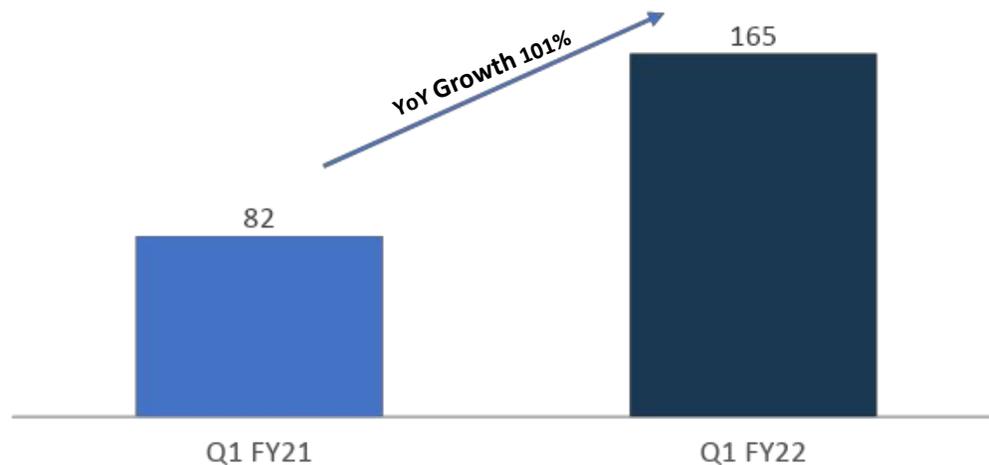
## Revenues



## EBIDTA



## PAT

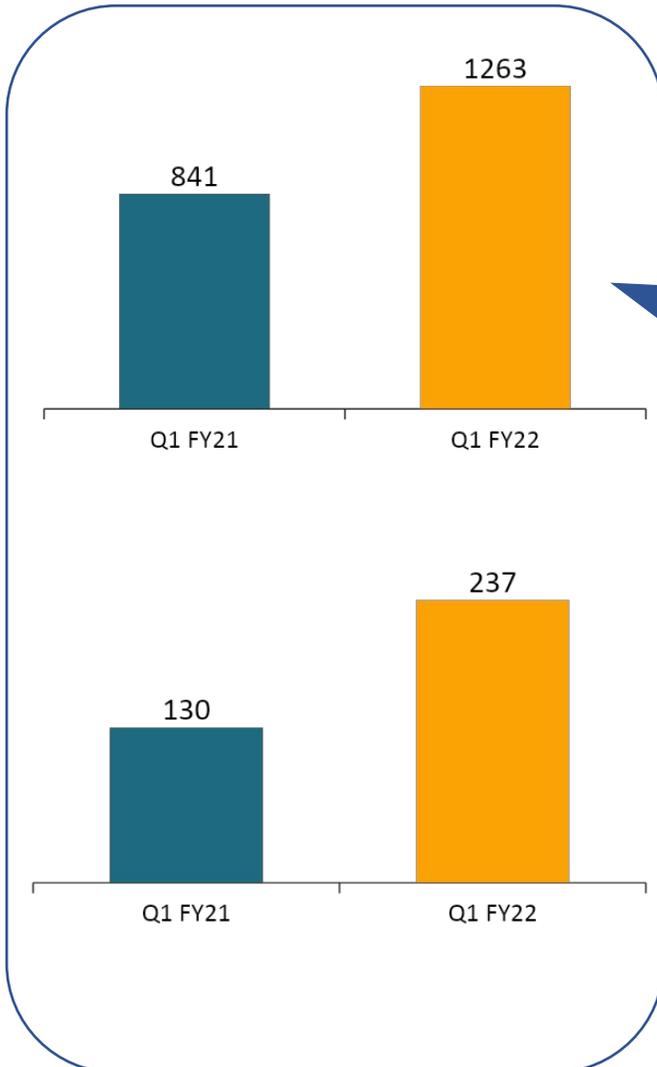


## Key Highlights:

- Re-iterated guidance of over 25% growth for FY22.
- Strong momentum in Q1, continuing from the second half of FY21, driven by rising demand across various products.
- Higher contribution from domestic demand as the local manufacturing ecosystem continues to progress.
- Capex of Rs 295 crore during Q1, expected spending of about Rs 1500 crore during FY22.

# Q1 FY2021-22 Highlights (Consolidated)

## Chemical Segment



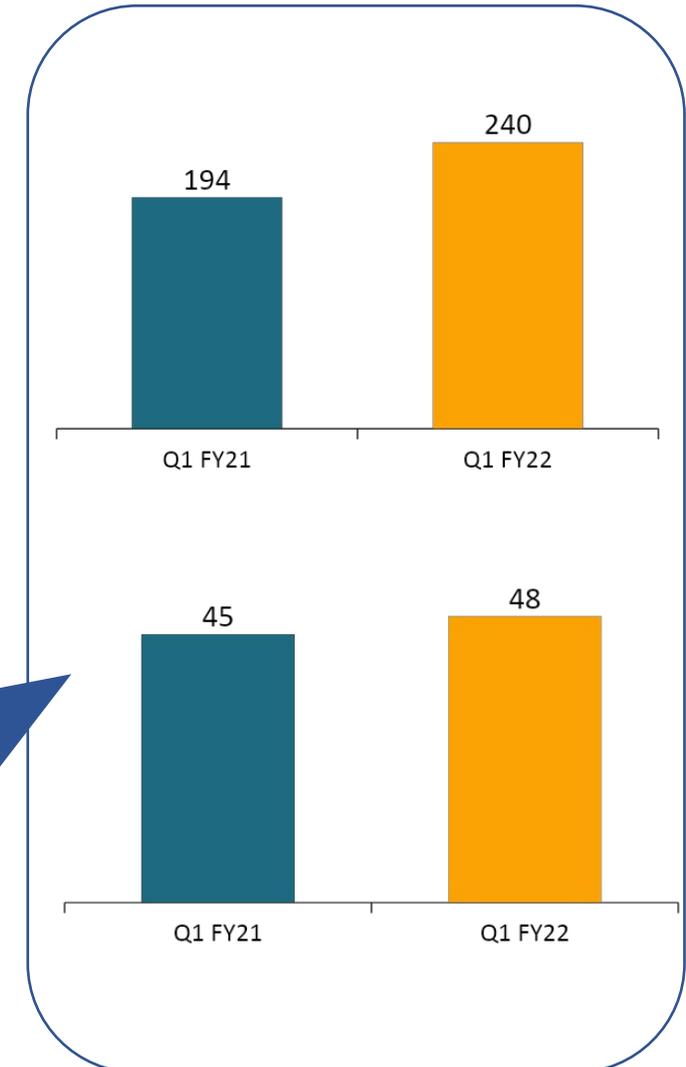
### Chemical Segment

- Continued volume expansion reflected in topline growth
- Revenues also higher due to pass-on for higher input costs & logistics costs.
- Return of demand from established markets driving improved margins

### Pharma Segment

- Pharma business continues to maintain the growth momentum
- Margin lower due to higher finished product inventory, not shipped due to logistics issue.
- Additional capacities for API's and intermediates expected to be operational in 2<sup>nd</sup> Half of FY22

## Pharma Segment

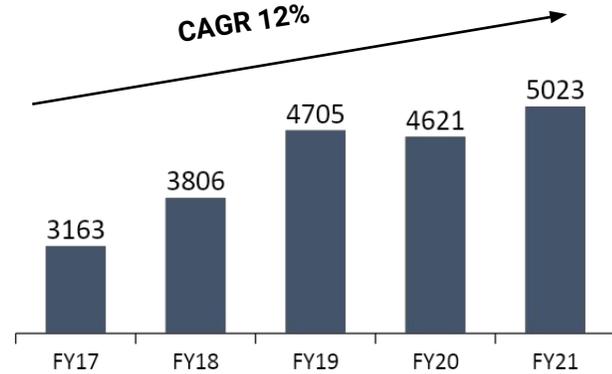


# Financials - Consolidated

## Robust Revenue Growth

FY17-20 CAGR: 13%

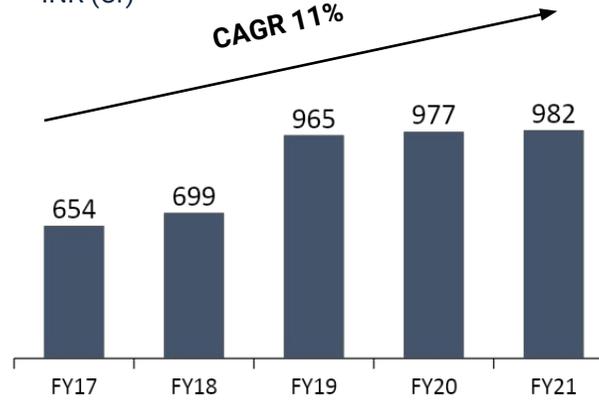
INR (Cr)



## Strong EBITDA Growth

FY17-20 CAGR: 14%

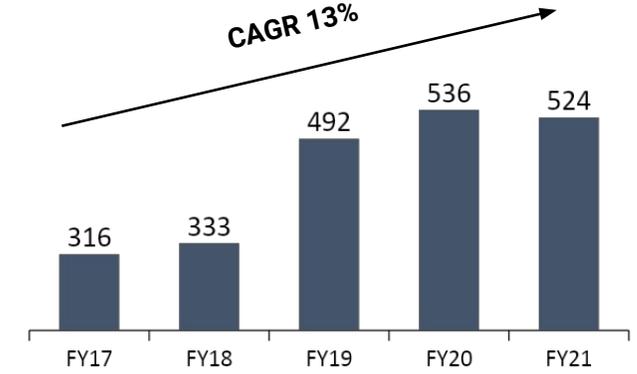
INR (Cr)



## Strong PAT Growth

FY17-20 CAGR: 19%

INR (Cr)

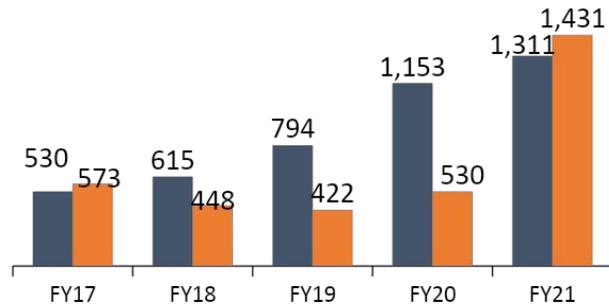


## Significant Capex Undertaken

INR (Cr)

■ Capex

■ Capex Capitalized



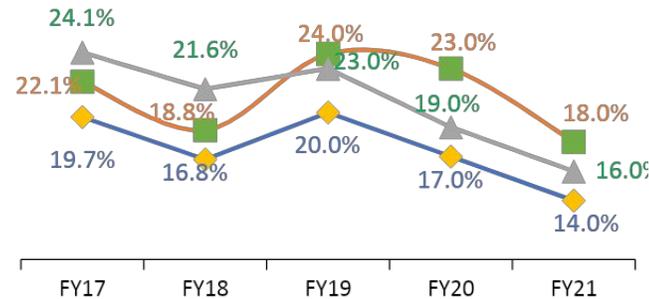
**CWIP of 1,298 Crs as of Mar'21**  
**1,040 Crs of Capex capitalized in H2 FY21**

## Strong Return Ratios

◆ ROCE

■ ROCE (exc CWIP)

▲ ROE

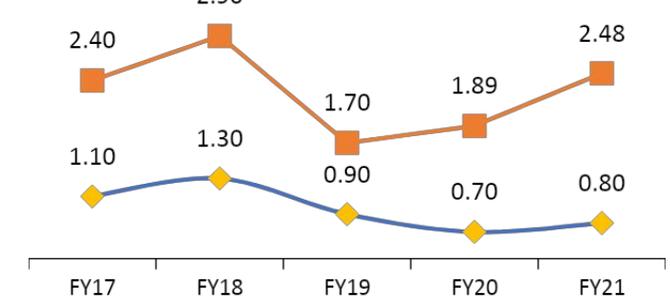


Return ratios declined in FY21 due to Rear ended capitalization and impact of Covid

## Debt Profile

◆ D/E

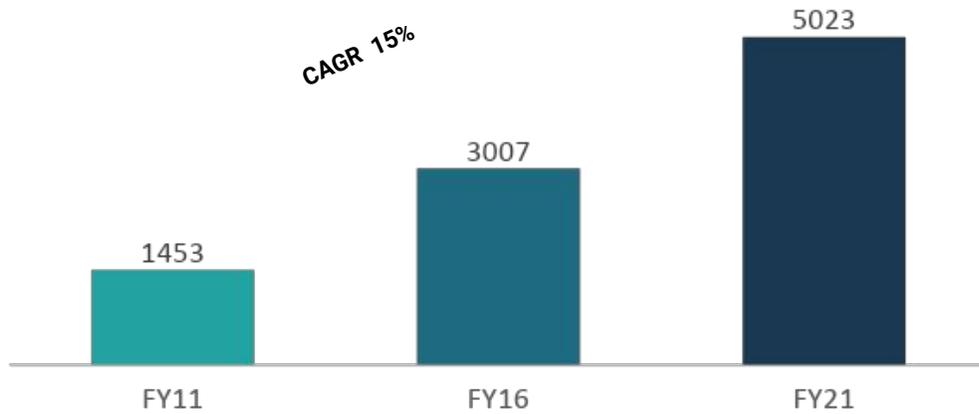
■ Net Debt/EBITDA



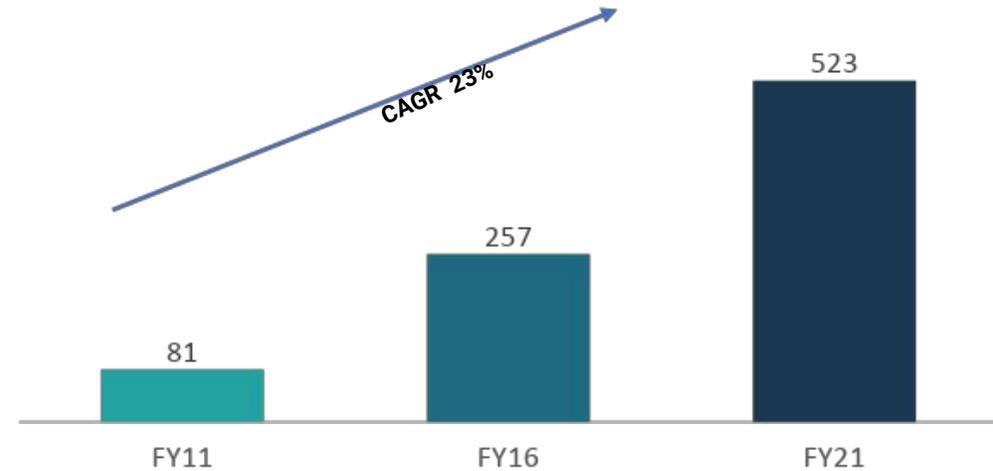
EBITDA = Profit before Tax + Interest Expense + Depreciation - Other Income; EBIT = EBITDA-Depreciation; Capital Employed= Net Worth + LT Debt+ ST debt+ current maturity of long term debt- cash; Capital Employed adj for CWIP= Capital Employed -CWIP; ROCE= EBIT/(Average of Capital employed of current & 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

# 10 Years Highlights

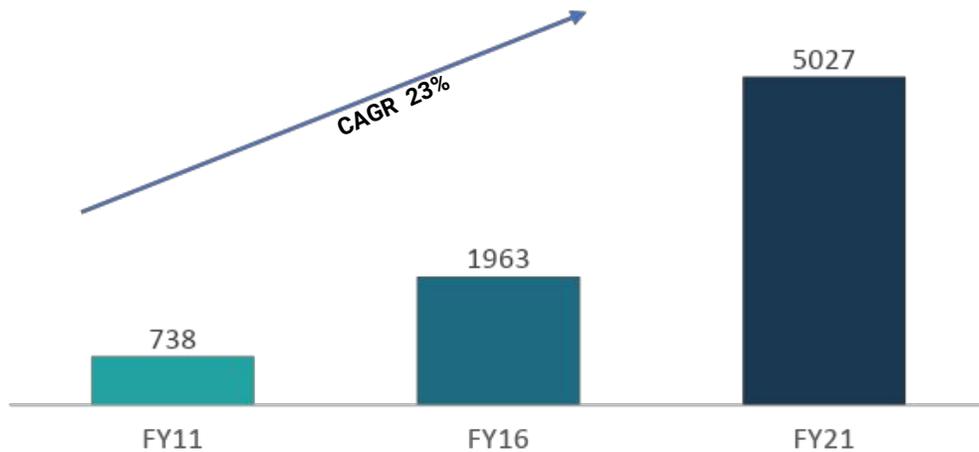
## Revenues



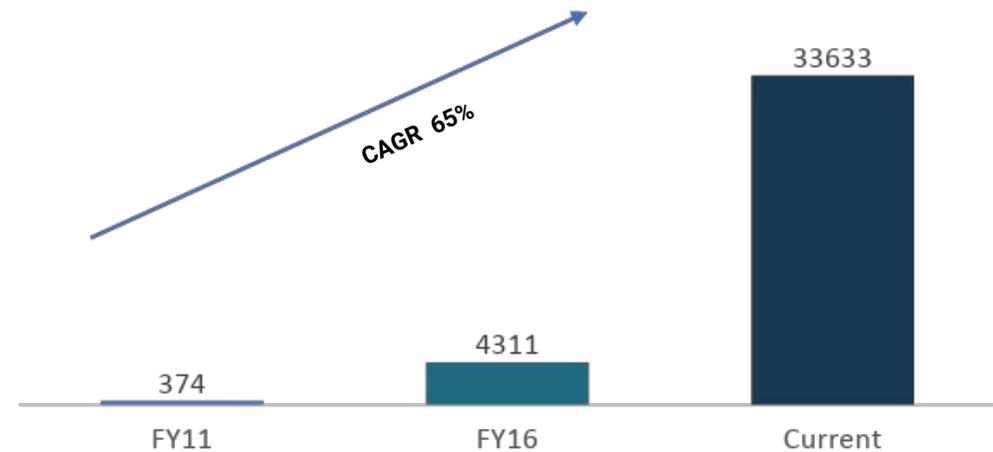
## PAT



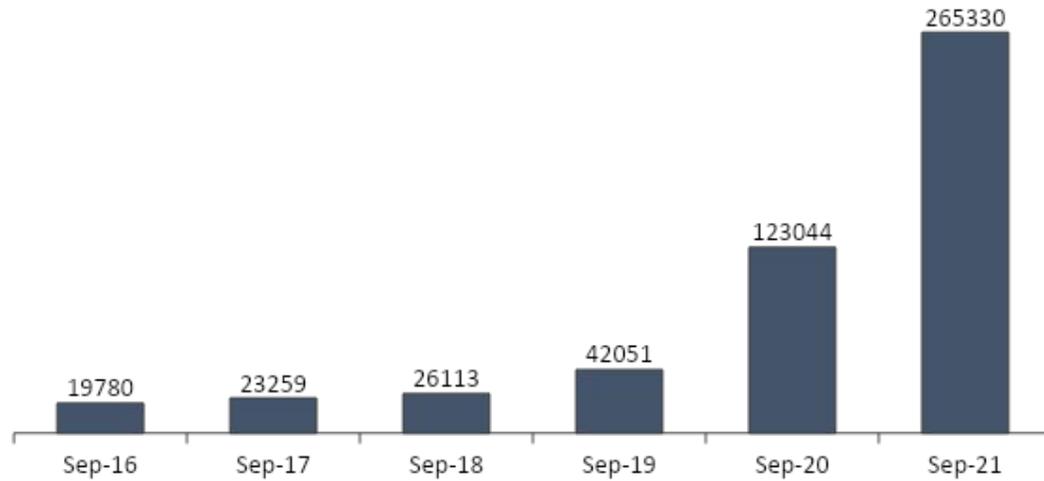
## Gross Block



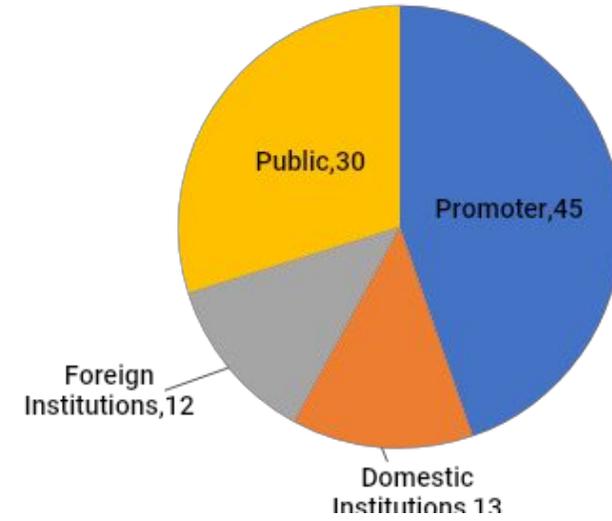
## Market Capitalization



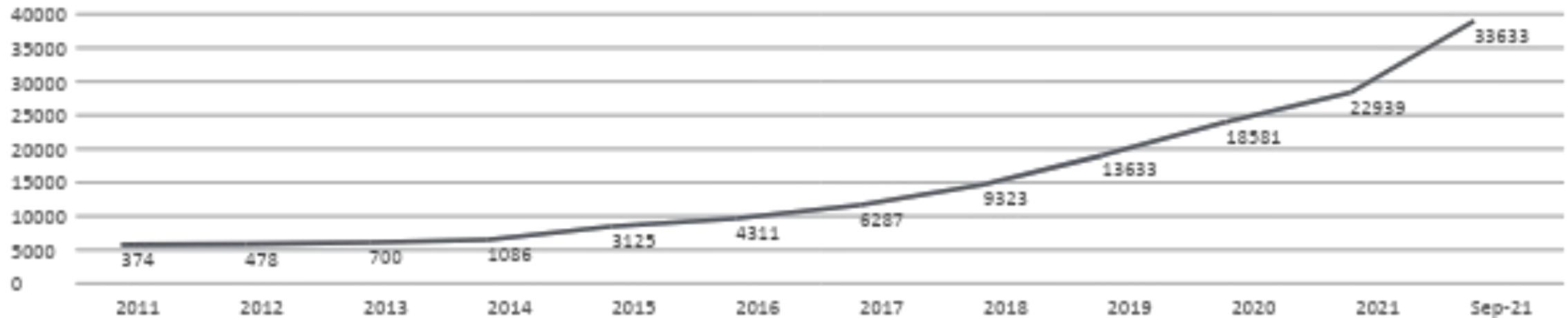
# Shareholders Info



Shareholding Pattern (%)



Market Cap (Rs. Cr)



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**07** Corporate Social Responsibility

# 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

- API & Intermediate market (domestic & exports) expected to witness strong growth
- Xanthine Derivatives are expected to continue the growth momentum

## 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

## 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

## Strong Focus on R&D and Process Innovation

- Focus on downstream products through processes like high value chlorination, hydrogenation, etc

## Thrust on Sustainability

- Significant capex done in SH&E, which provide long term benefits
- Continuous efforts to enhance on ESG Initiatives.

## Our Strategy : Growth with Sustainability for a Sustainable Growth

ESG factors are core part of our decision making process.

### Environment

- GHG & atmospheric Emissions
- Water
- Effluent Management
- Cleaner Technologies
- Materials
- Waste

### Social

- Bio Diversity/Green Carpet
- Health & Safety
- Community relations
- Labor management
- Product safety & quality
- Supply chain sustainability
- People and talent development

### Governance

- Compliance
- Board composition and Independence
- Business Ethics
- Management Evaluation and track record
- Disclosures and shareholder relations



# Recognition on ESG

## AIL awarded RC in Feb 2021



**Responsible Care**<sup>®</sup>  
OUR COMMITMENT TO SUSTAINABILITY

Responsible Care' is the global chemical industry's commitment to drive continuous improvement and excellence in Environment, Health, Safety & Security Performance. It represents self imposed ethical commitment for better EHS&S performance and responsible management of chemicals.

## AIL awarded Gold Award by EcoVadis



EcoVadis is the world's most trusted business Sustainability Ratings, used by 75000+ global companies across 160+ countries. The Award places AIL among top 5% of the global companies assessed by EcoVadis.

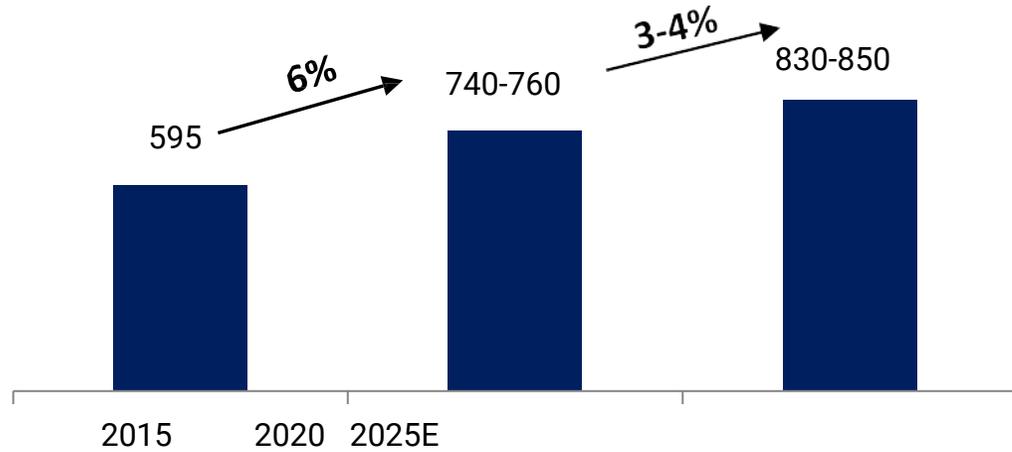
## ESG Rating by CRISIL



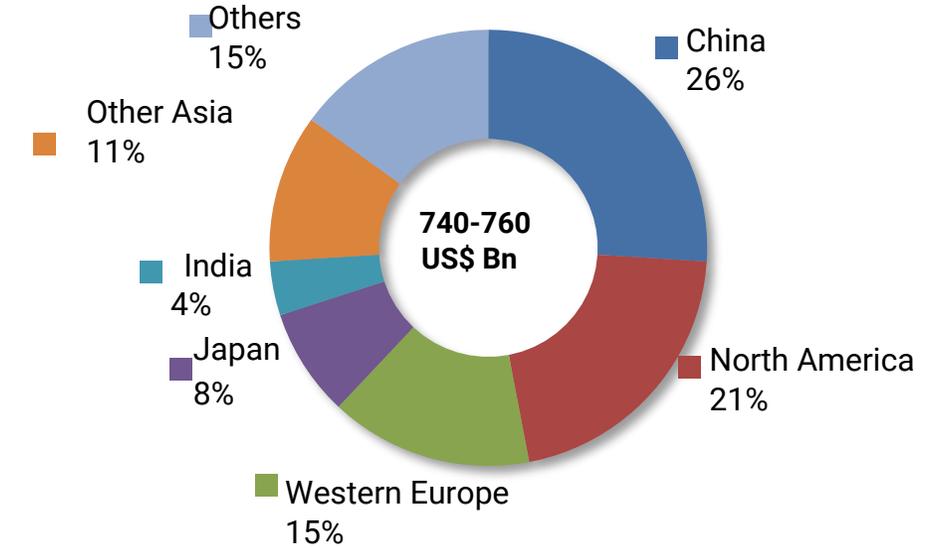
CRISIL independently evaluated top 225 companies across 18 sectors based on their ESG assessment framework (as per publicly available information). AIL was placed at 3rd position in chemical sector (amongst 15 chemical companies).

# Well placed to benefit from sector tailwinds – Global

Global Speciality chemicals market size and region-wise share  
USD Billion

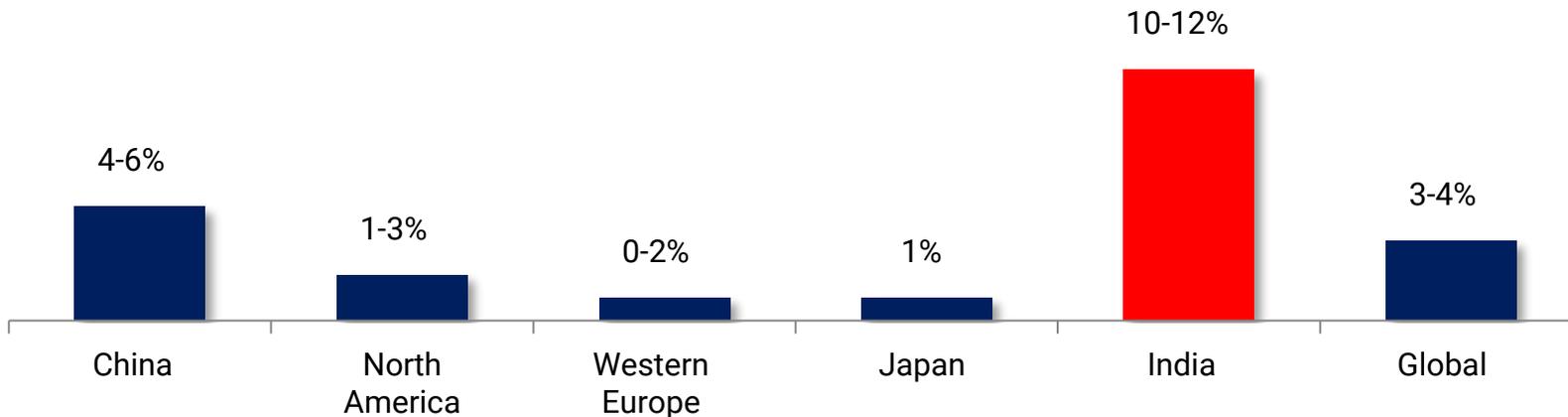


Global Speciality chemicals market size and region-wise share  
2020



## Significant opportunity of growth for Indian specialty chemicals markets

CAGR (2020-25)



Expected absolute growth over 2020-25	India	\$17-22 bn
	China	\$50-55 bn
	World	\$100-120 bn

# India is emerging as an alternative to China due to various factors

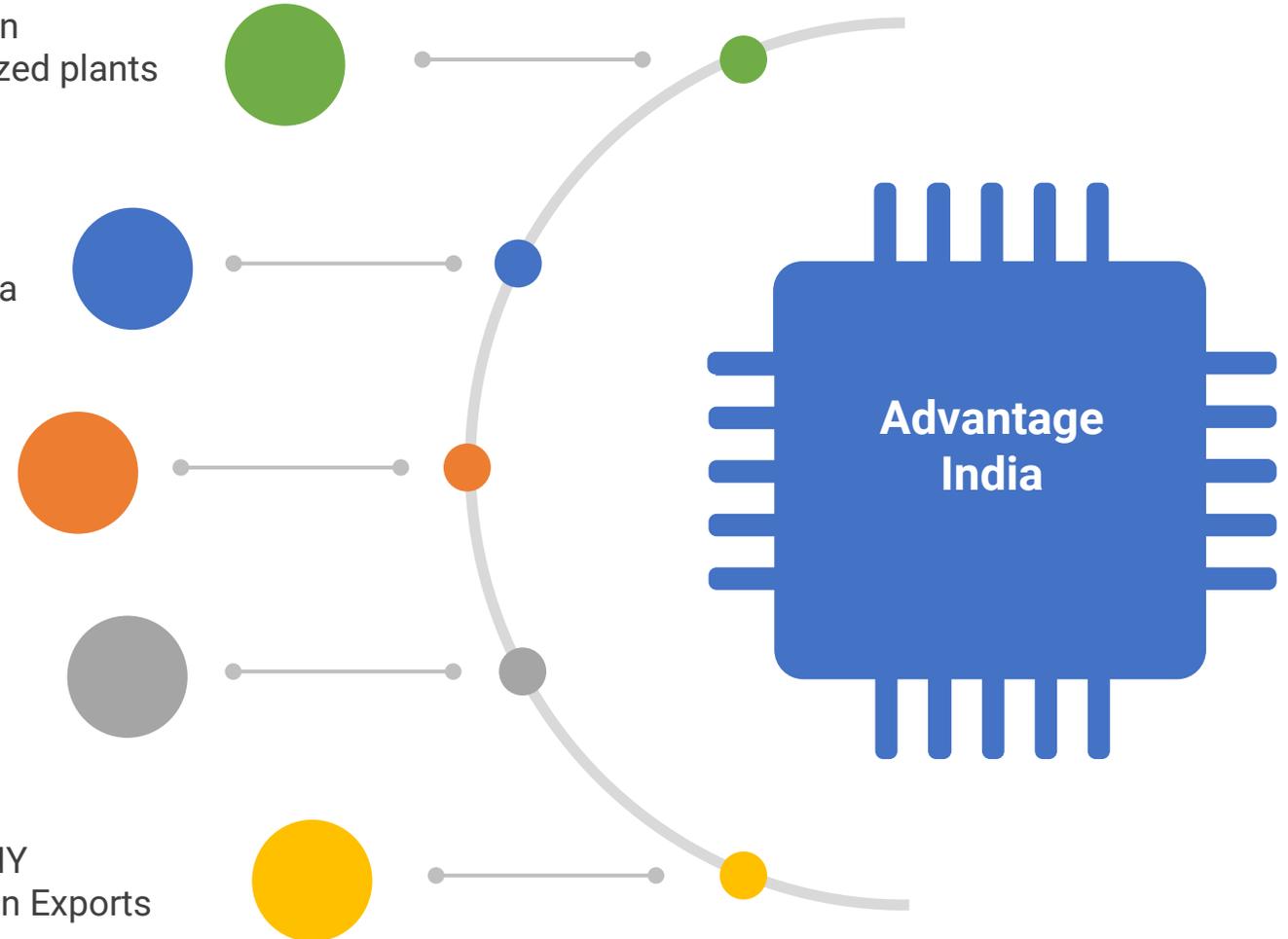
India has grown a critical mass and several Indian Companies are eager to Invest creating global sized plants to cater to growing domestic and global demand

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

Thrust to manufacturing via Make in India, cut in Corporate Tax rates and Tax reforms, PLI Schemes, etc will boost the growth in the sector.

Inherent CAPEX and labour cost advantage as compared to the West / Developed nations.

Indian Currency Depreciated against USD and CNY strengthening Cost Position for Indian Products in Exports Markets



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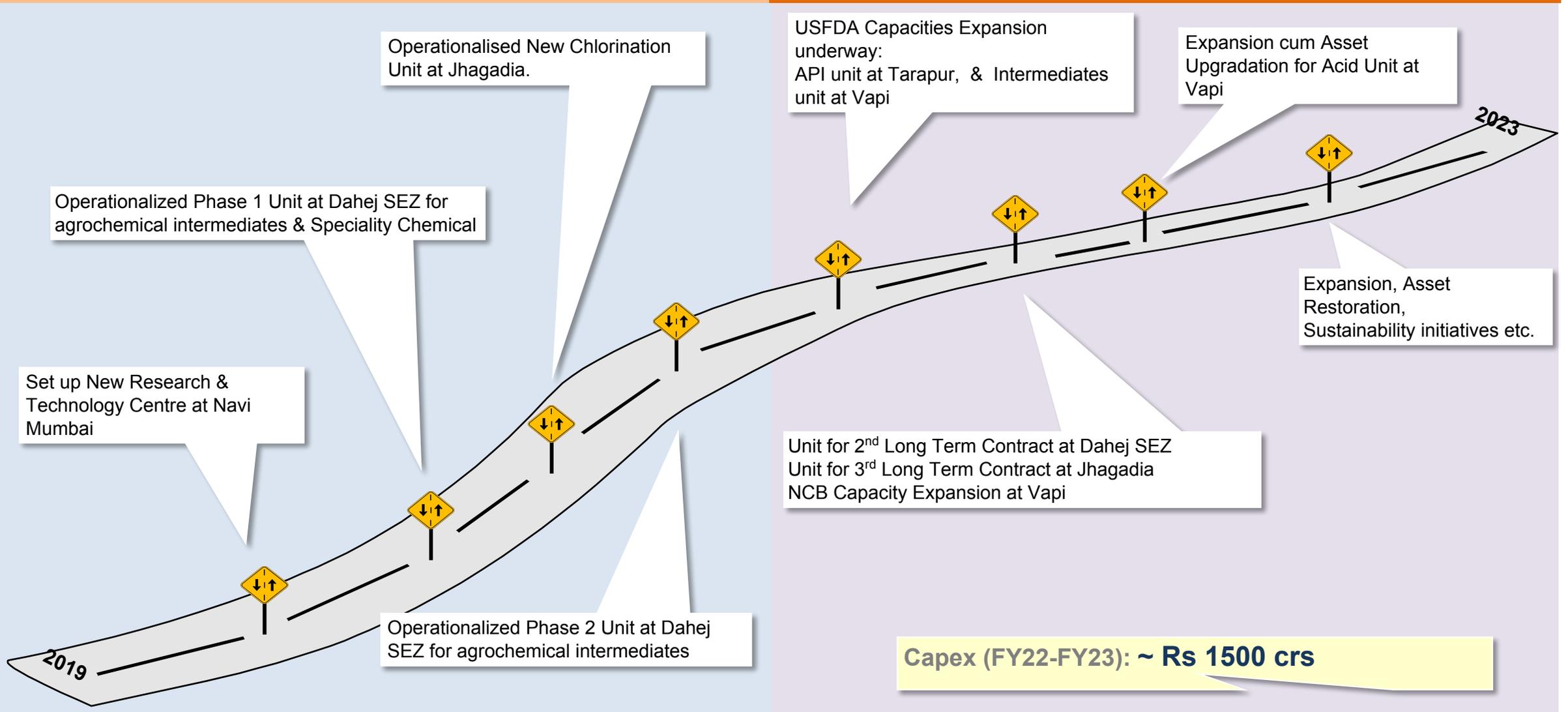
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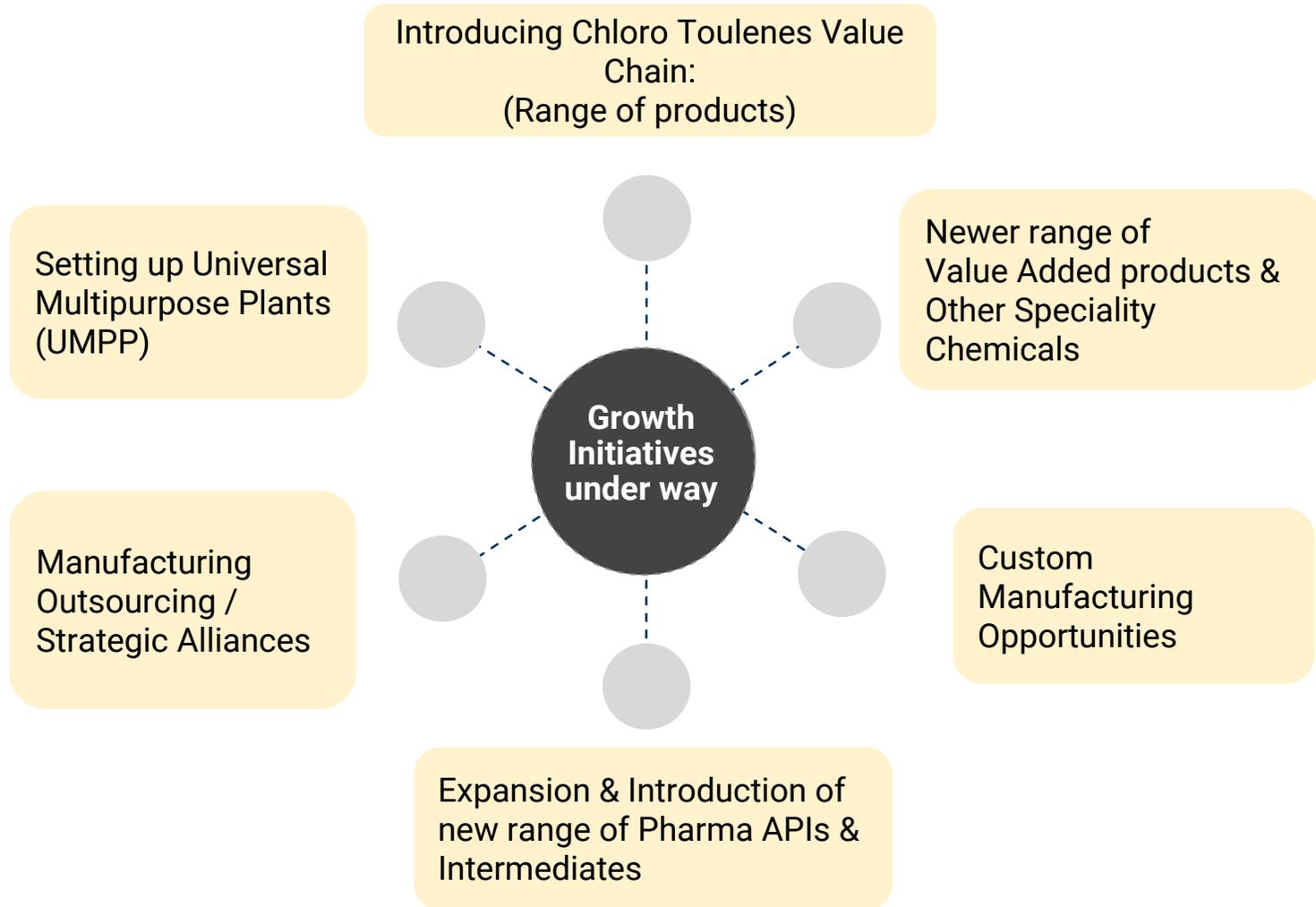
# Major Projects: FY19 - FY23

## Operationalised by FY21

## To be Completed by FY23



# Future Growth Projects: FY22-24 (Driven by R&D & Innovation)



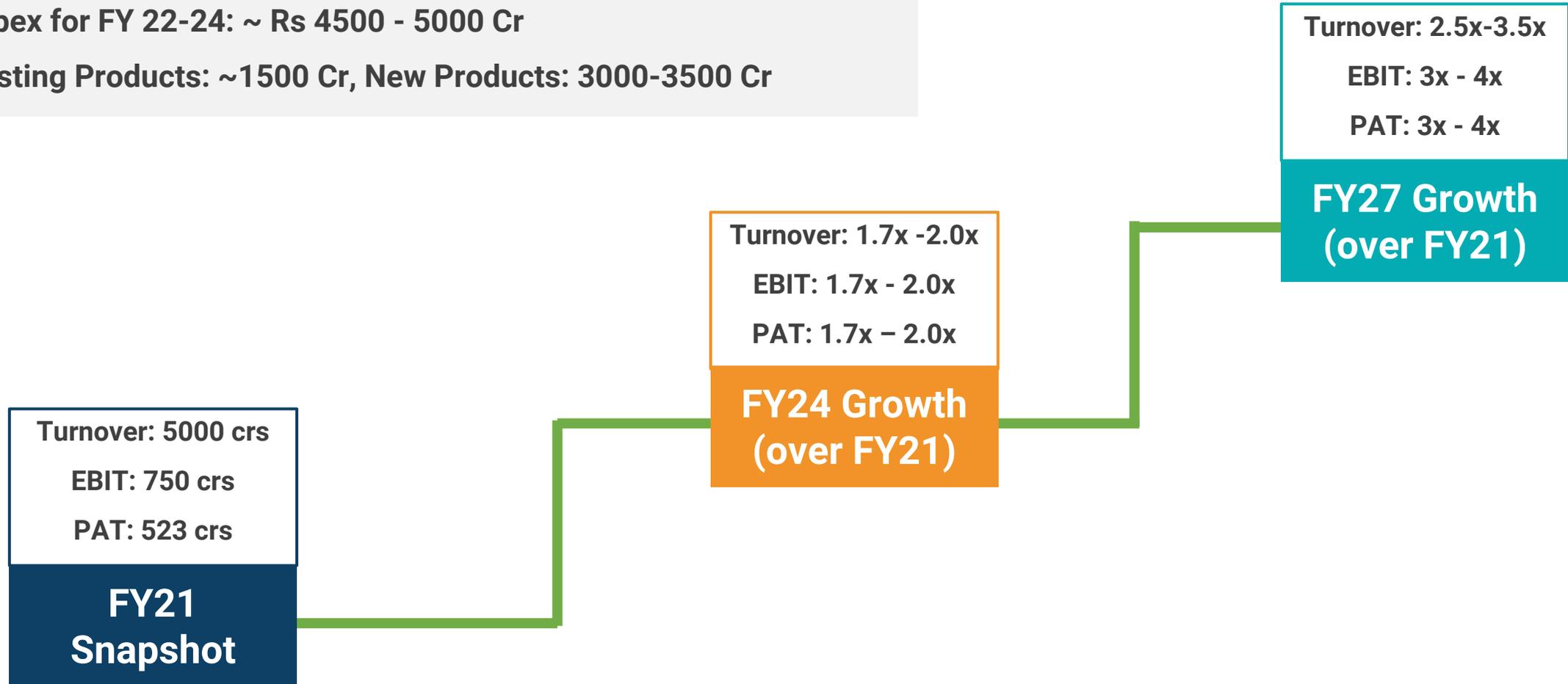
## Highlights

- 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.

# Growth Estimates

## Expecting Robust Growth fuelled with aggressive Capex Investment

- Capex for FY 22-24: ~ Rs 4500 - 5000 Cr
- Existing Products: ~1500 Cr, New Products: 3000-3500 Cr



# Qualified Institutional Placements (QIP)



## 1200 Cr

QIP raised in June 21

## 5000 Cr

Capex plans over  
three years

### Key Highlights

- The company has raised the QIP in June 2021 @ Rs 855 per share.
- Raise equity by over 4%.
- Received an overwhelming response from investors. Book was oversubscribed with healthy demand from FIIs & Insurance Companies.
- Long term investors account over 72% of the book size.
- Caters to the Growth Capital needs of the Company

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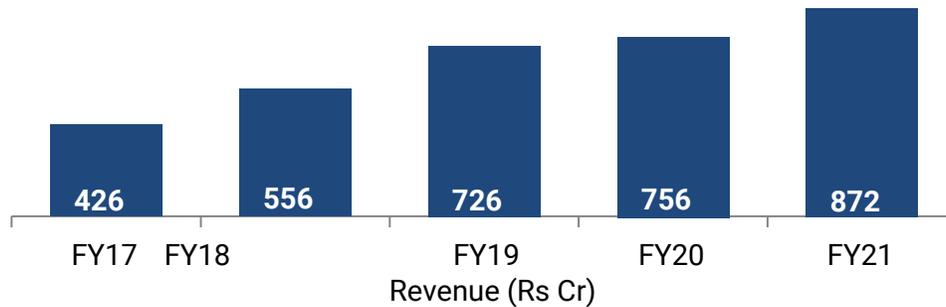
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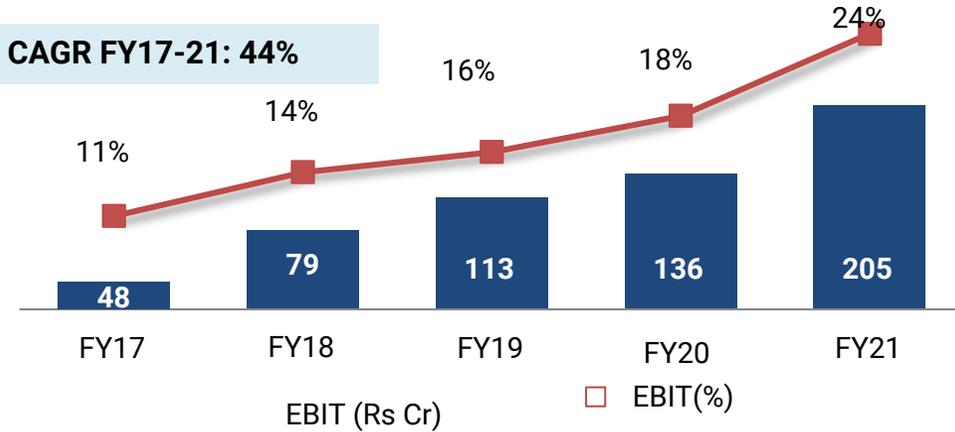
# Pharmaceuticals – Exposure to multiple segments & products with strong growth opportunities, Demerger Proposal.

## Pharma - Significant Top Line and Margin Growth...

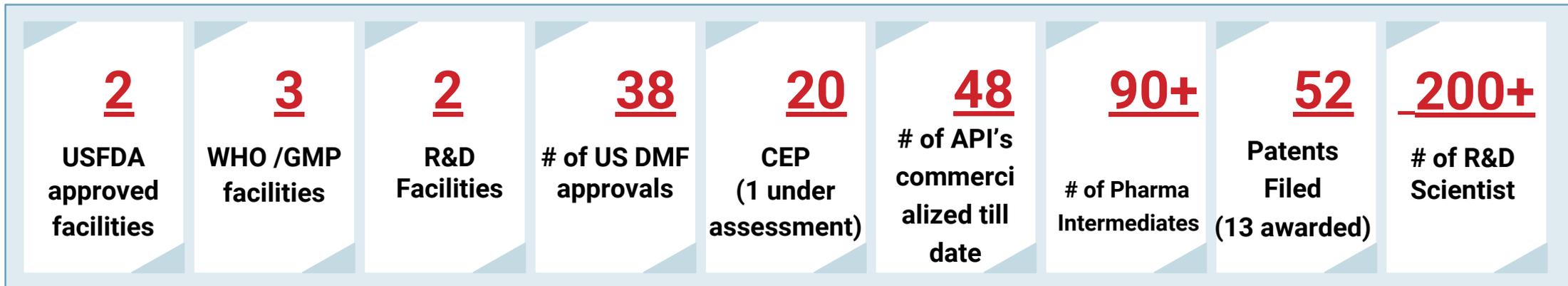
CAGR FY17-21: 20%



CAGR FY17-21: 44%



## Key Infrastructure and Highlights



### Rationale for Demerger Proposal

The Proposed demerger of Pharma Undertaking will facilitate a focused approach to the growth opportunities into respective segments, also enables the segment take strategic calls as may be needed to capture onto these opportunities to grow.

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# Contributing for Social Development



COVID-19 Efforts



Cluster & Rural Development



Education & Skill Development



Childcare & Healthcare Facilities



Water Conservation & Environment

**Together for prosperity**

‘Nearly 260 million people who are below the poverty line have to join mainstream of a good life.’

- Late Dr. APJ Abdul Kalam

# THANK YOU

@ Email: [investorrelations@aarti-industries.com](mailto:investorrelations@aarti-industries.com)