Ref. No.: AIL/B-40/2020/126
August 13, 2020

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 (LODR) Regulations, 2015

Please find enclosed herewith the Q1 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 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

1 | At a glance

2 | Quarterly and Annual performance
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: 13 for Speciality chemicals; 5 for Pharma (2 USFDA and 3 WHO/GMP)

### Revenue split - Segmental and Geographical – FY20

- **Speciality Chemicals, 83%**
- **Pharma, 17%**
- **Domestic, 60%**
- **North America, 9%**
- **Europe, 14%**
- **Japan, 4%**
- **China, 3%**
- **ROW, 10%**

### Key Metrics
- **200+ Products**
- **400+ Global Customers**
- **700+ Domestic Customers**
- **17 Manufacturing Plants**
- **14 Zero Liquid Discharge Plants**
- **6000+ Employees**

### Key Financials

#### Revenue (Rs cr)
- **CAGR 11%**
- **FY16: 3,007**
- **FY17: 3,163**
- **FY18: 3,806**
- **FY19: 4,706**
- **FY20: 4,621**

#### EBITDA (Rs cr)
- **CAGR 14%**
- **FY16: 572**
- **FY17: 654**
- **FY18: 699**
- **FY19: 965**
- **FY20: 977**
Key Strengths

• Global Player in Benzene based Derivatives with Integrated Operations
  o Strong/Leadership position in key products and processes
  o Integrated operations across product chain of Benzene and Toluene
  o Ability to effectively use co-products and generate value-added products

• Well Diversified Across Multiple Dimensions
  o Diversification provides significant de-risking
  o Multi-product, multi-customer, multi-geographies & multi-end-user industry

• Pharma – Significant growth with diversification across products and geographies
  o Pharma segment has seen significant growth over last 5 years
  o India’s API market (both domestic and exports) is expected to witness strong growth

• Strong Return Profile despite Significant Capex
  o Expanded capacities and diversified into new products while maintaining return profile
  o New capacities are still ramping up providing operating leverage

• Strong Focus on R&D and Process Innovation
  o Focus on downstream products through processes like high value chlorination, hydrogenation, ammonolysis

• Thrust on Sustainability
  o Significant capex done in SH&E and power, which provide long term benefits

• Well placed to benefit from Industry Tailwinds
  o Significant opportunity for exports arising from environmental related shutdowns in China
  o Structural drivers in places for a robust domestic demand growth
1 | At a glance

2 | Quarterly & Annual performance
Chairman’s Message

Commenting on the performance for Q1 FY21, Mr. Rajendra Gogri – Chairman & MD at Aarti Industries Limited said,

“Q1 performance was largely in line with our expectations and the outlook shared previously. During the quarter, due to the restrictions enforced during lockdown, our Speciality Chemicals production in April was at about 50%, which subsequently ramped up to 80% in the month of May and June. Further, many of our customers’ units were also under lockdown during April and May impacting our sales for the segment. Thus, this quarter had the maximum impact of the COVID-19 pandemic.

During the quarter, the Speciality Chemicals business was also impacted by weakness in some key verticals such as automotive, aerospace, dye intermediates, pigments, etc that are dependent on discretionary spending, which have been impacted significantly due to the ensuing situation whereas demand from other segments such pharma, agrochemicals and FMCG, which contributes about 60% of our revenues, has remained firm.

During Q1, our Pharma facilities continued to function efficiently, after some initial disruption, to deliver y-on-y growth and substantial expansion in margins driven by growing supplies to regulated markets.

At present, we are operating at around 90% of capacity across locations and expect a steady improvement in operating and financial performance through the next three quarters. In line with our previously stated guidance, we see the our business delivering EBITDA growth in FY21, whereas profits are expected to be flat based on the higher cost of a the expanded base of operations. The Pharma business continues to see profitable traction and growth will be accompanied by margins sustaining above 20% levels. We remain committed to the growth opportunities and are on track for our planned capex of about Rs 1,000-1,200 crore for FY21.

Going forward, our pipeline of new chemistries, processes and products remains robust backed by deep customer engagements and substantial investments in world-class manufacturing facilities. We remain strongly positioned to benefit as India gains traction as a preferred supply location for global corporations that look to establish stable and de-risked long-term strategic supply arrangements.”
Q1 FY21 P&L (Consolidated)

<table>
<thead>
<tr>
<th>Particulars (Rs. Crore)</th>
<th>Q1 FY21</th>
<th>Q1 FY20</th>
<th>Y-o-Y (%)</th>
<th>Q4 FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Income from Operations</td>
<td>1,035</td>
<td>1,135</td>
<td>-8.8%</td>
<td>1,190</td>
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<tr>
<td>Exports</td>
<td>487</td>
<td>488</td>
<td>-0.2%</td>
<td>482</td>
</tr>
<tr>
<td>% of Total Income</td>
<td>47.0%</td>
<td>43.0%</td>
<td>-</td>
<td>40.5%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>182</td>
<td>250</td>
<td>-27.2%</td>
<td>219</td>
</tr>
<tr>
<td>EBITDA Margin (%)</td>
<td>17.6%</td>
<td>22.0%</td>
<td>-445bps</td>
<td>18.4%</td>
</tr>
<tr>
<td>EBIT</td>
<td>130</td>
<td>207</td>
<td>-37.2%</td>
<td>170</td>
</tr>
<tr>
<td>EBIT Margin (%)</td>
<td>12.6%</td>
<td>18.2%</td>
<td>-565bps</td>
<td>14.3%</td>
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<tr>
<td>PAT</td>
<td>82</td>
<td>138</td>
<td>-40.7%</td>
<td>110</td>
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<tr>
<td>PAT Margin (%)</td>
<td>7.9%</td>
<td>12.2%</td>
<td>-425bps</td>
<td>9.3%</td>
</tr>
<tr>
<td>EPS (Rs.)</td>
<td>4.70</td>
<td>15.94</td>
<td>-</td>
<td>6.33</td>
</tr>
</tbody>
</table>

*EPS are prebonus EPS and hence not comparable

- Revenue and EBIDTA impacted due to weakness in some usage verticals on account of COVID-19
- Higher inventory in various products due to slow movement and logistics related challenges
- Higher depreciation and operating expenses in respect of new facilities operationalized in Q4FY20
- Additional CSR spend for PM CARES, State Relief Funds, assistance to various contract workers and financial support to various NGOs of over Rs 10 crore
- Capex in Q1FY21: Rs 222 crore
COVID-19 and lockdown resulted in lower sales, loss of production days, higher inventory, etc.
Operations in April were at 50% due to lockdown
Higher expenses upon commercialization of units in Q4FY20
Provision for a shortfall fees of about Rs 38 crore in respect of Long term contract
Q1 FY21 – Pharma (Consolidated)

- Pharma business revenue grew by 1.6% YoY in Q1
- A new high in quarterly profits in the pharma segment for the company
- EBIT margins have seen significant expansion based on higher contribution from regulated markets and value-added products
- Focusing on off-patented generics in regulated markets
- Expanding business volumes across markets and operating leverage – expected to sustain growth momentum
Operating revenues have grown on the back of strong volume growth in key business segments and better product mix. Top line is also a function of variations in raw material prices linked to crude oil.

Deep engagement with global customers in Speciality Chemicals and Pharma. In addition, some part of domestic revenues are indirect exports.
Higher growth relative to revenue highlights value addition delivered by AIL.

Note: For FY16-20, annual numbers have been mentioned.
Contact Us

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Thank You