Ref. No: AIL/B-40/2021/019
May 19, 2021

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

BSE CODE – 524208

Sir / Madam,

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

Ref: Regulation 30(6) of the SEBI (LODR) Regulations, 2015

Please find enclosed herewith the Q4 & FY21 Results Presentation of the Company for your records.

Kindly take the same on record.

Thanking you,

Yours faithfully,
For AARTI INDUSTRIES LIMITED
Raj Kumar Sarraf

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

3 | Growth Plan: Projects & Growth Estimates
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: 15 for Speciality chemicals; 5 for Pharma (2 USFDA and 3 WHO/GMP)

Revenue split - Segmental and Geographical – FY21

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY21 Revenue (Rs cr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Speciality Chemicals</td>
<td>3,163</td>
</tr>
<tr>
<td>Pharma</td>
<td>3,806</td>
</tr>
<tr>
<td>Domestic</td>
<td>4,706</td>
</tr>
<tr>
<td>North America</td>
<td>4,621</td>
</tr>
<tr>
<td>Europe</td>
<td>5,023</td>
</tr>
<tr>
<td>ROW</td>
<td>654</td>
</tr>
<tr>
<td>Japan</td>
<td>3,806</td>
</tr>
<tr>
<td>China</td>
<td>4,706</td>
</tr>
<tr>
<td>Europe</td>
<td>4,621</td>
</tr>
<tr>
<td>China</td>
<td>5,023</td>
</tr>
<tr>
<td>ROW</td>
<td>654</td>
</tr>
<tr>
<td>Japan</td>
<td>699</td>
</tr>
<tr>
<td>China</td>
<td>965</td>
</tr>
<tr>
<td>Europe</td>
<td>977</td>
</tr>
<tr>
<td>China</td>
<td>982</td>
</tr>
</tbody>
</table>

Key Metrics
- 200+ Products
- 400+ Global Customers
- 700+ Domestic Customers
- 20 Manufacturing Plants
- 17 Zero Liquid Discharge Plants
- 7000+ Employees

Key Financials

<table>
<thead>
<tr>
<th>FY</th>
<th>Revenue (Rs cr)</th>
<th>EBITDA (Rs cr)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CAGR 12%</td>
<td>CAGR 11%</td>
</tr>
<tr>
<td>FY17</td>
<td>3,163</td>
<td>654</td>
</tr>
<tr>
<td>FY18</td>
<td>3,806</td>
<td>699</td>
</tr>
<tr>
<td>FY19</td>
<td>4,706</td>
<td>965</td>
</tr>
<tr>
<td>FY20</td>
<td>4,621</td>
<td>977</td>
</tr>
<tr>
<td>FY21</td>
<td>5,023</td>
<td>982</td>
</tr>
</tbody>
</table>
# 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 across products and geographies**
  - Pharma segment has seen significant growth over last 5 years
  - India’s API market (both domestic and exports) is expected to witness strong growth

- **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

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

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

- **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
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1 | At a glance

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Key Highlights – FY21

Major factors impacting performance

- COVID-19 Impact
  - Demand impact on Discretionary part of the business (about 40% of the speciality chemical segment). Majorly recovered in Q3 & Q4 FY21
  - Restrictions on Manpower movement impacted operations and project work.
  - Logistics impacted affecting supply chain and despatch to customers. Global Logistics cost increased significantly
  - Social Contribution to PM Cares Fund, CM Relief Funds, various NGOs and assistance to Labourers.

Other Updates and factors

- Cancellation of one of the long term contract. Shortfall Fees for FY21 majorly received.
- Started Commercial operations at Chlorination unit at Jhagadia. Company capacity for Chlorination enhanced from 110KTPA to 175KTPA.
- Started Commercial operation for Phase 2 at Dahej SEZ unit.
- Commercialization of major facilities resulted into increase in Fixed Costs and Depreciation, while the benefits for volume scale up will start accruing from FY22 onwards.
- Acquired over 100 acres of Land in Gujarat for further expansion and new project initiatives at Chemical & Pharma Segment.
- Gold Ecovadis Medal awarded from Ecovadis (the world’s most trusted sustainability rating company). This places AIL into the top 5% of the companies globally with respect to its sustainability practices.
Commenting on the performance, Mr. Rajendra Gogri – Chairman & MD at Aarti Industries Limited said,

“Despite the challenging year, I am pleased to share that the company has been able to present an outstanding performance in one of the most challenging phase we have witnessed so far. I would like to thank all the stakeholders for your continuous support to AIL enabling us overcome this journey so far.

“We are happy to report continuing strong momentum in operating and financial performance during the last quarter coming from demand for most of the products recovering to the precovid normal volumes. We are now well-placed to be able to hit a high growth phase in FY22 and also on track to maintain our long term growth momentum, as guided earlier.

During the quarter, we completed the commercialization of the balance for the chlorination project and also for the Phase 2 unit at Dahej SEZ. Next in line are projects related to 2nd and 3rd Long Term Contracts, NCB Expansion, Pharma Expansion, etc, which are expected to be commissioned over the next few quarters, providing the planned growth acceleration in coming periods. With these current pipeline of projects under execution, we expect to be able to near double the current EBIDTA over a period of three years, ie by FY24.

Our pharma business continues to deliver growth and margin expansion based on operating leverage from growing volumes and our focus on regulated markets and value-added products. We remain in line to expand capacities of both API’s and intermediates and we have a pipeline of several new products under development.

Strategically, our focus remains on increasing the contribution from value-added chemistries within our portfolio – gaining prominence within the development programs of a large number of global innovators. We have backed this with investments in R&D, sustainability and other internal competencies in line with global best practices. As India continues to get prominent positioning within global supply chains for innovators in speciality chemicals and pharma sectors, Aarti Industries is slated to derive structural benefit from the various long term opportunities which it had been working on over last 12-24 months. In addition to the growth initiatives at our existing range of products, we also have an additional projects pipeline entailing a capex of over 3000 crs to be taken up in forthcoming 3 years. These will add a host of new products and chemistry which will add to the strength and further diversify the company. These projects will drive the growth of the company beyond FY24 and help the company maintain a growth momentum in the 2nd half of this decade.”
## Q4 & FY21 P&L (Consolidated)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>FY21 (Rs. Crore)</th>
<th>FY20 (Rs. Crore)</th>
<th>Y-o-Y (%)</th>
<th>Q4 FY21 (Rs. Crore)</th>
<th>Q4 FY20 (Rs. Crore)</th>
<th>Y-o-Y (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Income from Operations</td>
<td>5,023</td>
<td>4,621</td>
<td>8.7%</td>
<td>1,347</td>
<td>1,190</td>
<td>13.2%</td>
</tr>
<tr>
<td>Exports</td>
<td>2,186</td>
<td>1,966</td>
<td>11.2%</td>
<td>546</td>
<td>482</td>
<td>13.3%</td>
</tr>
<tr>
<td>% of Total Income</td>
<td>43.5%</td>
<td>42.5%</td>
<td>-</td>
<td>40.5%</td>
<td>40.5%</td>
<td>-</td>
</tr>
<tr>
<td>EBITDA</td>
<td>982</td>
<td>977</td>
<td>0.4%</td>
<td>260</td>
<td>219</td>
<td>18.9%</td>
</tr>
<tr>
<td>EBITDA Margin (%)</td>
<td>19.5%</td>
<td>21.2%</td>
<td>19.3%</td>
<td>18.4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>751</td>
<td>801</td>
<td>-6.2%</td>
<td>195</td>
<td>170</td>
<td>14.7%</td>
</tr>
<tr>
<td>EBIT Margin (%)</td>
<td>15.0%</td>
<td>17.1%</td>
<td>14.5%</td>
<td>14.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PAT</td>
<td>524</td>
<td>536</td>
<td>-2.2%</td>
<td>136</td>
<td>110</td>
<td>23.6%</td>
</tr>
<tr>
<td>PAT Margin (%)</td>
<td>10.4%</td>
<td>11.6%</td>
<td>10.1%</td>
<td>9.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPS (Rs.)</td>
<td>30.04</td>
<td>30.77</td>
<td>7.81</td>
<td>6.33</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Sustained revenue growth driven by volume expansion and 75% contribution from value-added products
- Gross margins returned to normalized levels
- Demand for discretionary products has majorly returned to pre-covid levels
- Pharma segment revenues at record levels, profitability sustained as the product basket remains focused on value addition
- Depreciation and Fixed Costs higher due to commissioning of new manufacturing units
- Capex in FY21: Rs 1300+ crore
- **Final Dividend recommended** – Rs 3.00 per share (Pre Bonus) / Rs 1.50 per share (Ex-Bonus)
- **Bonus announced** – 1:1
Revenue Performance (Consolidated)

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export</td>
<td>2,569</td>
<td>2,985</td>
<td>3,979</td>
<td>3,865</td>
<td>4,151</td>
</tr>
<tr>
<td>Revenue</td>
<td>426</td>
<td>556</td>
<td>726</td>
<td>756</td>
<td>872</td>
</tr>
<tr>
<td>CAGR:</td>
<td>13%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export</td>
<td>1,523</td>
<td>1,596</td>
<td>1,977</td>
<td>1,966</td>
<td>2,186</td>
</tr>
<tr>
<td>Revenue</td>
<td>3,163</td>
<td>3,806</td>
<td>4,705</td>
<td>4,621</td>
<td>5,023</td>
</tr>
<tr>
<td>CAGR:</td>
<td>12%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

CAGR: 20%

[Rs. Crore]
EBIT Performance (Consolidated)

<table>
<thead>
<tr>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>615</td>
<td>663</td>
<td>932</td>
<td>952</td>
<td>957</td>
</tr>
</tbody>
</table>

**EBIT**
- CAGR: 12%

**Pharmaceuticals**
- CAGR: 44%

<table>
<thead>
<tr>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>48</td>
<td>79</td>
<td>113</td>
<td>137</td>
<td>205</td>
</tr>
</tbody>
</table>

**Speciality Chemicals**
- CAGR: 7%

<table>
<thead>
<tr>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>566</td>
<td>581</td>
<td>819</td>
<td>814</td>
<td>753</td>
</tr>
</tbody>
</table>

*In Rs. Crore*
Financials – (Consolidated)

**Robust Revenue Growth**
- CAGR 12%
- FY17: 3,163
- FY18: 3,806
- FY19: 4,705
- FY20: 4,621
- FY21: 5,023

**Strong EBITDA Growth**
- CAGR 11%
- FY17: 654
- FY18: 699
- FY19: 965
- FY20: 977
- FY21: 982

**Strong PAT Growth**
- CAGR 13%
- FY17: 316
- FY18: 333
- FY19: 492
- FY20: 536
- FY21: 524

**Debt Profile**
- D/E
- Net Debt/EBITDA
- FY17: D/E 2.4, Net Debt/EBITDA 1.1
- FY18: D/E 2.9, Net Debt/EBITDA 1.3
- FY19: D/E 1.7, Net Debt/EBITDA 0.9
- FY20: D/E 1.8, Net Debt/EBITDA 0.7
- FY21: D/E 2.1, Net Debt/EBITDA 0.8
Speciality Chemicals: Quarterly Revenue and EBIT

**Speciality Chemicals - Revenue**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 FY20</td>
<td>984</td>
</tr>
<tr>
<td>Q1 FY21</td>
<td>841</td>
</tr>
<tr>
<td>Q2 FY21</td>
<td>1,109</td>
</tr>
<tr>
<td>Q3 FY21</td>
<td>1,079</td>
</tr>
<tr>
<td>Q4 FY21</td>
<td>1,123</td>
</tr>
</tbody>
</table>

**Speciality Chemicals EBIT & EBIT %**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>EBIT</th>
<th>EBIT %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 FY20</td>
<td>172</td>
<td>17.5</td>
</tr>
<tr>
<td>Q1 FY21</td>
<td>130</td>
<td>15.4</td>
</tr>
<tr>
<td>Q2 FY21</td>
<td>190</td>
<td>17.1</td>
</tr>
<tr>
<td>Q3 FY21</td>
<td>224</td>
<td>20.7</td>
</tr>
<tr>
<td>Q4 FY21</td>
<td>210</td>
<td>18.7</td>
</tr>
</tbody>
</table>

Consolidated basis; in Rs. Crore
Q4 & FY21 – Speciality Chemicals

- **Revenue**
  - Q4 FY20: 984
  - Q4 FY21: 1123
  - FY20: 3865
  - FY21: 4151

- **EBIT**
  - Q4 FY20: 172
  - Q4 FY21: 210
  - FY20: 814
  - FY21: 753

- Annual maintenance shutdown at the Acid Division at Vapi and asset revamp linked maintenance shutdown at Jhagadia – both taken in Q4FY21, impacted volumes and resulted in higher costs by about Rs 12 crore
- Return of demand from established markets driving improved margins
- Depreciation and Fixed Costs in Q4FY21 higher due to commissioning of new units
-Includes income recognition of about USD 5 million per quarter and USD 20 million for FY21 towards the shortfall fees in respect of the first long-term contract
Pharma Segment: Quarterly Revenue and EBIT

**Pharma - Revenue**

- Q4 FY20: 206
- Q1 FY21: 194
- Q2 FY21: 222
- Q3 FY21: 232
- Q4 FY21: 224

**EBIT**

- Q4 FY20: 17.4
- Q1 FY21: 23.3
- Q2 FY21: 25.5
- Q3 FY21: 23.8
- Q4 FY21: 21.2

*Consolidated basis; in Rs. Crore*
Pharma business revenue grew by 15% YoY during FY21 – topline at highest ever levels historically.

Pharma Ebit grew by 50% during FY21 – EBIT at highest ever levels historically.

Sustainability initiative linked shutdown taken at Pharma units in Q4FY21, impacting the operations partly.

Continued throughput from regulated markets, value-added products and growing pipeline of new intermediates.

Margins seeing structural improvement based on operating initiatives.

Revenue growth is expected to sustain as additional capacities for API’s and intermediates are getting operationalized in coming quarters.
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# Our Growth Strategy

## Value Chain Expansion
- Scale up of capacities in existing products
- New markets and applications for existing products
- New value-added products in existing value chains
- Improved market position across isomers

## Customer Collaboration
- Co-development and scale up of new products through customer partnerships
- Multi-product collaboration with customers to deepen relationships
- Contract research opportunities

## New Value Chains
- Extension of process and chemistry expertise to enter new value chains (such as chlorotoluenes)
- Addition of new reaction capabilities

## Manufacturing Outsourcing
- Long-term contract with customers leveraging process expertise, raw material security and India advantage
- Setting up dedicated toll manufacturing facilities

## Opportunities in Pharmaceuticals
- 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

## High Growth Sector
- Focus on high growth sectors and emerging mega trends
Major Projects: FY19 - FY23

Operationalised by FY21

- Operationalised New Chlorination Unit at Jhagadia.
- Operationalized Phase 1 Unit at Dahej SEZ for agrochemical intermediates & Speciality Chemical
- Set up New Research & Technology Centre at Navi Mumbai
- Operationalized Phase 2 Unit at Dahej SEZ for agrochemical intermediates

To be Completed by FY23

- USFDA Capacities Expansion underway: API unit at Tarapur, & Intermediates unit at Vapi
- Expansion cum Asset Upgradation for Acid Unit at Vapi
- Unit for 2nd Long Term Contract at Dahej SEZ
- Unit for 3rd Long Term Contract at Jhagadia
- NCB Capacity Expansion at Vapi
- Expansion, Asset Restoration, Sustainability initiatives etc.
- Capex (FY22-FY23): ~ Rs 1500 crs.
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
- EBITDA 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 Initiatives under way
- Introducing Chloro Toulenes Value Chain: (Range of products)
- Newer range of Value Added products & Other Speciality Chemicals
- Setting up Universal Multipurpose Plants (UMPP)
- Manufacturing Outsourcing / Strategic Alliances
- Expansion & Introduction of new range of Pharma APIs & Intermediates
- Custom Manufacturing Opportunities
Growth Estimates

**FY21 Snapshot**
- Turnover: 5000 crs
- EBIT: 750 crs
- PAT: 523 crs

**FY24 Growth (over FY21)**
- Turnover: 1.7x - 2.0x
- EBIT: 1.7x - 2.0x
- PAT: 1.7x - 2.0x

**FY27 Growth (over FY21)**
- Turnover: 2.5x - 3.5x
- EBIT: 3x - 4x
- PAT: 3x - 4x

**Capex FY22-FY24:** ~ Rs 4500 crs – 5000 crs
For further information please log on to www.aarti-industries.com or contact:

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Tel: +91 22 6797 6666
Email: info@aarti-industries.com

Shiv Muttoo / Shruti Joshi
CDR India
Tel: +91 98335 57572 / +91 75065 67349
Email: shiv@cdr-india.com / shruti@cdr-india.com
Thank You