



AARTI INDUSTRIES LIMITED

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E-mail : info@aartigroup.com • Website : www.aartigroup.com • CIN : L24110GJ1984PLC007301



Ref. No: AIL/B-34/2017/456

Date : 3rd June, 2017

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 (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Please find enclosed herewith updated Investor Presentation of the Company.

Kindly take the same on record.

Thanking You,

Yours faithfully,

FOR AARTI INDUSTRIES LIMITED

MONA PATEL

COMPANY SECRETARY & COMPLIANCE OFFICER

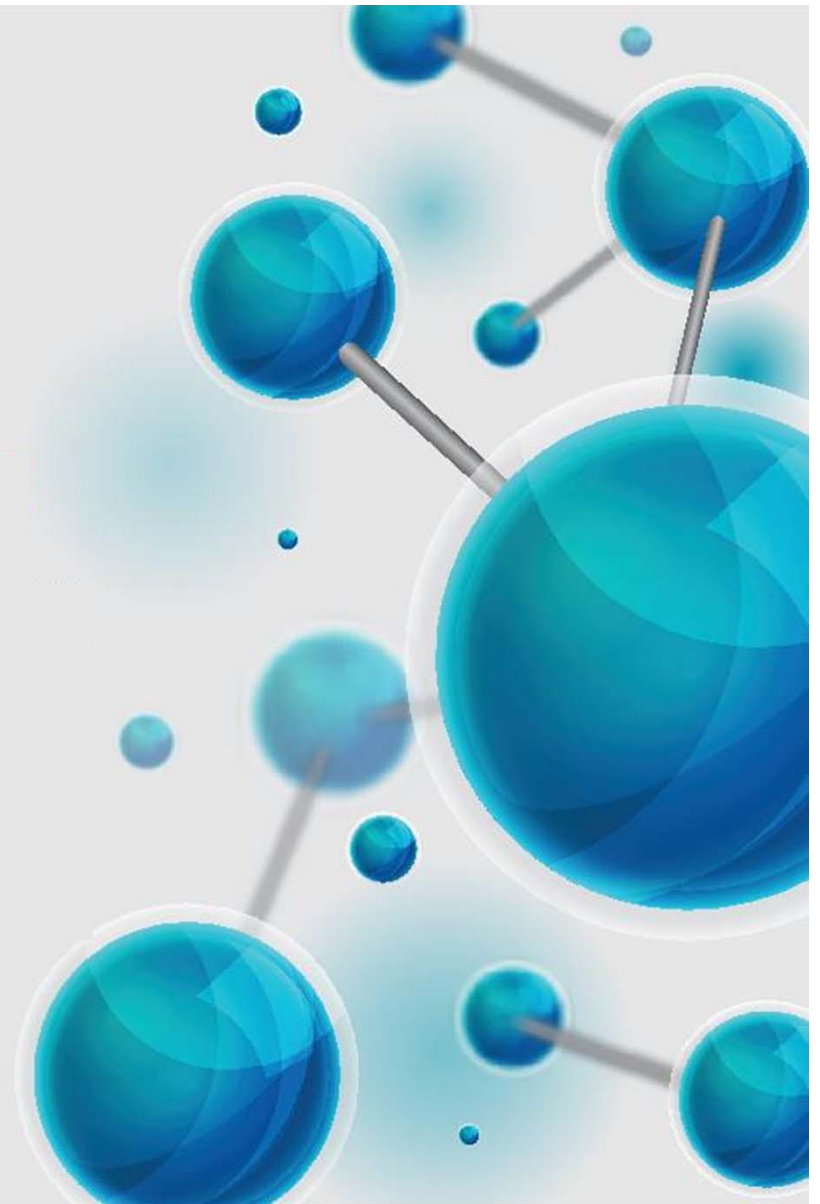
Encl. As above.



**AARTI
INDUSTRIES
LIMITED**

Investor Presentation

June - 2017



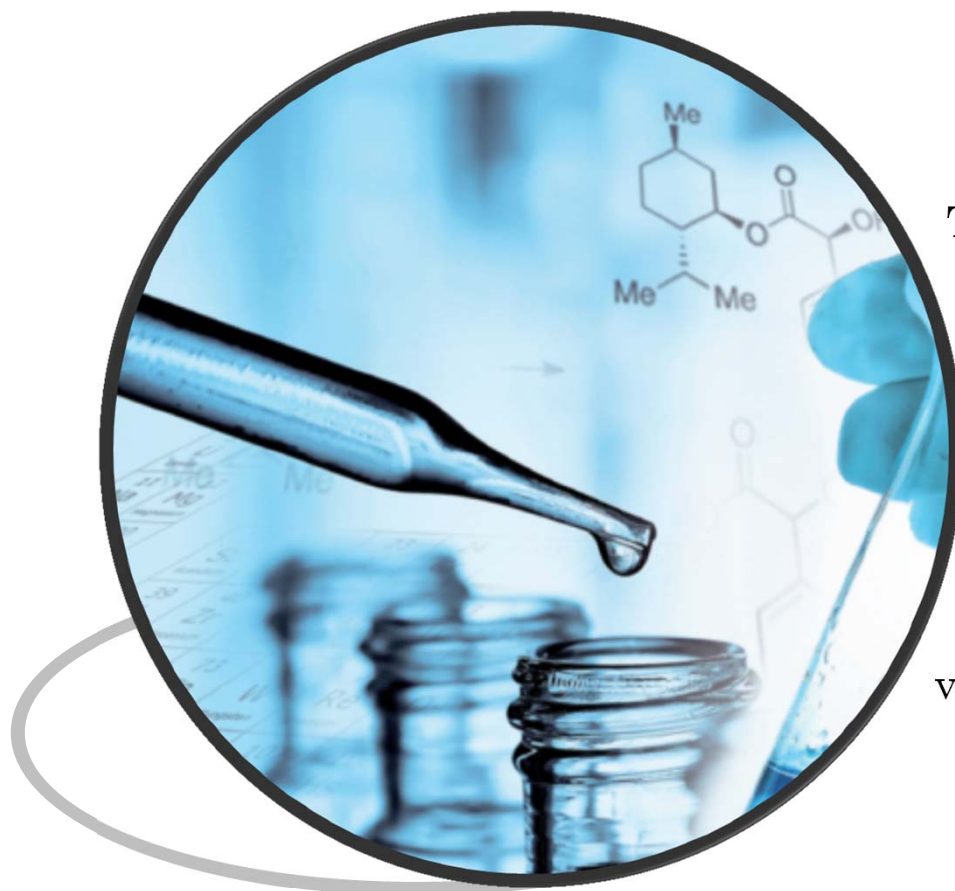
Disclaimer

AARTI INDUSTRIES LIMITED may, from time to time, make additional written and oral forward looking statements, including statements contained in the company's filings with Bombay Stock Exchange and National Stock Exchange, 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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Vision



To emerge as a **‘Global Partner of Choice’** to leading consumers across the globe of Speciality Chemicals and Intermediates for Pharmaceuticals, Agro Chemicals, Polymers, Pigments, Printing Inks, Dyes, Fuel additives, Aromatics, Surfactants and various other speciality chemicals



Profile

Aarti is one of the most competitive benzene-based speciality chemical companies in the world

Globally ranks at 1st – 4th position for 75% of its portfolio. “Partner of Choice ” by various Major Global & Domestic Customers.

Promoters are First Generation Technocrats

- 5 of 6 Promoter Directors are engineers. 3 of 4 Founder Promoters are chemical engineers from ICT (formerly known as UDCT)
- Shri Chandrakant Gogri, Founder Chairman, retired in August 2012 and advises in the capacity as Chairman Emeritus

Highly integrated operations

- Cost-efficient processes
- Extensively integrated across more than 70 products

Present in niche chemistry spaces. Multi-year multi-product relationships with several leading global customers

16

Manufacturing Plants

2

USFDA Units

3,500+

Employees

125+

Products

150+

Global Customers

500+

Domestic customers

Speciality Chemicals

- Polymer & additives
- Agrochemicals & intermediates
- Dyes, Pigments, Paints & Printing Inks
- Pharma Intermediates
- Fuel Additives, Rubber chemicals, Resins, etc.
- Fertilizer & Nutrients

Pharmaceuticals

- Active Pharmaceutical Ingredients (APIs)
- Intermediates for Innovators & Generic Companies

Home & Personal Care

- Non-ionic Surfactants
- Concentrates for shampoo, hand wash & dish wash

Revenue in Rs. crore

2,569

426

168

EBIT in Rs. crore

566

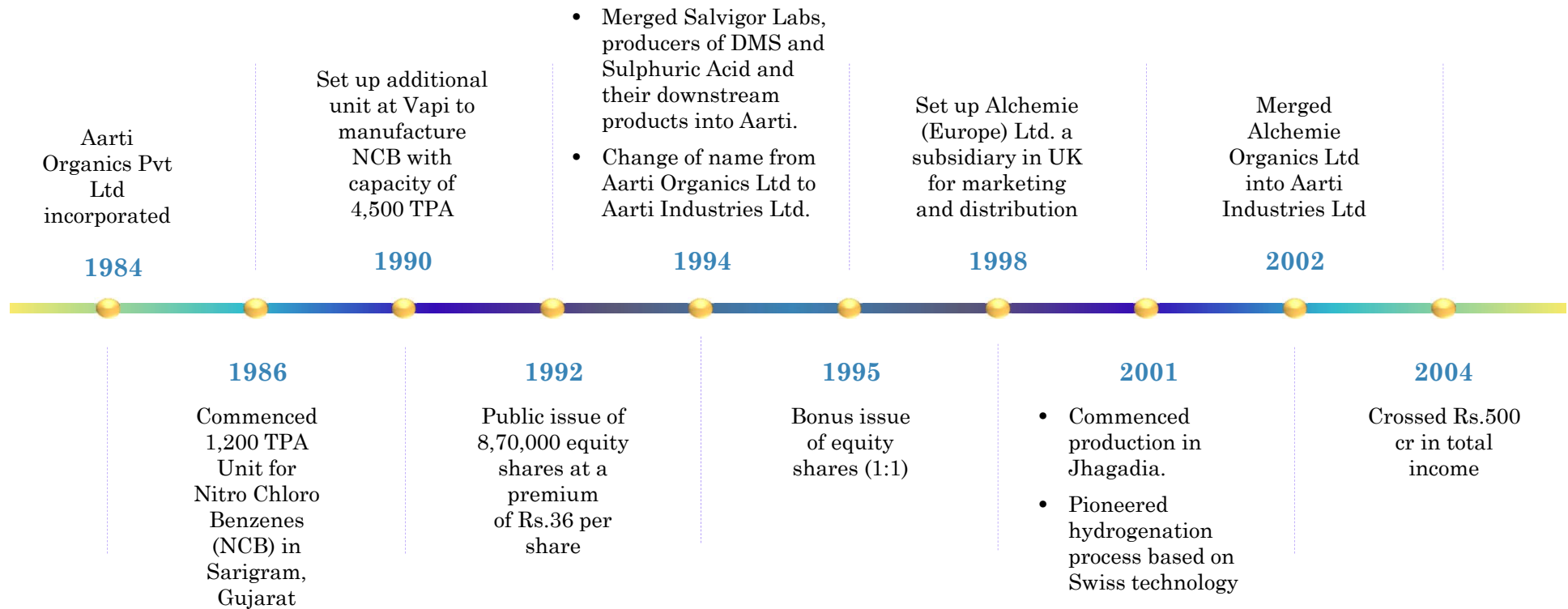
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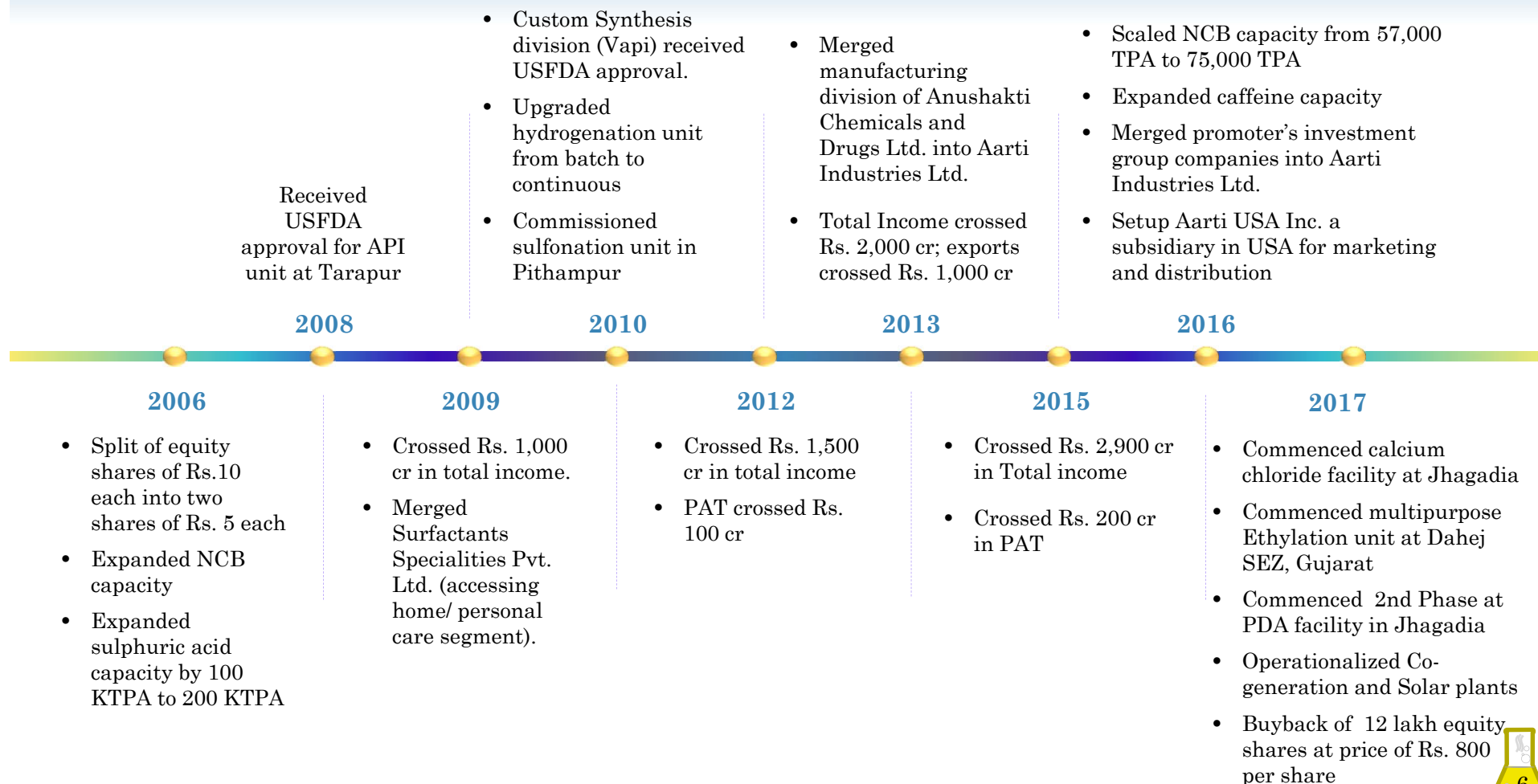


Transformation Journey

Hitting right milestones at right time



Transformation Journey



What differentiates us

Our product mix comprises more than 125 research-led products	Most chemical companies focus on a handful of products
We have focused on the manufacture of integrated derivatives	Most chemical companies focus on a fragmented standalone product mix
We have global capacities & are better placed for scale-up	Most chemical companies serve local markets
We have selected to focus on customers across continents	Most chemical companies do not have a diversified geographic mix
We are seamlessly backward integrated for precursor materials	Most chemical companies are completely dependent on external resource supplies
We have selected to be present in niche chemistry spaces with relatively low competition	Most chemical companies select to be present in large spaces marked by extensive competition
We have been engaged in multiyear relationships with a large number of leading global downstream customers	Most chemical companies seek to work with small global companies as a market-entry strategy



Global Partner of Choice

Aarti Industries is a rare instance of a global speciality chemicals company that combines process chemistry competence with scale-up engineering competence

Transform from

Make-to-stock to robust Make-to-order

Vendor servicing to Partner of Choice

Our business model complements that of our global customers

Product innovation aligned to customer's future growth

Capex scale synched to customer expansion objectives

Multiproduct, multi-year relationship

- >80% of FY16 revenues from 5+ yrs customers
- Growth across all customers

Committed to SH & E

- Invested >Rs. 200 cr in last 5 yrs
- 4 Zero Discharge units
- Reduce-Reuse-Recover



People Connect

Though we are a B2B Company, our products touch people in various ways in their everyday lives

Speciality Chemicals



Polymer and additives: Our products are used in aircrafts, automobiles, cruise Liners, electro-static precipitators, bullet-proof jackets, electronic gadgets and various other applications. |

Agrochemicals and intermediates: Our products find use in pesticides, insecticides, fungicides, herbicides, fertilizers, nutrients, etc. | **Dyes, pigments, paints and printing inks** | **Pharma intermediates** | **Fuel additives** | **Rubber chemicals, etc.**



People Connect

Though we are a B2B Company, our products touch people in various ways in their everyday lives

Pharmaceuticals



Active Pharmaceutical Ingredients: Intermediates for innovators and generic companies | Our products are used in anticancer, anti-asthma and anti-hypertensive drugs as well as oncology therapies and steroids, etc.

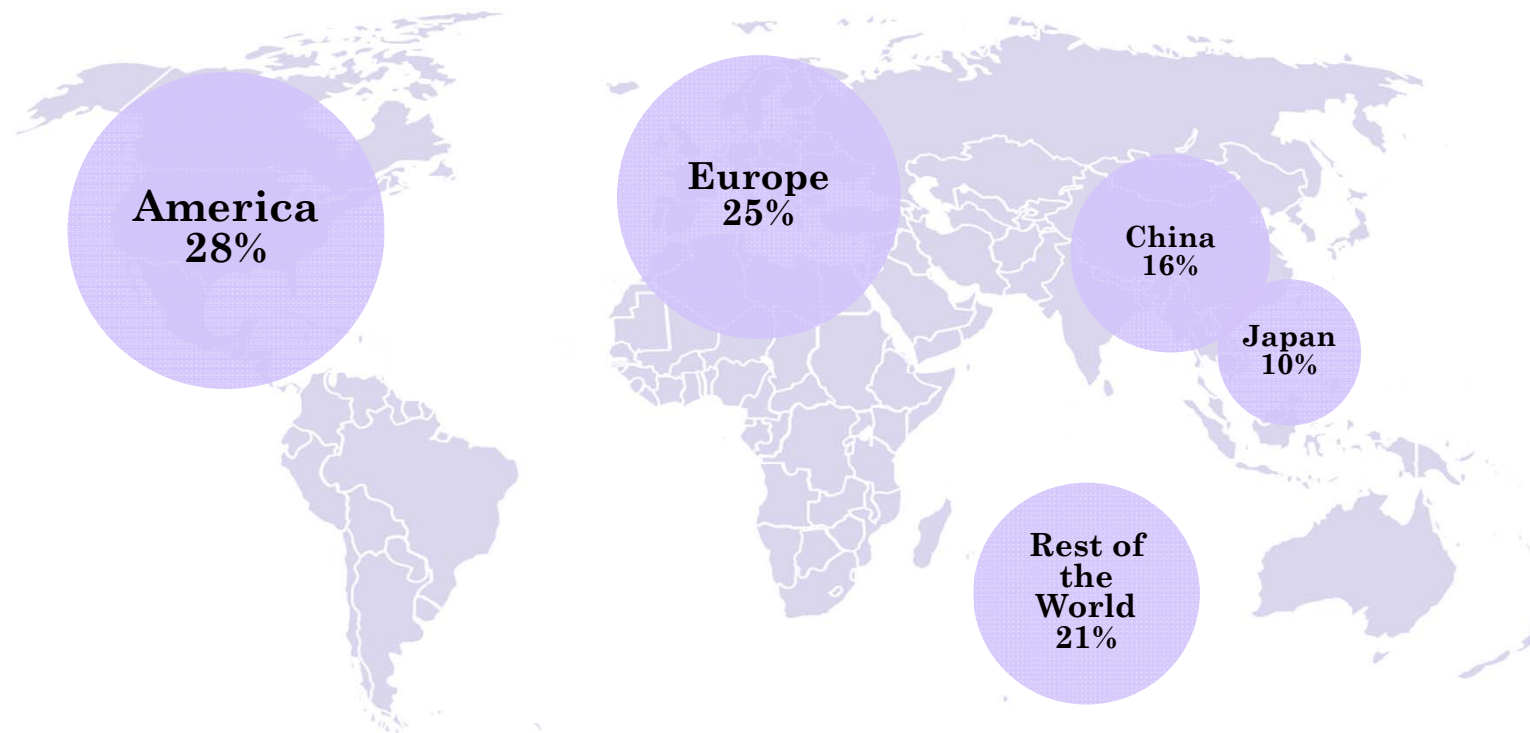
Home and Personal Care Chemicals



Non-ionic surfactants: Concentrates for shampoo, hand wash, dish wash, oral care, etc.

Global presence – Exports by geography

50% of revenue coming from global markets, and the number is expected to increase



Aarti's esteemed Customer list includes Leading Multinationals and Global Giants
Aarti's has a marketing & distribution subsidiary in US and UK



Speciality Chemicals – Major Customers

- Diversified customer base – 150+ export customers & 500+ domestic customers
- Customers spread across the globe in 60 countries with major presence in USA, Europe, Japan & India

Agro Intermediates & Fertiliser



20-25% of
revenues

Polymer & Additives



15-20% of
revenues



Speciality Chemicals – Major Customers

Pigments, Paints, Printing Inks, Dyes



15-20% of revenues

Pharmaceuticals & Other Speciality Chemicals



15-20% of revenues

Other Speciality Chemicals include fuel additives, Oil extraction, Rubber chemicals, Optical brighteners, UV absorbers and FMCG

Industry Accreditation for Exports

CHEMEXCIL presented the Company 'Trishul Award' for outstanding export performance for FY14-15 and 'Award of Excellency' for the consistency in export performance for FY13-14



Knowledge, Process, Innovation Superiority

- **Benchmark R & D Program**
 - Introduced pioneering technology and manufacturing processes in India
 - **DSIR** (Department of Scientific and Industrial Research) approved Facilities
 - Dedicated pool of over 100 engineers & scientists
 - **GMP approved** pharmaceutical plants; **ISO 9002** Certified plants; 2 USFDA plants
- **IPRs** for Developing Customised Products & Products under Secrecy Agreements
- Track record of practicing **Stringent & Customised Specifications** of the Customers
- Limitation in **Capacities of Common Effluent Treatment Facility**
 - Aarti has upgraded two of its manufacturing units into **Zero Discharge of Liquid Effluents**
 - Substantial Investments have been made to upgrade the **ETP** Setup
- Increased Thrust on **3R (Reduce-Reuse-Recover)** principles across all operating sites
- Increased thrust for Plant Automation and Upgradation with adoption of Cost Effective, Efficient and Ecofriendly processes, i.e **Focus on SH & E activities**
- Consistently developing **New** product lines and adopting **Greener** technologies

Knowledge, Process, Innovation Superiority

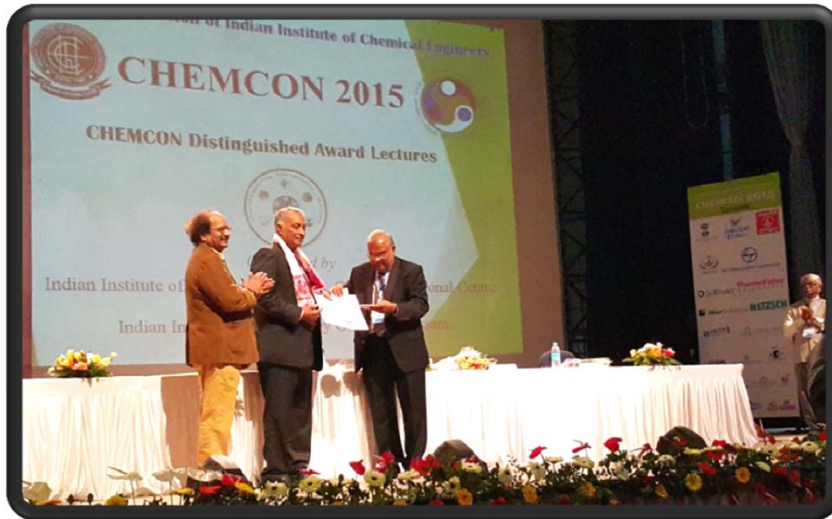
**Pioneering
innovation
landscape –
Few of
many firsts
in India:**

- **Directly utilize HCL gas, byproduct of Benzene chlorination, for Chloro Sulphonic Acid (CSA) manufacturing**
- **Produce 100% Export grade Calcium Chloride Granules from diluted HCL**
- **Scrub NOx in Sulphuric Acid from MDCB plant to manufacture commercial grade Nitrosyl Sulphuric Acid**
- **Commercialize Continuous Loop reactor for Eco-friendly Hydrogenation Process**
- **Export Specialty Chemicals in Ship Load**
- **First and Only in India to commercialize manufacture Fluoro Compounds via Halox Chemistry**

Innovation agenda focused on value creation and sustainability



Industry Accreditation for Innovation




In recognition of outstanding achievements, the Indian Institute of Chemical Engineers bestowed the prestigious Lala Shriram National Award for “Leadership in Chemical Industry“ to our Chairman Emeritus and founder Shri Chandrakant V. Gogri.



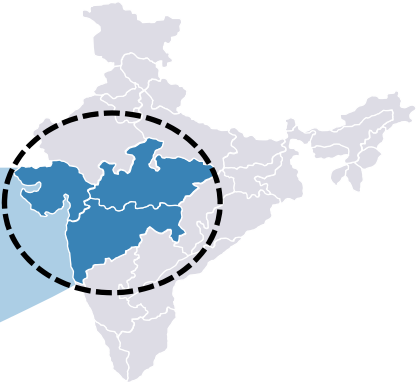
CHEMTECH Foundation accorded Aarti Industries with the ‘Outstanding Achievement for Innovation’ award for the company’s commendable efforts in conserving the environments as well as ensuring sustainable growth through path breaking innovation.

Manufacturing Facilities



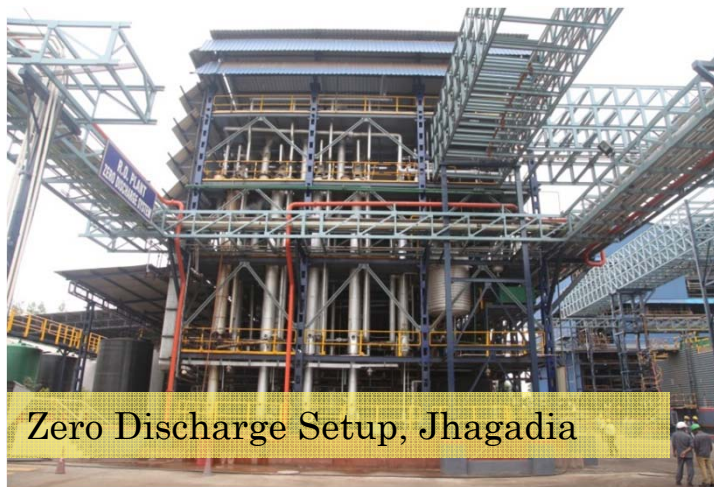
16
manufacturing
units

INDIA



-  HEAD OFFICE - MUMBAI
-  PRODUCTION SITES

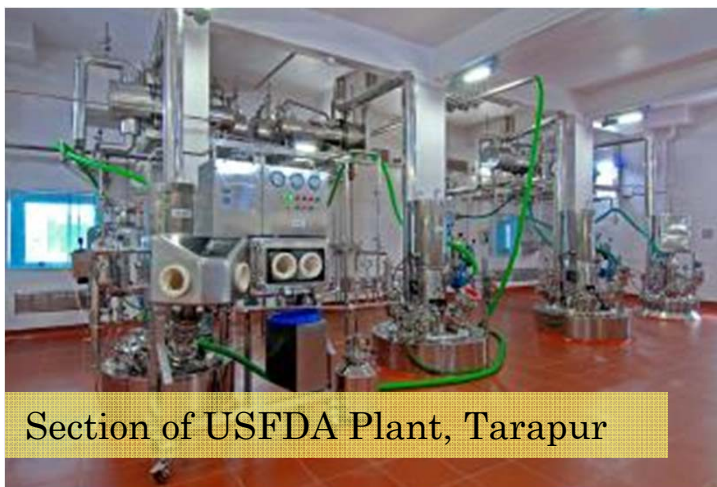
Manufacturing Facilities



Pharma Units



USFDA Unit, Tarapur



Section of USFDA Plant, Tarapur



Section of USFDA Plant, Tarapur

Management Profile

Driving a transformational enterprise - hitting the right milestones at the right juncture

Nurtured into a globally leading company in core products

Established track record of execution where returns have improved with growing capex

Pushing innovation agenda – introducing high value products and pioneering technologies, thereby changing the industry landscape

Focused on creating value for shareholders



Mr. Rajendra Gogri – Chairman & M.D.

Founder Director

Chemical Engineer-UDCT, Masters-Chem. Engg
(IOWA State USA)

Portfolios – Speciality Chemicals, Strategic
Planning, Financial Management



Mr. Rashesh Gogri – Vice Chairman & M.D.

Production Engineer

Portfolios –Speciality Chemicals, Head – Pharma,

Management Profile



Mr. Shantilal Shah – Vice Chairman
Founder Director
Commerce Graduate
Portfolio: Financial Management



Mrs. Hetal Gogri Gala – Director
Electronics Engineer and MDP from IIM – Ahmedabad
Portfolio: Pharma, HR & Admin



Mr. Parimal Desai – Director
Founder Director
Chemical Engineer from UDCT (now known as ICT)
Portfolios: Technical and Research & Development,
Projects, Head- Home & Personal Care Segment



Mr. Kirit Mehta – Director
Commerce Graduate
Portfolio: Factory Administration



Mr. Manoj Chheda – Director
Commerce Graduate
Portfolios – Marketing of various Speciality Chemicals



Mr. Renil Gogri - Director
Mechanical Engineer from IIT, Bombay
Portfolio: Projects, Operations , Information
Technology



Mr. Chetan Gandhi – CFO
Chartered Accountant, DFM



Mrs Mona Patel - Company Secretary
Company Secretary

Key Financials

FY17 Highlights

Financial

- FY17 Consolidated EBITDA up by 14% YoY to Rs. 653 crore with an EBITDA margin of 22%
- FY17 Consolidated PAT up by 23% YoY to Rs. 316 crore
- CRISIL has upgraded its ratings on our bank facilities and debt instruments to 'CRISIL AA-/Stable/CRISIL A1+' from 'CRISIL A+/Positive/CRISIL A1

Capex

- Commercialized calcium chloride facility at Jhagadia (Gujarat) in Q1FY17
- In Q2FY17 Commenced commercial production at multipurpose Ethylation unit at Dahej SEZ, Gujarat. The Greenfield Ethylation unit is first of its kind to be set up in India and has adopted Swiss Technology with a capacity to manufacture about 8,000-10,000 tpa of Ethylene derivatives
- In Q2FY17, Commenced commercial production of its 2nd Phase at PDA facility in Jhagadia, from 450 tpm to 1,000 tpm

FY17 Highlights

- In Q4FY17, operationalized captive co-generation power plant at Jhagadia, Kutch and Vapi. AIL now has a total of five power plants – two at Vapi and one each at Jhagadia, Kutch and Tarapur; which would help reduce power costs significantly
- Operationalized Solar plants with aggregate capacity of 697 KW across five locations

Pharmaceuticals

- Successfully closed USFDA facility inspection at Tarapur initiated in Q3

Corporate

- Effected share buyback of 12 lakh equity shares of face value of Rs. 5 each at a price of Rs. 800 per share on Dec 07, 2016. program highlighting the Company's belief in its long-term growth prospects and commitment to efficient capital allocation
- AIL's Board recommended a final dividend of Rs. 1 (20%) per equity share for FY17
- AIL's Board gave in-principle approval for demerger of Home & Personal Care business. The Board has directed the Company to initiate discussions with merchant bankers and other agencies to take the process forward

Q4 & FY17 P&L (Standalone)

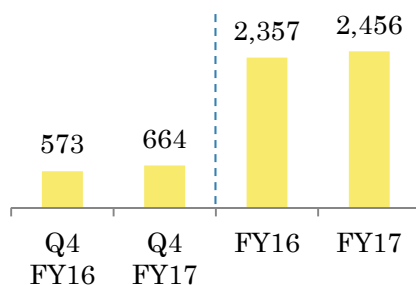
Particulars (Rs. Crore)	FY17	FY16	Y-o-Y Growth (%)	Q4 FY17	Q4 FY16	Y-o-Y Growth (%)
Gross Income from Operations	3,053	2,943	4%	835	752	11%
Net Income from Operations	2,827	2,698	5%	773	694	11%
Exports	1,415	1,352	5%	385	366	5%
% of Total Income*	50%	50%		50%	53%	
EBITDA	608	530	15%	153	137	12%
EBITDA Margin*	22%	20%		20%	20%	
EBIT	496	447	11%	123	117	6%
EBIT Margin*	18%	17%		16%	17%	
PAT	307	252	22%	74	70	7%
PAT Margin*	11%	9%		10%	10%	
EPS (Rs.)	37.35	30.30	23%	9.05	8.35	8%

*Calculated as a percentage of net income from operations

- Depreciation has increased as new production facilities have been operationalized
- Despite expansion of operations, financing costs are under control and debt coverage is improving
- Replaced portion of dollar denominated loans with INR debt

Q4 & FY17 – Speciality Chemicals (Standalone)

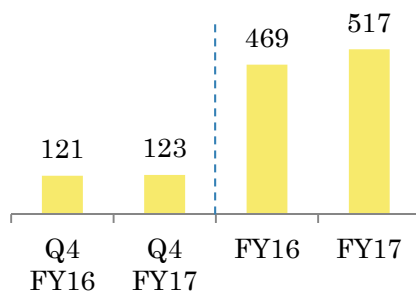
Revenue



- Speciality Chemicals volume growth increased by 10% YoY in Q4 and 8% YoY in FY17

- Revenues are linked to pass through of key raw-material prices

EBIT

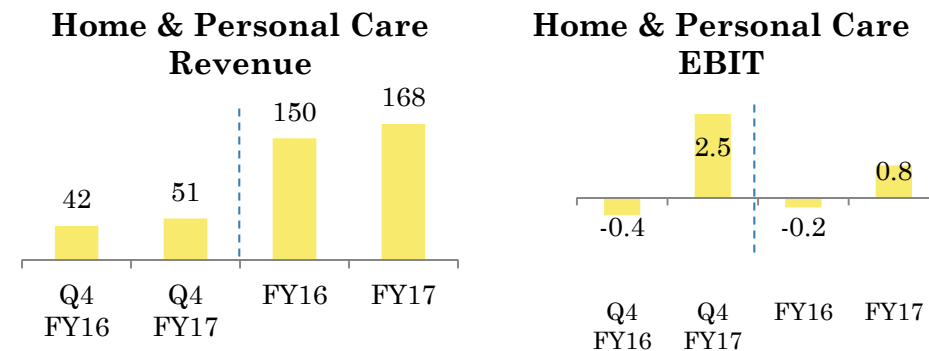
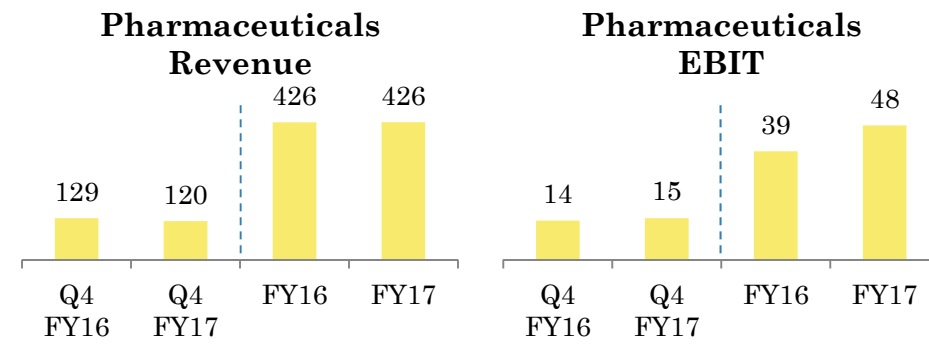


- FY17 EBIT expanded by 10% as value addition component of revenues continues to increase by leveraging wide range of products

(Rs. Crore)

Q4 & FY17 – Other Businesses (Standalone)

- Debottlenecking and expansion activities have facilitated growth in pharma volumes
 - Since major fixed costs already built-in, incremental volumes will result in significant increase in segmental profits
 - Focusing on off-patented generics to be supplied in regulated markets
 - cGMP compliant plants meeting ICH Q7 standards enabling buyers to use API in all regulated markets
 - 48 commercial APIs with 33 EDMF, 28 USDMF and 16 CEP. 12 new APIs under development
 - 60% exports coming from US and EU with 4 commercial products in US and several other awaiting partners approval
 - Distinct advantage having dedicated USA, Japan and EU approval for steroids and anti-cancer products
 - Own Backward integrated facilities for most APIs
-
- Non-ionic surfactants, shampoo, hand wash, dish wash
 - Recently debottlenecked some operations to expand capacities
 - Focus on export-oriented products



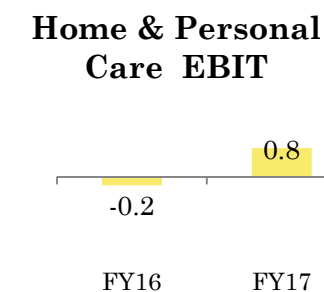
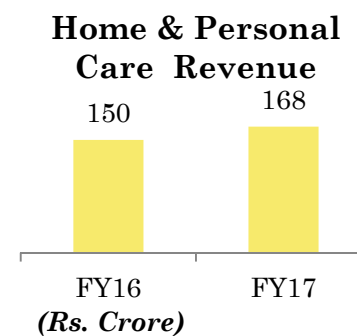
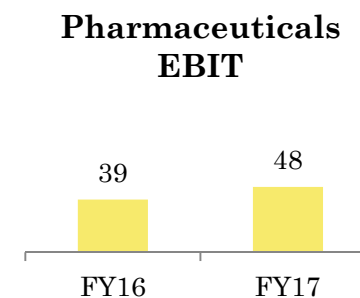
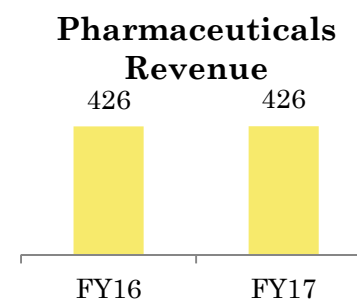
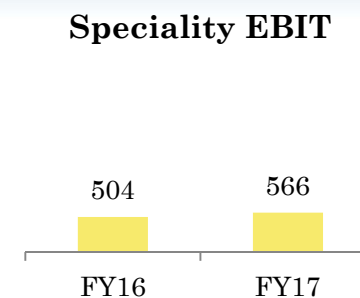
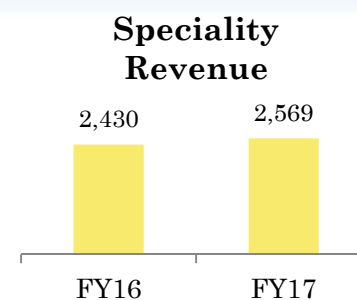
(Rs. Crore)



FY17 P&L (Consolidated)

Particulars (Rs. Crore)	FY17	FY16	Y-o-Y Growth (%)
Gross Income from Operations	3,165	3,013	5%
Net Income from Operations	2,978	2,760	8%
Exports	1,523	1,352	13%
% of Total Income*	51%	49%	
EBITDA	653	572	14%
EBITDA Margin*	22%	21%	
EBIT	533	480	11%
EBIT Margin*	18%	17%	
PAT	316	257	23%
PAT Margin*	11%	9%	
EPS (Rs.)	38.45	30.83	25%

*Calculated as a percentage of net income from operations



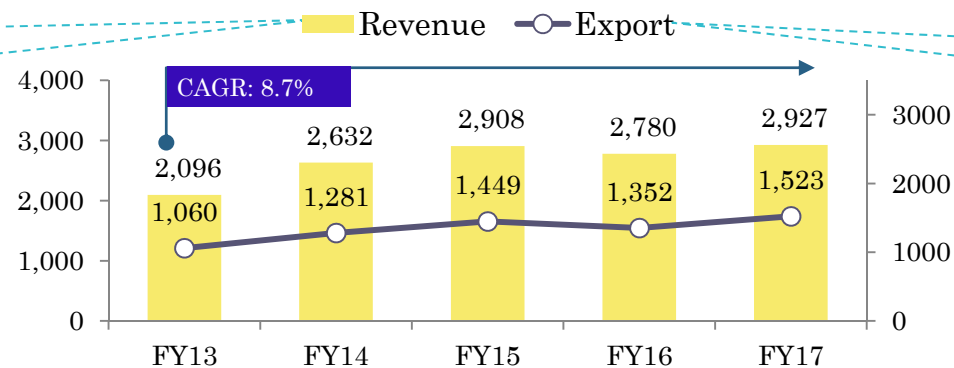
Balance Sheet (Consolidated)

Particulars (Rs. Crore)	As on Mar 31, 2016	As on Mar 31, 2017
Shareholders Funds	1,189	1,426
Net Debt	1,290	1,561
Tangible Fixed Assets	1,246	1,695
Net Current Assets	876	964
Debt/Equity	1.16x	1.17x
Fixed Asset Turnover	1.2x	1.2x
Avg. ROE	24.1%	25.9%
Avg. ROCE	23.8%	23.4%

- Strong execution of growth-oriented investments resulted in positive impact on returns on capital
- Efficient working Capital management

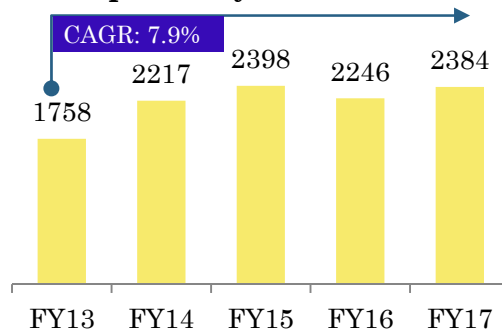
Revenue Performance (Consolidated)

Operating revenues have grown on the back of strong volume growth in key business segments and better product mix. Top line is a function of variations in raw material prices especially crude

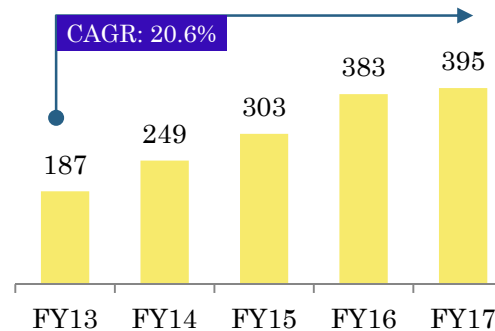


Deep engagement with global customers in Speciality chemicals and pharma. In addition, part of domestic revenues are indirect exports.

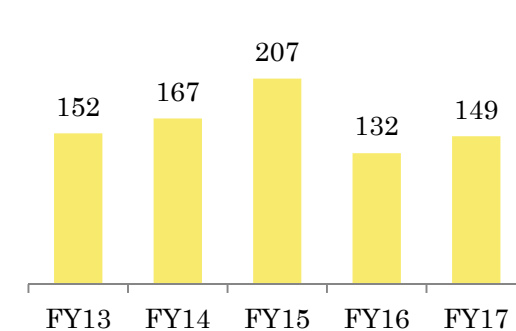
Speciality Chemicals



Pharmaceuticals



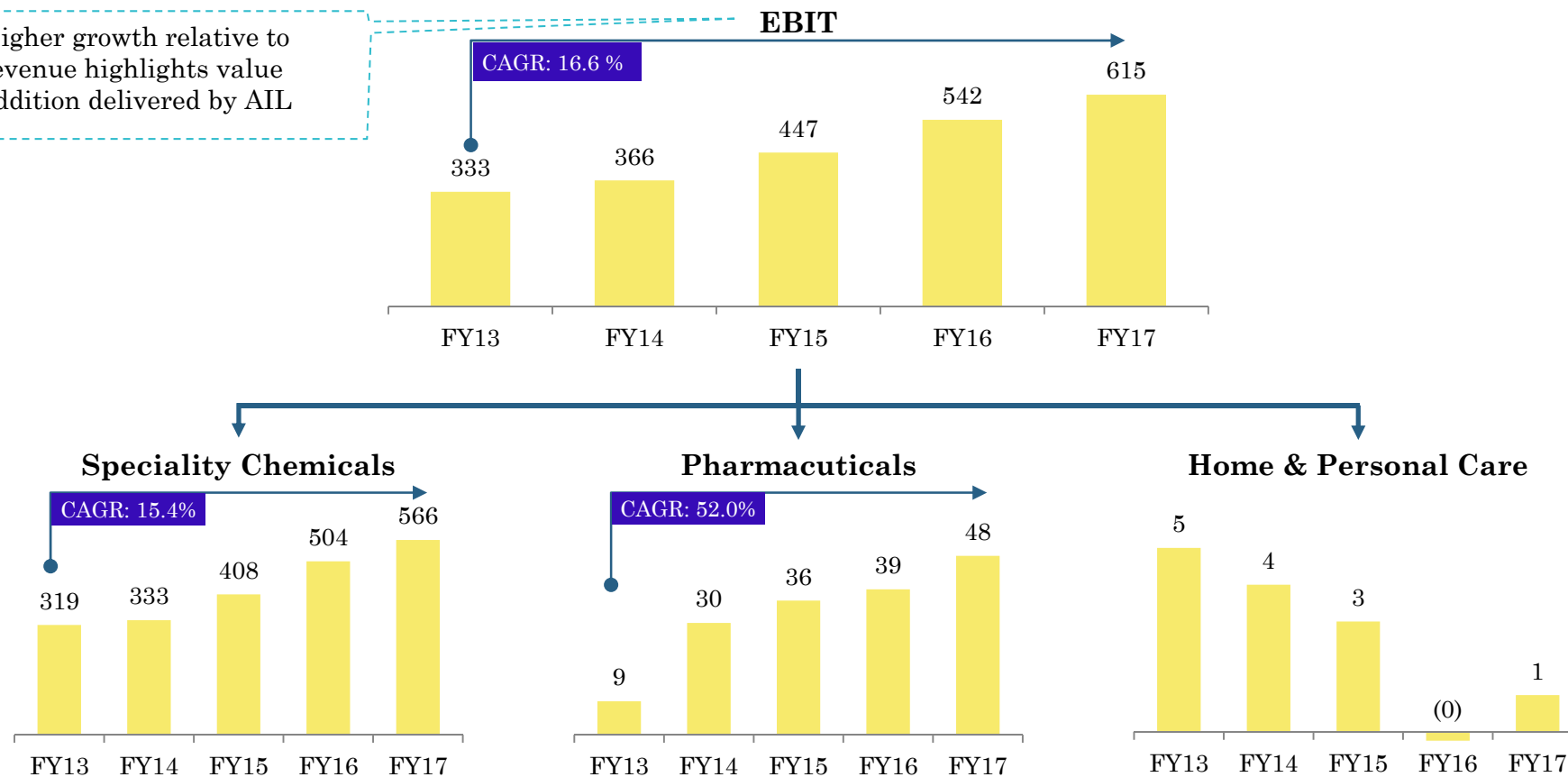
Home & Personal Care



(Rs. Crore)

EBIT Performance (Consolidated)

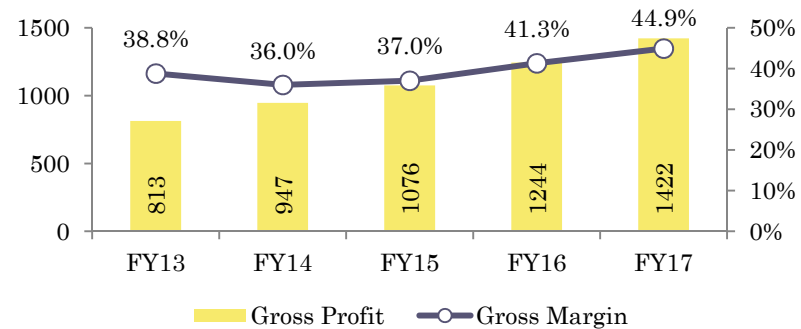
Higher growth relative to revenue highlights value addition delivered by AIL



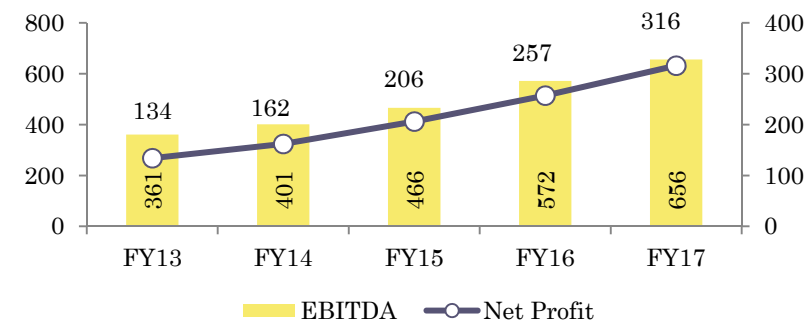
(Rs. Crore)

Financial Highlights – (Consolidated)

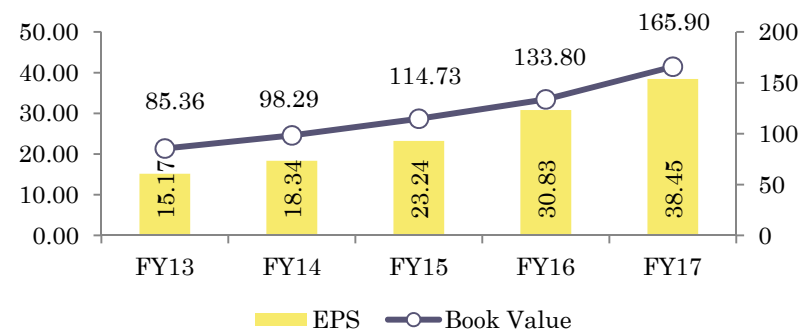
Gross Profit (Rs. Cr.) & Gross margin



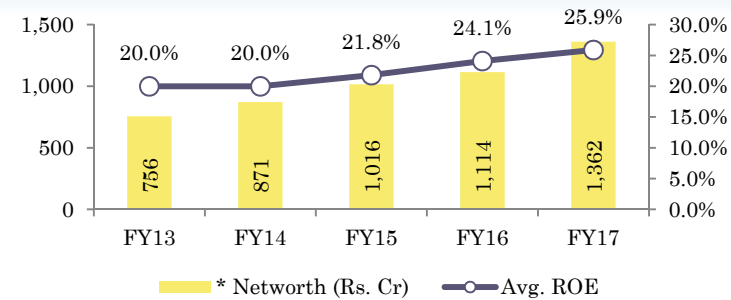
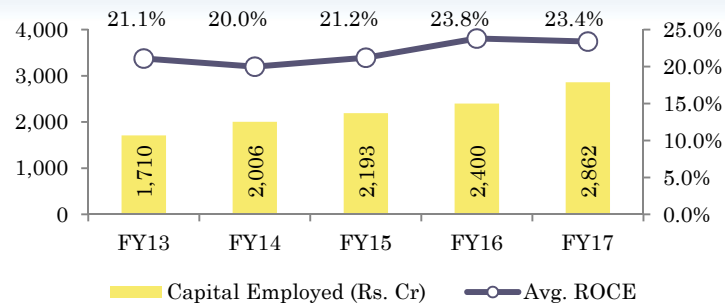
EBITDA & Net Profit (Rs. Cr.)



Earnings Per Share (EPS) & Book Value

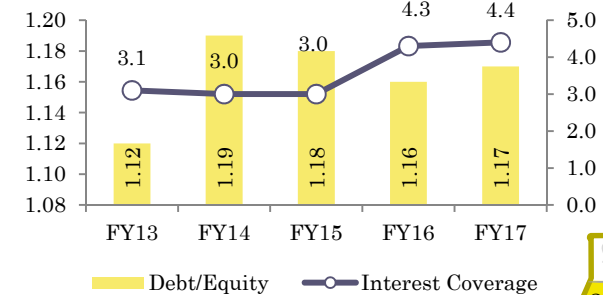
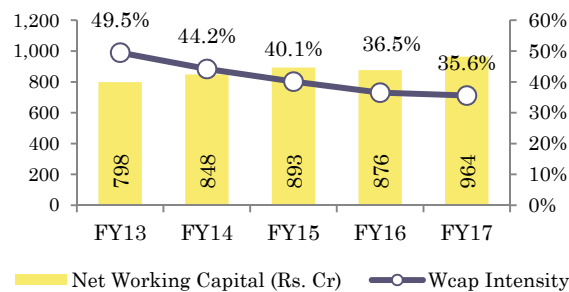
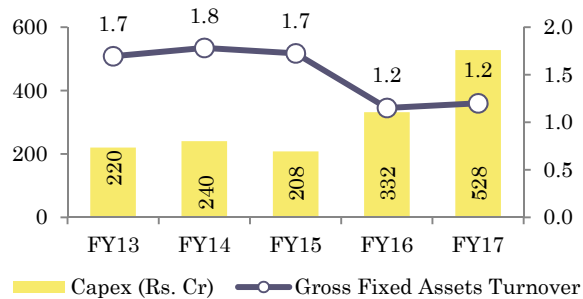


Financial Highlights – (Consolidated)

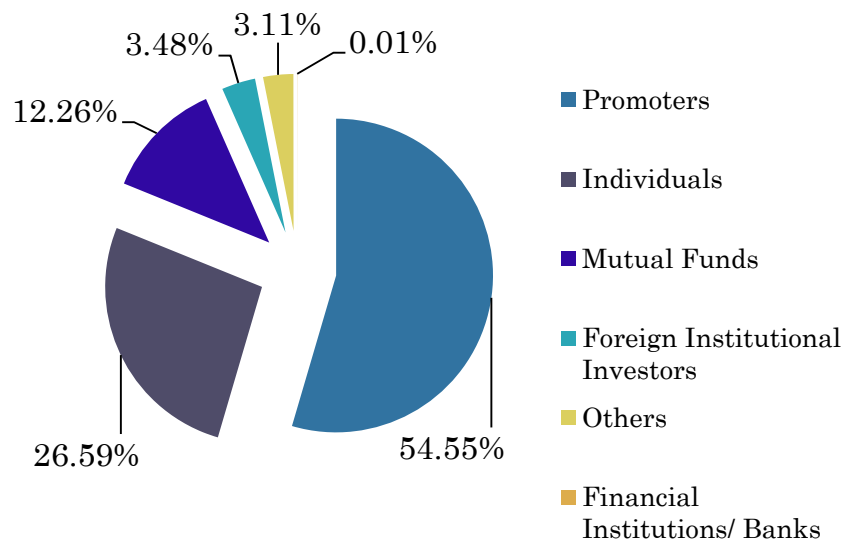


* Pre- IndAS to make it comparable

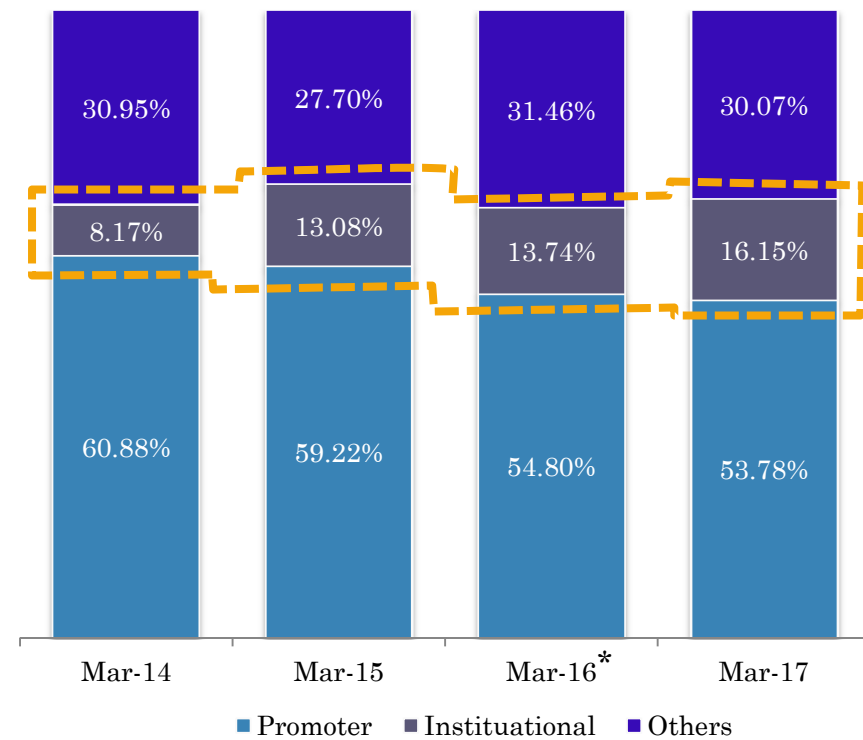
- Growth-oriented investments have been committed by the management, strong execution has resulted in positive impact on returns on capital
- Annual Capex plan of Rs. 400-450 crore over the next 3 years, investments focused on value-added products. Brownfield expansion will allow leverage of previously committed investments
- Fixed Capital leverage and value addition focus is evident in rapid revenue expansion
- Working Capital management initiatives have allowed better efficiency
- Leverage has remained stable while growing profitability has allowed debt to be serviced comfortably



Shareholding Pattern



Increasing Institutional Ownership



For March 16: Pursuant to merger of promoter's investment companies, 52.71 lakhs equity shares were cancelled, resulting in the decline in promoter stake by about 5.95%

CSR Initiatives

Aarti 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 (Rs. 5/- each fully paid up, worth about Rs. 240 crore), for charitable/philanthropic purpose

CSR Initiatives



Rankala lake cleaning



Handing over of toilet blocks



Check-dam



Financial support to NAAM Foundation



Maninagar School



Computer training center at Saghbara Girls School

Business Model

Segmental overview

Speciality Chemicals

Polymer & additives

Agrochemicals & intermediates

Dyes, Pigments, Paints &
Printing Inks

Pharma Intermediates

Fuel Additives, Rubber
chemicals, Resins, etc.

Fertilizer & Nutrients

Pharmaceuticals

Active Pharmaceutical
Ingredients (APIs)

Intermediates for Innovators
& Generic Companies

Home & Personal Care

Non-ionic Surfactants

Concentrates for shampoo,
hand wash & dish wash

Segmental overview

Speciality Chemicals

Polymer & additives

Agrochemicals & intermediates

Dyes, Pigments, Paints & Printing Inks

Pharma Intermediates

Fuel Additives, Rubber chemicals, Resins, etc.

Fertilizer & Nutrients

Pharmaceuticals

Active Pharmaceutical Ingredients (APIs)

Intermediates for Innovators & Generic Companies

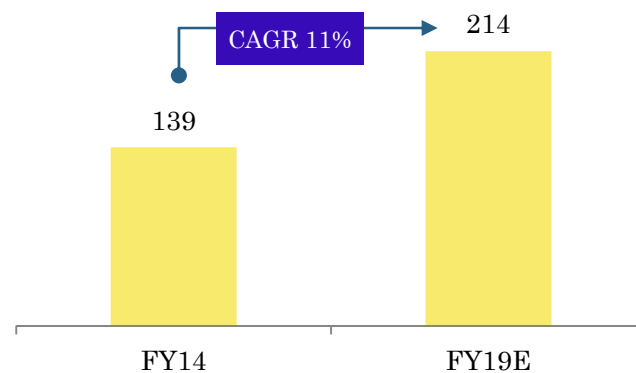
Home & Personal Care

Non-ionic Surfactants

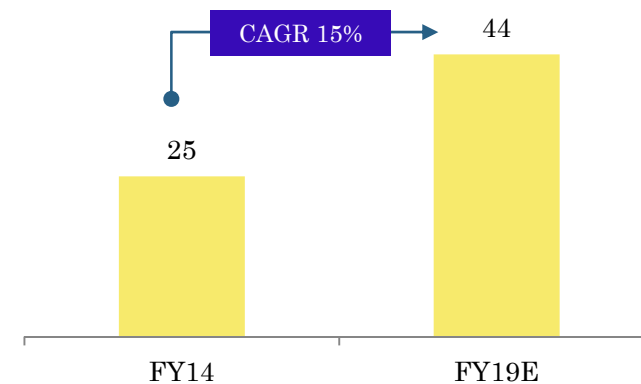
Concentrates for shampoo, hand wash & dish wash

Chemical Industry Overview

Indian Chemicals Industry Future Outlook (USD bn)



Indian Speciality Chemicals Industry Future Outlook (USD bn)



Growth for Indian speciality chemicals is driven by both domestic consumption and exports.

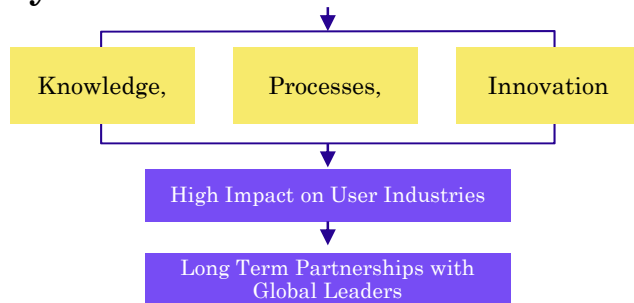
Speciality chemicals are finding applications across consumer, industrial, infrastructure and agricultural industries of India.

India is developing into an important manufacturing hub for speciality chemicals benefitting tightened environmental norms (eg. REACH regulations) in developed countries and the slowdown of China.



Speciality Chemicals Overview

Key Parameters for Global Success



Current Narrative in India

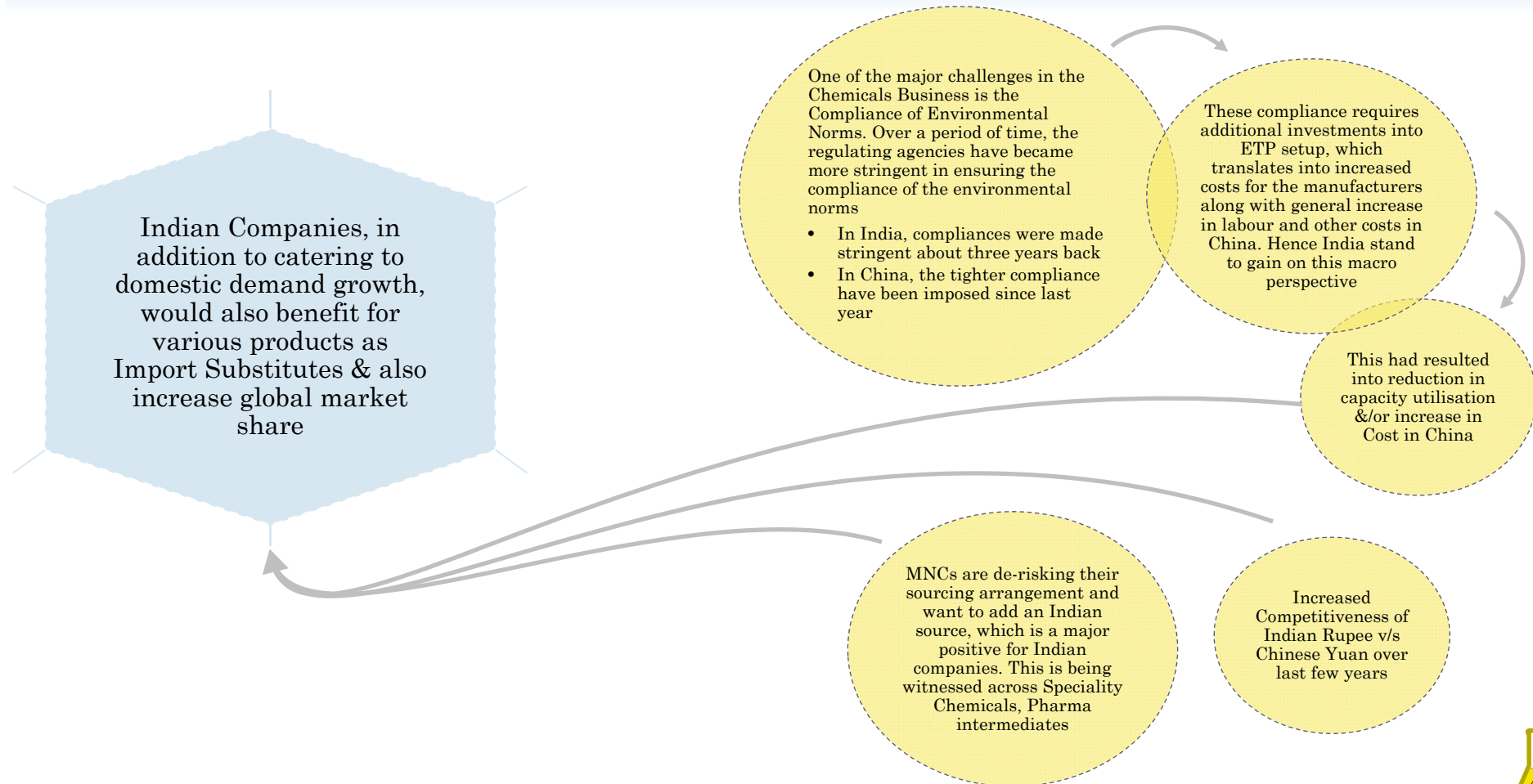
- SME sector contributes 60% of output
- Low cost, local market suppliers
- Manufacturing Intermediates
- Limited Process, Quality, Customer Engagement Capabilities

Make-in-India campaign to supplement industry growth

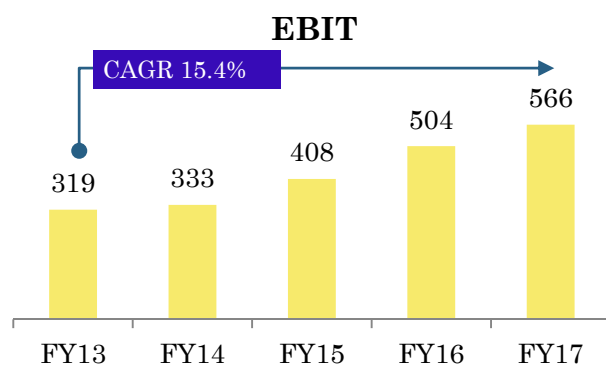
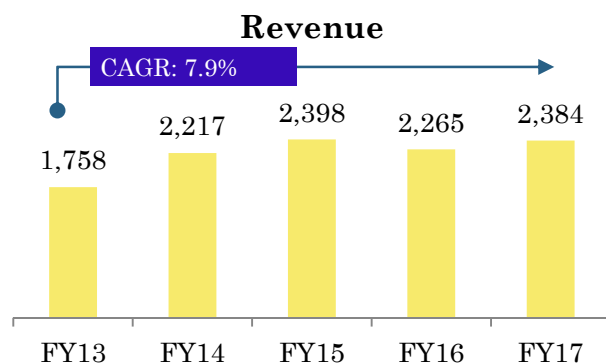
- Industrial licensing has been put an end to for most chemical sub-sectors except for certain hazardous chemicals
- 100% FDI permissible under the automatic route in the chemicals sector
- GOI is progressively reducing the list of reserved chemical items for production in the small scale sector, thus enabling higher investment in technology upgradation and modernization
- To set up integrated Petroleum, Chemicals, and Petrochemicals Investment Regions (PCPIRs) - will be investment regions spread across 250 square kilometers for manufacturing domestic and export-related products of petroleum, chemicals, and petrochemicals
- Several initiatives underway by GOI addressing challenges of Infrastructure, Regulations & Licenses, availability of feedstock and taxes



Opportunities for Indian Chemical Companies



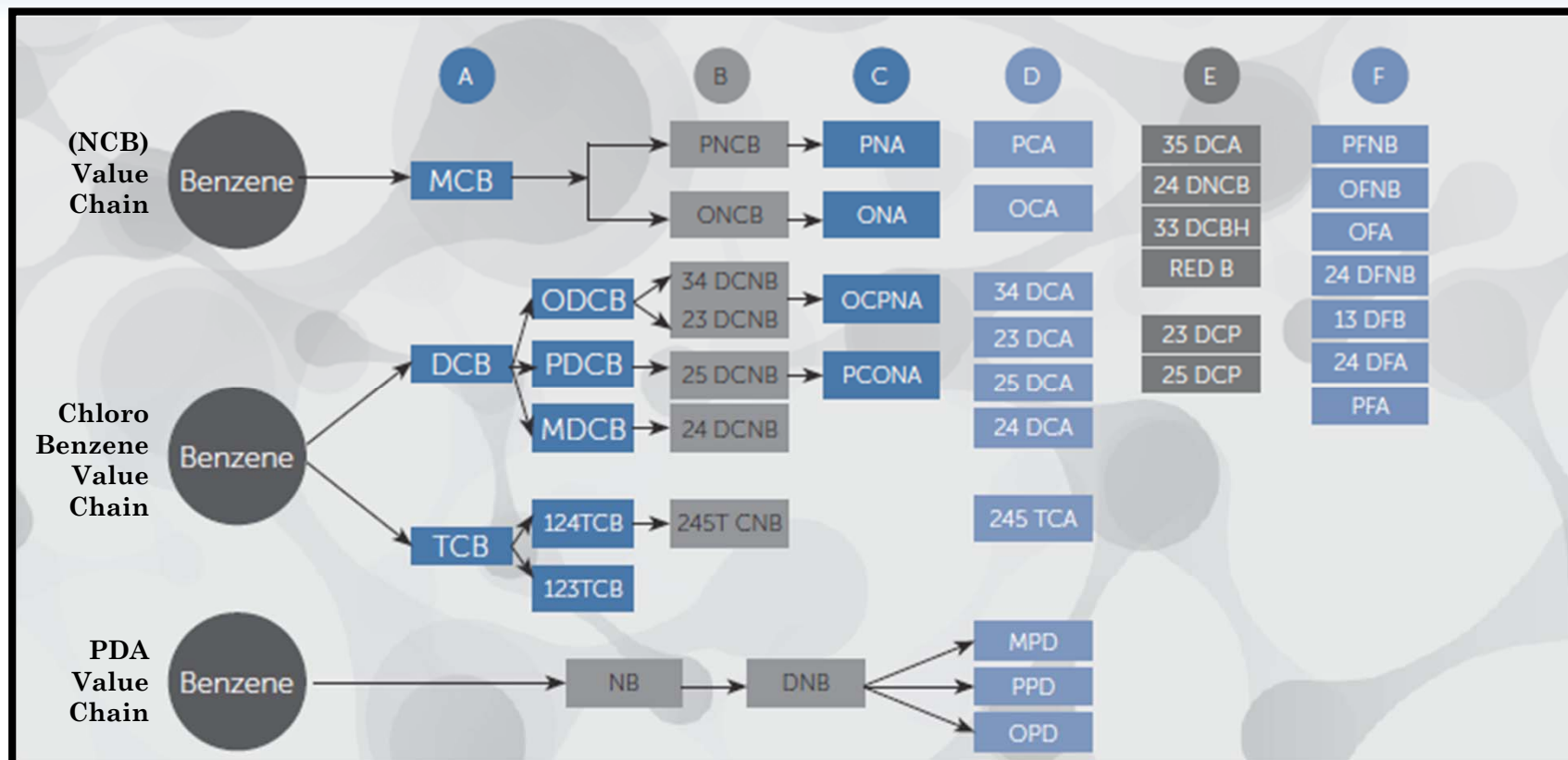
Speciality Chemicals – Financial Highlights



(Rs. Crore)

- Our performance over the last several years has been stronger than industry average
- Operating revenues have grown on the back of strong volume growth enabled by deep engagement with global customers in Speciality chemicals. Top line is a function of variations in raw material prices especially crude
- Higher growth relative to revenue highlights value addition and operating efficiencies delivered by AIL

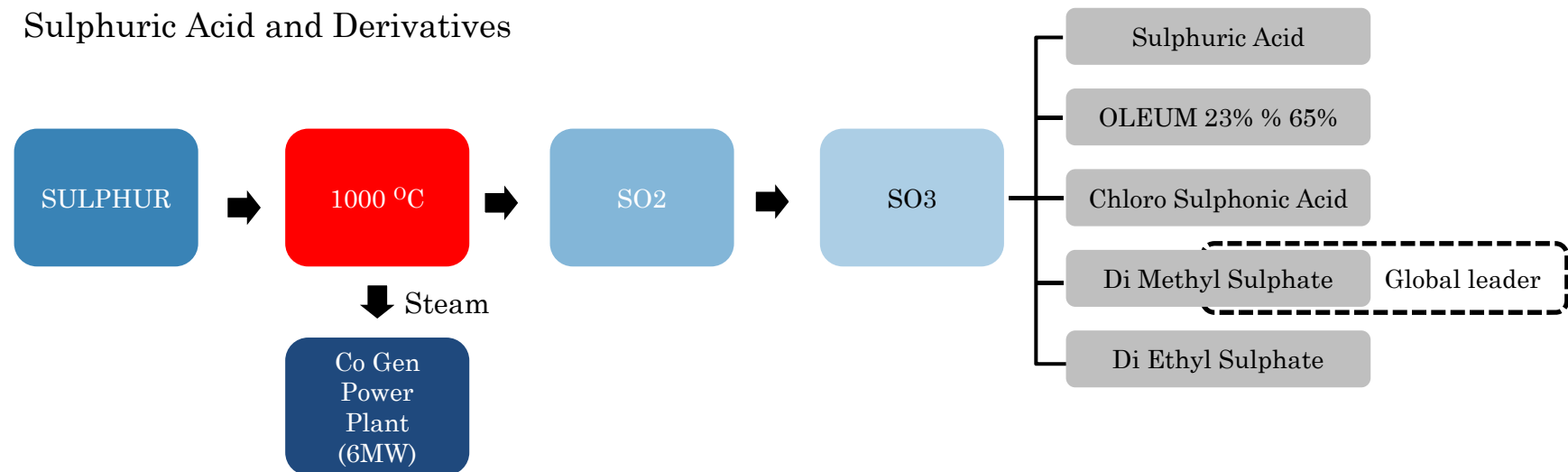
Benzene Based Value Chain



- A** Chlorination (Ranked amongst top 3 globally)
- B** Nitration (Ranked amongst top 4 globally)
- C** Ammonolysis (Ranked amongst top 2 globally)
- D** Hydrogenation (Ranked amongst top 2 globally)
- E** Others
- F** Fluro compounds - Halax chemistry (Only player in India)

Other Chemicals

- Sulphuric Acid and Derivatives



- Single Super Phosphate (Fertilizer)
- Export Grade Calcium Chloride Granules (for Oil Exploration & De-icing)
- Fuel Additives
- Phthalates

Speciality Chemicals – Business Model

- Create differentiated process
- High value products
- Customization
- Participate in Growth of fast growing end-user application

- Cost Competitiveness & Economies of Large Scale
- Ability to cater to large global customers
- Largest in India & Ranked amongst Top 5 Globally

- Meet Stringent Specifications of varied Customers
- Adopt latest technologies and environment friendly process
- Highest attention to environmental, health and safety standards

- Supply Security
- Adapt to Growth Oriented Product Mix
- Seamless product manufacturing and sales leads to optimal utilization of resources

- Customer Confidence
- Entry Barrier
- Offsets demand vagaries

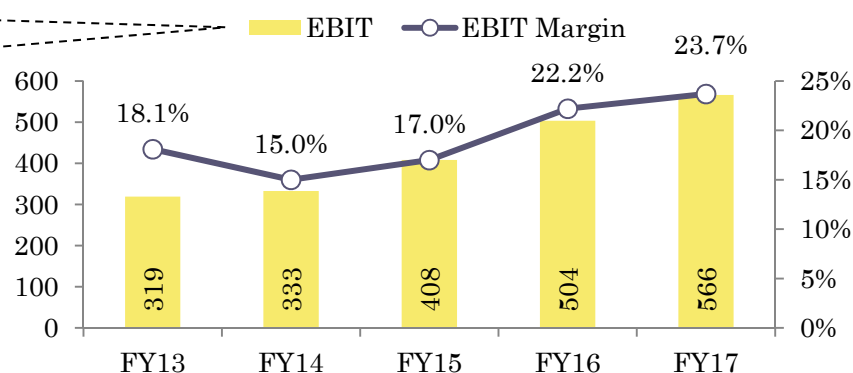
- Multi product
- Multi geography
- Multi customer
- Multi Industry

- **Each reaction produces multiple co-products, necessitating multiple relationships with multiple customers – thereby creating a meaningful entry barrier for back integration of customers or new entrants**
- **Aarti converts its by-products from various processes into commercially viable products, thereby augmenting overall value**



Speciality Chemicals – Business Model

EBIT captures value addition delivered by AIL. Expansion is the result of: 1) strong contribution from higher value products and 2) Larger economies of scale



Pricing Model

- Key RM cost component + Delta per kg or per ton.
- Variation in key RM prices/component passed on to customers.
- Delta per Kg or per ton comprises of other RM, Energy Costs, Overheads and Profits. These are fixed in absolute terms.
- In general, savings by way of yield improvement, optimizing utilities, cost reduction initiatives, etc, are retained by the company.

Impact of Volatility in Crude / Benzene Price

- Variation in Benzene prices leads to variation in the top line.
- Since the business model is on pass-on of key RM price component, absolute EBIDTA is not affected (except for inventory valuation).
- OPM increases at lower Benzene Price.
- Demand is inelastic to Benzene prices, as in value added end products (Polymers, Pharmaceuticals, Agrochemicals) Benzene cost in total product cost is not very significant

Strategy for Long Term Growth

Increase Market Share and participate in demand growth for existing products and adding products in current value chain

- Capacity expansion of Chlorobenzenes and various downstreams in from FY16 to FY18
- Developing value added products for NT and Downstream Value Chain
- Developing new products based on existing as well as different Chemistries

Strategic alliances with global partners in areas of mutual interests

Growth Projects - New

- **Nitro Chloro Benzene (NCB) Value Chain**

- Expanded NCB Capacity of 75,000 tpa from earlier 57,000 tpa, commissioned in Nov 2015

Production (in tons)	FY13	FY14	FY15	FY16	FY17
	48,072	54,230	53,400	59,500	63,700

- **Chloro Benzene Value Chain**

- Commissioned New Calcium Chloride Unit at Jhagadia with capacity of 30,000 tpa in Q1FY17.
- Expanding Chlorination Capacity from 110KTPA to 175KTPA. Expected to commission in FY18.

- **PDA Value Chain**

- PDA Expansion
 - Only Manufacturer in India
 - Expanded From 250 tpm to 1,000 tpm.
 - 1st phase from 250 tpm to 450 tpm completed in Q1FY16.
 - 2nd Phase from 450 tpm to 1,000 tpm completed in Sept 2016.



Growth Projects - New

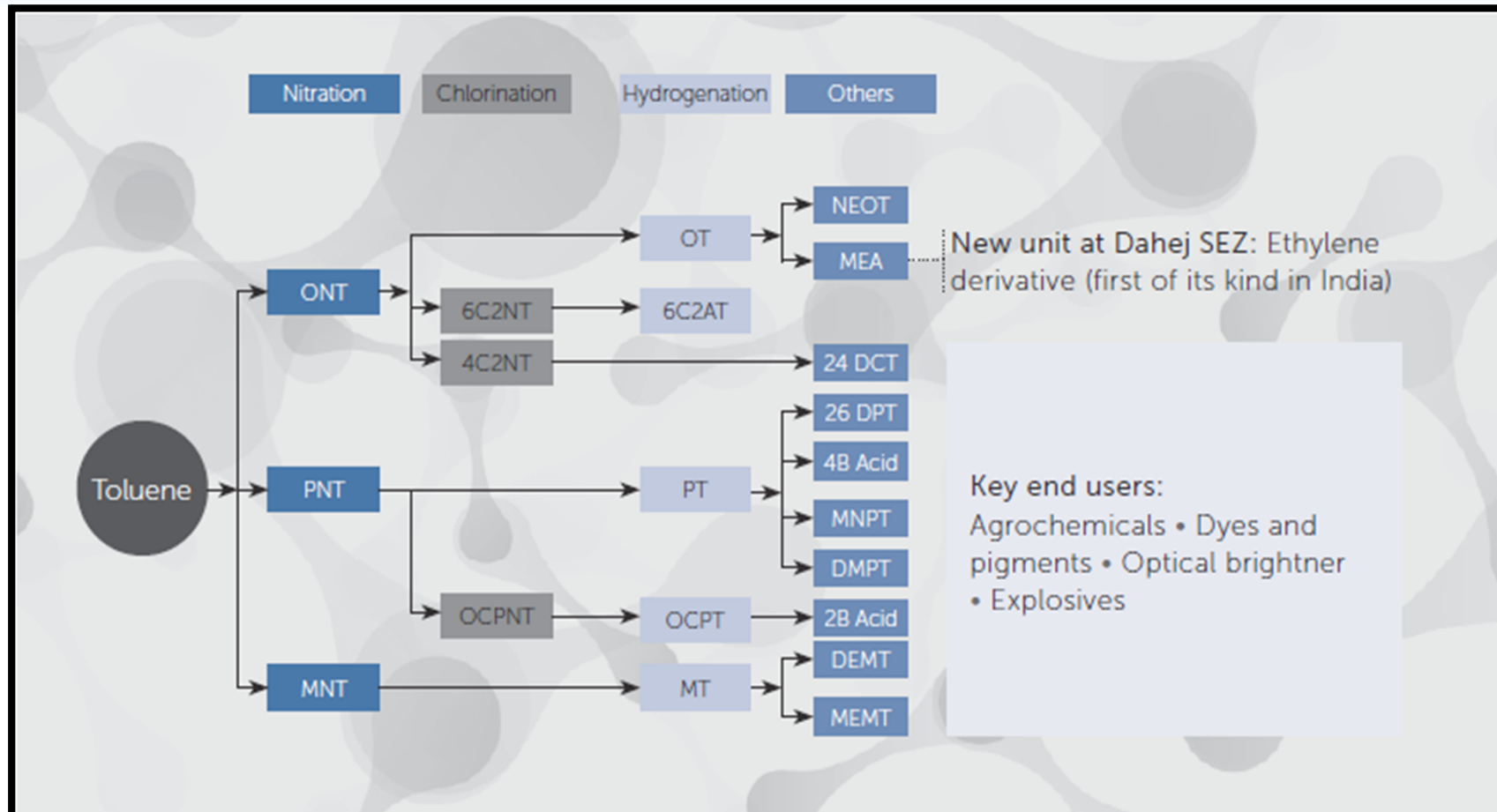
New Toluene Value Chain

- **Nitration Unit at Jhagadia (Nitro Toulene & Downstreams)**
 - New Capacity of 30,000 tpa expected to be commissioned in Q1FY18
- **Ethylation Facility at Dahej**
 - Commenced in Sept 2016
 - Capacity to manufacture about 8,000 – 10,000 tpa of Ethylene derivatives

Co-generation & Solar plants

- In Q4FY17, operationalized captive co-generation power plant at Jhagadia, Kutch and Vapi. AIL now has a total of five power plants – two at Vapi and one each at Jhagadia, Kutch and Tarapur; which would help reduce power costs significantly
- Operationalized Solar plants with aggregate capacity of 697 KW across five locations

Introduction of New Products: Toluene Based Value Chain



Growth Projects - New

New Projects over FY18	Details
<u>Jhagadia</u>	Chlorination & Speciality Chemical Complex, Greenfield toluene project
<u>Vapi</u>	Acid Reconcentration Plant
Vapi & Tarapur	API and Pharma Intermediate de-bottlenecking and expansions

Total Outlay in plant & machinery FY18 including normal capex: Rs. 400 - 450 crore

Based on this, AIL management expects revenues growth and Profits (at constant prices) to grow at 10-15% for FY18

Management has always focused on a very disciplined approach to capital allocation, which has resulted in impressive return on capital

Aarti Industries has an established track record of executing value accretive growth investments

Segmental overview

Speciality Chemicals

Polymer & additives

Agrochemicals & intermediates

Dyes, Pigments, Paints &
Printing Inks

Pharma Intermediates

Fuel Additives, Rubber
chemicals, Resins, etc.

Fertilizer & Nutrients

Pharmaceuticals

Active Pharmaceutical
Ingredients (APIs)

Intermediates for Innovators
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Home & Personal Care

Non-ionic Surfactants

Concentrates for shampoo,
hand wash & dish wash

Pharmaceuticals



Facilities

- In all four Manufacturing units of which - two are USFDA approved facilities & other two are WHO GMP approved facilities

End User Industry

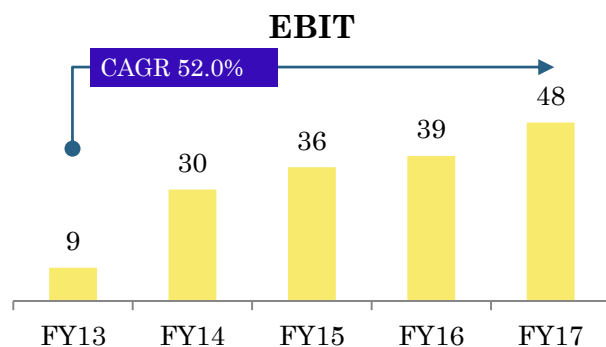
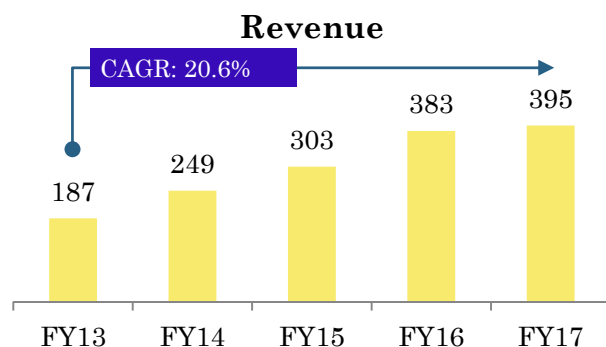
- Global Generic Pharmaceutical Companies, Innovator and Large Pharmaceuticals MNCs, Branded Generic Indian Pharma Companies.

Salient Features & Strengths

- cGMP compliant plants meeting ICH Q7 standards enabling buyers to use API in all regulated markets
- USFDA Inspection completed in Q3 FY17
- Exports contribute about 51% (previous year 47%) of its total revenue from pharmaceuticals segment & about 60% of the total exports is in lucrative regulated markets of USA & EU.
- Breakeven in FY 2012.
- Debottlenecking and Expansion activities have facilitated Growth in Pharma Volumes.
- Since major fixed costs already built-in, Incremental Volumes will result in significant increase in segmental profits.



Pharmaceuticals – Financial Highlights



(Rs. Crore)

- We have been consistently increasing our share of operations and engagement with various customers in regulated market space.
- The above along with successful closure of USFDA Inspection, has resulted into consistent growth in topline, increase in exports in regulated markets and corresponding EBIT over past few years.
- Further the API intermediate business is also expected to grow upon the capacity coming online in FY17-18.
- We expect to continue on the growth momentum

Pharmaceuticals – Growth Drivers

Active Pharmaceuticals Ingredients (APIs)

- 48 commercial APIs with 33 EDMF, 28 USDMF and 16 CEP (1 under approval)
- 12 new APIs under development.
- Own Backward integrated facilities for most APIs.
- Exports to US and EU increasing to 60% of total exports with 4 commercial products in US and several other awaiting Partners approval.
- Distinct Advantage having dedicated USA, Japan and EU approval for Steroids and Anti-cancer products.
- Scaled up to 9 lines from earlier 4 lines.

Pharma Intermediates for Innovator & Generics Company

- CRAMs activity focused on intermediates
- Dedicated 50 scientist working in separate R&D block for these Intermediates.
- Have developed 10 APIs Intermediates
- Working with several Innovators on API Intermediates opportunities.
- Offering end to end solution from process development to toll manufacturing.

Xanthine Derivates (Caffeine & Others)

- Doubled capacities to cater to demand for Cola / Energy Drinks manufacturers.

Segmental overview

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Polymer & additives

Agrochemicals & intermediates

Dyes, Pigments, Paints &
Printing Inks

Pharma Intermediates

Fuel Additives, Rubber
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Fertilizer & Nutrients

Pharmaceuticals

Active Pharmaceutical
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Intermediates for Innovators
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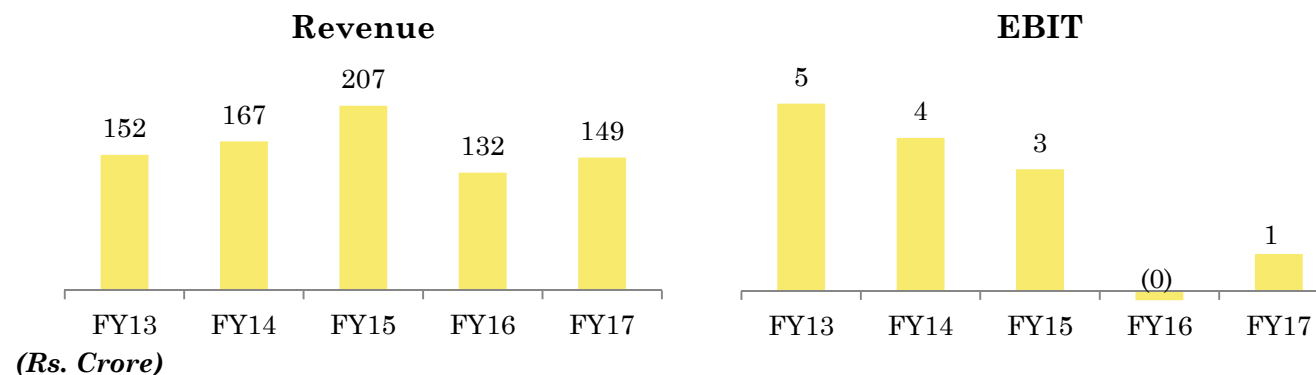
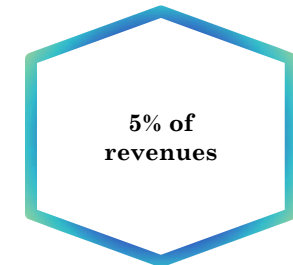
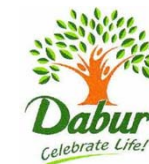
Home & Personal Care

Non-ionic Surfactants

Concentrates for shampoo,
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Home & Personal Care Chemicals

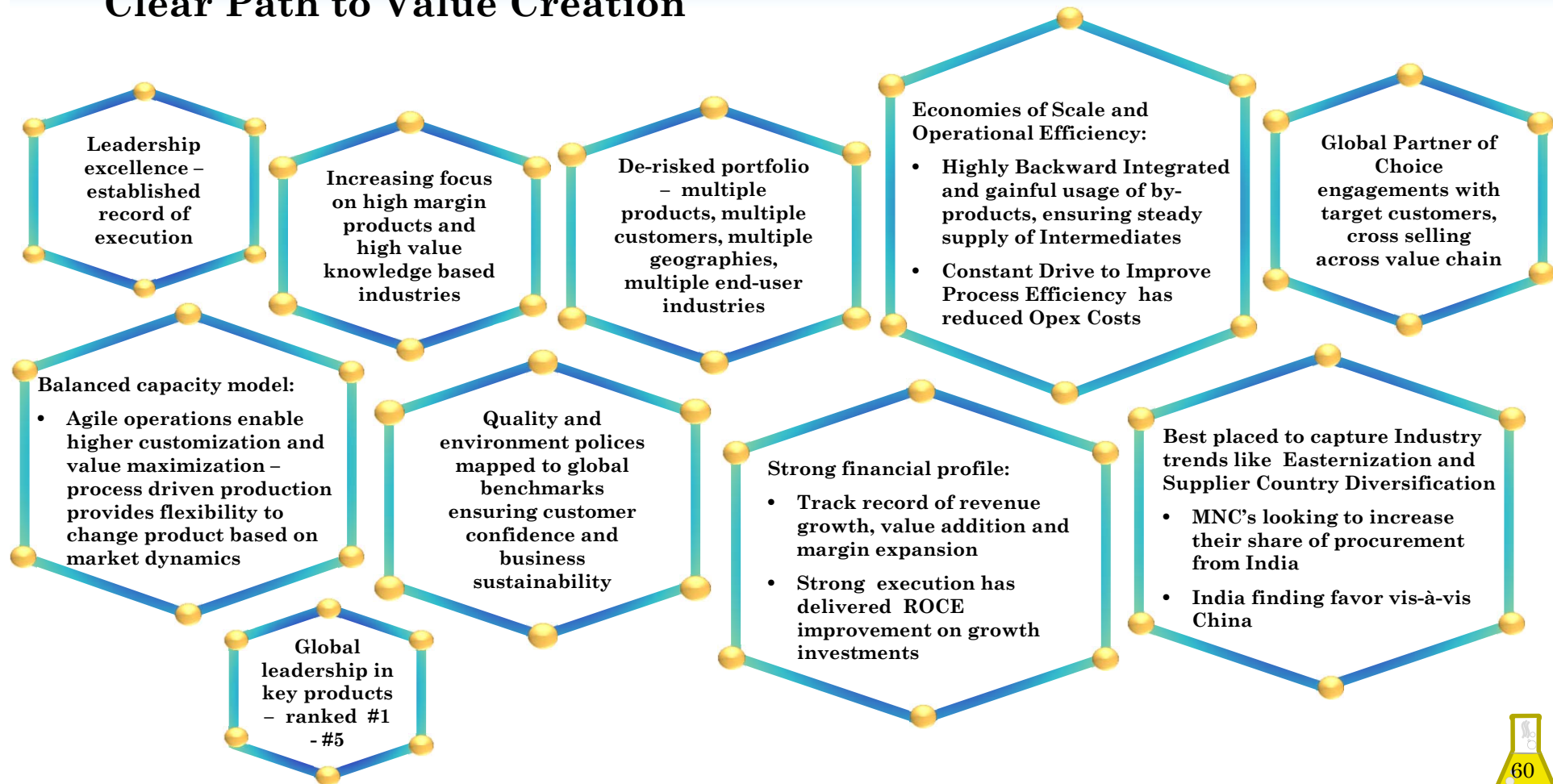
Facilities	One unit each at Pithampur (Madhya Pradesh) & at Silvassa
End User Industry	FMCGs – Shampoos, Anti-Dandruff Shampoos, Disinfectants, Hand & Body wash, Dish Wash, Detergents Bars & Powders, Soaps, Tooth Powders & Paste etc.
Salient Features	Relatively low margin business.
Growth Drivers	Plans are afoot to optimize on the production capabilities to suitably alter/revise the product mix and explore new markets to improve the margins.
Demerger	AIL's Board gave in-principle approval for demerger of Home & Personal Care business. The Board has directed the Company to initiate discussions with merchant bankers and other agencies to take the process forward



- This business has only about 3.5% of the overall capital employed in it. We are making concerted efforts to gain larger scale and drive sustained improvement in this business.

Key Investment Theme

Clear Path to Value Creation



Chairman's Message



“Over the last decade this singular evolution – from an Indian company servicing global markets to what is fundamentally a global company selecting to manufacture out of India – has been responsible for our consistent growth. Aarti Industries is at the cusp of robust sustainable growth in respect, relationships, revenues, margins and profits”

Contact Us



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Thank You

