

March 29, 2023

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

BSE CODE –524208

Dear 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

**Sub: Analyst Presentation
Ref: Regulation 30(6) of the
SEBI (LODR)
Regulations, 2015**

Please find enclosed herewith Analyst Presentation of the Company.

The same is also being uploaded on the Company’s website <https://www.aarti-industries.com/investors/financial-information>

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.

Analyst Presentation

March 2023



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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OUR PURPOSE

Right Chemistry for a
Brighter Tomorrow



OUR VISION

To emerge as a Global
partner of choice for
leading consumers of
specialty chemicals and
intermediates



OUR MISSION

Delighted stakeholders

OUR VALUES



Overview

- Established by first generation technocrats in **1984**
- Specialized in **Benzene**-based derivatives
- Integrated** operations and high cost optimization
- Key **value chains** include Nitro Chloro Benzenes, Di-Chlorobenzenes, Phenylenediamines, Nitro Toluene Value Chain and Sulphuric Acid & downstream
- Strong **R&D capabilities** with IPRs for customized products
- Strategically located:** In western India with proximity to ports



100+
Products



1,100+
Domestic & Global
Customers



60
Exporting countries



16
Manufacturing Plants



11
Zero Liquid Discharge
Plants



6000+
Employees



2
State-of-the-art R&D
centres



5
No. of co-generation
power plants

Note: The data and numbers presented on this slide corresponds to the Chemical business only.

Financial Trends

17%

5-Year Revenue CAGR
(excl. termination &
Shortfall income)

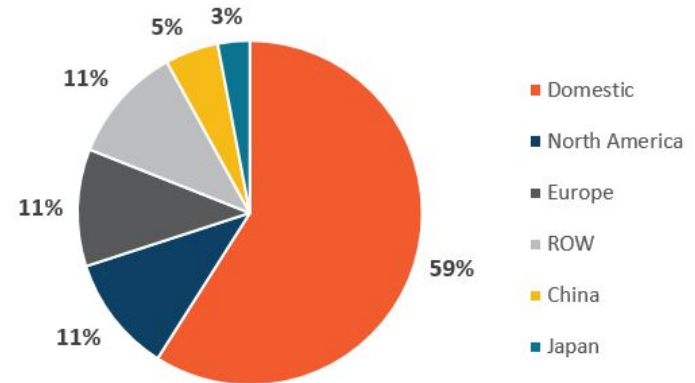
15%

5-Year EBITDA CAGR
(excl. termination &
Shortfall income)

₹5,036 Cr.

**Fixed Assets Gross
Block for FY22**

Geographical Revenue break-up (FY22)

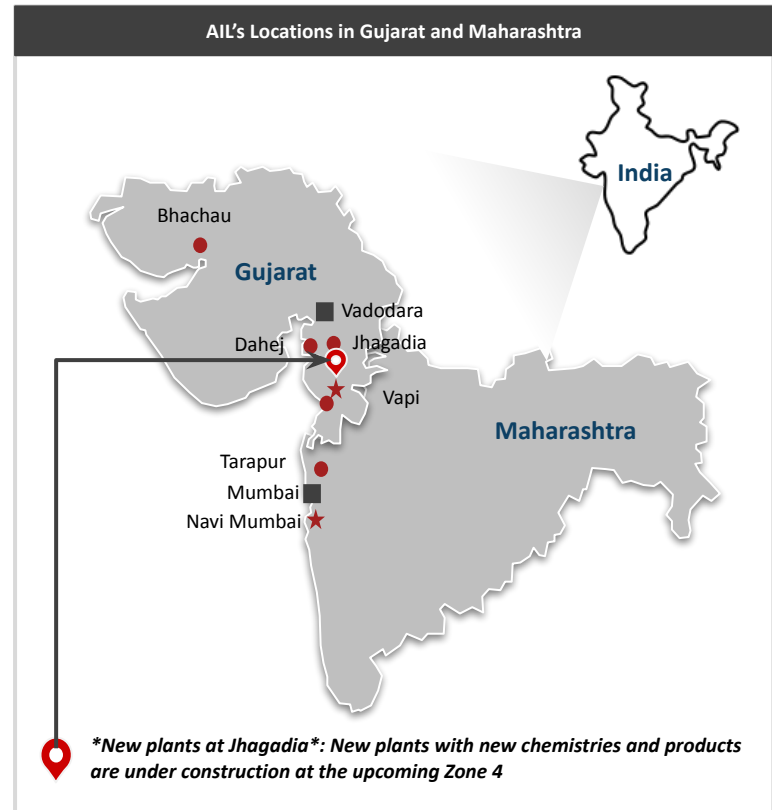


Aarti Industries' Locations

All has manufacturing facilities in India

Manufacturing Units	Location	
Zone 1	●	Vapi, Gujarat
	●	Tarapur, Maharashtra
Zone 2	●	Jhagadia, Gujarat
Zone 3	●	Bhachau, Gujarat
	●	Dahej, Gujarat

Other Set-ups	Location	
Research and Development Centers & Pilot Plant	★	Vapi, Gujarat
	★	Navi Mumbai, Maharashtra
Corporate & Head Office	■	Mumbai, Maharashtra
Project and Engineering Office	■	Vadodara, Gujarat



Board of Directors (Executive and Non Executive)

Technocrats



Mr. Rajendra V. Gogri
Chairman & MD



Mr. Rashesh C. Gogri
Vice Chairman & MD



Shri Parimal H. Desai
ED



Mr. Renil R. Gogri
ED



Marketing



Mr. Manoj M. Chheda
ED

Administration



Mr. Kirit R. Mehta
ED

Non-executive Director (NED)



Mrs. Hetal Gogri Gala
NED



Mr. Narendra J. Salvi
NED

Board of Directors: Independent Directors

Banking



Academia / Technical



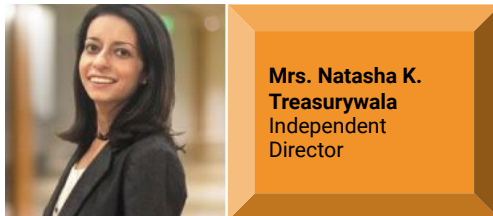
Versatile Industry Experience



Versatile Industry Experience



Legal

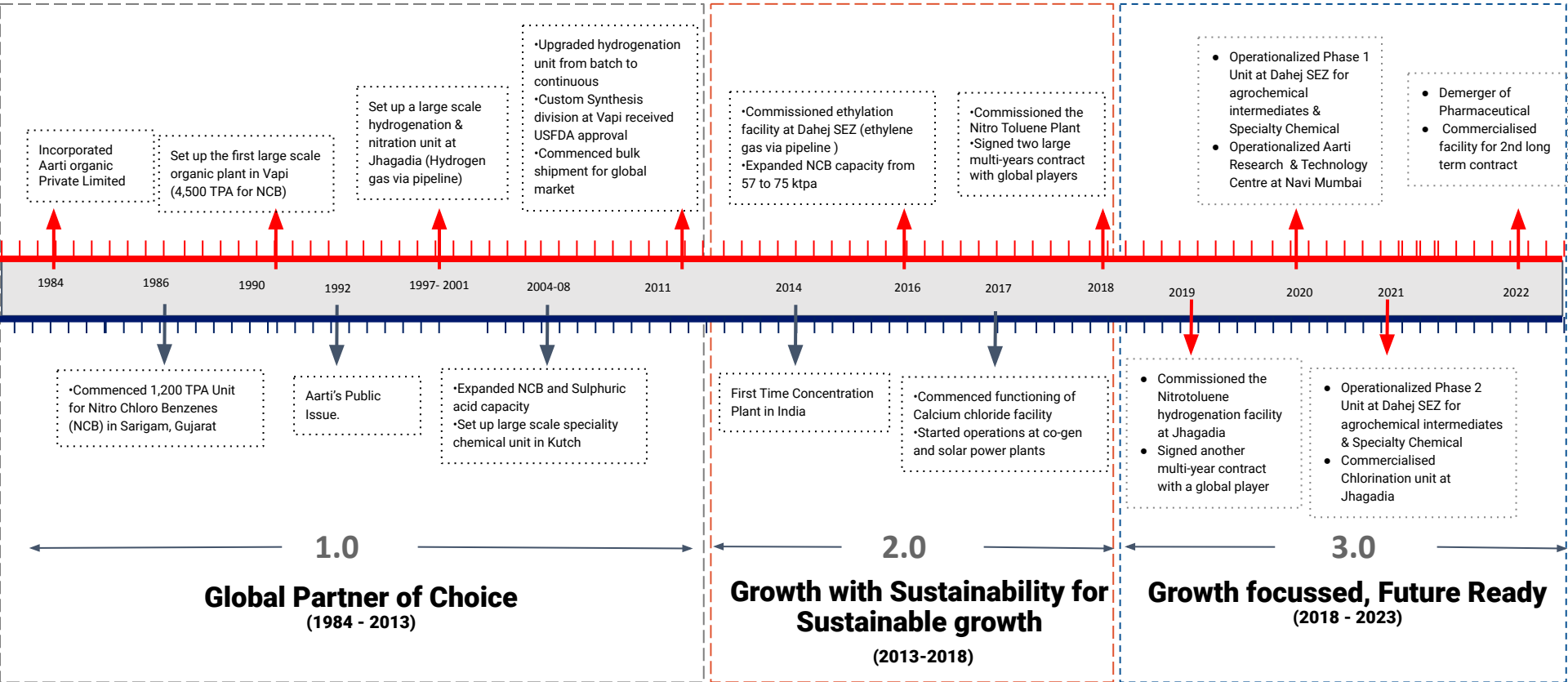


Chartered Accountants



Our Journey

Journey



1.0 : Global Partner of Choice (1984 - 2013)

Focus Areas

- Cost Efficiency, Economies of Scale
- Export competitiveness
- Integrated Value Chain
- Lean Team

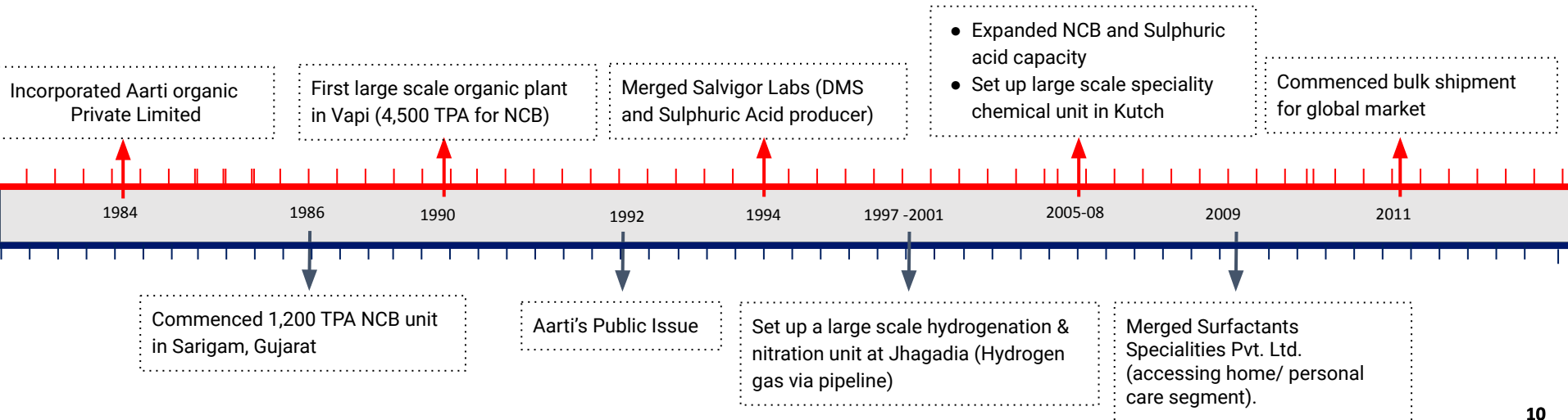
Highlights

- Ranked globally amongst
 - top 3 in DCB
 - top 4 in NCB
 - top 3 in Nitro Fluoro Aromatics (via Halex chemistry)
- Well diversified across geographies
- First in India for various Processes, Technology and Customer solutions.
- Exports to China

Financial Highlights

		FY1992	FY2013
Business	Sales (In Rs. Cr.)	25	2274
	Exports (%)	37%	52%
Finance	EBITDA (In Rs. Cr.)	6	365
Assets	Gross Block (In Rs. Cr.)	11	1215

The financial numbers presented are the reported consolidated numbers for the respective periods.



2.0: Growth with Sustainability for Sustainable Growth (2013 - 2018)

Focus Areas

- Embarking on the transformation Journey
- Focus on Sustainability & Innovation.
- Expand Value Chain and Capitalize on Growth opportunities
- Onboard Middle Management

Highlights

- Bagged a 10 yr and 20 yr long term supply contract
- Foray into Nitrotoluene Value Chain and First to start MEA production in India
- Initiated ranking for AIL on global sustainability metrics
- 7 sites as Zero Liquid Discharge (ZLD)

Financial Highlights

	FY2013	FY2018	
Business	Sales (In Rs. Cr.)	2274	3806
	Exports (%)	52%	49%
Finance	EBITDA (In Rs. Cr.)	365	707
Assets	Gross Block (In Rs. Cr.)	1215	3102

The financial numbers presented are the reported consolidated numbers for the respective periods.

- Merged manufacturing division of Anushakti Chemicals and Drugs Ltd.
- Total Income crossed 2,000 cr; exports crossed 1,000 cr

- Commercialised ethylation facility at Dahej SEZ (Sourced Ethylene gas via pipeline-First in India)
- Expanded NCB capacity from 57 to 75 ktpa

- Commercialised Nitro Toluene Plant
- Signed two large multi-years contract with global players

2013

2014

2016

2017

2018

Commercialised the First of its kind Sulphuric Acid Concentration Facility in India

- Commercialised Calcium chloride facility at Jhagadia
- Commercialised Co-gen and Solar Power plants

3.0: Growth focussed, Future Ready (2018 - 2023)

Macro Drivers

- China + 1
- Increasing Business Opportunities
- Increasing Sustainability requirements
- Projected Talent Scarcity



Creating the Foundation

- A. Sustainability as the Key Differentiator
- B. Mature and Future Ready Org. Structure and Talent Pool
- C. Innovation and R&D
- D. Expansion and Supply Security
- E. Restoration and debottlenecking of Old Asset

- Commercialised Nitrotoluene hydrogenation facility at Jhagadia
- Signed another multi-year contract with a global player

2019

2020

- Commercialised Phase 2 Unit at Dahej SEZ for agrochemical intermediates & Specialty Chemical
- Commercialised Chlorination Facility at Jhagadia

2021

- Commercialised Facility for 3rd Long term contract

2022

2023

- Commercialised Phase 1 Unit at Dahej SEZ for agrochemical intermediates & Specialty Chemical
- Operationalized Aarti Research & Technology Centre at Navi Mumbai

- Demerger of Pharmaceutical Business
- Commercialised facility for 2nd long term contract

A. Sustainability Is At The Core Of What We Do (1/2)



AIL received the gold award in the 2022 EcoVadis CSR assessment, placing us in the top 3% of evaluated companies globally



- Sustainalytics rates Aarti as "Medium Risk"
- AIL score is 24.5
- Aarti is ranked in the top 3 among peers in the Indian chemical sector



- Achieved B in Climate Change and A- rating in Supplier Engagement disclosure for 2022-23
- Chemical industry and Global average rating is at C.



Permission to use Responsible Care (RC) Logo for a period of 3 Years from April 2022 to March 2025

ENVIRONMENT

- 11 sites are Zero Liquid Discharge (ZLD)
- Total water recycled ~45% of the total water withdrawal in FY 22
- More than 6010 KL water harvested through rainwater in FY 22
- Recycled 90% waste, remaining 10% is responsibly disposed

Social

- Incorporated requirements of UN Global Compact, International Labour Organisation's (ILO) Declaration and Sexual Harassment of Women at Workplace Act, 2013, etc.
- Locally Sourced over 75% of raw materials and 98% engineering goods.
- 13 lakhs + lives benefited through our CSR initiatives
- Implementation of Best in Class Safety Practices

Governance

- Robust Compliance framework covering 78 acts, 101 rules and 10000 compliance provisions
- Cloud first approach for scalability and reliability to enable future growth
- Robust Information Security Practices and Technology Centre and R&D are ISO 27001 certified

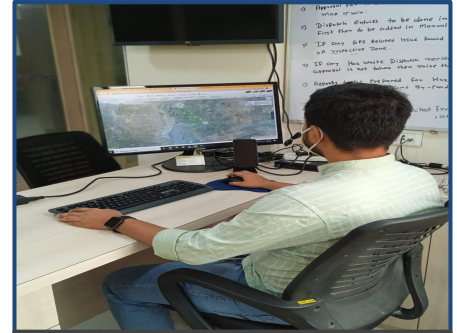
A. Safety Practices (2/2)

Systems

- AMS '15' elements on HSE
- Digital Platform for HSE (AIMS) & Compliance
- Process Safety labs & dedicated scientists to design Inherent safe processes
- Six tiers Governance system for HSE - Board of Directors to Contract workers
- Every month is Safety month - Theme based Safety month
- Assurance on safe chemical transportation, 24x7 Proactive logistic control room

Safety Excellence

- Listening Tours by Leaders
- Daily safety pledge, BESAFE initiative
- TACIT Knowledge - Bringing experience in words, procedures
- Learning from Incident - Powerful session on incident & its learning
- Medical Board of specialist Doctors. 24x7 OHC, ambulances



B. Mature and Future Ready Org Structure and Talent Pool

Highly Qualified and Experienced CXOs with an average 30+ years of experience from leading global industries steering the company for a sustainable growth



Ajay Kumar Gupta
Chief Manufacturing Officer

Industry Exp.35 +
AIL Exp.: 4



Harendra Pandya
Chief Projects & Procurement
Officer

Industry Exp.33 +
AIL Exp. 3



Prashant Potnis
Chief Scientific Officer

Industry Exp.28 +
AIL Exp.3



Pankaj Mehta
Corporate Relations & Strategy
Head

Industry Exp.39 +
AIL Exp. 2



Chetan Gandhi
Chief Financial Officer

Industry Exp.22 +
AIL Exp.22



Manoj Sharma
Chief Human Resources Officer

Industry Exp.25 +
AIL Exp.4



Raj Saraf
Company Secretary

Industry Exp.23 +
AIL Exp.5

Developing AIL Culture

- ❑ Continual Employee engagement Initiatives like Gallup Survey
- ❑ Unique Programs like Aayam focussed on human behaviour and culture building

Nurturing & Elevating Talent

- ❑ Highly qualified talent pool including 30+ PHDs, 740+ Post Graduates, 1800+ Graduates
- ❑ Grooming Internal Talent for future opportunities
- ❑ Investing in Functional and Behavioural Trainings

2	19	7	40+	18,000 sq. ft.
State-of-the-art R&D centres at Maharashtra & Gujarat	PhDs and 220+ scientists	Patents filed	Planned product introductions, more than 50% products will be launched first time in India	Covered by an ultra-modern synthesis laboratory

Fully Digitised Paperless Laboratory with ISO 27001:2013 Accreditation



- **Developed various products and processes in-house throughout AIL's journey**
- **Expertise in diverse chemistries at plant and lab scale, including: Photochlorination, Nitrilation, AHF, Grignard, Diazotization and more**
- **Built a state-of-the-art 6,500 sq. ft. analytical laboratory with experienced and qualified scientists**
- **Has a dedicated team of scientists who develop strategic chemistries for multiple growth projects, such as:**
 - Photochemistry
 - Vapour Phase Technology
 - Flow Chemistry Technology

Business Expansion

1st Long Term Contract - Value Chain Expansion

- 10-year supply contract to source a key herbicide intermediate
- Total contract value of \$620 million
- Value chain and Isomer handling experience coupled with strong customer relationships provided further assurance on supply reliability
- Customer opted to cancel the contract due to demand issues- AIL gets Shortfall and Termination Fees

2nd Long term contract - Manufacturing Outsourcing

- 20-year supply contract for a high value speciality chemical intermediate
- Total contract value of \$1,540 million
- Aarti had no prior experience in the product and was chosen among other Indian and Chinese players for long-term partnership
- Proprietary technology being shared by the partner

3rd Long term Contract - Product Co-Development

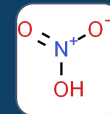
- 10-year supply contract for a new specialty chemical intermediate for a global chemical major
- Total contract value of \$125 million
- Product was co-developed with the customer over 4 years to make it an economically viable product from lab to commercial scale

Other Short to Medium Contracts

- Short to Medium Term supply contracts with multiple domestic and International customers for existing and new products upto 5 yrs
- Ensures reliable supply and predictable pricing to the customers
- Leverages Aarti's Inhouse technology development.

Supply Security

Historic partnership with Deepak Fertilisers (DFPCL) for Nitric Acid supply



- DFPCL will supply Nitric Acid at formula-driven international prices from 1st April, 2023
- Deal benefits AIL by way of a long-term supply security for key raw material
- Enables the Company to focus on future growth opportunities, introduction of new value-added products and value chains for niche applications
- Mitigates supply chain risk
- Eliminates the need to invest into backward integration for Nitric Acid and focus on the forward integrated opportunities.

E. Restoration and Debottlenecking of Assets

Asset Revamp

- Assets 2+ decades old required replacement/revamp
- Additional opportunities were available to meet increased demand, upgrade technology, debottleneck plant and increased automation
- Requirement to upgrade and scaleup of supporting utilities, Infrastructure and sustainability linked investments



Capacity Upgradation

Major Capacity Increases with Asset revamp/ upgradation

- NCB Capacity increase from 75000 TPA to 108000 TPA
- Acid Capacity from 550 TPD to 670 TPD



Aarti Advantages- Multi dimensional



Global Player and Well Diversified Across Multiple Dimensions

- 100+ Multi-product
- 60+ Countries
- 400+ Global Customer
- 700+ Domestic Customer

Strong EHS

- Safety at epicenter of our operation and process
- Thrust on Sustainability
 - 44% Water recycled
 - 0.13 LTIFR
 - 18.75% Women at board level



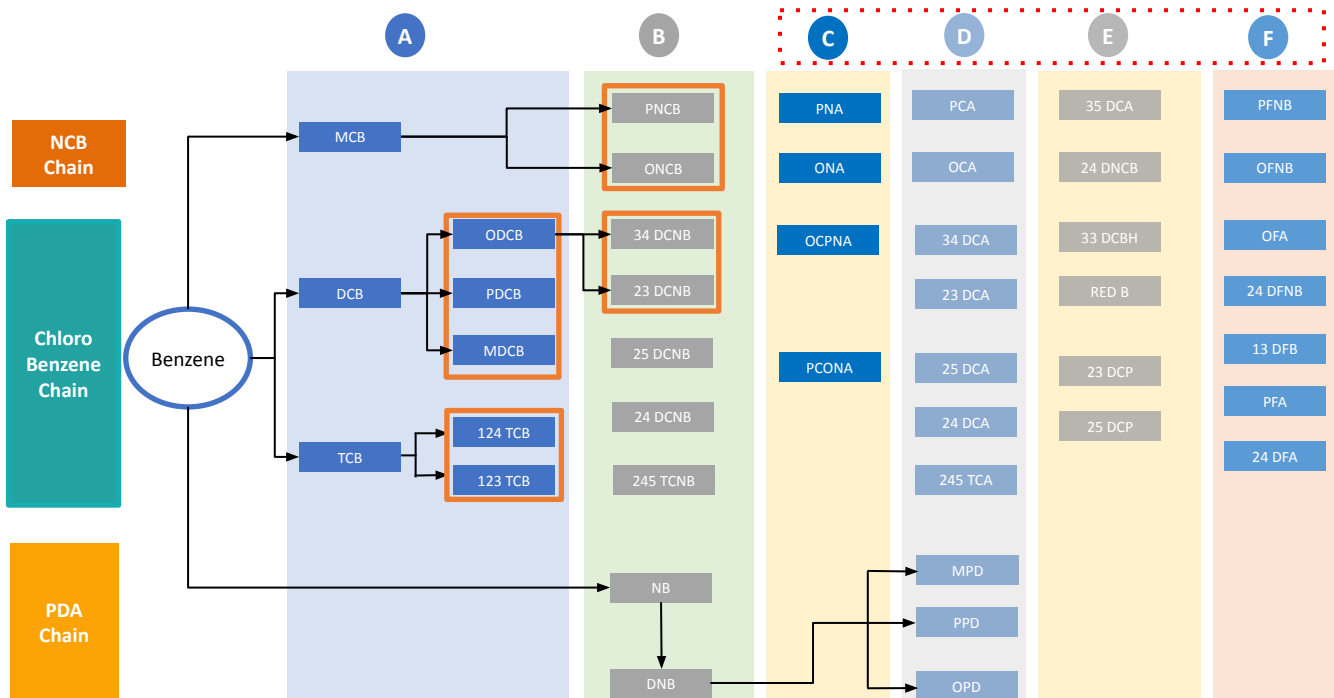
Strong Focus on R&D & Process Innovation

- State of the art R&D facilities
- Investment for the future processes

Global Scale Plant

- Integrated Operations
- Experienced in constructing & operating large chemical plants
- Highly Automated Plants

Benzene Value Chain



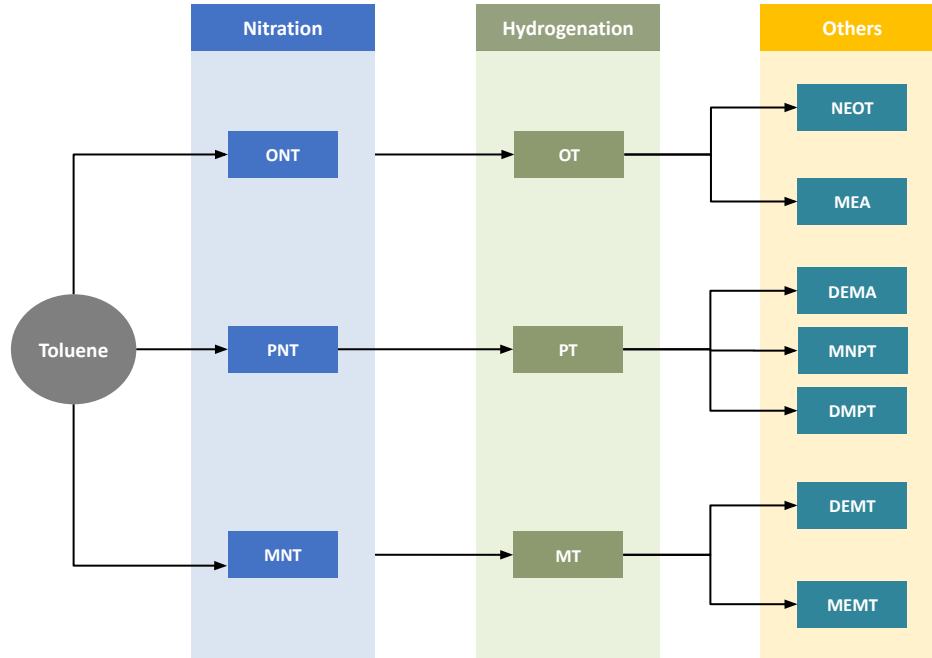
- Integrated operations across product chain of Benzene and Toluene
- Co-products /Isomer balancing
- Optimizing product mix
- Ability to meet stringent specifications
- Supply chain not linked with China
- “A” and “B” account for less than 20% of the Specialty chemicals revenue
- Focus on growth oriented products
- Diversified end uses

Global Ranking			
NCB	Among Top 3 Globally	DCB	#1 Globally

Domestic Ranking
Leading manufacturer for Nitro Fluoro Aromatics (via **Halex chemistry**) & PDA

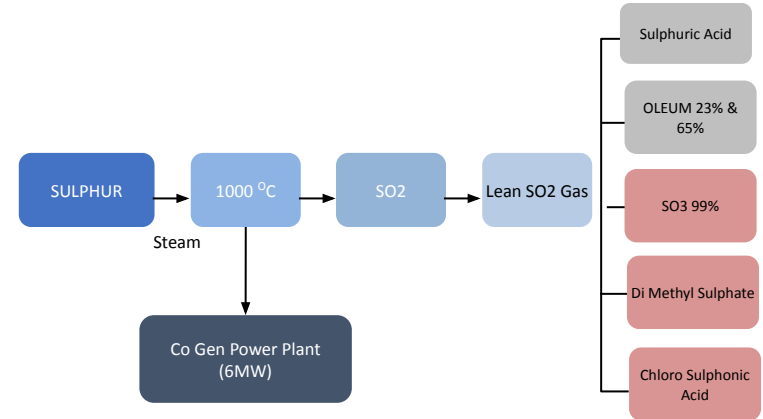
Toluene and Sulphuric Acid Product Chains with Integrated Operations

Toluene Value Chain



- Announced expansion for NT value chain
 - NT scaleup by about 50%
 - Ethylation Scaleup by 3x

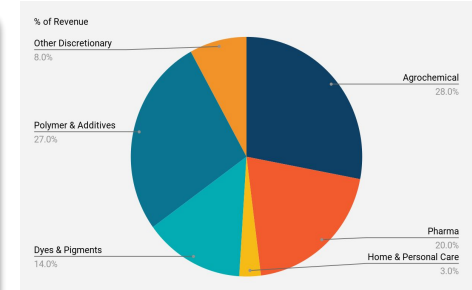
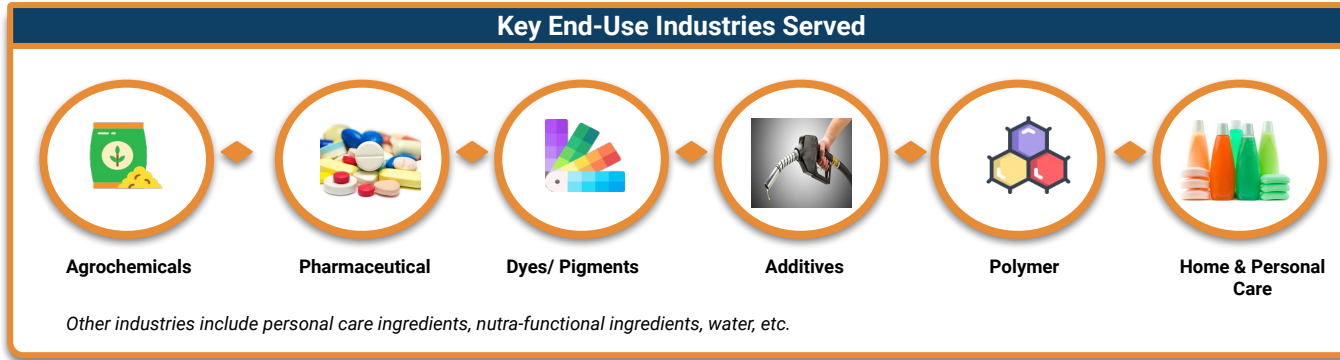
Sulphuric Acid Chain



Other Speciality Chemical products

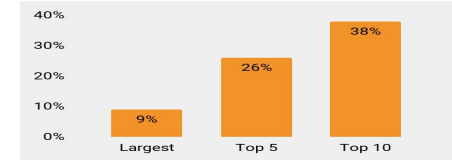
- Single Super Phosphate (SSP)
- Export Grade Calcium Chloride Granules (for Oil exploration & De-icing)
- Fuel Additives
- Phthalates

Well Diversified across Customer Profile & Product End Usage

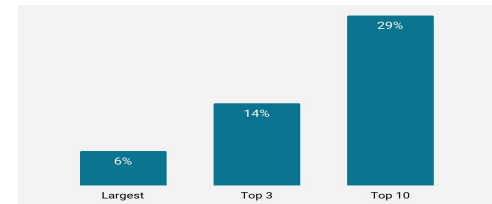


...with a well diversified product portfolio, and low dependence on individual products

Key Customers

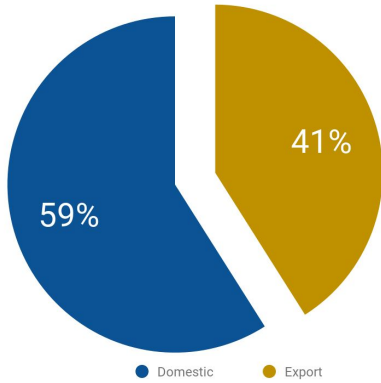


Supplier to leading chemical companies across the globe, with largest customer contributing to less than 6% of sales

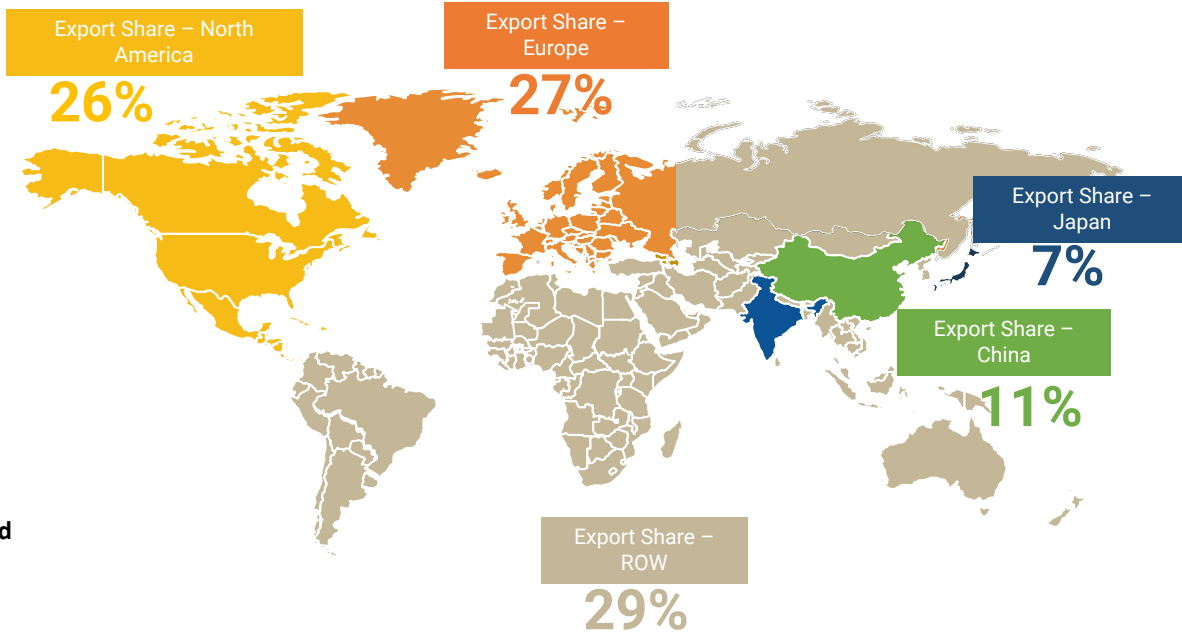


Over 85% revenue in FY22 was from customers of over 5 years

Well Diversified across various regions



~25% of Domestic sales is value added and further exported



Capex Breakup: FY19- H1FY23

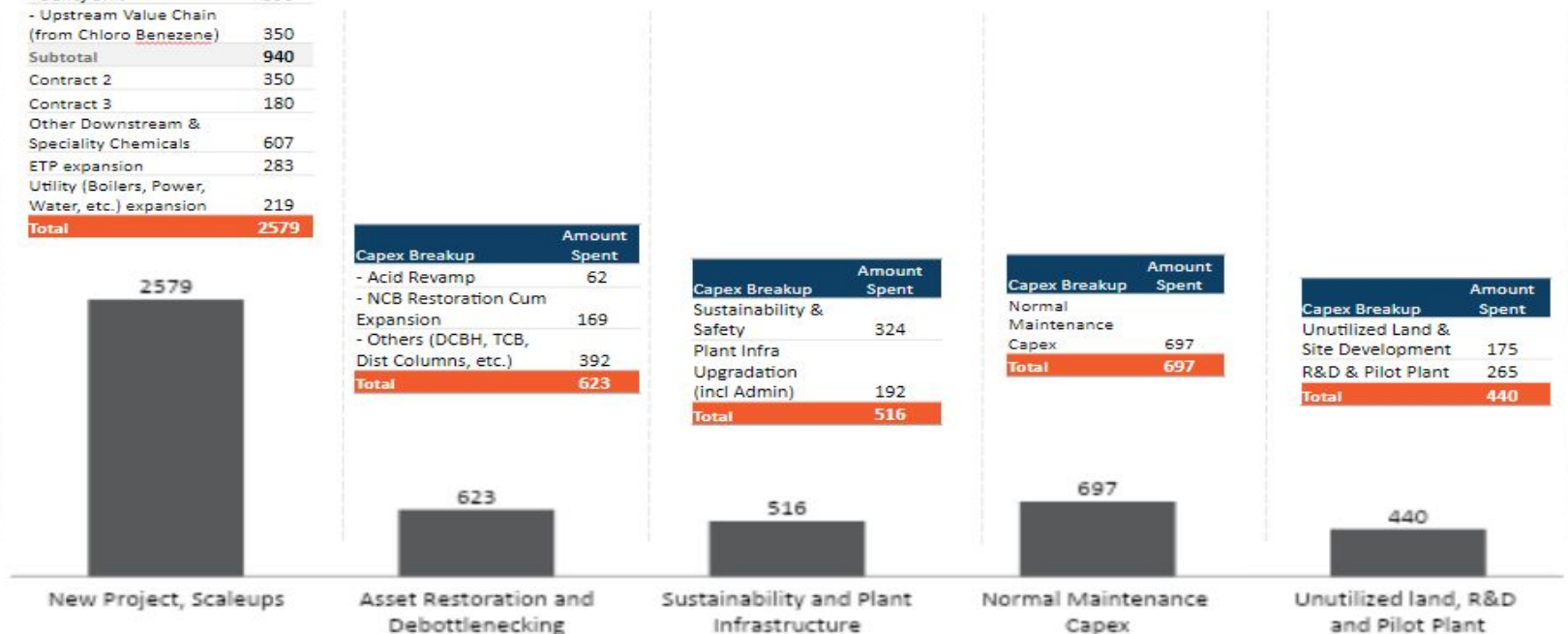
Capex Breakup	Amount Spent
Contract 1	
- Dahej Unit	590
- Upstream Value Chain (from Chloro Benzene)	
Subtotal	940
Contract 2	350
Contract 3	180
Other Downstream & Speciality Chemicals	607
ETP expansion	283
Utility (Boilers, Power, Water, etc.) expansion	219
Total	2579

Capex Breakup	Amount Spent
- Acid Revamp	62
- NCB Restoration Cum Expansion	169
- Others (DCBH, TCB, Dist Columns, etc.)	392
Total	623

Capex Breakup	Amount Spent
Sustainability & Safety	324
Plant Infra	
Upgradation (incl Admin)	192
Total	516

Capex Breakup	Amount Spent
Normal Maintenance	
Capex	697
Total	697

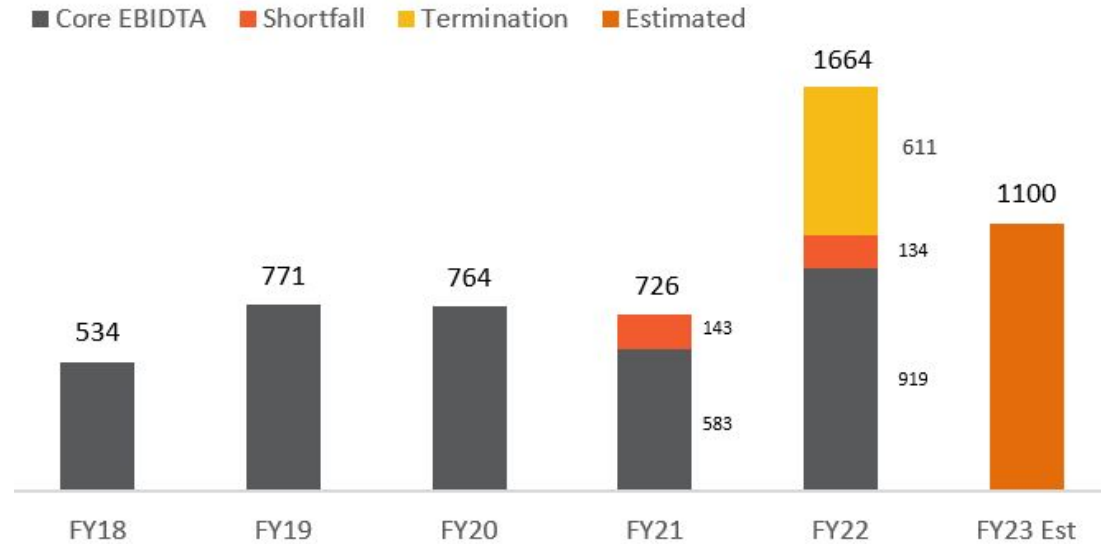
Capex Breakup	Amount Spent
Unutilized Land & Site Development	175
R&D & Pilot Plant	265
Total	440



Chemical Business (Amt in Crs)			Capitalisation (FY19-H1FY23)	CWIP (Sep 22)	Total (Capitalization + CWIP - H1FY23)
	Mar 2018	Sept 2022			
Gross Block	2,065	5,528	3,463	1,392	4855

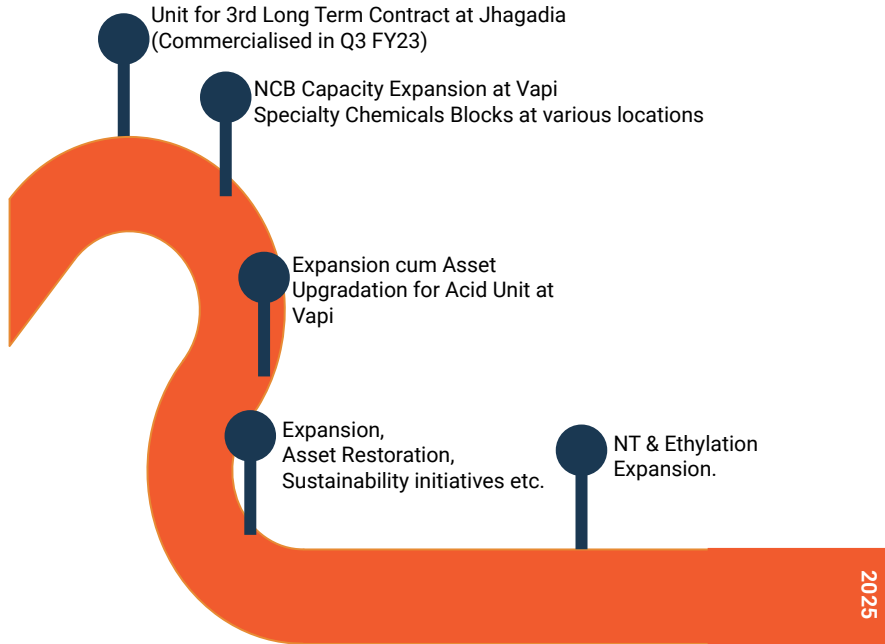
CHEMICAL EBITDA

- Pandemic Impact (COVID 19), majorly in FY21
- Nitric Acid Shortage across various periods.
- Cancellation of Long term contract resulting into one time cash inflow but loss of annual EBITDA.
 - Facility operating at lower utilisation levels.



Key Projects - Existing Product Chains at ALL Zone 1,2,3

To be Completed from H2 FY23 - FY25



Key Project Details

Approx Project Value (in Crs)

NT & Ethylation Expansion & Other Debottlenecking / Scale up (various products)	450-500
Sustainability + Plant Infra	100-150
Balance activities for Asset Revamp & Expansion (NCB, Acid Revamp, etc)	110-150
Maintenance Capex	350-400
Total Future spend-Existing Business	1000-1150

Outlook of EBITDA to Gross Block

Details	March 18	March 22	March 25 Estimated
Chemical Gross Block (Excluding Zone 4)	2065	5036	7600
Less: Gross Block for Unutilised Land, Office, R&D & Pilot Plant	100	350	500
Gross Block (Manu Assets)	1965	4686	7100
Less: Asset Dedicated for Contract 1 (Lower EBIDTA)	0	590	590
Gross Block contributing to EBIDTA	1,965	4,096	6,510
EBIDTA (excluding contract termination EBIDTA)	534	919	~1,700
EBIDTA to GB (excluding non contributing Assets)	28%	26%	28% - 30%

EBITDA to grow at about 25% CAGR from FY 23 to FY 25

- A. Key Capacities commercialising in recent times and volumes to ramp up over next two years
- B. Operating Leverages on Fixed Costs will result into higher conversion from GP to EBITDA

Existing Capacities utilisation to be around 75%-90% by FY25

- A. Will have a potential to increase EBITDA further by 10-15% beyond FY25, linked with higher capacity utilisations and possible uptick in demand

The Future

4.0- Golden Decade

2023 and beyond: Golden Decade for Chemicals in India

Global Factors

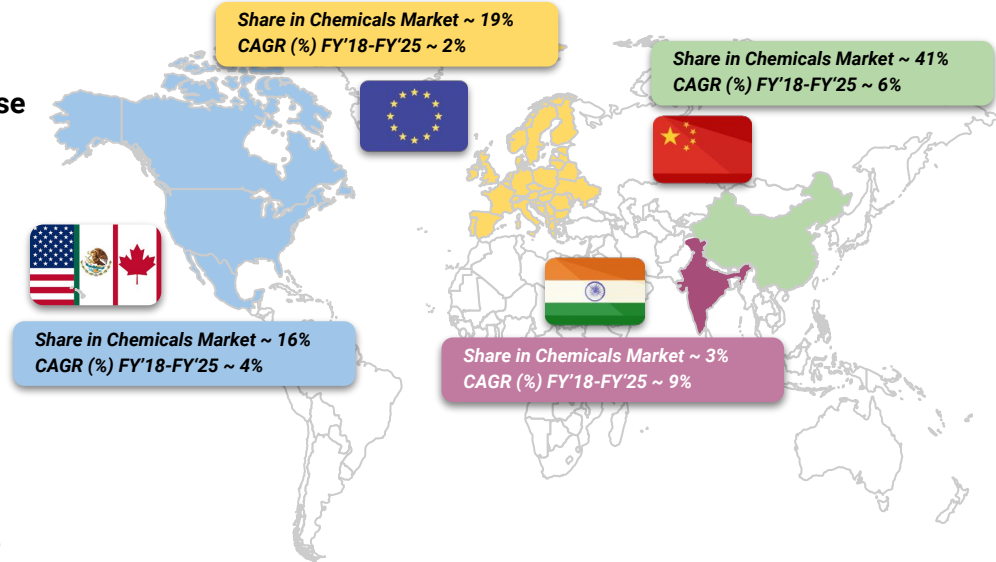
- Supply Chain Independent of China
- Europe + 1

Domestic Boost

- PLI for Manufacturing for various end-use sectors including Pharmaceuticals

Carbon Neutral

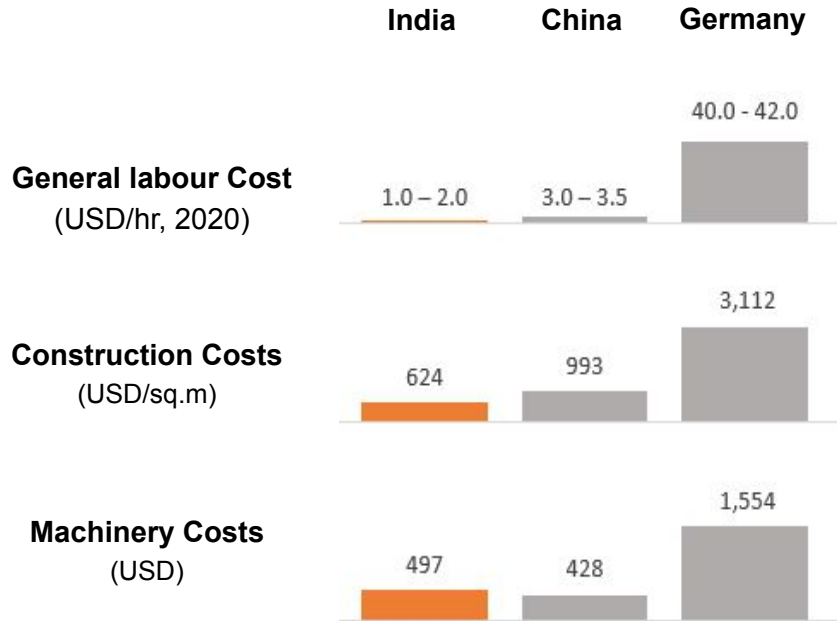
- Carbon Neutral theme will lead to lot of new opportunities in Chemical Sector
- Focus on
 - Renewables Energy
 - Electric Vehicles
 - 3R principle: Reduce: Reuse & Recycle
 - Sustainable Manufacturing



India is poised to capitalize on the USD 1 trillion global chemical market by 2040 with 10-12% market share, offering abundant sectoral opportunities for domestic and international chemical manufacturers

The India Advantage: Global Manufacturing Hub

Cost Competitiveness



Source: McKinsey: 2023 India: The next chemicals manufacturing hub

Large local market

- Large middle class
- Rising per capita income
- Rising urbanization

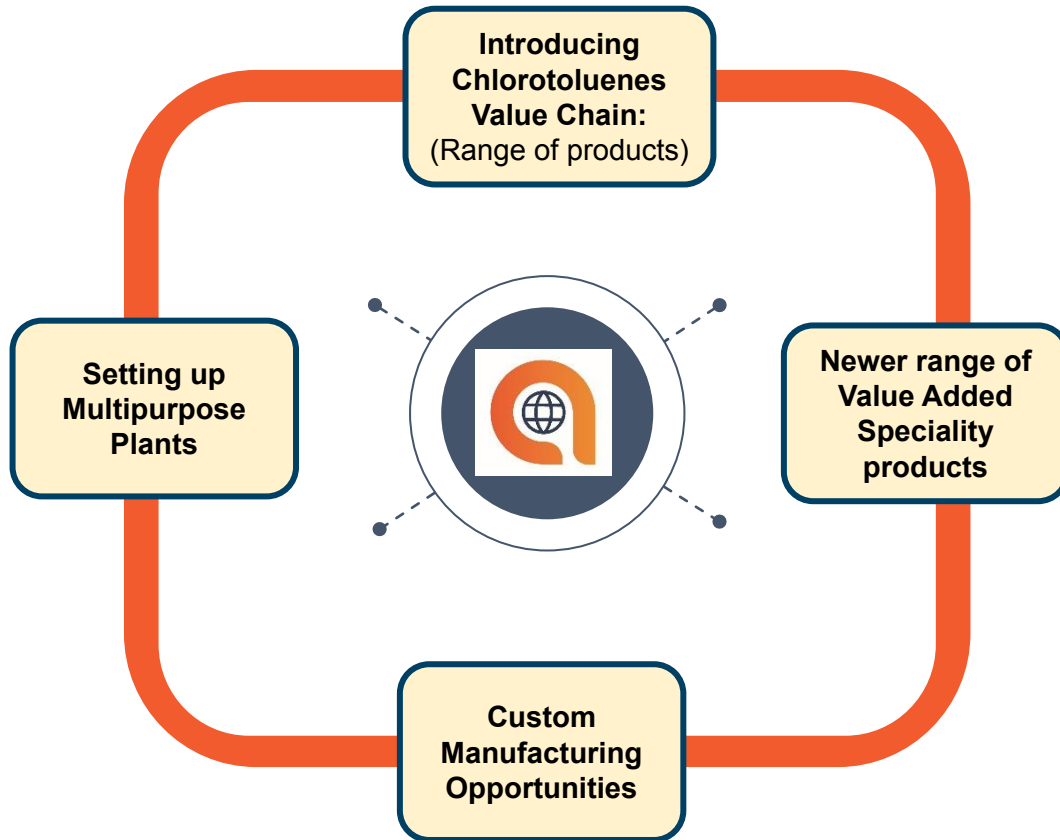
Rule of Law

- IP protection
- Contract Enforcement

Large Talent Pool

- Research Chemist
- PhDs/ Scholars
- Engineers

Zone 4



Key Highlights

- Zone 4 at Jhagadia is spread across ~ 95 acres.
- EC obtained and project works underway.
- Adding new chemistries and 40+ value added products
- EBITDA margin ~ 25% - 30%
- Rs. 2,500-3,000 crore CAPEX by FY26
- Phase-wise Commercialisation from H2FY25
- Geographic Revenue Split:
 - Domestic: 50-60%
 - Exports: 40-50%
- End-use Industries: Agro & Pharma: 80%+



FY24

- ◆ Macro Concerns on demand continuing from FY23 is expected to progressively improve in FY24.

FY25

- ◆ Ramp-up of capacities and higher operating leverages shall lead to EBITDA of about Rs.1700 crs (~25% CAGR over FY23).
- ◆ Zone 4 to start gradually going onstream.

FY26 and beyond

- ◆ EBITDA to grow by ~ 20-25% CAGR driven by
 - Zone 4 ramping up.
 - New Strategic opportunities
 - Higher utilisation for existing capacities at Zone 1,2,3



“AIL is equipped with the necessary levers to be a leading participant in the Golden Decade of Indian Chemical Industry”



Chemtech Foundation Award

CHEMTECH Foundation accorded Aarti Industries with the '**Outstanding Achievement for Innovation**' award for the company's commendable efforts in conserving the environment as well as ensuring sustainable growth through path breaking innovation



Hurun Industry Achievement Award 2019

Hurun Report Global has presented **Mr. Rajendra Gogri** with the **Hurun Most Respected Entrepreneur of the Year in India 2019** for the exceptional growth of Aarti Industries over the years.



Trishul Award for outstanding export performance

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 & FY15 -16



FICCI 'Company of the Era' Award 2021

AIL was conferred with FICCI '**Company of the Era**' Award for its immense contribution to the Chemical Industry in the past 25 years.



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



Golden Peacock Award 2021

Aarti Industries Limited, Unit-II, Jhagadia has been presented with the prestigious '**Golden peacock Environment Management Award**' for its sustained efforts towards the environment

Awards & Accolades



Change Management ESG
Leader of the Year (ESG
Summit & Awards 2021)



GARV Award 2022

'Best Performance on Fire
Prevention, Protection, Fire &
Emergency Rescue Services
across Gujarat' by Government of
Gujarat, Fire and Rescue
Department



Economic Times Future
Ready Organisation 2022 in
'Large Category'



**Envirocare Green Awards
2022**

Certifications

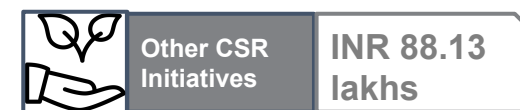
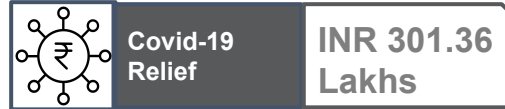


All has been involved in various CSR activities focused on health and education



INR 1261.81 lakhs

Amount Spent on CSR during FY22



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



Thank You !



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