AARTI INDUSTRIES LIMITED

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Ref. No: AIL/B-32/2016/474
Date : 1st June, 2016

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

RIGHT CHEMISTRY FOR BRIGHTER TOMMOROW

Investor Presentation

Disclaimer

AARTI INDUSTRIES LIMITED

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.

All information contained in this presentation has been prepared solely by AARTI INDUSTRIES LIMITED. AARTI INDUSTRIES LIMITED does not accept any liability whatsoever for any loss, howsoever, arising from any use or reliance on this presentation or its contents or otherwise arising in connection therewith.

Vision

AARTI INDUSTRIES LIMITED

To emerge as a key source

to leading global consumers of Specialty Chemicals and Intermediates

for Pharmaceuticals, Agro Intermediates, Polymers and Dyes, Aromatics & Surfactants

Profile

AARTI INDUSTRIES LIMITED

Globally ranks at 1st – 5th Position for majority of its key products, with ability to Supply a basket of products. Also tagged as "Strategic Supplier" by various Major Global & Domestic Customers.

Leading manufacturer of Speciality Chemicals & Pharmaceuticals with diversified end-uses in Pharmaceuticals, Agrochemicals, Polymer, Additives, Surfactants, Pigments, Dyes, etc.

Promoters are First Generation Technocrats with sound entrepreneurial Skills. (Five out of six Promoter Directors are from Engineering Background). Three out of Four Founder Promoters are Chemical Engg from ICT (Formerly known as UDCT). Shri Chandrakant Gogri, Founder Chairman retired in August 2012 and advises in the capacity as Chairman Emertius.

Highly integrated Plants (both Backward and Forward integrated) with Cost-Efficient Manufacturing Process manufacturing over 125 products with diversed applications.

Manufacturing Units located in the States of

- Gujarat
- Maharashtra
- Madhya Pradesh and
- U.T. of Silvassa

Technical Strengths: Thrust on Sustainability

AARTI INDUSTRIES LIMITED

- Pioneer to introduce latest technology and manufacturing processes in India with the help of **World Class R & D**
- **IPRs** for Developing Customised Products & Products under Secrecy Agreements.
- Ability to meet the **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.

Aarti bags CHEMTECH 'Outstanding Achievement for Innovation' award

AARTI INDUSTRIES LIMITED

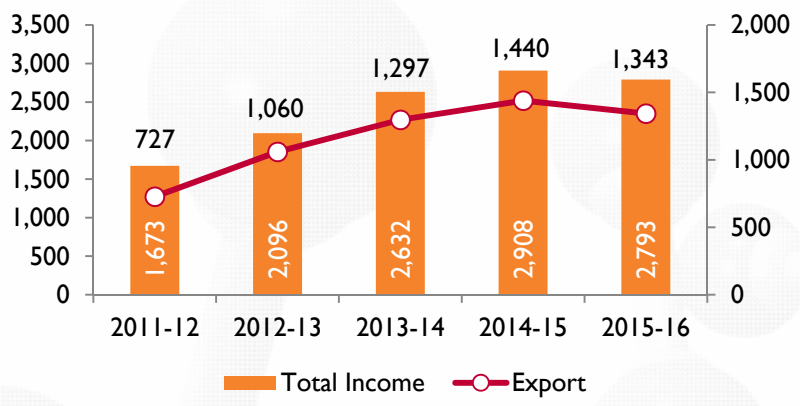
CHEMTECH Foundation accorded Aarti Industries with the 'Outstanding Achievement for Innovation' award for the company's commendable efforts in conserving the environments as well as ensuring sustainable growth through path breaking innovation.

His Excellency the Governor of Maharashtra Shri CH Vidyasagar Rao & Shri Nadir Godrej, MD Godrej Industries Ltd & Chairman of Awards Committee, handing over the award to Mr. Chandrakant Gogri, Chairman Emeritus and Mr. Rajendra Gogri, Chairman and Managing Director, Aarti Industries Ltd.

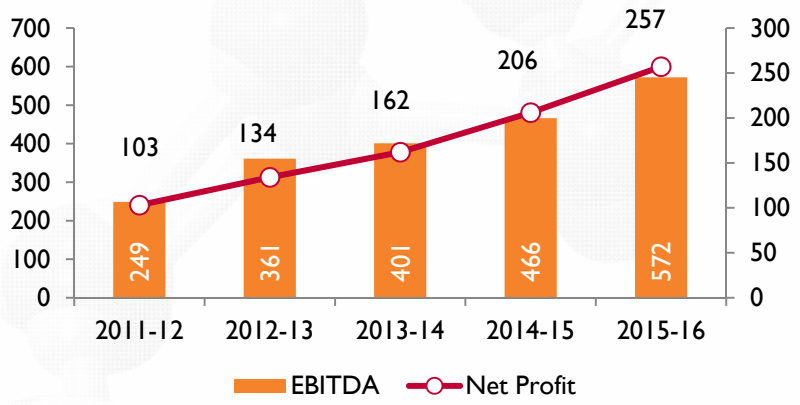
Financial Highlights – Graphical Layout (Consolidated)

AARTI INDUSTRIES LIMITED

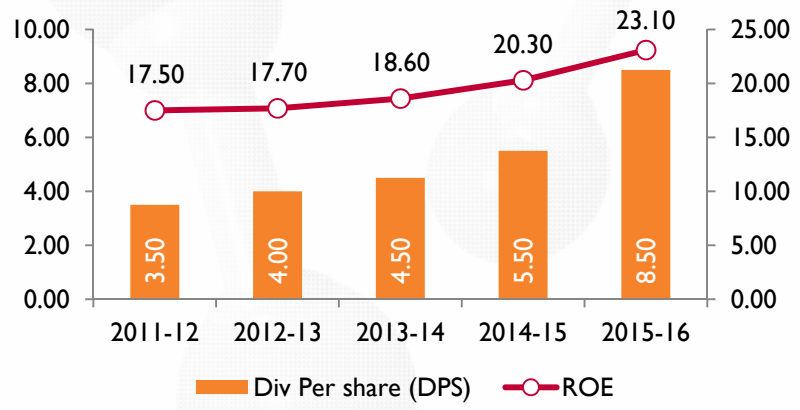
Total Income & Exports (Rs. Cr.)



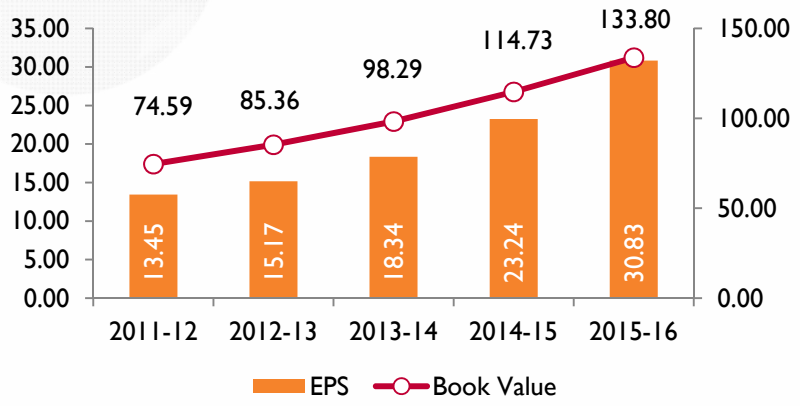
EBITDA & Net Profit (Rs. Cr.)



Dividend Per Share (DPS) & ROE

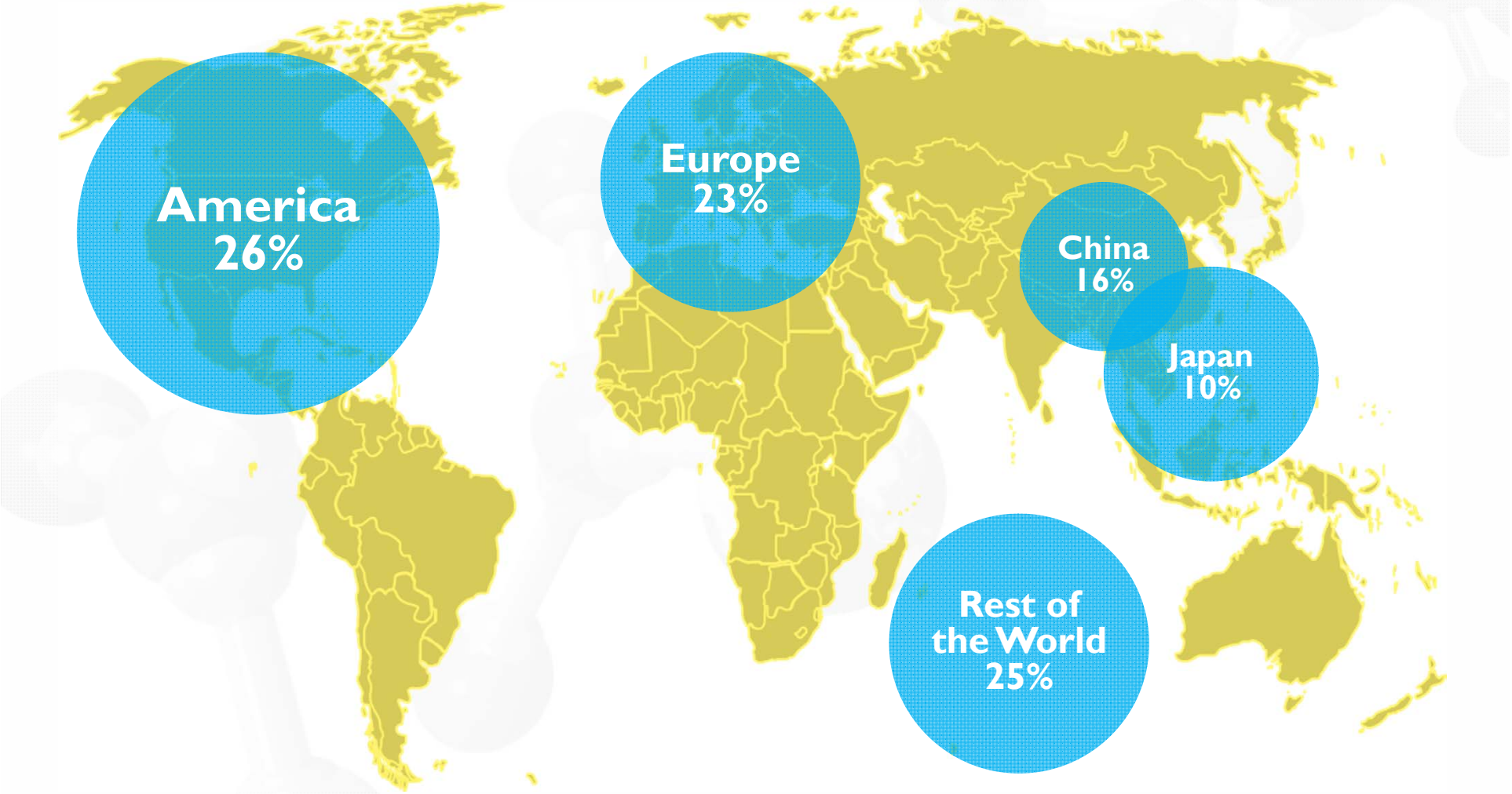


Earnings Per Share (EPS) & Book Value



Geographical Spread of Exports

AARTI INDUSTRIES LIMITED



AARTI's esteemed Customer list includes Leading Multinationals and Global Giants

Segmental overview

AARTI INDUSTRIES LIMITED

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

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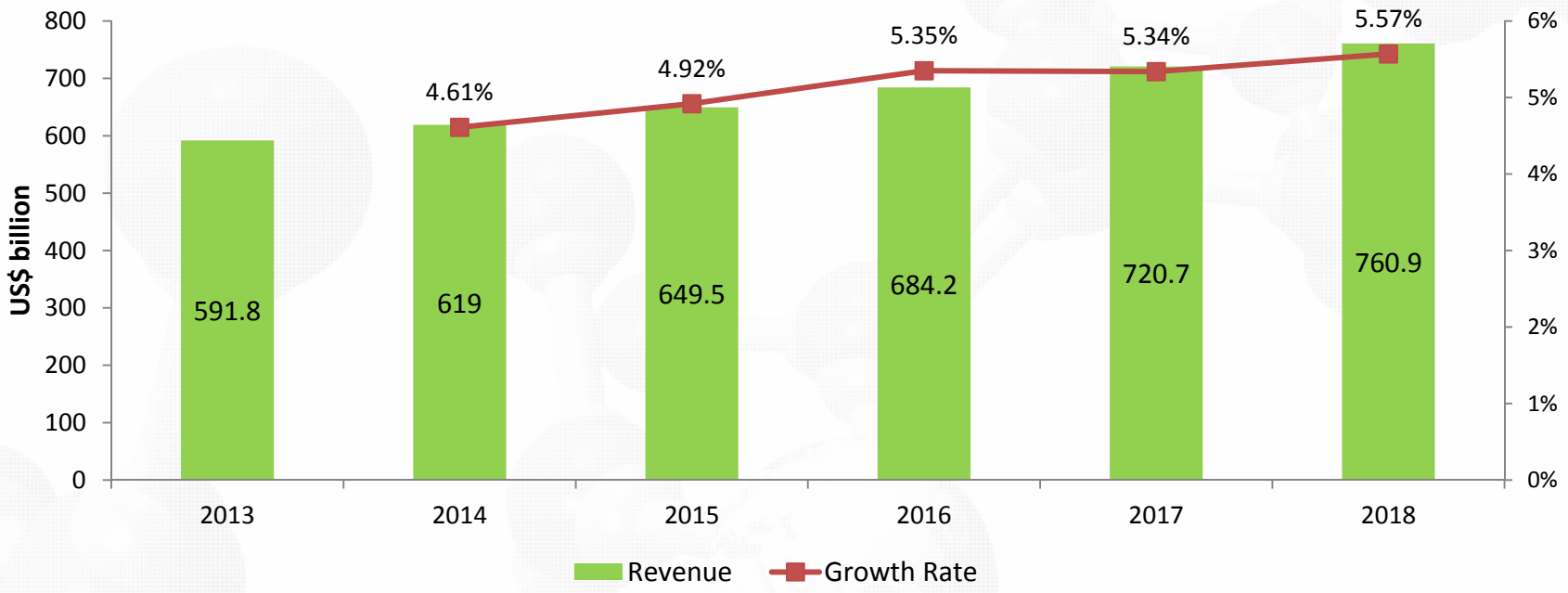
Chemical Industry Overview

AARTI INDUSTRIES LIMITED



Source: *TechNovio Analysis*

- The Global Specialty Chemicals market is growing at a fast pace. Despite the economic recession, it has recovered and is showing signs of high growth in the future
- According to TechNavio Analysis, the Global Specialty Chemicals market is expected to grow at a CAGR of 5.16% during the period 2013-2018 and reach US $760.9 billion by 2018 (from US$ 619.0 billion in 2014)

Opportunities for Indian Chemical Companies

AARTI INDUSTRIES LIMITED

Indian Companies, in addition to catering to domestic demand growth, would also benefit for various products as Import Substitutes & also increase global market share.

Major competitor is China in Global Market

One of the major challenges in the Chemicals Business is the Compliance of Environmental Norms. Over a period of time, the regulating agencies have became more stringent in ensuring the compliance of the environmental norms

- In India, compliances were made stringent about three years back
- In China, the tighter compliance have been imposed since last year

These compliance requires additional investments into ETP setup, which translates into increased costs for the manufacturers along with general increase in labour and other costs in China. Hence India stand to gain on this macro perspective

This had resulted into reduction in capacity utilisation &/or increase in Cost in China

MNCs are de-risking their sourcing arrangement and want to add an Indian source, which is a major positive for Indian companies. This is being witnessed across Speciality Chemicals, Pharma intermediates

Increased Competitiveness of Indian Rupee v/s Chinese Yuan over last few years

Speciality Chemicals – Biz Model

AARTI INDUSTRIES LIMITED

Global Size Plants

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

Highly Integrated Operations.

- Supply Security
- Adapt to Growth Oriented Product Mix

Technical Strengths

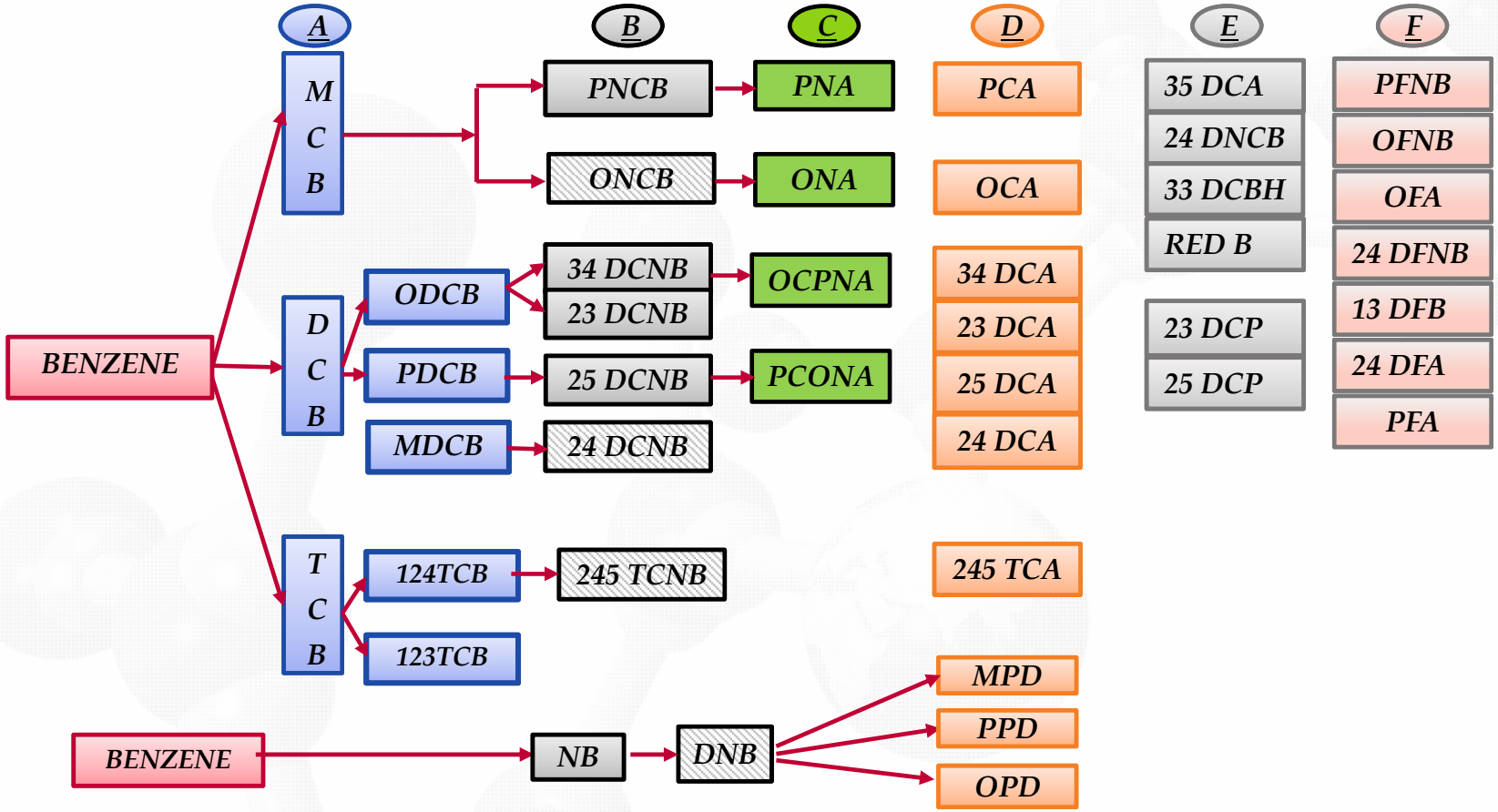
- Meet Stringent Specifications of varied Customers
- Adopt latest technologies and Environment friendly process

Co Product Balancing

- Customer Confidence
- Entry Barrier

Benzene Based Value Chain

AARTI INDUSTRIES LIMITED



A	Chlorination (Ranked amongst Top 3 Globally)	D	Hydrogenation (Ranked amongst Top 2 Globally)
B	Nitration (Ranked amongst Top 4 Globally)	E	Others
C	Ammonolysis (Ranked amongst Top 2 Globally)	F	Halex Chemistry (only player in India)

Speciality Chemicals – Biz Model

AARTI INDUSTRIES LIMITED

Wide usage/ End User applications & Stronger Customer Base

- De-Risking and Dynamic Growth Opportunities (large basket of products).
- Diversification.
- Tagged as Strategic Supplier by major Global and Domestic Customer.
- Participate in Growth of fast growing end-user application.

Pricing Model

- Key RM Cost Component + Delta per kg or per ton.
- Variation in Key RM Prices / Component passed on to the Customers.
- Delta per Kg or per ton comprises of other RM, Energy Costs, Overheads and Profits. These are fixed in absolute term.
- In general, savings by way of yield improvement, optimising utilities, cost reduction initiatives, etc, are retained by the company.

Impact of Volatility in Crude / Benzene Price

AARTI INDUSTRIES LIMITED

- 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).
- The 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.

Speciality Chemicals – Major Customers

AARTI INDUSTRIES LIMITED

Polymer & Additives

BASF The Chemical Company
SOLVAY asking more from chemistry
TEIJIN Human Chemistry, Human Solutions
sojitz
Ticona ENGINEERING POLYMERS
TORAY Innovation by Chemistry
Chevron Phillips Chemical Company

Pigments, Paints, Printing Inks, Dyes

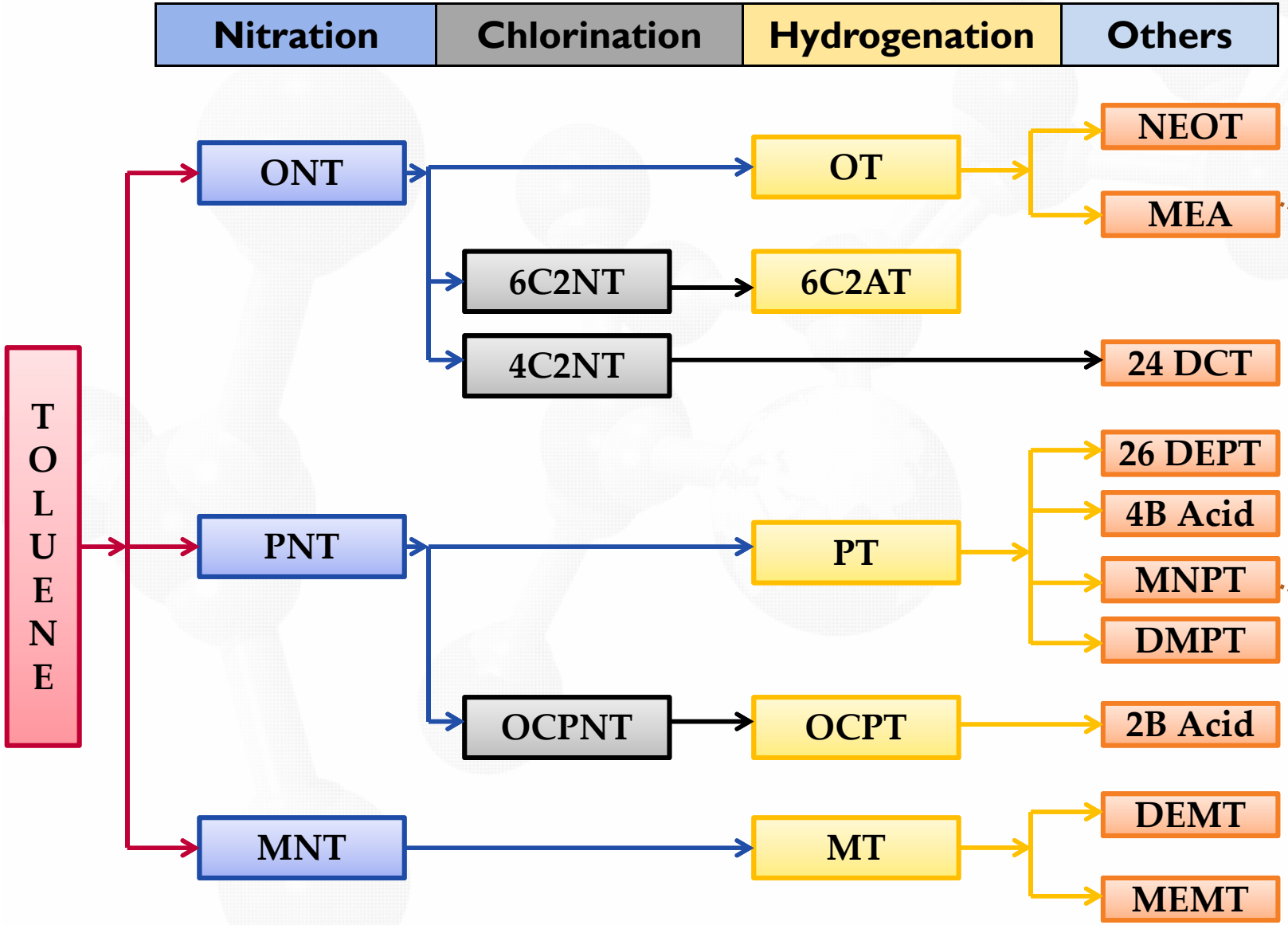
SUDARSHAN
BASF The Chemical Company
Apollo Colors Inc
Atul A member of Lalbhai Group
HUNTSMAN Enriching lives through innovation
Flint Ink
SunChemical a member of the DIC group
MICRO INKS A Huber + Bilakhia Company
Clariant

Agro Intermediates & Fertiliser

BAYER
syngenta
BASF The Chemical Company
United Phosphorus Ltd
DOW
DUPONT
MAKHTESHIM AGAN

Introduction of New Products: Toluene Based Value Chain

AARTI INDUSTRIES LIMITED



New Unit at Dahej SEZ: Ethylene Derivative (first of its kind in India)

Key End Uses:

- Agrochemicals
- Dyes & Pigments
- Optical Brightner
- Explosives

Long Term Drivers

AARTI INDUSTRIES LIMITED

- **HSE**
  - Continuous Thrust on Sustainability with emphasis on employing latest Technology
- **Economies of Scale and Operational Efficiency**
  - Among Top 5 Globally Manufacturing Companies for more than 75% of products.
  - Highly Backward Integrated and gainful usage of by-products, ensuring steady supply of Intermediates
  - Constant Drive to Improve Process Efficiency has reduced Opex Costs
- **Strong Customer Base and Product Portfolio**
  - Preferred Supplier for various MNC's in agro chemicals, polymers, pigments, surfactants etc .
  - MNC's looking to increase their share of procurement from India
  - Wide array of intermediates and products on offer based on basic as well as complex chemistry.
- **AIL is strategically placed to exploit growth opportunities for Indian Chemical Industry in view of its technical expertise and broad based satisfied clientele in India and Abroad**

Strategy for Long Term Growth

AARTI INDUSTRIES LIMITED

- **Increase Market Share and participate in demand growth for existing products and adding products in current value chain**
  - Expanding capacity of Nitrochlorobenzene, PDA, Chlorobenzenes and various downstreams in F.Y. 2016-17-18
  - Developing value added products for NT and Downstream Value Chain
  - New R&D Centre and Pilot Plant with modern equipment and latest technologies at Jhagadia to cater to future AIL growth
  - Developing new products based on existing as well as different Chemistries
- **Seeking strategic alliances and Joint Ventures with global partners in areas of mutual interests**

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Pharmaceuticals

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Home & Personal Care

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

Pharmaceuticals

AARTI INDUSTRIES LIMITED

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
- EDQM & USFDA Inspection completed in Q4 FY15
- 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.

TEVA PHARMACEUTICALS

RANBAXY LABORATORIES LIMITED

Cipla Caring for life

DR.REDDY'S

SANDOZ

Pfizer

Actavis

Pharmaceuticals – Growth Drivers

AARTI INDUSTRIES LIMITED

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.

New Unit for Caffeine

- Commissioned a new unit for Caffeine dedicated to meet the demand for Cola / Energy Drinks manufacturers.

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AARTI INDUSTRIES LIMITED

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Home & Personal Care Chemicals

AARTI INDUSTRIES LIMITED

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.

CavinKare

Hindustan Unilever Limited

HUNTSMAN
Enriching lives through innovation

Reckitt Benckiser

BASF
The Chemical Company

Henkel

FENA
BETTER PRODUCTS, CLEANER WORLD

Dabur
Celebrate Life!

Ongoing Expansion Projects

AARTI INDUSTRIES LIMITED

- **Nitro Chloro Benzene (NCB) Expansion**
  - Expanded Capacity of 75000 tpa from earlier 57000 tpa, commissioned in Nov 2015.

Production (in tons)	FY2013	FY2014	FY2015	FY16
	48,072	54,230	53,400	59,500

- **PDA Expansion**
  - Only Manufacturer in India
  - From 250 tpm to 1000 tpm.
  - 1st phase completed in Q1FY16 with capacity of 450 tpm and balance expected to be commissioned in H1 FY17.
  - Targeting: Import Substitute in India and Polymer application in Global Market

Ongoing Expansion Projects

AARTI INDUSTRIES LIMITED

To be commenced in F.Y. 2017

- **Calcium Chloride New Unit at Jhagadia**
  - New Capacity of 30000 tpa.
- **Ethylation Facility at Dahej**
- **Nitration Unit at Jhagadia (Nitro Toulene & Downstreams)**
  - New Capacity of 30000 tpa

Ongoing Expansion Projects

AARTI INDUSTRIES LIMITED

New Projects over FY17 & FY18	Details
Jhagadia	Chlorination Complex
Jhagadia & Kutch	Co-generation Power Plant
Vapi	Acid Reconcentration Plant
Vapi & Tarapur	API and Pharma Intermediate de-bottlenecking and expansions

- Total Outlay in plant & machinery F.Y. 2017 including normal capex: 400 Crs – 450 Crs
- Considering these, we expect the growth in topline (at constant prices) above15% and bottomline by 20% CAGR over next 3-4 years

Segmental Revenue Growth Trend (standalone)

AARTI INDUSTRIES LIMITED

In Rs. Lakh

Segments	Annual FY 13-14	Annual FY 14-15	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16	Annual FY 15-16
Speciality Chemicals	221,696	236,065	55,794	54,575	55,610	54,234	220,213
Pharmaceuticals	24,898	30,320	9,078	8,386	8,866	11,983	38,313
Home & Personal Care	16,684	20,680	3,435	2,684	3,401	3,655	13,175
Total Income	2,63,278	287,065	68,307	65,645	67,877	69,872	271,701

Financial Highlights (consolidated)

AARTI INDUSTRIES LIMITED

In Rs. Lakh

Particulars	Annual FY15-16	Annual FY14-15	Annual FY13-14	Annual FY12-13	Annual FY11-12
Total Income	2,793	2,908	2,632	2,096	1,673
Exports	1,343	1,440	1,29,7	1,060	728
% of Total Inc.	*48.09%*	*49.52%*	*49.25%*	*50.55%*	*43.49%*
EBITDA	572	466	401	361	249
EBITDA Margin	*20.49%*	*16.01%*	*15.25%*	*17.23%*	*14.90%*
EBIT	474	384	313	278	194
EBIT Margin	*16.96%*	*13.20%*	*11.89%*	*13.28%*	*11.62%*
PAT	257	206	162	134	103
PAT Margin	*9.20%*	*7.08%*	*6.17%*	*6.41%*	*6.17%*
EPS	30.85	23.24	18.34	15.17	13.45

CSR Initiatives

AARTI INDUSTRIES LIMITED

Involved in various CSR initiatives with specific focus on Health, Education & Women Empowerment.

Fodder distribution in drought area, Beed, Maharashtra

Maninagar Sanskar Dham, Kutch, Gujarat

Free Medical Camp at Baramulla, Jammu & Kashmir.

Mahavir School/College of Nursing, Vatrak, Gujarat

Tulsi Vidya Mandir, Kutch, Gujarat

Thank You

AARTI INDUSTRIES LIMITED

For further information please log on to www.aartigroup.com or contact:

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