



# AARTI INDUSTRIES LIMITED

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



**Ref. No: AIL/B-33/2016/724**

**Date : 26<sup>th</sup> September, 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 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

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This has reference to the Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; the presentation made at the Investor & Analyst Meet held on Monday, 26<sup>th</sup> September, 2016 is enclosed herewith.

Kindly take the same on record.

Thanking You,

Yours faithfully,

**FOR AARTI INDUSTRIES LIMITED**

**MONA PATEL**

**COMPANY SECRETARY & COMPLIANCE OFFICER**

Encl: as above.

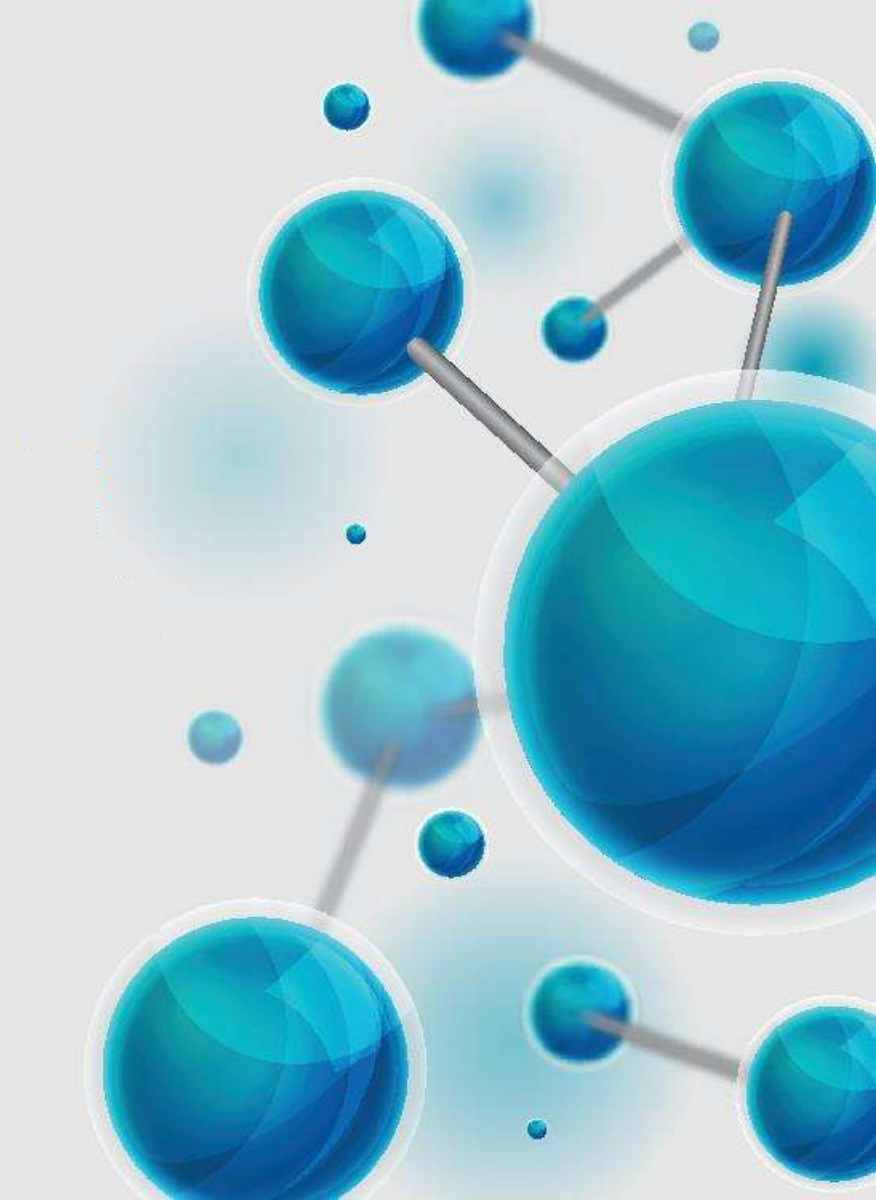


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# Aarti Industries Limited

Investor & Analyst Meet – September 26, 2016

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# 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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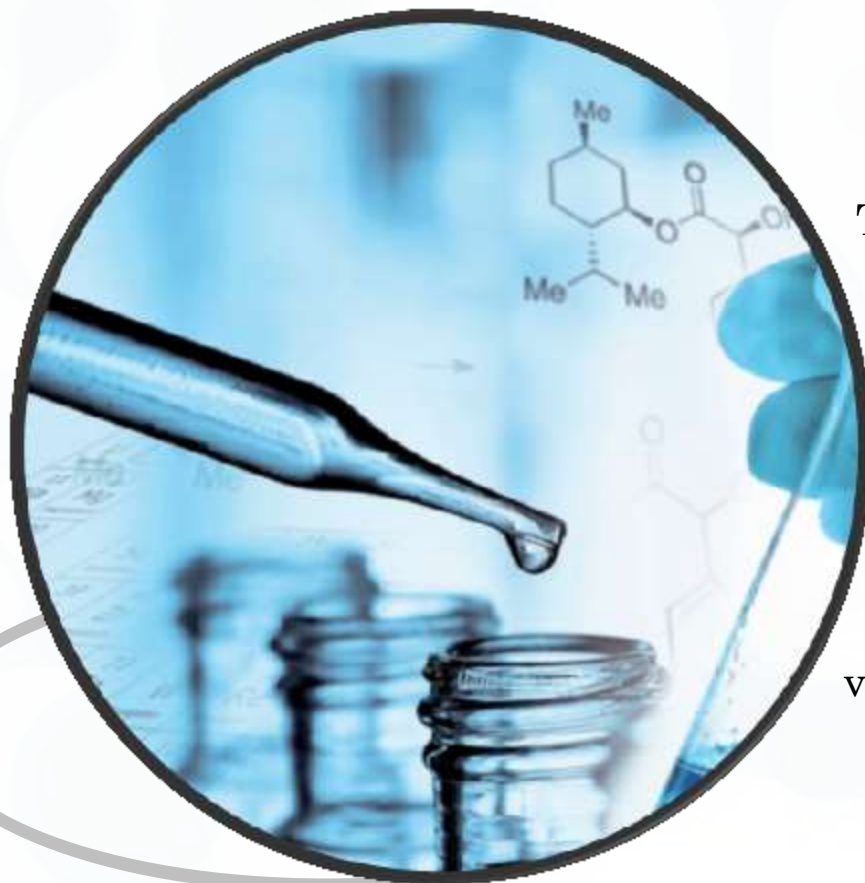


# Mr. Rajendra Gogri

Chairman & Managing Director



# 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

**3,250+**

Employees

**125+**

Products

**150+**

Global Customers

**500+**

Domestic customers

**Speciality Chemicals**

**Pharmaceuticals**

**Home & Personal Care**

Revenue in Rs. crore

2,265

383

132

EBIT in Rs. crore

504

39

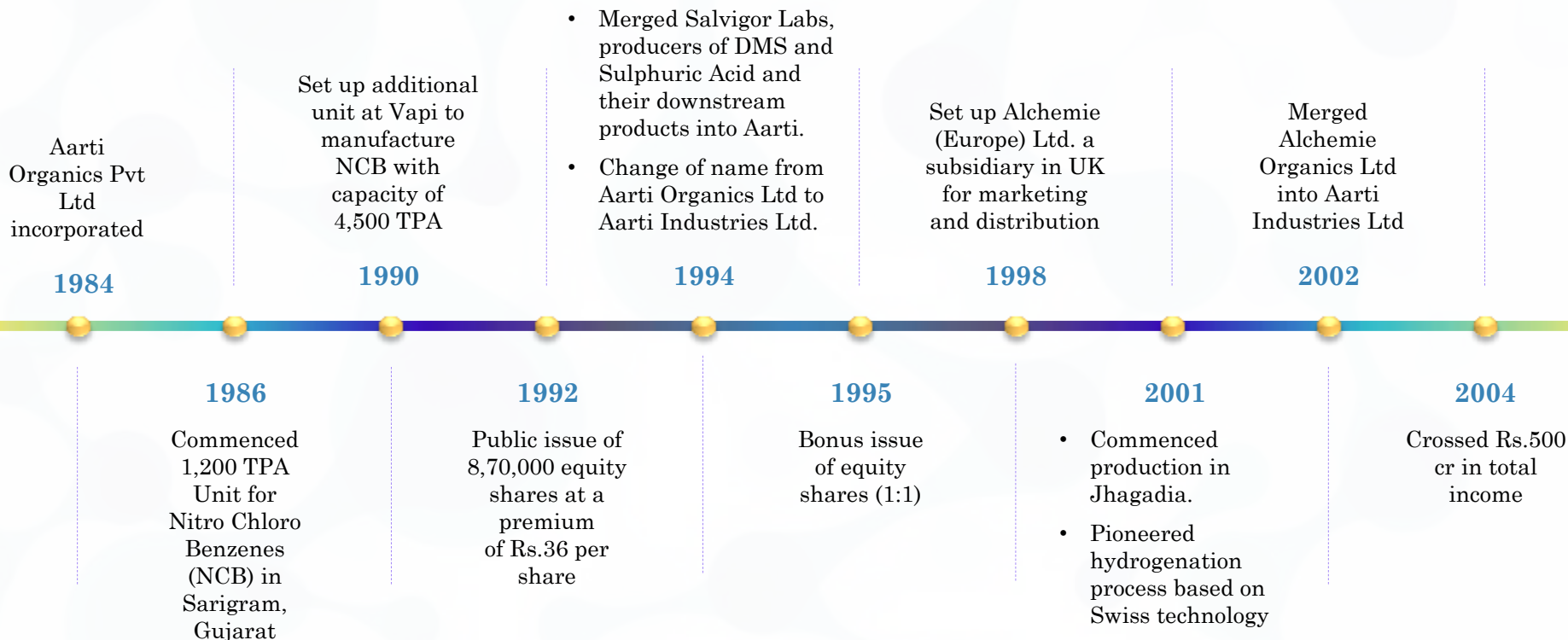
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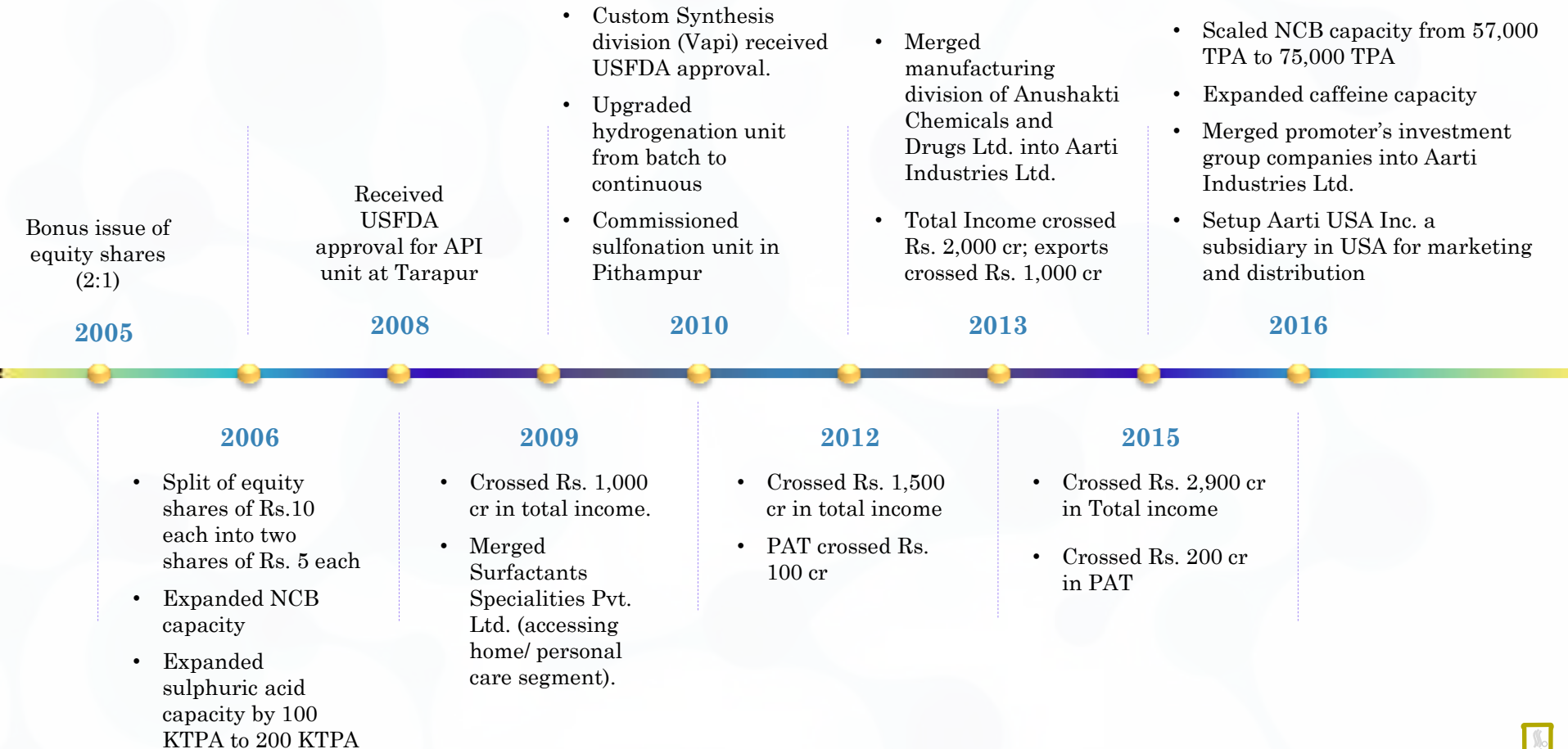


# Transformation Journey

## 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

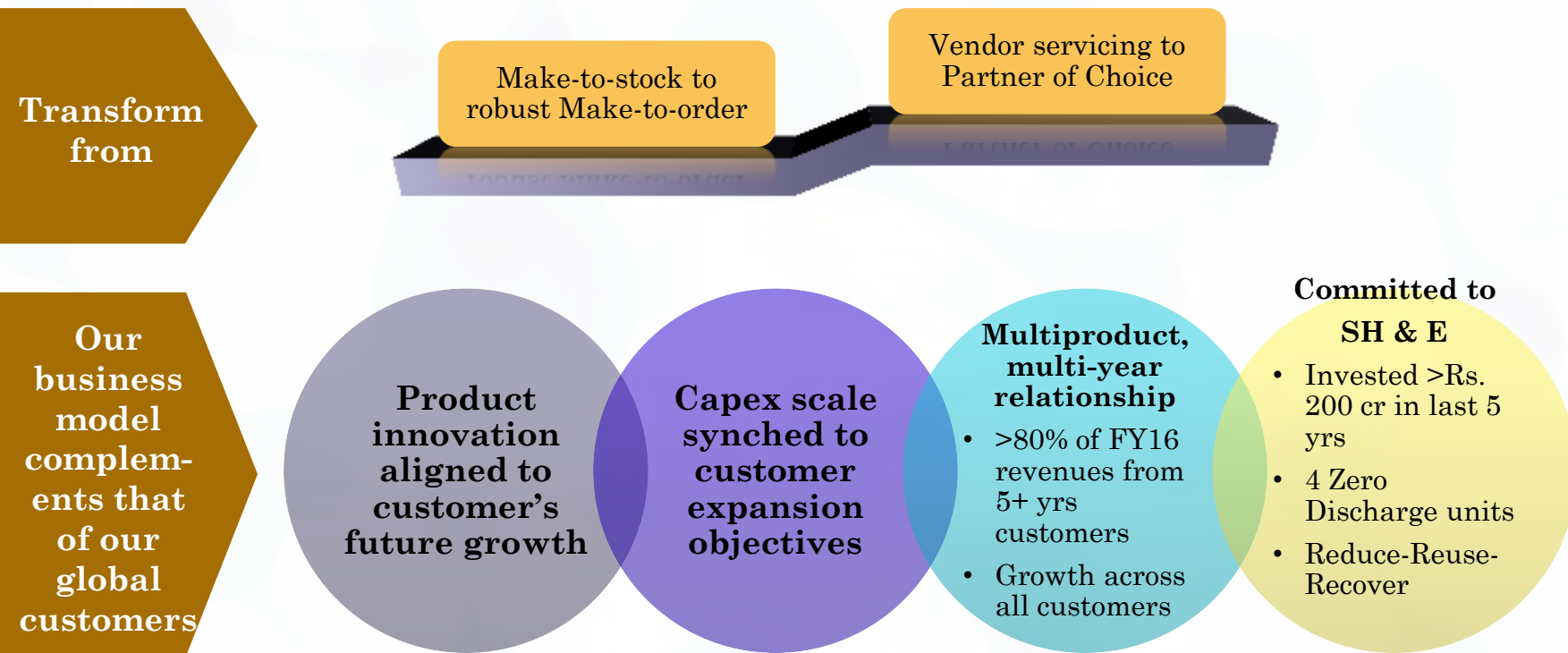
Most chemical companies seek to work with small global companies as a market-entry strategy



# 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



# 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

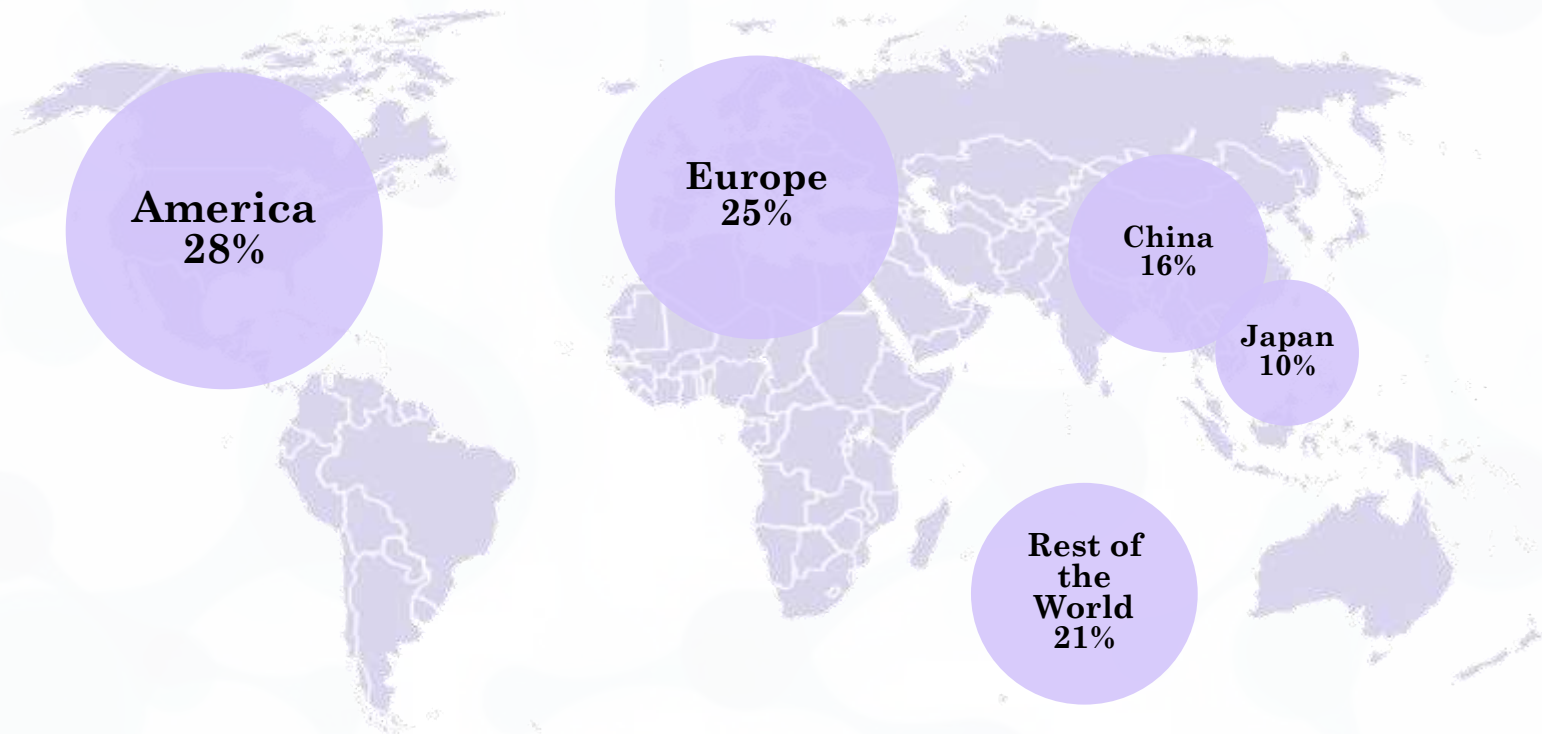


**Non-ionic surfactants:** Concentrates for shampoo, hand wash, dish wash, oral care, etc.

# 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



**EASTMAN**

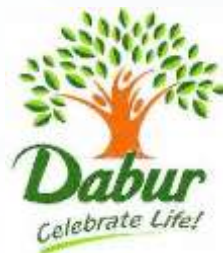
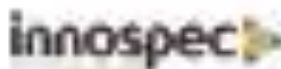


**SUDARSHAN**



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



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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

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# 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



**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 Flouro Compounds via Halex Chemistry**

# 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.

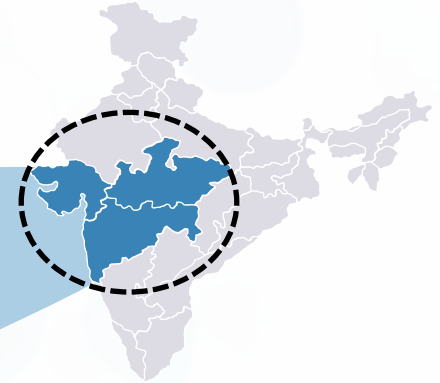


CHEMTECH Foundation accorded Aarti Industries with the ‘Outstanding Achievement for Innovation’ award for the company’s commendable efforts in conserving the environments as well as ensuring sustainable growth through path breaking innovation.

# Manufacturing Facilities



INDIA



16  
manufacturing  
units



HEAD OFFICE - MUMBAI



PRODUCTION SITES

# Manufacturing Facilities



PDA Facility, Jhagadia



R&D Centre



Zero Discharge Setup, Jhagadia



Section of Jhagadia Unit

# 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



**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. Manoj Chheda – Director**

Commerce Graduate  
Portfolios – Marketing of various Speciality Chemicals



**Mr. Chetan Gandhi – CFO**

Chartered Accountant, DFM



**Mrs. Hetal Gogri Gala – Director**

Electronics Engineer and MDP from IIM – Ahmedabad  
Portfolio: Pharma, HR & Admin



**Mr. Kirit Mehta – Director**

Commerce Graduate  
Portfolio: Factory Administration



**Mr. Renil Gogri - Director**

**Mechanical** Engineer from IIT, Bombay  
Portfolio: Projects, Operations , Information  
Technology



**Mrs Mona Patel - Company Secretary**

Company Secretary



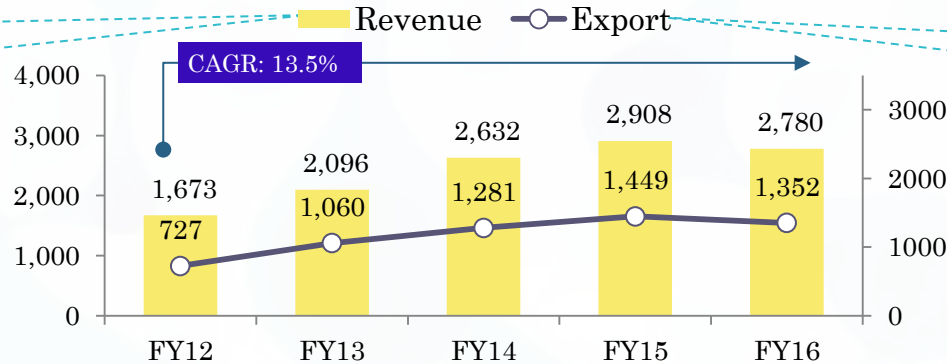
# Mr. Chetan Gandhi

Chief Financial Officer

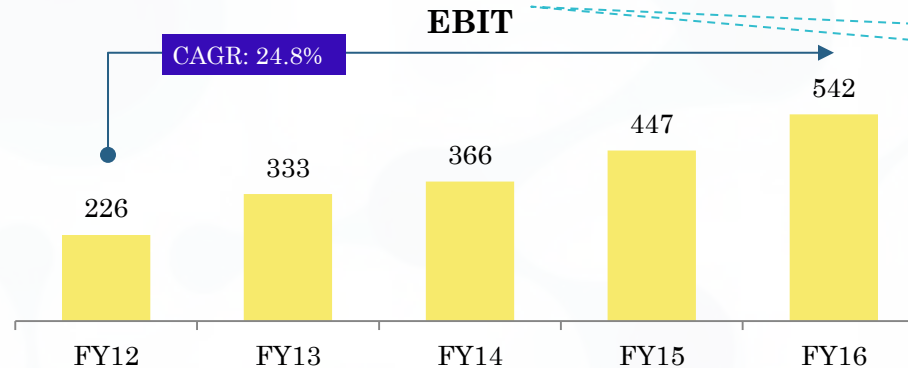
# Financial Highlights – (Consolidated)



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.

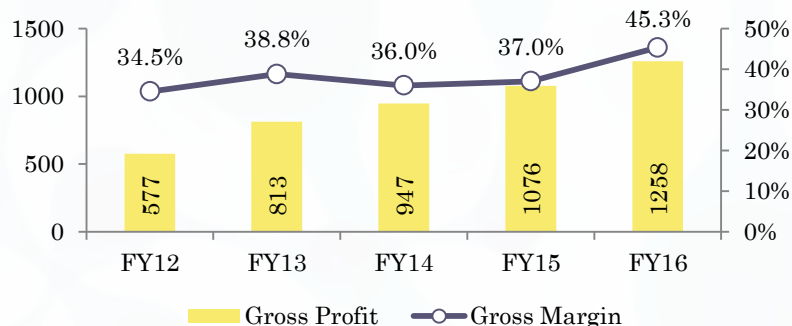


Higher growth relative to revenue highlights value addition delivered by AIL

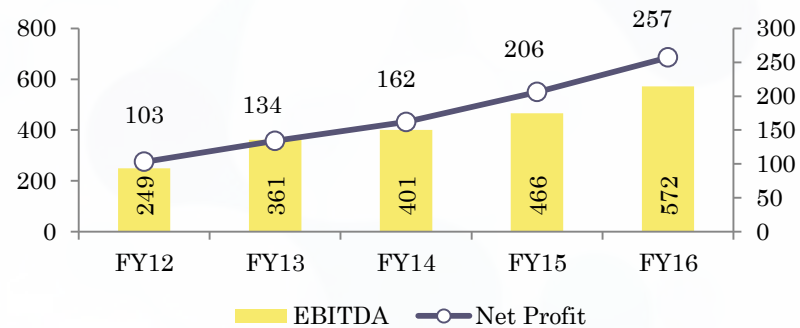
# Financial Highlights – (Consolidated)



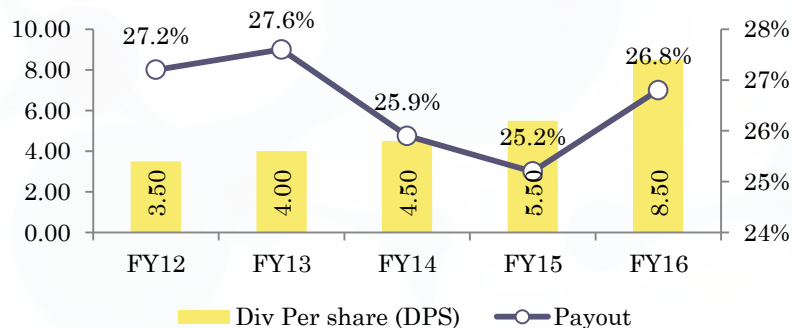
## Gross Profit (Rs. Cr.) & Gross margin



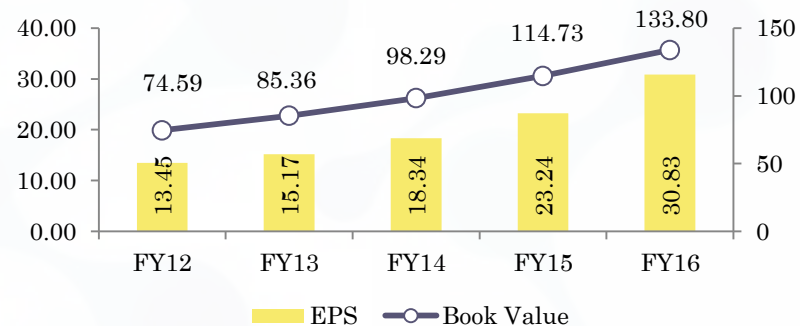
## EBITDA & Net Profit (Rs. Cr.)



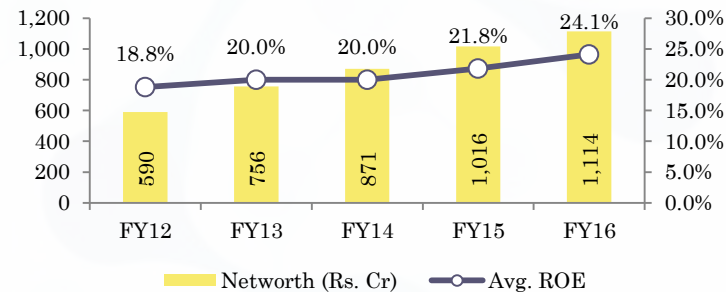
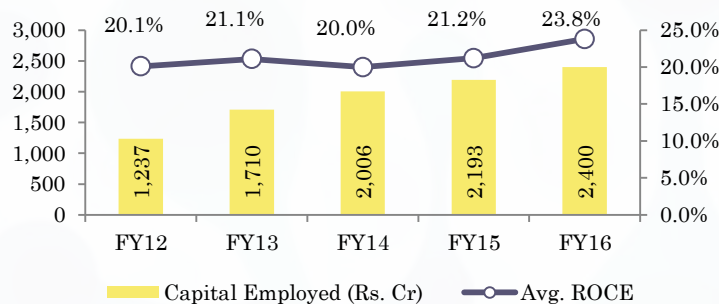
## Dividend Per Share (DPS) & Payout



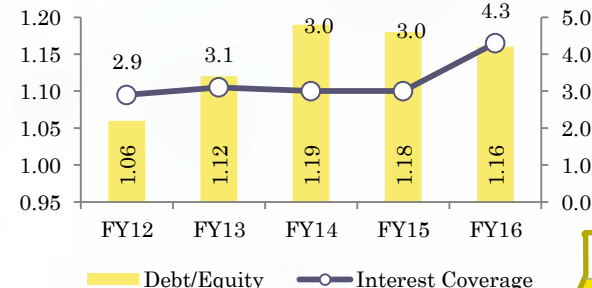
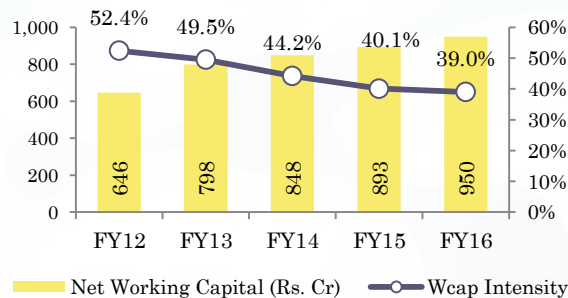
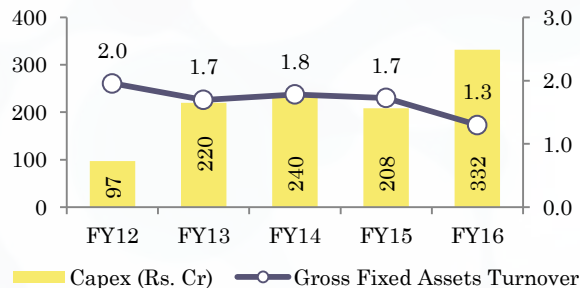
## Earnings Per Share (EPS) & Book Value



# Financial Highlights – (Consolidated)



- 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



# Q1 FY17 P&L



| Particulars<br>(Rs. Crore) | Q1FY17 | Q1FY16 | Y-o-Y<br>Growth (%) |
|----------------------------|--------|--------|---------------------|
| Income from Operations     | 682.87 | 676.03 | 1.0%                |
| Exports                    | 340.68 | 326.79 | 4.3%                |
| % of Total Inc.            | 49.9%  | 48.3%  |                     |
| EBITDA                     | 154.64 | 131.72 | 17.4%               |
| EBITDA Margin              | 22.6%  | 19.5%  |                     |
| EBIT                       | 127.84 | 109.98 | 16.2%               |
| EBIT Margin                | 18.7%  | 16.3%  |                     |
| PAT                        | 82.51  | 60.90  | 35.5%               |
| PAT Margin                 | 12.1%  | 9.0%   |                     |
| EPS (Rs.)                  | 9.90   | 6.87   | 44.1%               |

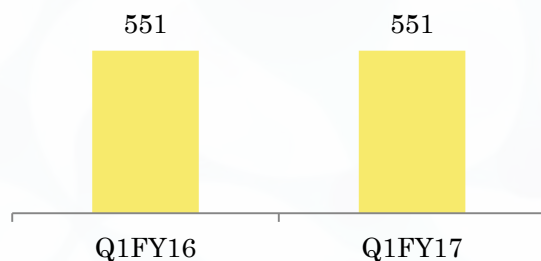
- Gross Profit expanded by 14.7% yoy in Q1 from Rs. 279.40 to Rs. 320.65 crore based on 8% volume growth in speciality chemicals
- Finance costs declined by 10.9% yoy as the benefit of lower interest rates accrued to the company
- Speciality Chemicals volume expansion of 8% yoy
- Revenues are linked to pass through of benzene prices that were lower by 17% yoy
- EBIT expanded by 12.4% as value addition component of revenues continues to increase by leveraging wide range of products
- Nitric acid supply constraints, which continued till early June impacting revenues in the NCB value chain, have since been normalized

# Q1 FY17 – Segmental Performance

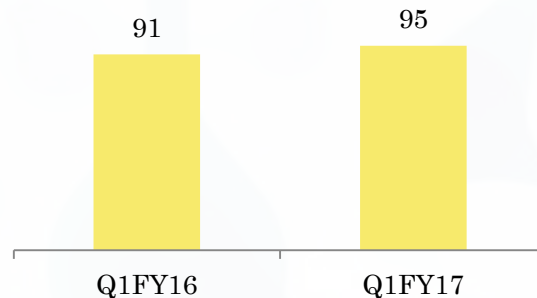


(Rs. Crore)

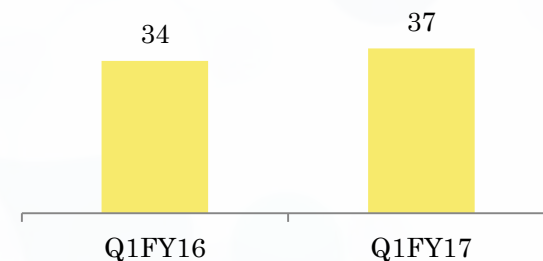
**Speciality Chemicals Revenue**



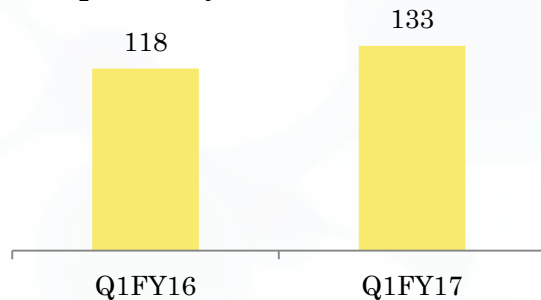
**Pharmaceuticals Revenue**



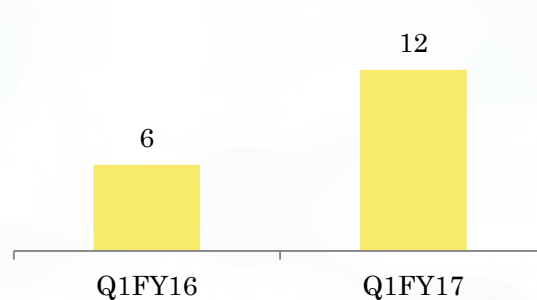
**Home & Personal Care Revenue**



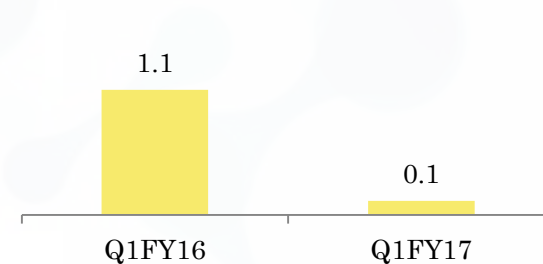
**Speciality Chemicals EBIT**



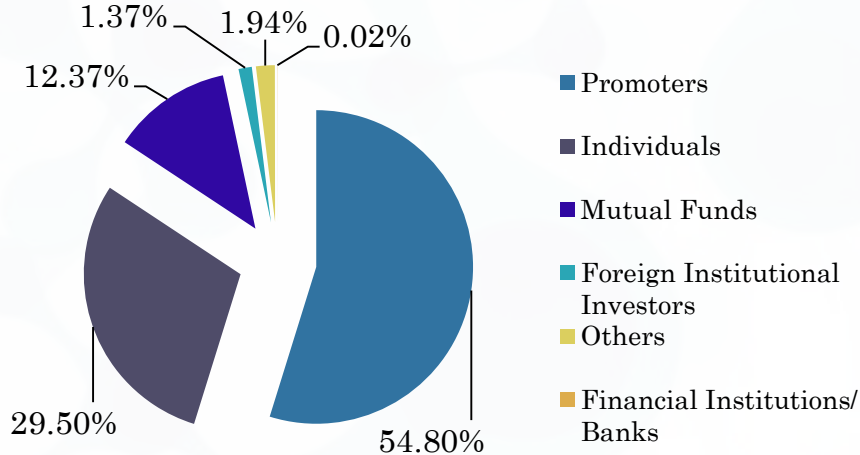
**Pharmaceuticals EBIT**



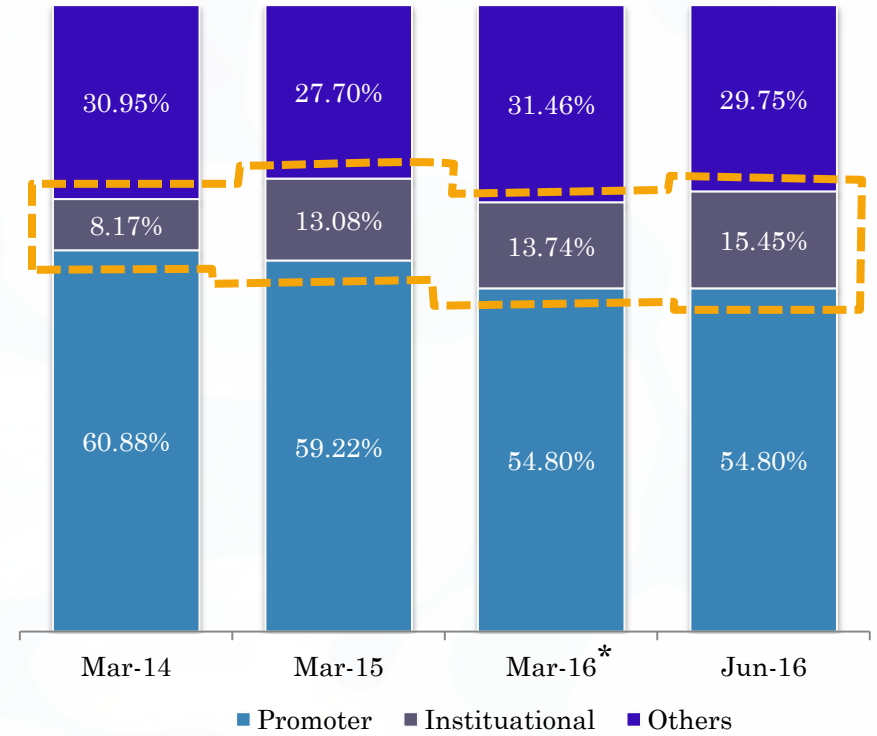
**Home & Personal Care EBIT**



# 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%*

# Stock Performance



Returns since Sep 2013 - Aarti Industries: 815% | BSE Sensex: 52% | BSE 500: 76%

Aarti Industries is included in: MSCI | CNX 500 | BSE 500 | BSE SMALL CAP

# 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



Involved in various CSR initiatives with focus on Education & Women Empowerment



Rankala lake cleaning



Handing over of toilet blocks



Check-dam



Financial support to NAAM Foundation



Marinagar School



Computer training center at Saghbara Girls School



# Mr. Rashesh Gogri

Vice Chairman & Managing Director

# 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

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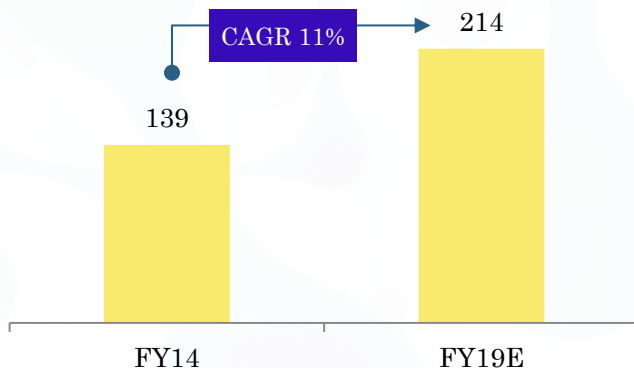
Non-ionic Surfactants

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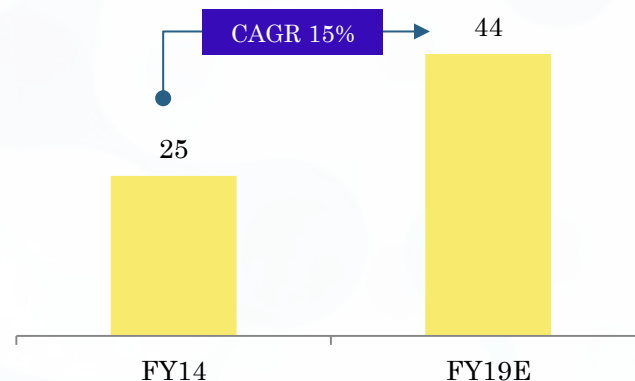
# Chemical Industry Overview



**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.

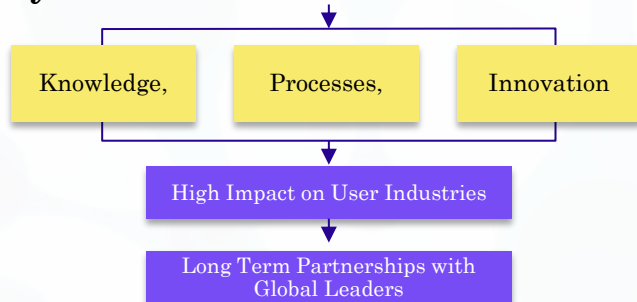
Speciality chemicals are finding applications across consumer, industrial, infrastructure and agricultural industries of India.

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



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

One of the major challenges in the Chemicals Business is the Compliance of Environmental Norms. Over a period of time, the regulating agencies have become 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

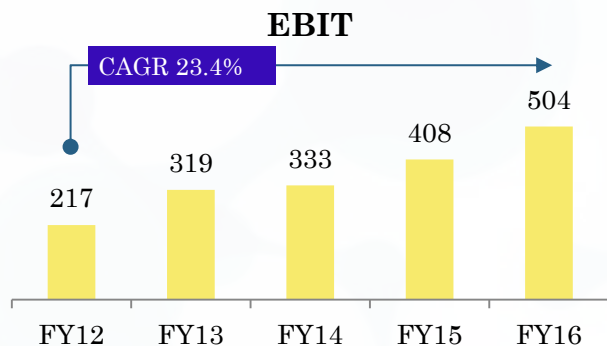
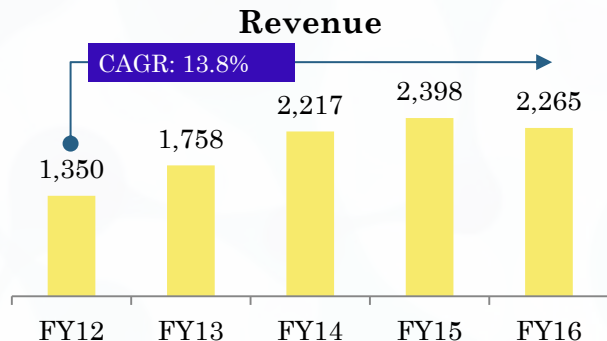
These compliance requires additional investments into ETP setup, which translates into increased costs for the manufacturers along with general increase in labour and other costs in China. Hence India stand to gain on this macro perspective

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

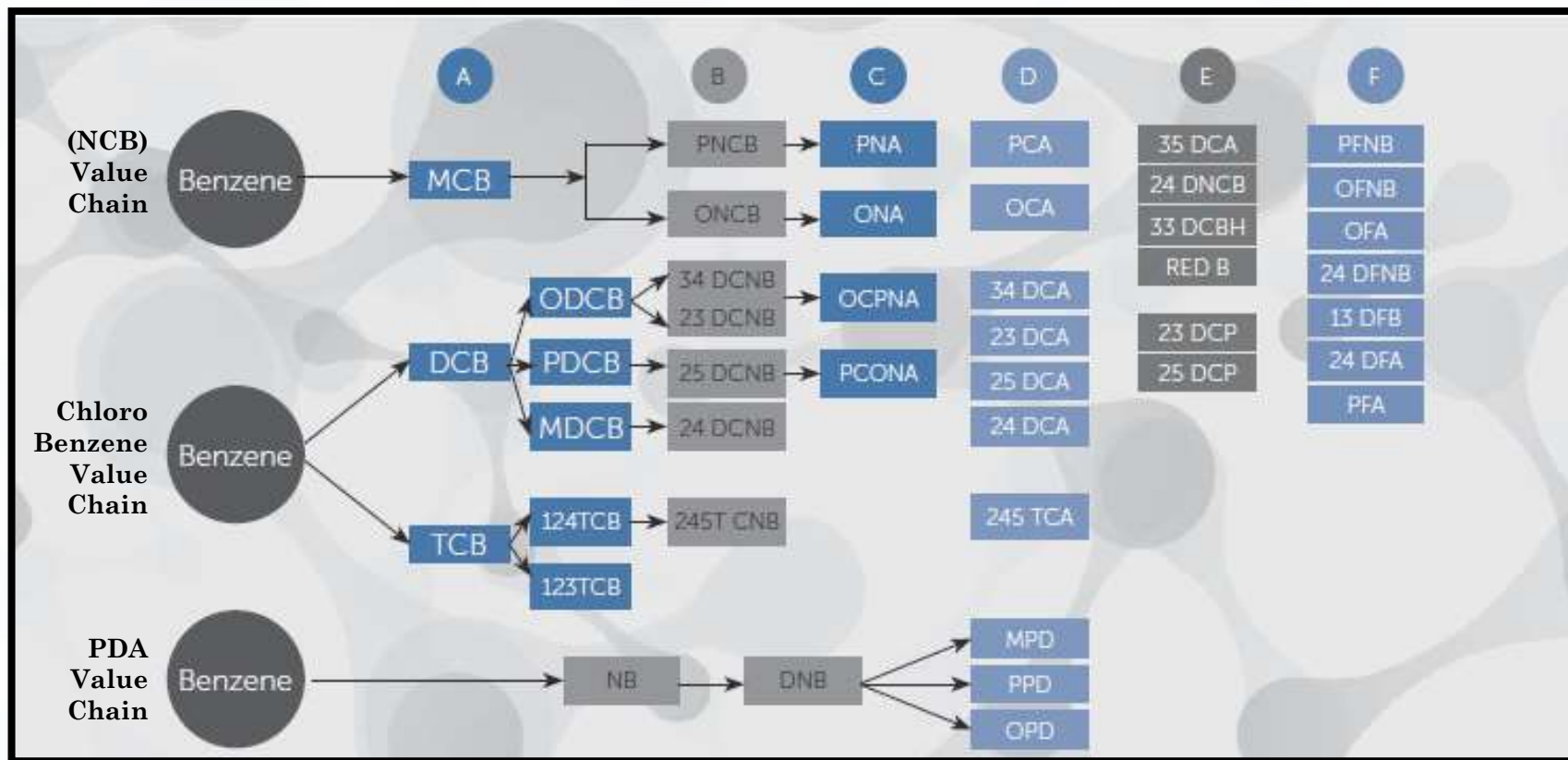
Increased Competitiveness of Indian Rupee v/s Chinese Yuan over last few years

# Speciality Chemicals – Financial Highlights



- 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

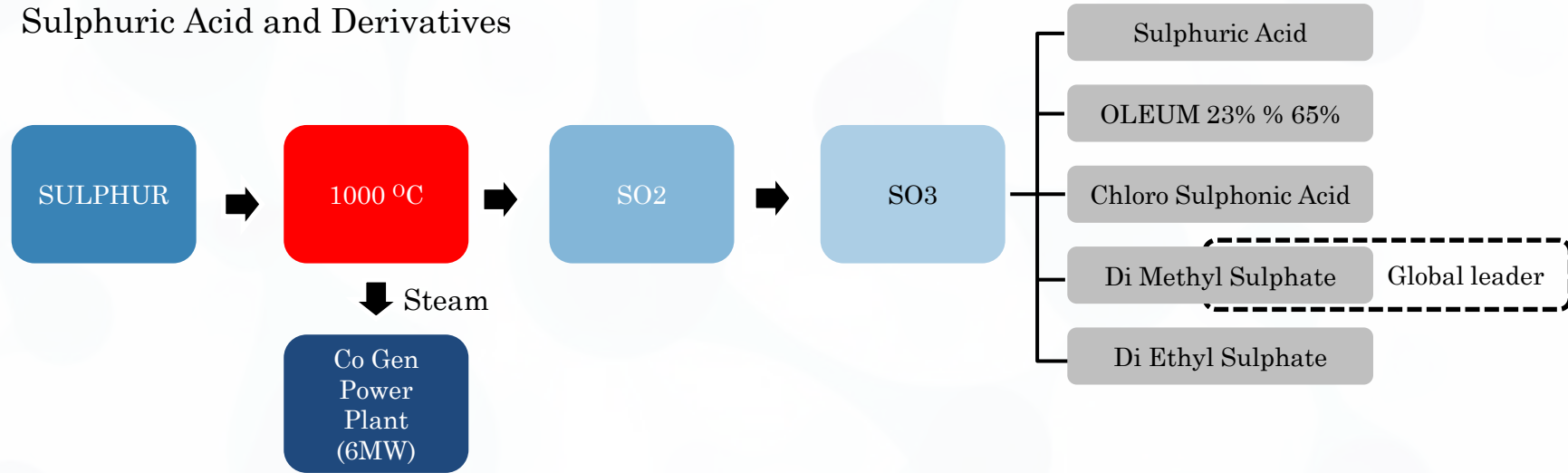
# Benzene Based Value Chain



# 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



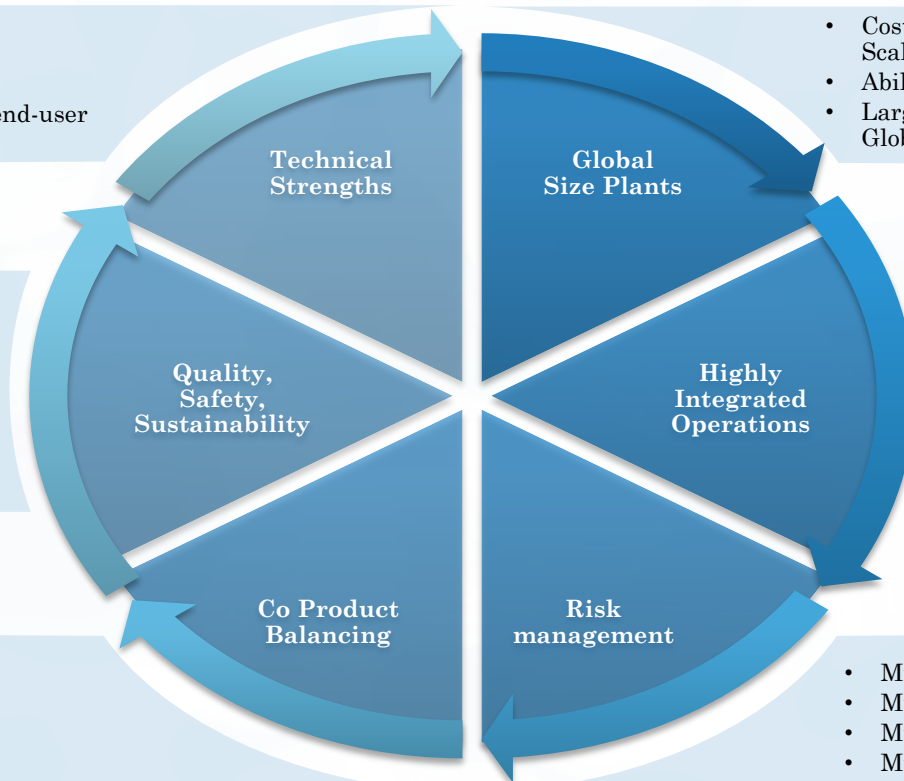
Strategic Suppliers

Partners

Intermediaries

Customers

Customers



- 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

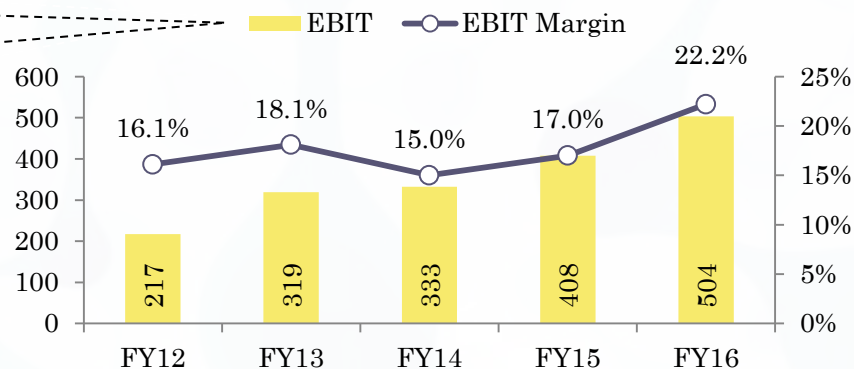
- Multi product
- Multi geography
- Multi customer
- Multi Industry

- 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

|                         | FY13   | FY14   | FY15   | FY16   |
|-------------------------|--------|--------|--------|--------|
| Production<br>(in tons) | 48,072 | 54,230 | 53,400 | 59,500 |

- **Chloro Benzene Value Chain**

- Commissioned New Calcium Chloride Unit at Jhagadia with capacity of 30000 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 1000 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.

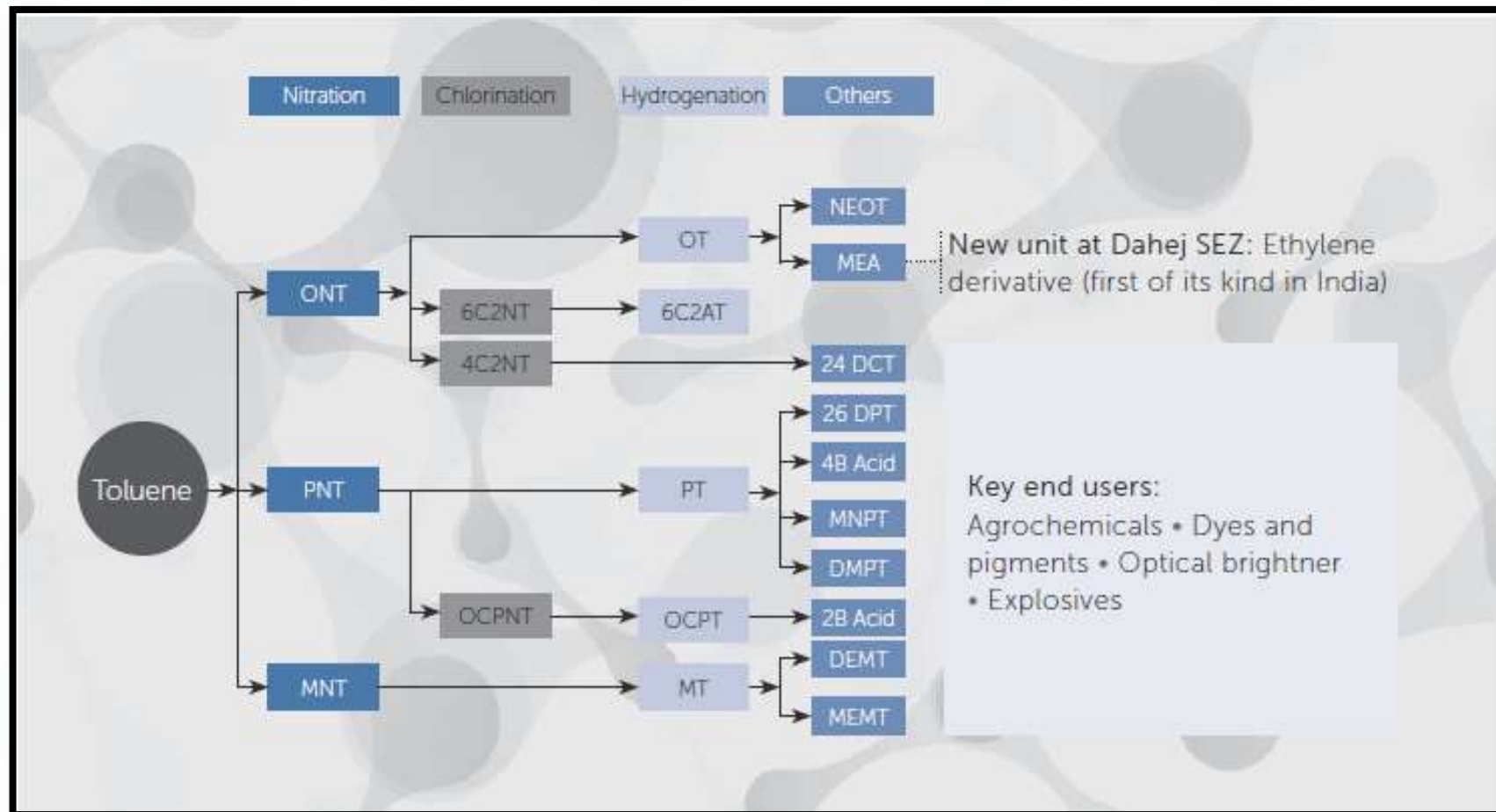
# Growth Projects - New



## New Toluene Value Chain

- **Nitration Unit at Jhagadia (Nitro Toulene & Downstreams)**
  - New Capacity of 30000 tpa expected to be commissioned in H2FY17
- **Ethylation Facility at Dahej**
  - Commenced in Sept 2016
  - Capacity to manufacture about 8,000 – 10,000 tpa of Ethylene derivatives

# Introduction of New Products: Toluene Based Value Chain



# Growth Projects - New



| New Projects over aFY17 & FY18 | Details                                                     |
|--------------------------------|-------------------------------------------------------------|
| <u>Jhagadia</u>                | Chlorination & Speciality Chemical Complex                  |
| Jhagadia, Kutch and Vapi       | Co-generation Power Plant                                   |
| <u>Vapi</u>                    | Acid Reconciliation Plant                                   |
| Vapi & Tarapur                 | API and Pharma Intermediate de-bottlenecking and expansions |

Total Outlay in plant & machinery FY 2017 including normal capex: Rs. 400 - 450 crore

Based on this, AIL management expects revenues growth (at constant prices) to sustain at above 15% and profits at 20% CAGR over the next 3-4 years

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 & Generic Companies

## 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.

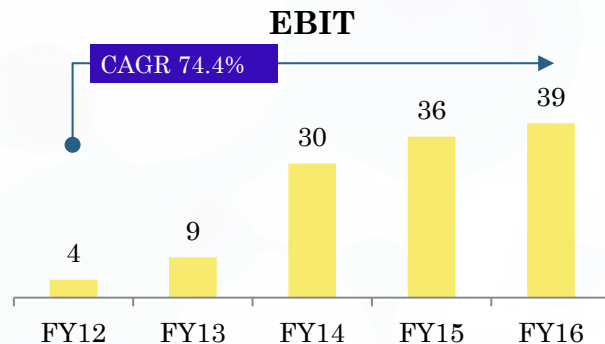
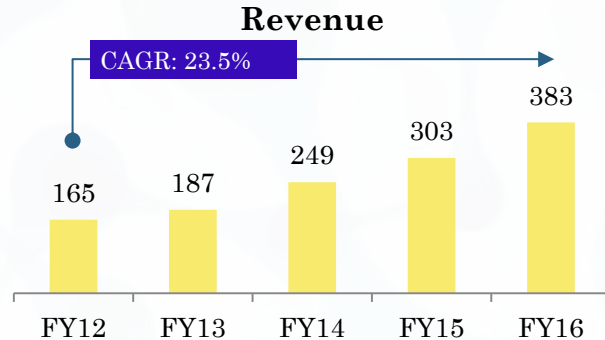
## Salient Features & Strengths

- cGMP compliant plants meeting ICH Q7 standards enabling buyers to use API in all regulated markets
- 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.



Pharma  
15 % of  
revenues

# Pharmaceuticals – Financial Highlights



- 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.
- 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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Pharma Intermediates

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## Pharmaceuticals

Active Pharmaceutical Ingredients (APIs)

Intermediates for Innovators & Generic Companies

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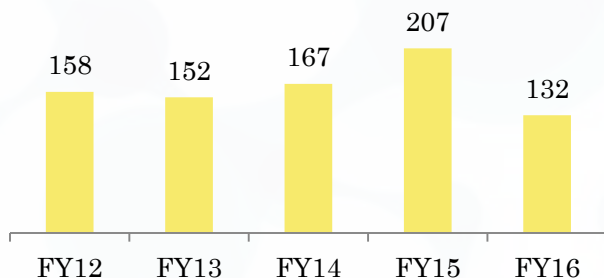
# Home & Personal Care Chemicals



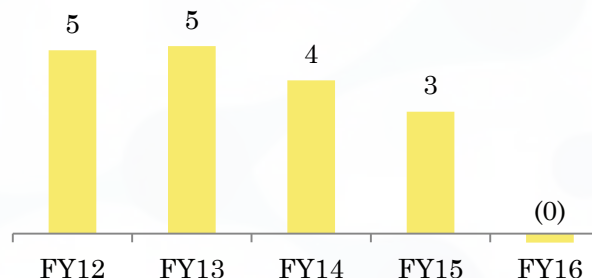
|                          |                                                                                                                                                                                                       |
|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Facilities</b>        | One unit each at Pithampur (Madhya Pradesh) & at Silvassa                                                                                                                                             |
| <b>End User Industry</b> | FMCGs – Shampoos, Anti-Dandruff Shampoos, Disinfectants, Hand & Body wash, Dish Wash, Detergents Bars & Powders, Soaps, Tooth Powders & Paste etc.                                                    |
| <b>Salient Features</b>  | <ul style="list-style-type: none"> <li>Relatively low margin business.</li> </ul>                                                                                                                     |
| <b>Growth Drivers</b>    | <ul style="list-style-type: none"> <li>Plans are afoot to optimize on the production capabilities to suitably alter/revise the product mix and explore new markets to improve the margins.</li> </ul> |



**Revenue**



**EBIT**

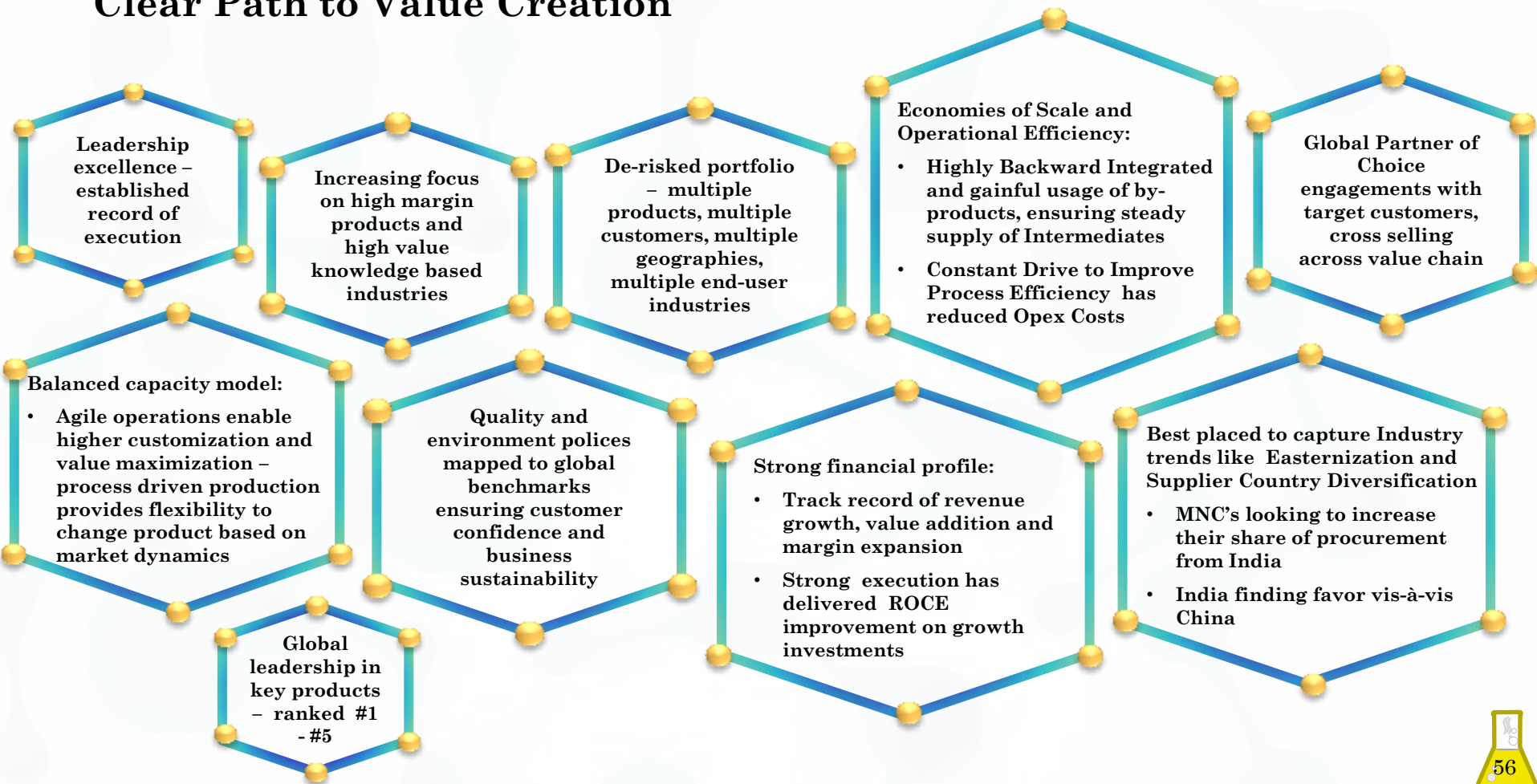


- This business has only about 3.5% of the overall capital employed in it. We are making concerted efforts to gain larger scale and drive sustained improvement in this business.



# 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