Ref. No.: AIL/B-40/2020/096
May 26, 2020

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 (LODR) Regulations, 2015

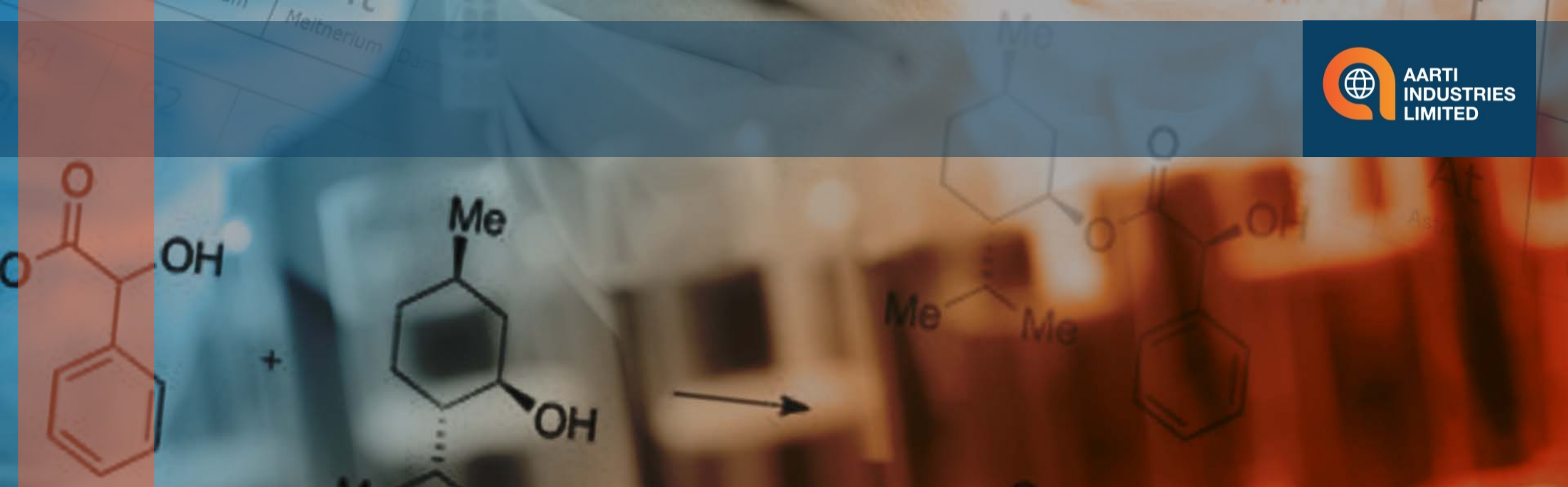
Please find enclosed herewith the Q4 & FY20 Results Presentation of the Company for your records.

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.



AARTI INDUSTRIES LIMITED

Q4 & FY20 Results Presentation

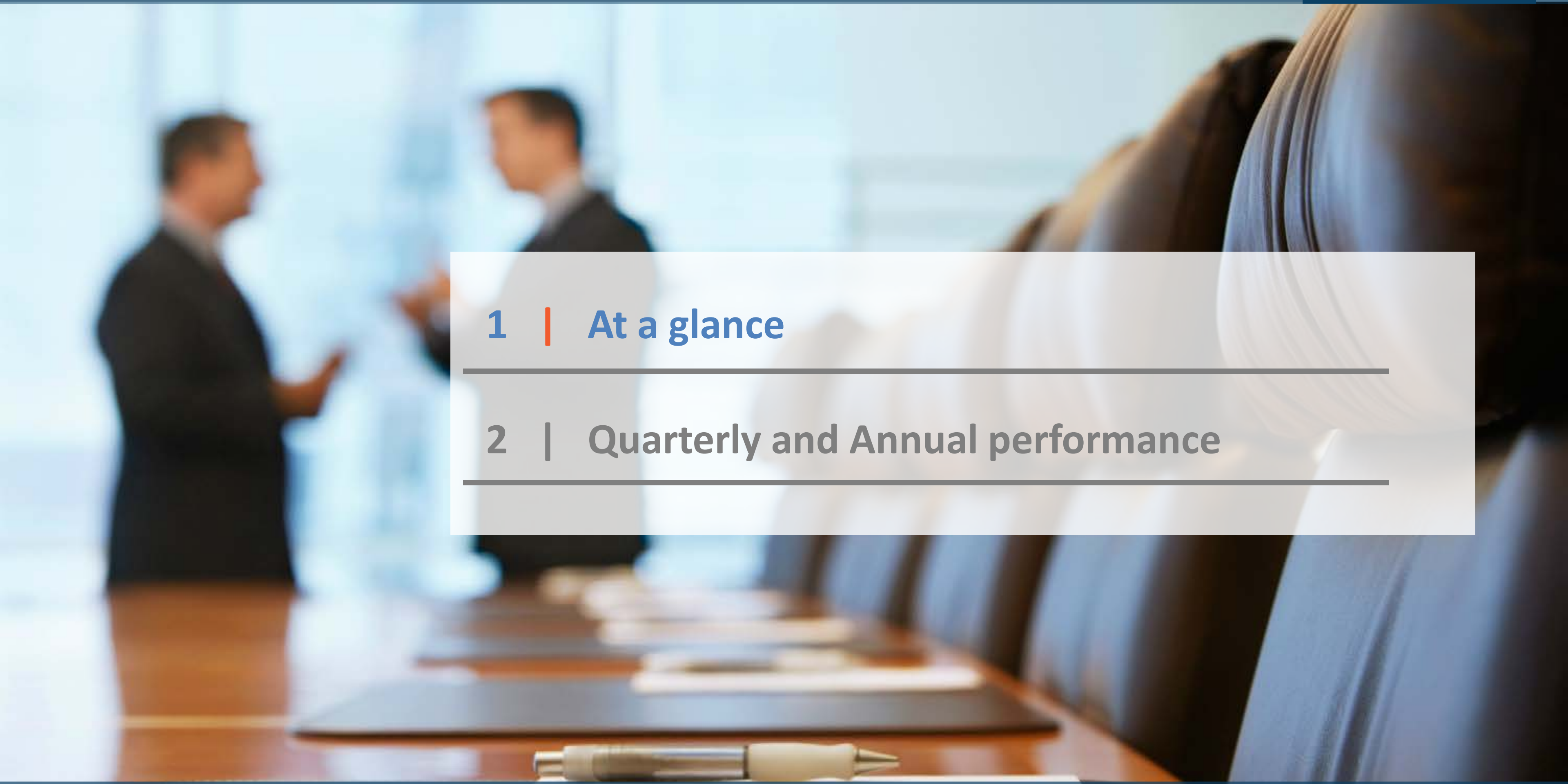
May 2020

Disclaimer

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.

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.

Agenda



1 | At a glance

2 | Quarterly and Annual performance

Company Overview

AARTI INDUSTRIES LIMITED

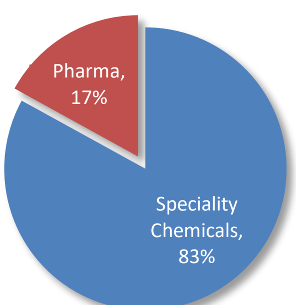
Overview

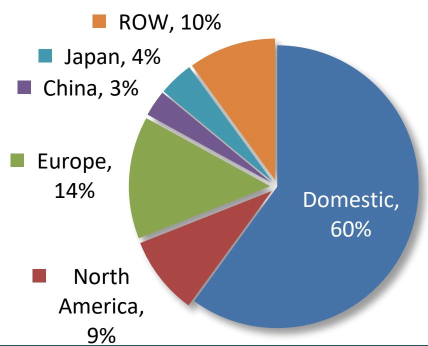
- A leading Speciality Chemicals company in Benzene based derivatives with integrated operations and high level of cost optimization
- Established by first generation technocrats in 1984
- Pharma operations spanning APIs, intermediates and Xanthene derivatives
- Strong R&D capabilities – 4 R&D facilities; dedicated pool of about 200 engineers & scientists; IPRs for developing customized products.
- Plants located in western India with proximity to ports: 13 for Speciality chemicals; 4 for Pharma (2 USFDA and 2 WHO/GMP)

Key Metrics

200+ Products	**400+** Global Customers	**700+** Domestic Customers
17 Manufacturing Plants	**14** Zero Liquid Discharge Plants	**6000+** Employees

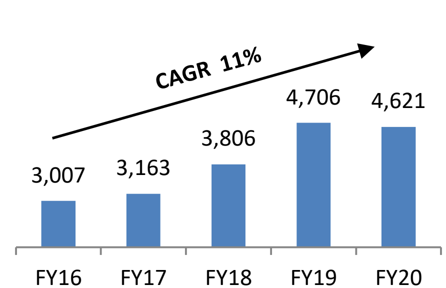
Revenue split - Segmental and Geographical – FY20



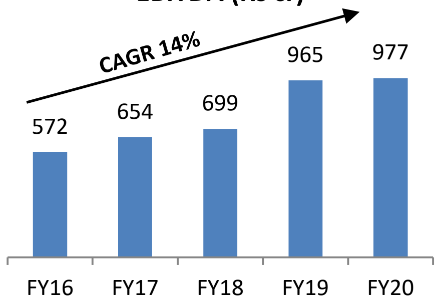


Key Financials

Revenue (Rs cr)



EBITDA (Rs cr)



Key Strengths

- **Global Player in Benzene based Derivatives with Integrated Operations**
  - *Strong/Leadership position in key products and processes*
  - *Integrated operations across product chain of Benzene and Toluene*
  - *Ability to effectively use co-products and generate value-added products*
- **Well Diversified Across Multiple Dimensions**
  - *Diversification provides significant de-risking*
  - *Multi-product, multi-customer, multi-geographies & multi- end-user industry*
- **Pharma – Significant growth with diversification across products and geographies**
  - *Pharma segment has seen significant growth over last 5 years*
  - *India's API market (both domestic and exports) is expected to witness strong growth*
- **Strong Return Profile despite Significant Capex**
  - *Expanded capacities and diversified into new products while maintaining return profile*
  - *New capacities are still ramping up providing operating leverage*
- **Strong Focus on R&D and Process Innovation**
  - *Focus on downstream products through processes like high value chlorination, hydrogenation, ammonolysis*
  - *Plan to set up a 4th R&D plant focused on Speciality chemicals*
- **Thrust on Sustainability**
  - *Significant capex done in SH&E and power, which provide long term benefits*
- **Well placed to benefit from Industry Tailwinds**
  - *Significant opportunity for exports arising from environmental related shutdowns in China*
  - *Structural drivers in places for a robust domestic demand growth*

Key Highlights for FY20

AARTI INDUSTRIES LIMITED

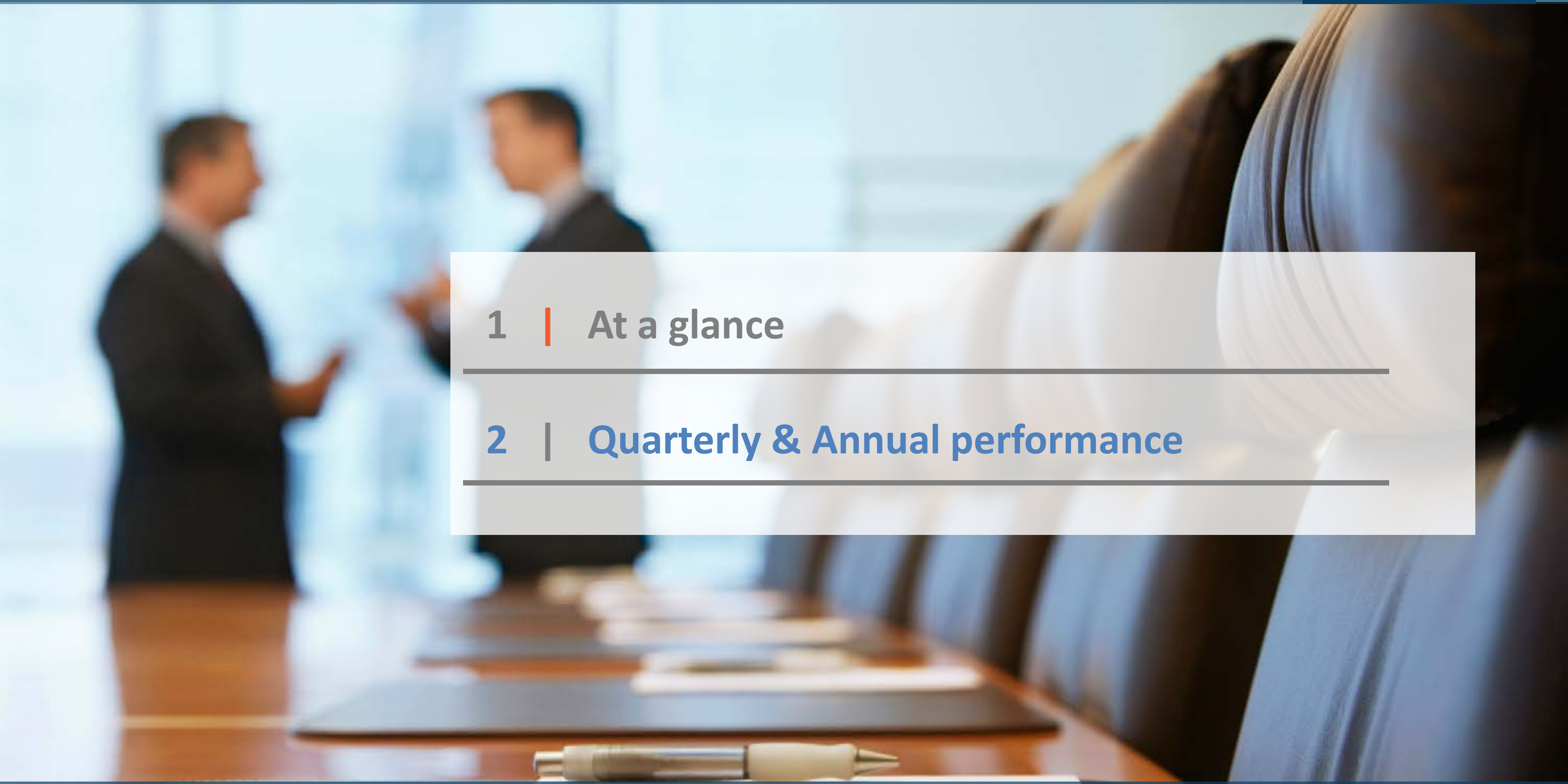
Major factors impacting performance

- Nitric Acid Shortage Impacting Chemical Segment Volumes (in Q2 and Q4)
- COVID-19 Lockdown Impact (end of Q4)
  - Logistics impacted affecting supply chain and despatch to customers,
  - Port movement affected impacting exports,
  - Restrictions on Manpower movement also impacted operations and project work.
  - Resulting into loss of production and sales in last 10 days of the fiscal,
  - Social Contribution to PM Cares Fund, CM Relief Funds, various NGOs and assistance to Labourers.

Other Updates and factors

- USFDA Inspection at Tarapur and Vapi concluded positively.
- Started Phase 1 commercial operations at two Dahej SEZ upcoming units.
- R&D Centre at Navi Mumbai partially commenced activities.
- Received additional advance of USD 30mn from customers against long term contracts.
  - At end of the year, the aggregate advance received so far stands at USD 70 mn.
  - This would be adjusted against supplies over a period of seven years.
  - Fx impact on this is treated through P&L for current period and in OCI to the extent it corresponds to future period.
- Credit Rating from India Ratings upgraded from AA- to AA.

Agenda



1 | At a glance

2 | Quarterly & Annual performance

Chairman’s Message

AARTI INDUSTRIES LIMITED

Commenting on the performance for Q4 and FY20, Mr. Rajendra Gogri – Chairman & MD at Aarti Industries Limited said,

“FY20 saw the business impact from global economic weakness, slow demand in some large usage verticals, sharp volatility in the prices of key raw materials and currencies and finally the worldwide spread of the Covid-19 pandemic. Despite such exceptional business conditions, we have delivered revenues that are marginally lower by 3% but profit after tax is up 9% to Rs. 523 crore.

In the speciality chemicals business, the weak raw material prices that are contractually passed on to customers saw revenues decline by about 3%. Operating profit, which we believe is the more important variable for evaluating our business, was almost unchanged at Rs. 773 crore and EBIT margin expanded by 80 basis points to 21.1%. Underlying this was a visible shift in contribution from value-added chemistries that increased from 70% of revenues to over 75 % of revenues during the year.

While we derived operating leverage from higher capacity utilization across key manufacturing locations, the commissioning of facilities for delivering on long-term supply contracts and the start of activities at the 4th R&D centre in Q4 resulted in higher expenses and impacted profitability towards the end of the year. The benefits of these capabilities are long term in nature and will start to accrue progressively from FY21. The fourth quarter was also constrained by some issues related to the supply of nitric acid, a key raw material, and impact of the lockdown that caused us to lose 8-10 days of production and sales as there were restrictions on manpower, logistics and movement of goods for local supplies and exports. As a result, Q4 revenues in the segment were unchanged on y-o-y basis but EBIT was lower by 17%.

In the pharma business, revenues increased by 4% while margins expanded by 250 basis points. Successful completion on USFDA Audits also testifies to our high standards of quality management, governance and compliance. Going forward, capacity expansions currently in the pipeline will drive deeper penetration in some key therapies such as antihypertensive, cardiovascular, oncology, corticosteriods, etc. We also have a strong pipeline of approvals and visibility to maintain our growth momentum.

Overall, we have performed satisfactorily in a tough year. We have made progress in expanding our manufacturing base, launched new products, continued to invest in R&D/product/process development and believe that we are well-positioned to gain from the trend of global supply chains favourably looking at strong Indian chemical companies to establish long-term strategic supply arrangements.”

Q4 & FY20 P&L (Consolidated)

AARTI INDUSTRIES LIMITED

Particulars (Rs. Crore)	FY20	FY19	Y-o-Y (%)	Q4 FY20	Q4 FY19	Y-o-Y (%)
Gross Income from Operations	4,621	4,706	-1.8%	1,190	1,279	-7.0%
Exports	1,966	1,977	-0.6%	482	538	-10.4%
% of Total Income	42.5%	42.0%		40.5%	42.1%	
EBITDA	977	965	1.2%	219	251	-12.7%
EBITDA Margin (%)	21.1%	20.5%		18.4%	19.6%	
EBIT	801	805	-0.5%	170	205	-17.1%
EBIT Margin (%)	17.3%	17.1%		14.3%	16.0%	
PAT	536	492	8.9%	110	125	-12.0%
PAT Margin (%)	11.6%	10.5%		9.2%	9.8%	
EPS (Rs.)	30.77	60.39*		6.33	14.67*	

Figures for the quarter and financial year ended 31st March 2019 are prior to considering the impact of the scheme of arrangement for demerger of Home and Personal Care undertaking of the Company into Aarti Surfactants Ltd and also the merger of manufacturing undertaking of Nascent Chemicals Industries Ltd into the company. To that extent the figures are not comparable. The said scheme of arrangement was approved by NCLT, Ahmedabad vide its order dated 10th June 2019 and thus it became effective from appointed date 1st April 2018.

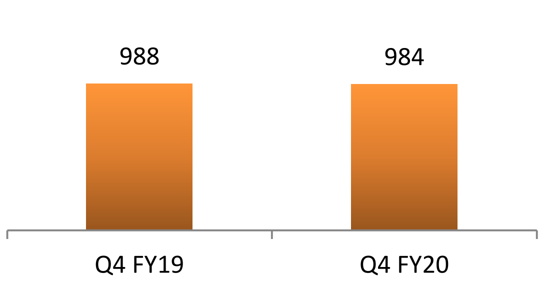
**EPS are prebonus EPS and hence not comparable*

- Revenue & EBIDTA impacted due to weakness in some usage verticals, shortage of raw material and Covid-19 related restrictions
- Substantial margin improvement on account of expanding contribution of higher value products
- Better operating leverage from increasing capacity utilization through most of the year
- Q4 profitability lower as new facilities were operationalized & M2M impact due to Rupee Depreciation
- Final Dividend of Re 1/- recommended by the Board

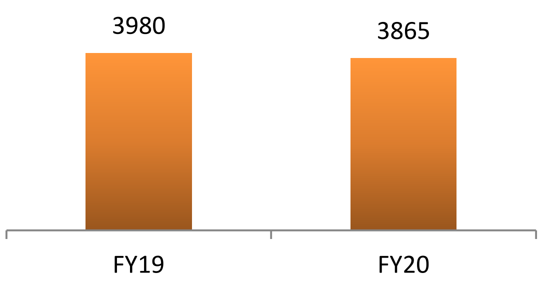
Q4 & FY20 – Speciality Chemicals (Consolidated)

AARTI INDUSTRIES LIMITED

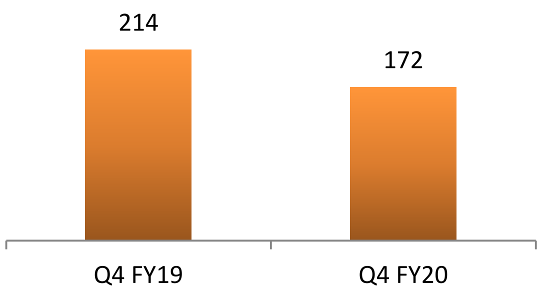
Revenue



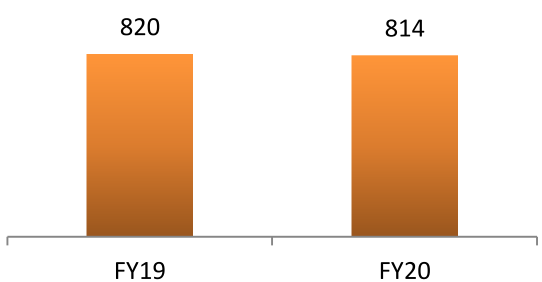
Revenue



EBIT



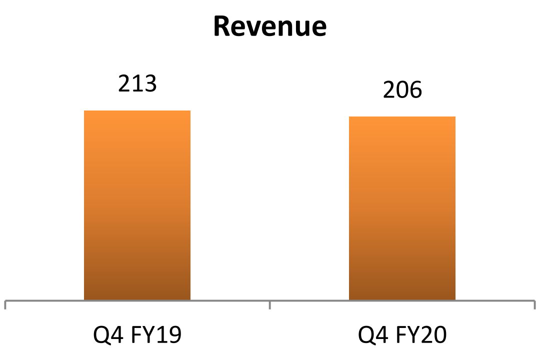
EBIT

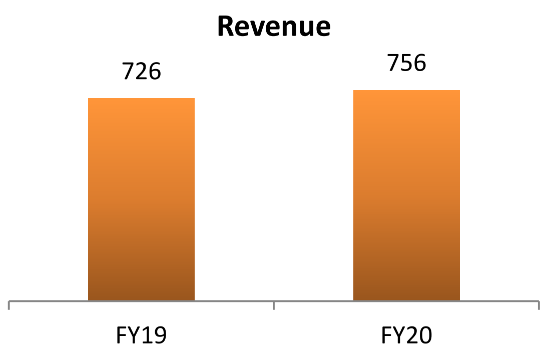


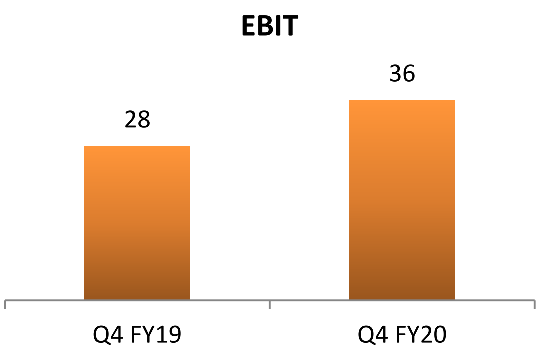
- Higher margins on account of increasing share of value added and high margin products
- Nitric Acid Shortage and Commissioning of new units impacted the EBIT. Overall impact at EBIT due to this is about Rs 10-12 crs
- COVID-19 caused lower sales, higher inventory, production loss, etc. Topline to the extent of 9-10% was lower due to COVID-19, while the EBIT is impacted by about Rs 27-30 crs.

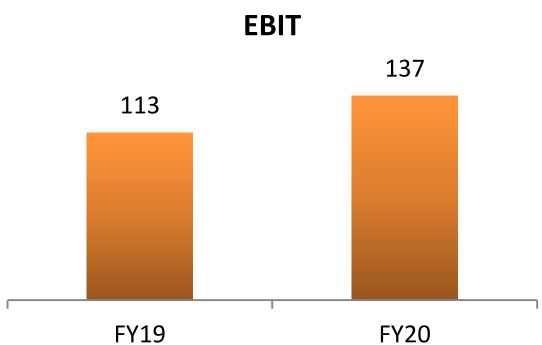
(Rs. Crore)

Q4 & FY20 – Pharma (Consolidated)









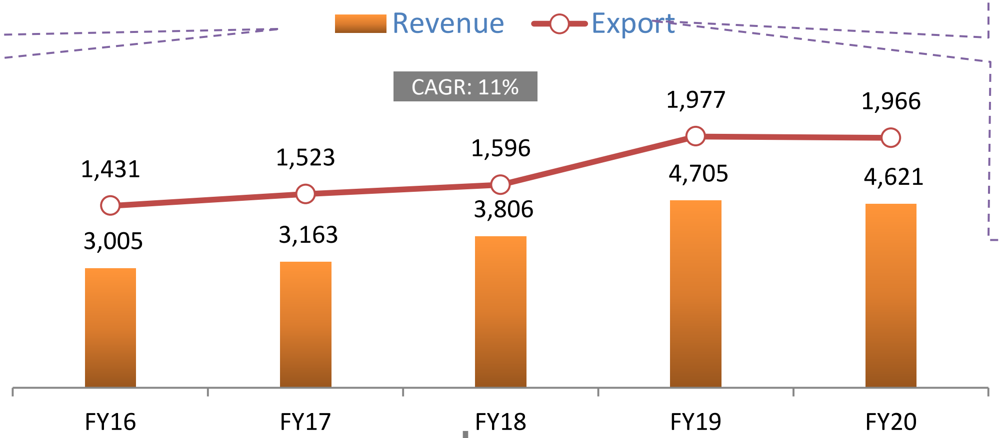
- Pharma business revenue lower by 3% YoY in Q4 and higher by 4% in FY20.
- On account of COVID, revenue impacted by about 2-3%, while EBIT was impacted by about 3-5%.
- The USFDA approved unit at Tarapur was inspected by the USFDA authorities as a part of their routine audit and the audit concluded positively.
- EBIT margins have seen significant expansion based on higher contribution from regulated markets and value-added products
- Focusing on off-patented generics in regulated markets
- Expanding business volumes across markets and operating leverage – expected to sustain growth momentum

(Rs. Crore)

Revenue Performance (Consolidated)

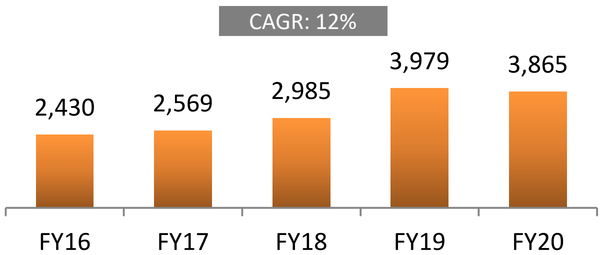
AARTI INDUSTRIES LIMITED

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

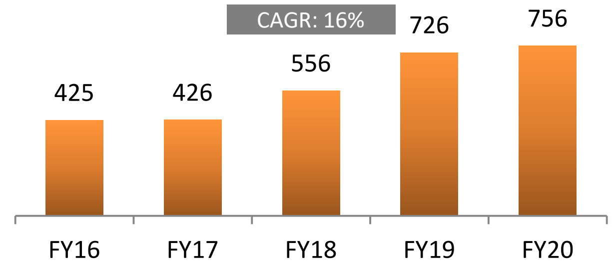


Deep engagement with global customers in Speciality Chemicals and Pharma. In addition, some part of domestic revenues are indirect exports.

Speciality Chemicals



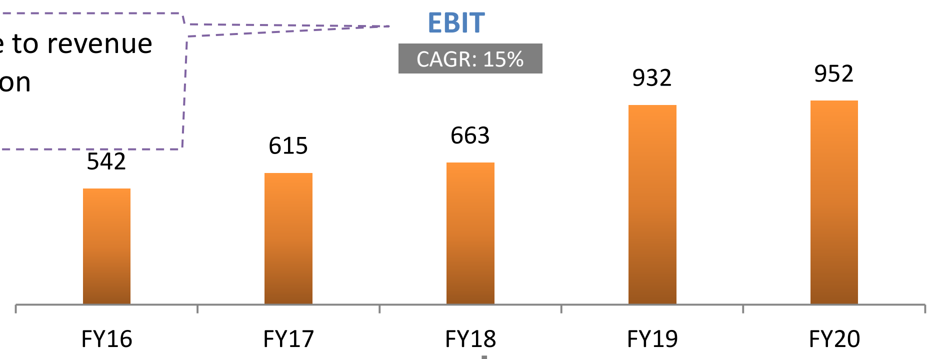
Pharmaceuticals

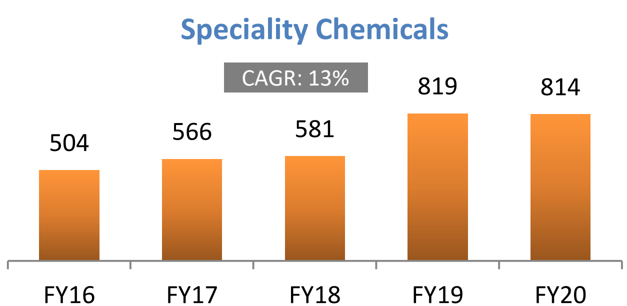


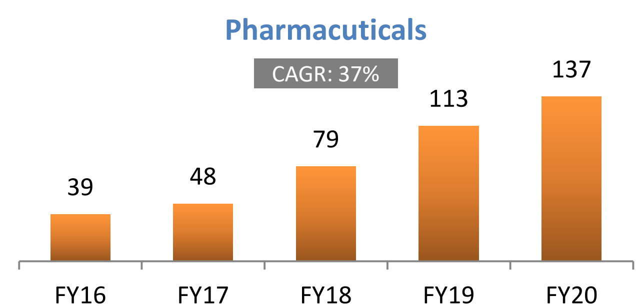
(Rs. Crore)

EBIT Performance (Consolidated)

Higher growth relative to revenue highlights value addition delivered by AIL







Note: For FY16-20 annual numbers have been mentioned

Contact Us

For further information please log on to www.aarti-industries.com or contact:

Mr. Chetan Gandhi / Mr. Raj Sarraf

Aarti Industries Limited

Tel: +91 22 6797 6666

Email: info@aarti-industries.com

Shiv Muttoo / Shruti Joshi

CDR India

Tel: +91 98335 57572 / +91 75065 67349

Email: shiv@cdr-india.com / shruti@cdr-india.com

AARTI INDUSTRIES LIMITED

Thank You