

Ref. No.: AIL/B-38/2020/101

June 15, 2020

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

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.

BSE CODE –524208

NSE CODE:AARTIIND

Dear Sir / Madam,

Sub.: Receipt of Early Termination Notice from a Customer
Ref.: Regulation 30 of the SEBI (LODR) Regulations, 2015

We wish to inform that the company has received an early termination notice from a Customer invoking the "termination of convenience" clause of a Long Term Contract entered on 15th June 2017. Please find enclosed the relevant Press Release in this regard.

Kindly take the same on record.

Yours Faithfully
For AARTI INDUSTRIES LIMITED

Sd/-
RAJ SARRAF
COMPANY SECRETARY
ICSI M. NO. A15526
Encl.: As above.

Update on Long Term Contract: Notice of Early Termination, AIL to get appropriate compensation

Mumbai, June 15, 2020:

Aarti Industries Limited (AIL), a leading global Speciality Chemicals Company, had earlier on June 15, 2017, announced that it had entered into a 10-year contract with a Global Agrochemical Major, (hereinafter termed as “Customer”) to supply a high-value agrochemical intermediary with application into Herbicides. The end-use is amongst the major growth initiative of the Customer with a significant amount being invested by the Customer for this purpose. The contract was expected to generate revenue of approx. Rs. 4000 crores over the 10 year period.

We would like to inform that on June 15, 2020, AIL has received a notice from the Customer, opting to terminate the said contract. We understand that the reason for the same is the Customer’s change in strategy. They now are looking to focus on the final formulation and would like to source the Active Ingredient rather than their original plan to manufacture it. The Customer continues to remain confident and committed to the growth initiatives as envisaged earlier and that the change in strategy would help them in enhancing the solutions for end-users. AIL is strategically placed in this value chain and the assets put in shall enable AIL to continue to participate in this key growth driver agrochemical molecule.

Upon the triggering of this termination event, the guarding provisions for compensation under the contract come into effect. As a result, the compensation to AIL is estimated to be in the range of USD 120 mn to USD 130 mn.

Commenting on this, Mr. Rajendra Gogri – Chairman & Managing Director at Aarti Industries Limited said, “*The project has been one of the major growth initiatives for us. The present notice was not something envisaged by us. However, the change in the strategy of the Customer does not significantly undermine the inherent opportunity in this business. We are fully backward integrated and a strategic player in this value chain. We are confident to be able to cater to the market requirements in this high growing vertical of the agrochemical space. We shall be closely working with the Customer and various other players to provide solutions in this high growth herbicide business.*”

-END-

About Us:

Aarti Industries (AIL) is one of the most competitive benzene-based speciality chemical companies in the world. AIL is a rare instance of a global speciality chemicals company that combines process chemistry competence (recipe focus) with scale-up engineering competence (asset utilization). Over the last decade, AIL has transformed from an Indian company servicing global markets to what is fundamentally a global company selecting to manufacture out of India. The Company globally ranks at 1st – 4th position for 75% of its portfolio and is “Partner of Choice” for various Major Global & Domestic Customers.

AIL has de-risked portfolio that is multi-product, multi-geography, multi-customer and multi-industry. AIL has 200+ products, 700+ domestic customers, 400+ export customers spread across the globe in 60 countries with major presence in USA, Europe, Japan. AIL serves leading consumers across the globe of Speciality Chemicals and Intermediate for Pharmaceuticals, Agro Chemicals, Polymers, Pigments, Printing Inks, Dyes, Fuel additives, Aromatics, FMCG and various other speciality chemicals. The diversified end-use mix with Agrochemicals, Pharmaceuticals and FMCG (which are generally agnostic to economic cycles) contributes about 60-65% of AIL’s revenue, while other end-user industry such as Polymers, Pigments, Printing Inks, Dyes, Fuel additives, Aromatics, etc (which are generally dependent on global and domestic economic cycle) accounts for the balance 35-40% of AIL’s revenue. This mix provides a steady growth opportunity and stability on AIL’s business.

AIL is committed to Safety Health & Equipment Quality with environment polices mapped to global benchmarks ensuring customer confidence and business sustainability. The Company has 14 Zero Discharge units and a strong focus on Reduce-Reuse-Recover across its 17 manufacturing sites.

AIL is a responsible corporate citizen engaged in community welfare through associated trusts (Aarti Foundation and Dhanvallah Charitable Trust) as well as focused NGOs engaged in diverse social causes.

Over the years, AIL has received multiple awards and recognitions for outstanding export performance, leadership in the chemical industry, efforts in conserving the environments as well as ensuring sustainable growth through path breaking innovation.

For further information on the Company, please visit www.aarti-industries.com

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DISCLAIMER:

Certain statements that may be made or discussed at the conference call may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like significant changes in economic environment in India and overseas, tax laws, import duties, litigation, labour relations etc. Actual results might differ substantially from those expressed or implied. Aarti Industries Ltd will not be in any way responsible for any action taken based on such statements and discussions; and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.