

Ref. No: AIL/B-36/2018/168 February 5, 2018

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.

Ref: Regulation 30(6) of the SEBI (LODR) Regulations, 2015

NSE CODE: AARTIIND

Enclosed please find herewith the presentation containing highlights of the Company's performance for the quarter and nine months ended December 31, 2017 for your records.

Thanking You,

Yours faithfully,

FOR AARTI INDUSTRIES LIMITED

RAJ SARRAF

COMPANY SECRETA

ICSI M. NO. A15526

Encl. As above.

Regd. Office: Plot No. 801, 801/23, Illrd Phase, GIDC Vapi-396195, Dist- Valsad. INDIA. T: 0260-2400366.

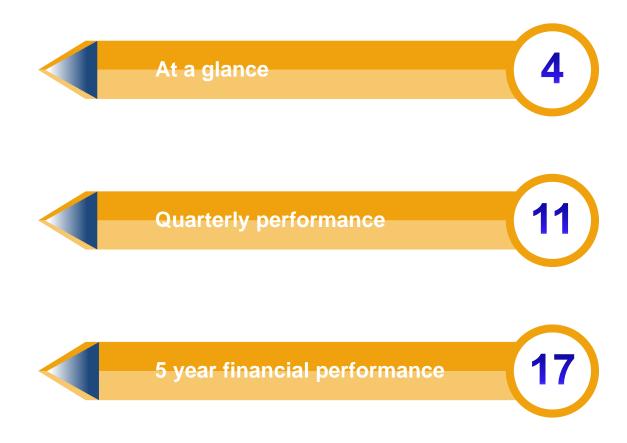


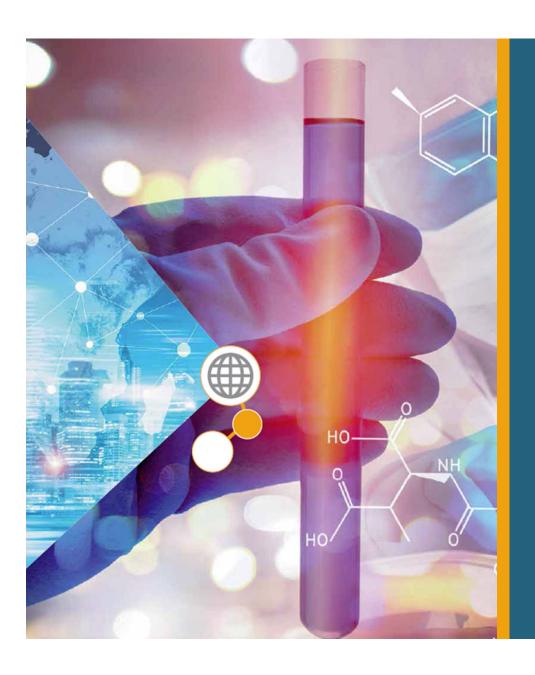
Disclaimer

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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Content







At a glance



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 Emertius

Highly integrated operations

- · Cost-efficient processes
- Extensively integrated across more than 70 products

Present in niche chemistry spaces. Multi-year multiproduct relationships with several leading global customers

17

Manufacturing Plants

2

USFDA Units

4,000+

Employees

125

Products

150+

5004

Global Customers

Domestic customers

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

 Revenue in Rs. crore
 2,569
 426
 168

 EBIT in Rs. crore
 566
 48
 0.8







Transformation Journey

Hitting right milestones at right time

Aarti Organics Pvt Ltd incorporated

1984

Set up additional unit at Vapi to manufacture NCB with capacity of 4,500 TPA

1990

- Merged Salvigor Labs, producers of DMS and Sulphuric Acid and their downstream products into Aarti.
- Change of name from Aarti Organics Ltd to Aarti Industries Ltd.

1994

Set up Alchemie (Europe) Ltd. a subsidiary in UK for marketing and distribution

1998

Merged Alchemie Organics Ltd into Aarti Industries Ltd

2002

1986

Commenced 1,200 TPA Unit for Nitro Chloro Benzenes (NCB) in Sarigram, Gujarat

1992

Public issue of 8,70,000 equity shares at a premium of Rs.36 per share

1995

Bonus issue of equity shares (1:1)

2001

- Commenced production in Jhagadia.
- Pioneered hydrogenation process based on Swiss technology

2004

Crossed Rs.500 cr in total income





Transformation Journey

Received USFDA approval for API unit at Tarapur

2008

- Custom Synthesis division (Vapi) received USFDA approval.
- Upgraded hydrogenation unit from batch to continuous
- Commissioned sulfonation unit in Pithampur

2010

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

2013

- Scaled NCB capacity from 57,000 TPA to 75,000 TPA
- Expanded caffeine capacity
- Merged promoter's investment group companies into Aarti Industries Ltd.
- Setup Aarti USA Inc. a subsidiary in USA for marketing and distribution

2016

2006

- Split of equity shares of Rs.10 each into two shares of Rs. 5 each
- Expanded NCB capacity
- Expanded sulphuric acid capacity by 100 KTPA to 200 KTPA

2009

- Crossed Rs. 1,000 cr in total income.
- Merged Surfactants Specialities Pvt. Ltd. (accessing home/ personal care segment).

2012

- Crossed Rs. 1,500 cr in total income
- PAT crossed Rs. 100 cr

2015

- Crossed Rs. 2,900 cr in Total income
- Crossed Rs. 200 cr in PAT

2017

- Commenced calcium chloride facility at Jhagadia
- Commenced multipurpose Ethylation unit at Dahej SEZ, Gujarat
- Commenced 2nd Phase at PDA facility in Jhagadia
- Operationalized Co-generation and Solar plants
- Buyback of 12 lakh equity shares at price of Rs. 800 per share



What differentiates us

Our product mix comprises more than 125 research-led products on a handful of products We have focused on the manufacture of integrated derivatives fragmented standalone product mix We have global capacities & are better placed for scale-up Most chemical companies do not have a We have selected to focus on customers across continents We are seamlessly backward integrated for We have selected to be present in niche chemistry spaces with relatively low competition We have been engaged in multiyear relationships with a large number of leading global downstream customers 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

Vendor servicing to Partner of Choice Make-to-stock to robust **Transform** Make-to-order from Multiproduct, Committed to Our multi-year SH & E **Product** business Capex scale relationship • Invested >Rs. 200 innovation synched to model • >80% of FY16 cr in last 5 yrs aligned to customer revenues from complem-• 6 Zero Discharge 5+ yrs customer's expansion ents that of units customers future growth objectives our global • Reduce-Reuse-Growth across customers Recover all customers



Key Investment Theme

Clear Path to Value Creation

established record of execution

Increasing focus on high margin products and high value knowledge based industries

De-risked portfolio multiple products. multiple customers, multiple geographies, multiple end-user industries

Economies of Scale and Operational Efficiency:

- Highly Backward Integrated and gainful usage of byproducts, ensuring steady supply of Intermediates
- Constant Drive to Improve Process Efficiency has reduced Opex Costs

Global Partner of Choice engagements with target customers, cross selling across value chain

Balanced capacity model:

• Agile operations enable higher customization and value maximization process driven production provides flexibility to change product based on market dynamics

Global leadership in key products ranked #1 - #5

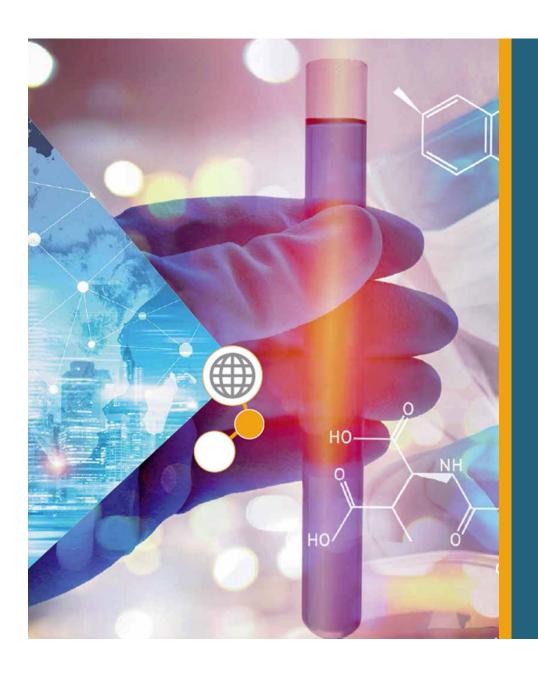
Quality and environment polices mapped to global benchmarks ensuring customer confidence and business sustainability

Strong financial profile:

- Track record of revenue growth, value addition and margin expansion
- Strong execution has delivered ROCE improvement on growth investments

Best placed to capture Industry trends like **Easternization and Supplier Country Diversification**

- MNC's looking to increase their share of procurement from India
- India finding favor vis-à-vis China





Quarterly Performance



Chairman's Message

Commenting on the performance for Q3 & 9M FY18, Mr. Rajendra Gogri – Chairman & M.D. at Aarti Industries Ltd. said,



"We have delivered 28.5% revenue growth during Q3 with strong momentum across all our business segments. Speciality Chemicals revenues witnessed the 8% volume growth. Q3 financial results have higher revenue contribution from the direct linkage and pass through of raw material prices in long-term contracts. Pharmaceuticals business continues to grow rapidly on increased demand for our products and margins have expanded with scale.

We have recently announced a Rs. 10,000 crore multi-year, exclusive supply contract with a leading global chemical conglomerate over a 20-year period. This follows another Rs. 4,000 crore, 10-year contract signed a few months back and is in line with our objective of developing "Partner of Choice" engagements and contributing to global chemicals supply chains through long-term contracts. Based on such successes, we continue to build best-in-class manufacturing facilities that provide long-term business visibility with positive return on investment.

We are focused on efficient capital allocation and, in addition to ongoing capital expenditure initiatives, we have announced a buy-back program of over Rs. 98 crore. In FY17, we had bought back shares worth Rs. 96 crore. The Company's strong balance sheet and cash flows enable us to simultaneously reward the shareholders, while continuing to invest in growth opportunities.

We expect to end the year with an improved performance over the previous year driven by volume growth of ~10% in the second half of the year in Speciality Chemicals and sustained momentum in pharmaceuticals "



Q3 & 9M FY18 Highlights

Financial & Capex

- Improvement in volumes across segments; EBIT momentum continues.
- Nitro toluene facility at Jhagadia which commenced in the month of September has reached 25% utilization.
- Rs. 390 cr capex (incl WIP) for FY19.

Corporate

- The Board at a meeting held on Dec 21, 2017 approved a buyback program through the tender offer route.
 Program highlights the Company's belief in its long-term growth prospects and commitment to efficient capital allocation
 - Maximum number of fully paid up equity shares to be bought back over 8.20 lakh equity shares representing up to 1% of the total number of equity shares of the Company
 - Buyback price per share Rs. 1,200/- for each fully paid equity share payable in cash
 - An aggregate amount of up to Rs. 98.5 crore (excluding transaction costs) has been allocated for the buyback



Q3 FY18 Highlights

Multi-year contracts

• In Dec 2017, signed Rs 10,000 crore exclusive supply contract with a global chemical conglomerate for supply of a high value speciality chemical intermediate over a period of 20 years

Pharmaceuticals

- Improved performance across various markets
- EBIT performance continues to improve



Q3 & 9M FY18 P&L (Standalone)

Particulars (Rs. Crore)	9M FY18	9M FY17	Y-o-Y Growth (%)	Q3 FY18	Q3 FY17	Y-o-Y Growth (%)
Gross Income from Operations	2,669.92	2,215.88	20.5	990.22	770.23	28.6
Exports	1,192.07	1,029.48	15.8	418.07	376.43	11.1
% of Total Income	44.7	48.4		42.22	52.4	
EBITDA	476.48	455.81	4.5	177.81	150.23	18.4
EBITDA Margin (%)	17.9	20.6		18.0	19.5	
EBIT	378.57	373.44	1.4	144.39	121.76	18.6
EBIT Margin (%)	14.2	16.9		14.6	15.8	
PAT	231.75	232.35	(0.3)	90.19	73.84	22.1
PAT Margin (%)	8.7	10.5		9.1	9.6	
EPS (Rs.)	28.22	28.29	(0.3)	10.98	8.99	22.1

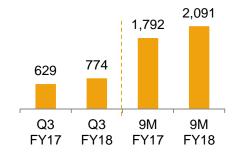
- Higher revenue contribution from the direct linkage and pass through of raw material prices in long-term contracts
- Benefit of marked-tomarket gain in our forward contracts that cover medium to long term supply arrangements
- Expenses higher on account of commissioning of projects, volumes to ramp up gradually over 3-4 yrs





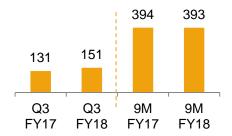
Q3 & 9M FY18 – Speciality Chemicals (Standalone)

Revenue



- Revenues are linked to pass through of key raw-material prices
- Speciality Chemicals volume growth increased by 8% YoY in Q3
 - Expect similar Q4 to sustain Q3 volumes- approx. 8-10% volume growth for H2 FY18





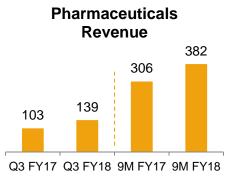
(Rs. Crore)

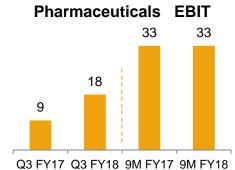


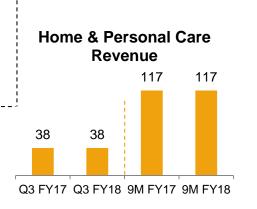


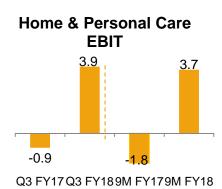
Q3 & 9M FY18 – Other Businesses (Standalone)

- Maintained QoQ EBIT run rate enabled by improved business across markets and operating leverage committed to sustain momentum
- Since major fixed costs already built-in, incremental volumes will result in significant increase in segmental profits
- Focusing on off-patented generics to be supplied in regulated markets
- cGMP compliant plants meeting ICH Q7 standards enabling buyers to use API in all regulated markets
- 48 commercial APIs with 33 EDMF, 28 USDMF and 16 CEP. 12 new APIs under development
- 60% exports coming from US and EU 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
- Own Backward integrated facilities for most APIs
- Significant increase in Segment performance on account of higher volumes and better product mix
- Non-ionic surfactants, shampoo, hand wash, dish wash
- Recently debottlenecked some operations to expand capacities
- Focus on export-oriented products

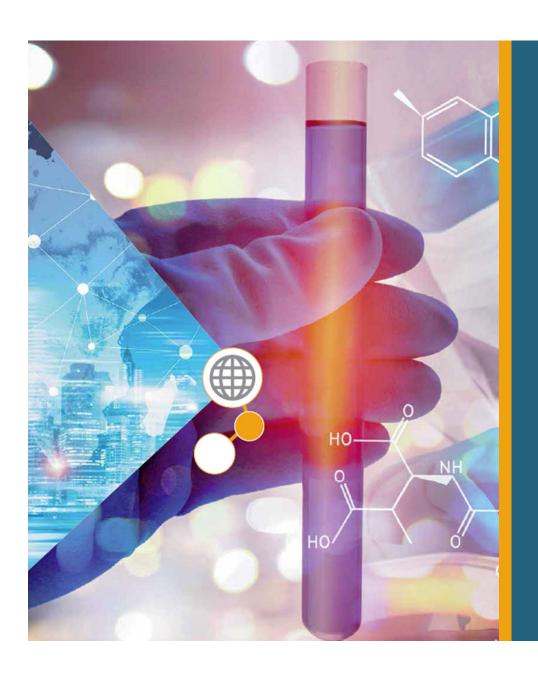












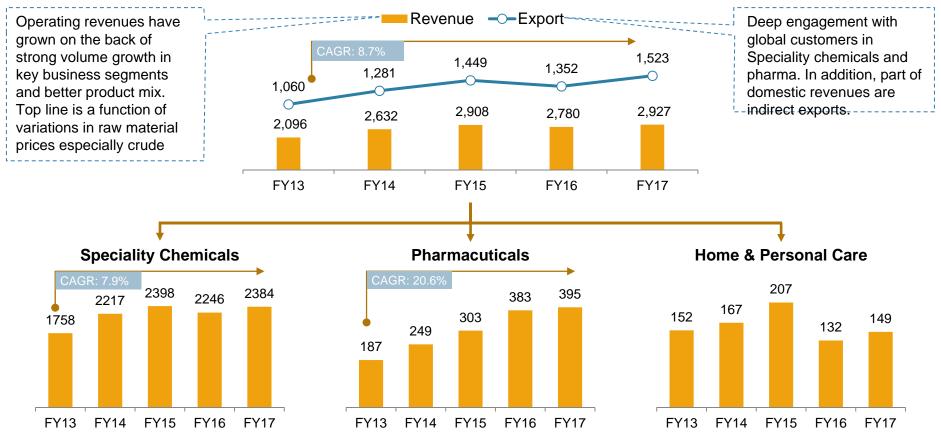


5 year financial performance

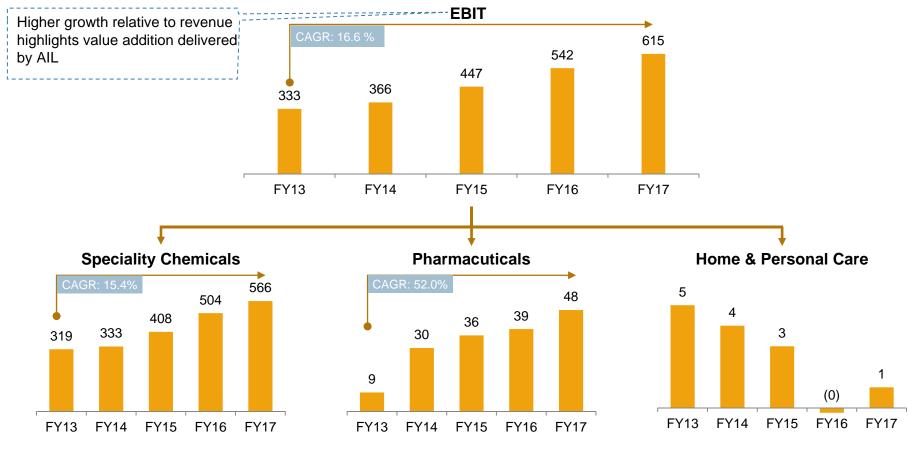
(4)

(Rs. Crore)

Revenue Performance (Consolidated)



EBIT Performance (Consolidated)



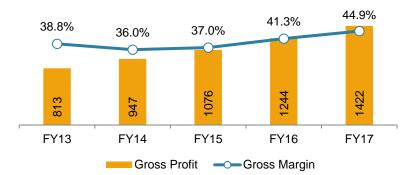
(Rs. Crore)



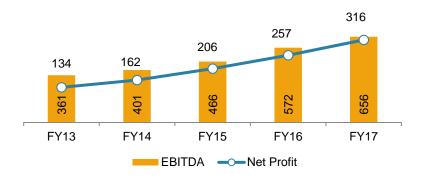


Financial Highlights – (Consolidated)

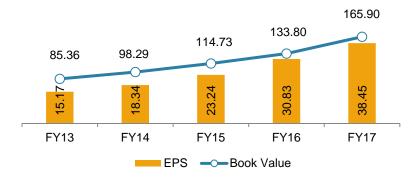




EBITDA & Net Profit (Rs. Cr.)

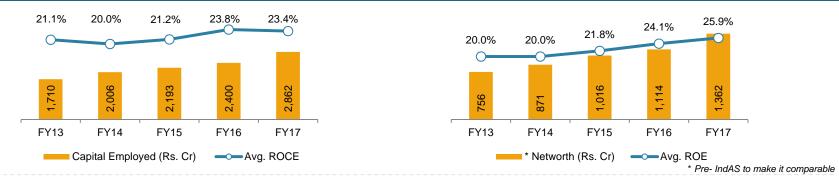


Earnings Per Share (EPS) & Book Value

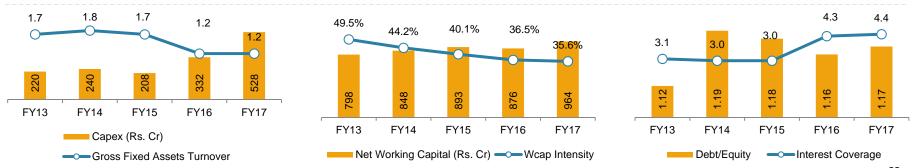




Financial Highlights – (Consolidated)



- 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



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 multiindustry. AIL has 125+ products, 500+ domestic customers, 150+ 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, Surfactants and various other speciality chemicals.

AIL is committed to Safety Health & Equipment Quality with environment polices mapped to global benchmarks ensuring customer confidence and business sustainability. The Company has 4 Zero Discharge units and a strong focus on Reduce-Reuse-Recover across its 16 manufacturing sites.

AIL 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 social causes.

Over the years, AIL has received multiple awards and recognitions. 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. CHEMTECH Foundation accorded AIL 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. Indian Institute of Chemical Engineers bestowed the prestigious Lala Shriram National Award for 'Leadership in Chemical Industry' to Chairman Emeritus and founder Shri Chandrakant V. Gogri.

Contact Us

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

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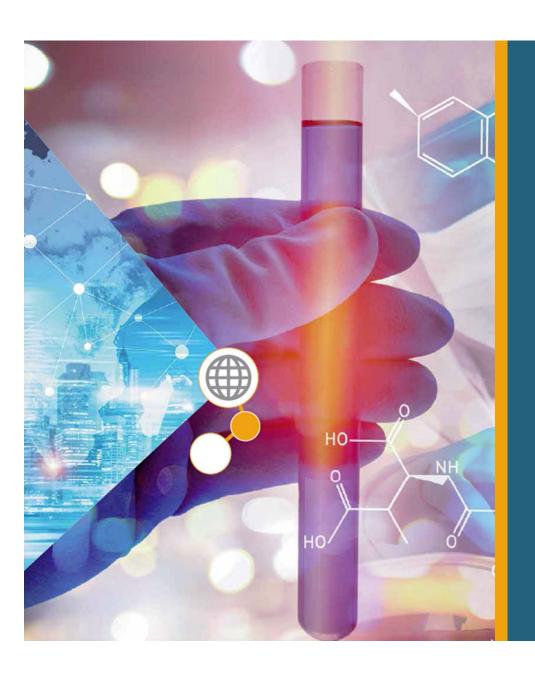
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Thank You