



AARTI INDUSTRIES LIMITED

27th ANNUAL GENERAL MEETING

CHAIRMAN SPEECH

Dear Shareholders,

I welcome you all to the 27th Annual General Meeting of your Company. The Annual Report for the year 2009-2010 has already been with you and, with your permission, I take the same as read.

1. FINANCIAL RESULTS

During the year 2009-2010, the Company had made Total Sales Income of Rs. 1337 Crores as against Rs. 1535 Crores previous year. Sales have been lower due to reduction in the average input cost in Financial Year 2009-2010. Operating Profit before Interest, Depreciation and Tax has been over Rs.200 Crores for the second consecutive year i.e. Rs. 204 Crores as compared to Rs. 242 Crores for the previous year. Likewise the Profit before Tax has been over Rs. 100 Crores i.e. Rs. 107.47 Crores as compared to Rs. 114.02 Crores for the previous year. The Company posted Profit after Tax of Rs. 70.11 Crores as against Rs. 84.47 Crores for the previous year.

Similarly, the Company's consolidated Gross Income was at Rs. 1349.59 Crores as compared to Rs. 1550.02 Crores for the year 2008-09. The Consolidated Profit After Tax & Deferred Tax was at Rs. 68.49 Crores as against Rs. 87.07 Crores for the previous year. Consolidated EPS for the year 2009-10 was at Rs. 10.73 ps. as against Rs. 12.84 ps. for the year 2008-09. Further the share of profit from associates increased from Rs. 13.09 Crores to Rs. 13.97 Crores in FY 2009-10.

Your Company has been given Award for Direct Export of Self Manufactured Dye Intermediates during the year 2008-09 at the Annual General Meeting of the Gujarat Dyestuffs Manufacturers Association.

The Company had, first time in India, five years back, pioneered and commissioned an eco-friendly Buss Loop Hydrogenation Technology with the assistance from a Swiss Technology Provider. Over the years the Swiss technology provider has upgraded the said technology from batch processing to continuous processing. The Company had taken-up this exercise to adopt this upgraded technology in the first quarter of current fiscal. During the month of June 2010, the Company has completed this process of up-gradation of its Hydrogenation Technology and has commissioned its upgraded facility. The upgraded technology would progressively increase the production capability from around 700 tpm to around 1500 tpm over next 12 to 15 months for the existing range of products and would also facilitate introduction of several new specialty chemicals. This will contribute to the growth of top and bottom lines of the Company in coming years.

Company's Net Sales Income for Q1 of 2010-11 was Rs.359 crs as against Rs. 274 crs in corresponding quarter previous year. Likewise, Earning before Interest, Depreciation and Tax for Q1 was Rs. 54 crs as against Rs. 56 crs in

corresponding quarter previous year. Profit After Tax for Q1 was Rs. 20.0 crs as against Rs. 23 crs in corresponding quarter previous year.

Q1 operating profits have been impacted mainly due to the aforesaid expansion/up-gradation activity.

During the year under review, Your Company has successfully commissioned and commercialized indigenously developed facilities for manufacturing Nitro Toluenes and its various derivatives developed at our own In-house R&D centre. This has added a new stream of Basic & Speciality Products expanding Company's products range. Further, more products are under development and will be commecialized in due course. While some of the products would serve as import substitutes, some have a good potential in International markets. Your Company would be pioneer to manufacture some of these products in India.

With the merger of erstwhile Surfactant Specialities Ltd. into Aarti Industries Ltd. last year, your Company has added a stream of Surfactants, Personal Care and Oral care products sourced by the major FMCG Companies in India. To increase its capacities and range of products to cater to the growing demand of the FMCG sector, your Company has commissioned new unit at Pithampur, Madhya Pradesh for manufacturing these products by investing appx. Rs.10 crore . The unit has certain strategic and logistical benefits which would help strengthen Company's share in the domestic markets.

Company has placed an order for the 2 MW power plants for captive consumption and is targeting to commission the same in the last quarter of the current year. The new power plant will contribute 15-20% of Company's annual power requirements and will entail 10% savings in power costs.

2. DIVERSIFICATION

Your Company is planning to diversify into property and containers & packaging related businesses by investing part of its cash flows with a view to exploit available opportunities and maximize shareholders wealth. Your approvals for the same are being sought at the Extra Ordinary General Meeting being held immediately after this meeting.

3. ACKNOWLEDGEMENT

Finally, I sincerely thank all our stakeholders including customers, suppliers and bankers for their continued support. I sincerely thank all our Independent Directors for their constructive and active support to continuously improve performance and efficiencies and strive for better corporate governance. Last but not the least, on behalf of all the shareholders and the Board of Directors, I convey our sincere appreciation to our employees at all levels for their dedicated efforts which has helped the Company to sustain its profitability and growth year after year.

Thank you.

PLACE: VAPI

DATE: 16TH SEPTEMBER, 2010.

CHAIRMAN

Note: This does not purport to be part of the proceedings of the Annual General Meeting.
