AARTI INDUSTRIES

Unlocking Opportunities.

Building a Stronger Future.

Annual Report | 2022-23

INDEX

Know more about Aarti Industries
https://www.aarti-industries.com

Unlocking Opportunities.
Building a Stronger Future.

The Indian chemical industry is poised for remarkable growth, with speciality chemicals being the fastest-growing segment. Aarti Industries Limited's success is driven by innovation, agility, and a commitment to sustainability. We leverage our core strengths, expertise, unique products, operational excellence, and highly skilled teams to achieve sustainable growth and a competitive edge. Our focus is on simplifying operations and expanding our portfolio with the "Right Chemistry, For a Brighter Tomorrow".

Our way forward is unlocking opportunities for a thriving tomorrow...

Corporate Overview

Bringing Sustainable Chemistry **to Human Lives**

Established in 1984, Aarti Industries Limited is a leading global speciality chemical company specialising in benzene-based derivatives. With a presence in over 60 countries, we leverage our expertise in process chemistry, innovation, and engineering to provide customised solutions for various downstream industries. Sustainability being the core of our strategy, we prioritise the use of green chemistry to provide long-term solutions to our stakeholders.

Inspiring Our 35+ Years of Growth

Vision

To emerge as a 'Global Partner of Choice' for leading consumers of speciality chemicals and intermediates

Mission

Delighted stakeholders

Values

Care

Our commitment to care includes all our stakeholders – our employees, our customers, our suppliers, our community and our environment

Integrity

We practice the highest ethical and moral standards

Excellence

We continuously raise the bar of our performance to delight our stakeholders

Key Numbers that Define Us

100+
Products

1,100+
Domestic & Global Customers

60+
Countries Where We Export

6,000+
Employees

16
Manufacturing Facilities

2
State-of-the-art R&D Centres

11
Zero Liquid Discharge Plants

5
Co-generation Power Plants

Our Strengths

Global player in benzene-based derivatives with integrated operations

Top 3
In Chlorination and Nitration Globally

Top 2
In Hydrogenation Globally

Well placed to benefit from industry tailwinds

Alternate to China & Europe
Fully backward integrated, low-cost, sustainable manufacturing opportunities in sunrise sectors

Well diversified across multiple dimensions

100+
Multi-product

60+
Countries

400+
Global Customers

700+
Domestic Customers

Strong focus on R&D and process innovation

40+
Products in R&D Pipeline

Thrust on Sustainability

44%
Water Recycled

0.15
LTIFR

Our Journey

Successful Journey; **Promising Future**

Forged in the crucible of time, Aarti Industries Limited's remarkable journey and history reign supreme, laying the bedrock for our present triumphs and future ambitions. Our storied legacy speaks volumes of evolution, relentless growth, and indomitable resilience, epitomising our adaptability, innovation, and unwavering pursuit of opportunity. This tapestry of our rich history paves the way for unparalleled excellence, commanding the stage for our ceaseless voyage in unlocking opportunities and constructing an unyielding future. With each stride, we embark on an uncharted path, driven by an insatiable hunger for progress, leaving an indelible mark that shapes industries and fuels future generations' dreams.

PHASE 1

Building a Base (1984-2013)

1984
- Incorporated Aarti Organic Private Limited

1986
- Commenced 1,200 TPA Unit for Nitro Chloro Benzenes (NCB) in Sarigam, Gujarat

1990
- Set up the first large scale organic plant in Vapi (4,500 TPA for NCB)

1992
- Aarti Industries Limited got listed on NSE and BSE

1997-2001
- Set up a large scale hydrogenation & nitration unit at Jhagadia (Hydrogen gas via pipeline)

2004-08
- Expanded NCB and Sulphuric acid capacity
- Set up large scale speciality chemical unit in Kutch

2011
- Upgraded hydrogenation unit from batch to continuous
- Custom Synthesis division at Vapi received USFDA approval
- Commenced bulk shipment for global market

PHASE 2

Sustained Growth (2013-2018)

2013
- Merged manufacturing division of Anushakti Chemicals and Drugs Ltd.
- Total Income crossed 2,000 crores; exports crossed 1,000 crores

2014
- First Time Concentration Plant in India

2016
- Commissioned ethylation facility at Dahej SEZ. (ethylene gas via pipeline)
- Expanded NCB capacity from 57 to 75 ktpa

2017
- Commenced functioning of calcium chloride facility
- Started operations at co-gen and solar power plants

2018
- Commissioned the Nitro Toluene Plant
- Signed two large multi-year contract with global players

PHASE 3

Future-Ready (2019-2023)

2019
- Commissioned the nitrotoluene hydrogenation facility at Jhagadia
- Signed another multi-year contract with a global player

2020
- Operationalised Phase 1 Unit at Dahej SEZ for agrochemical intermediates & Speciality Chemical
- Operationalised Aarti Research & Technology Centre at Navi Mumbai

2021
- Operationalised Phase 2 Unit at Dahej SEZ for agrochemical intermediates & Speciality Chemical
- Commercialised chlorination unit at Jhagadia

2022
- Demerger of Pharmaceutical business
- Commercialised facility for 2nd long-term contract

2023
- Commercialised a manufacturing facility at Jhagadia for 3rd long-term contract
- Commercialised Speciality Chlorination Block at Jhagadia

Chairman and Managing Director's Message

Dear Stakeholders,

It gives me immense pleasure to share our performance for the year gone by and our aspirations for the journey ahead.

The previous year was no walk in the park. We faced rising energy prices, inflation, and a challenging business environment. Global economic challenges, including the aftermath of the pandemic, the Russia-Ukraine conflict, and supply-side shocks, made things even more complicated. Despite all these hurdles, the Indian economy has steadily recovered. India's GDP grew by a strong 7.2% in FY23, setting the stage for a return to pre-pandemic growth levels. This growth story is nothing short of incredible, with India's manufacturing prowess gaining global recognition and a shift in the supply chain in our favour.

Industry Embarking on a Golden Decade of Growth and Dominance

Over the past decade, the speciality chemical industry has experienced exponential growth. It's a crucial contributor to initiatives like Make in India and Atmanirbhar Bharat Abhiyaan, positioning itself as a significant player on the global stage. With rapid economic growth, an expanding working class populace, rising incomes, strong talent pool and lower skilled-labour costs, India has the potential to become a key player in the global chemicals industry. As global companies seek to diversify their supply chains, India's compelling value proposition and changing geopolitical landscape make it an attractive destination.

The sector is becoming a reliable supplier for global companies looking to de-risk their operations through a China+1 and Europe+1 strategy. The speciality chemicals segment in India is performing robustly with strong market attractiveness and projected significant long-term growth rates. With favourable policy reforms expected to stimulate demand for various chemicals, the industry will benefit from India's strong macroeconomic indicators and crucial role in building blocks and raw materials for major sectors. This truly seems like the 'Golden Decade' for the Indian chemicals industry.

Resilient Performance

Despite a challenging external environment and a slowdown in some of end-use industries, we reported a resilient performance in FY 2022-23. Our revenue increased by 17% to ₹ 7,283 crores, with a Profit after Tax (PAT) of ₹ 545 crores. We concluded the year with an impressive EBITDA of ₹ 1,089 crores, showcasing the robustness of our business model. Our exports constituted nearly half of our total revenue, and the share of value-added products saw significant growth.

During FY 2022-23, we accomplished two significant milestones. First, we successfully completed the demerger of our pharmaceutical business into a separate entity named Aarti Pharmalabs. This strategic move will help us achieve operational efficiencies. Second, we forged a long-term strategic arrangement with Deepak Fertilisers and Petrochemicals to supply Nitric Acid, a key raw material for our operations. This arrangement guarantees a reliable and uninterrupted supply, mitigating potential disruptions in our supply chain and also meets our needs for backward integration.

Outlook

While we remain on a stable and strong long term growth trajectory, we are witnessing significant headwinds in FY 2023-24, which would have an impact on our performance for the year. Globally, the demand outlook for a short term, has been impacted primarily due to significant inventory corrections across various sectors including Agrochemicals and also on account of macro recessionary trends which is being witnessed across various discretionary applications. As a result, the margins for various products would also be impacted in FY 2023-24 (especially in H1FY2023-24, with progressive improvements to come in H2FY2023-24).

Focus Areas for Future Growth

Looking ahead, we are excited about the opportunities in the Indian chemicals sector. We have defined strategic focus areas to fulfil our vision of building Aarti 4.0. Our commitment to manufacturing excellence, research and development, customer relationship management, and sustainability positions us well for future growth. Our strategy emphasises agility, collaboration, and challenging the status quo.

We are expanding our portfolio of value-added products, establishing multipurpose plants, and venturing into sustainable chemistries and sunrise sectors. We have initiated the construction of multipurpose plants and are introducing the Chlorotoluenes value chain. Our capacity expansion initiatives, such as NCB expansion, Acid Revamp, Nitrotoluene and Ethylation expansion are on track and will be commissioned gradually over the next two years.

With our R&D and innovation capabilities, we are also exploring new chemical value chains and developing value-added products with immense potential. During the last fiscal year, we invested over ₹ 1,300 crores towards growth initiatives, and we plan to invest around ₹ 3,000 crores over the next couple of years. We will focus on building niche products and chemistries, including Chlorotoluene and various downstream products, which will help us in import substitution and export opportunities for global markets. We are also venturing into sustainable chemistries and sunrise sectors, such as battery chemicals, high-end polymers, and innovative materials, which will likely shape the future of the chemicals industry.

Advancing Towards Sustainable Future

ESG (Environmental, Social, and Governance) is our top priority and we integrate ESG principles into our operations and strategy, fostering inclusivity, diversity, and ethical business practices. Our industry is facing varied physical and transition risks related to ESG such as climate change, water risk, occupational health and safety risk, data privacy risk to name a few. We prioritise minimising our environment footprint through energy efficiency, responsible waste management, and sustainable sourcing. We have made significant strides to reduce emissions, conserve energy, and optimise water usage across our operations by taking targets and tracking them on a regular interval.

We foster a diverse, inclusive, safe, incident and injury free workplace, supporting social well-being and empowerment by involving employees in engagement initiatives, providing training on safety and social perspective, conducting safety perception and employee engagement surveys to understand the pulse of the employees and work for strengthening safety culture and ensuring workforce engagement in Aarti Industries Limited. In our recent employee engagement survey by a leading global analytics and advice firm, we achieved a remarkable 100% participation rate and a significant increase in engagement scores across all key areas. Our safety survey, conducted by a top safety consulting company, also received a strong response, including participation from contractual employees. To ensure data privacy of our own data and customers' data, we are making our IT infrastructure secure and protected. Our governance practices ensure integrity, compliance, and transparency.

We strongly believe in growing while giving back to society. We continue to invest in uplifting local communities, supporting marginalised sections, and ensuring inclusive development with healthcare, education, environmental protection initiatives, etc. During FY 2022-23, we spent approximately ₹ 15 crores on CSR initiatives. We remain responsive and resilient by staying at the forefront of emerging sustainability trends, regulations, and best practices.

I sincerely express my gratitude to our stakeholders, including shareholders, for their unwavering support. Our employees have played a vital role in achieving our objectives, while the guidance of our esteemed Board members has been invaluable. We thank everyone for being part of our prosperous journey. We are confident of seizing the abundant opportunities and accelerating our growth trajectory while pursuing sustained value creation.

Best Regards,

Rajendra V. Gogri
Chairman and Managing Director

Business Portfolio

Frontrunners with a Diversified **and Integrated Portfolio**

We offer a wide range of over 100 diverse products that precisely align with our customers in 60+ countries. Our research and development efforts drive us to provide cutting-edge solutions, and our diverse portfolio protects us from market fluctuations in speciality chemicals and ensures consistent profitability.

At Aarti Industries, we don't just create chemistries; but we create possibilities. We are the catalysts that enable our partners to achieve extraordinary feats, empowering them to reach new heights of success. Our unwavering presence and our commitment to excellence make us a trusted and reliable partner in the journey towards progress.

Speciality Chemicals are at the core of Aarti Industries' business. We skillfully manufacture a wide range of solutions based on the benzene, toluene, nitric acid, chlorine, methanol, aniline, sulphur, and other value chains to create a magical blend of chemical reactions. With each formula, we unlock the secrets of alchemy, creating unique and valuable compounds. Our expertise in this field extends globally as we cater to the unique needs of major chemical companies, helping them achieve unparalleled success. We have built a diverse customer base by cultivating relationships and maintaining a steady revenue stream.

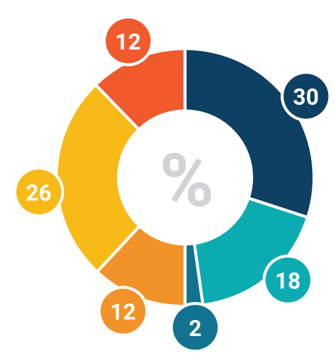
Thriving Presence in Varied Industries

Aarti Industries Limited reigns as an unrivalled force, standing firm with an unwavering presence across diverse end-use segments. From agrochemicals to dyes and pigments, additives to polymers, and FMCG, we traverse the expanse of industries with unparalleled dexterity. Our extensive portfolio is a testament to our multifaceted prowess, as we flawlessly adapt to the ever-evolving demands of a diverse market landscape.

Key End-Use Industries

- Agrochemicals
- Pharmaceuticals
- Dyes/pigments
- Fuel Additives
- Polymer Additives
- Other industries (FMCG, rubber, chemicals, etc.)

Revenue Break-up segment-wise FY 2022-23 (%)



- Agrochemicals
- Pharmaceutical
- FMCG
- Dyes & Pigments
- Polymer & Additives
- Other Discretionary

Key Customers

BASF We create chemistry · sabic · syngenta · BAYER · DUPONT · SOLVAY · Celanese · TORAY Innovation by Chemistry · FMC · SUMITOMO CHEMICAL · CLARIANT · TEIJIN · Nouryon · EASTMAN · sojitz · colourtex The Dyestuff Company · Lonza · Atul · MFL · UPL · SUDARSHAN · ARCHROMA · SHARDA CHEMICALS LIMITED · IndianOil

Driving Growth - Aarti Industries Shines in FY 2022-23

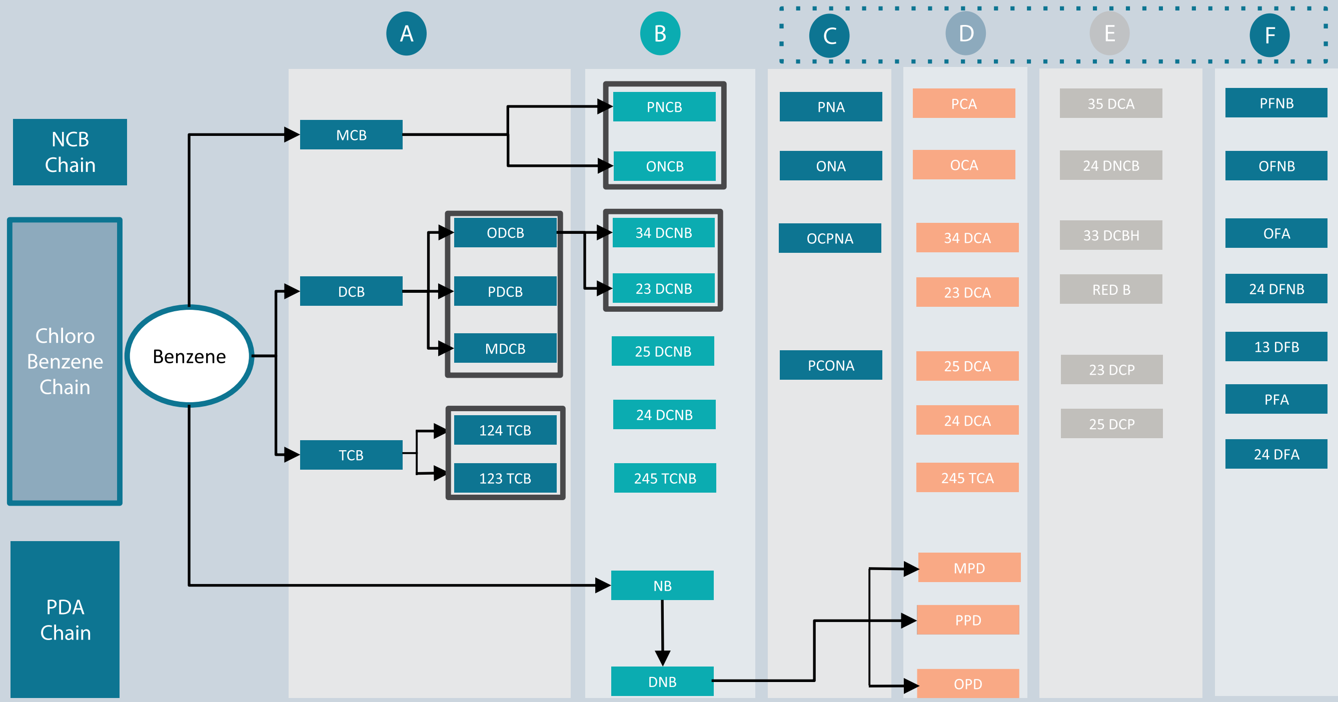
In FY 2022-23, our revenue experienced significant growth due to increased production capacity for essential products and a more significant contribution from value-added products. Our pass-through pricing structure enabled pass on for the inflationary costs across various inputs such as materials, energy and logistics costs, while the absolute delta per kg remained stable. With various new capacities coming on stream, operating leverages will come in as the volume ramps up in coming years. Product off-take for few discretionary applications such as dyes and pigment intermediates remained subdued due to global contraction in Textiles industry.

In the last five years, our chemical business has experienced a significant EBITDA increase, doubling from ₹ 534 crores in FY 2017-18 to ₹ 1,089 crores in FY 2022-23. This growth was achieved despite various challenges, including the pandemic, external market disruptions, supply chain problems, and inflationary pressures. Our ability to maintain this strong EBITDA performance demonstrates our business model's strength and capacity for growth even in difficult times.

During the year, we sucessfully commercialised the facility for third long-term contract and two speciality chemical process blocks at Jhagadia during the year. We have other vital projects in the pipeline, such as NCB expansion, Acid Revamp, NT & Ethylation expansion, etc. that will be commissioned in a phased manner over the next two years and will support the volume growth in coming years.

Our Value Chains

Benzene Product Chain



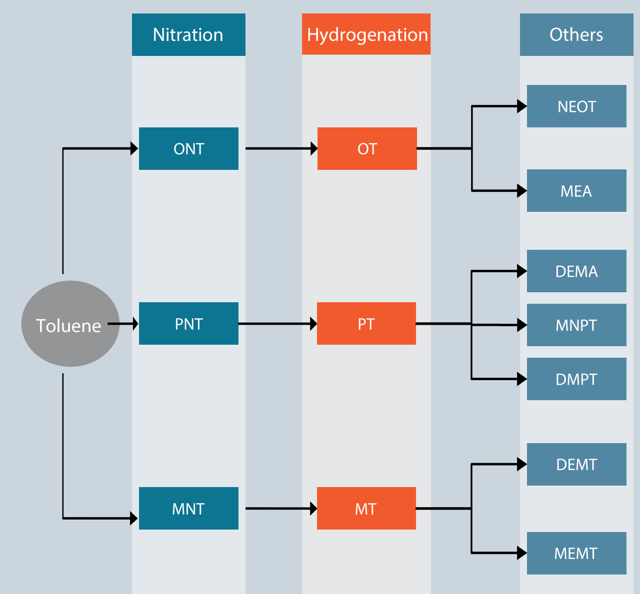
Global Ranking			
NCB	Among **Top 3** Globally	**DCB**	#1 Globally

Domestic Ranking
Leading manufacturer for Nitro Fluoro Aromatics (via **Halex chemistry**) & **PDA**

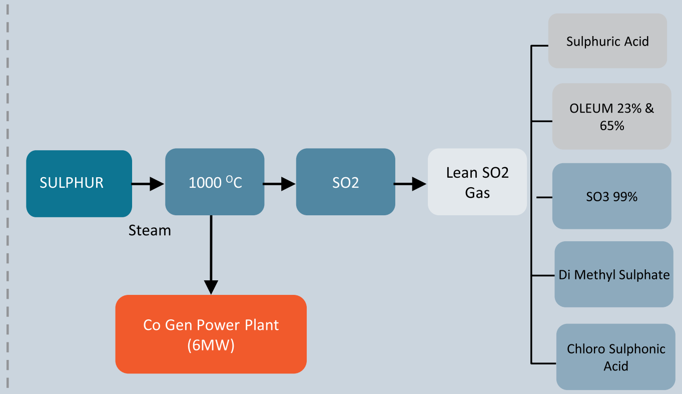
Key Strengths

- Integrated operations across product chain of Benzene and Toluene
- Co-products/Isomer balancing
- Optimising product mix
- Ability to meet stringent specifications
- Supply chain not linked with China
- Focus on growth-oriented products
- Diversified end uses

Toluene Value Chain



Sulphuric Acid Chain



Other Speciality Chemical Products

- Single Super Phosphate (SSP)
- Export Grade Calcium Chloride Granules (for Oil exploration & De-icing)
- Fuel Additives
- Phthalates

Geographic Footprint

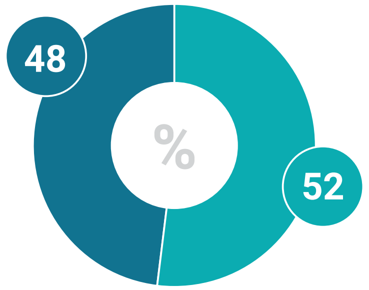
Connecting Continents;
Bridging Boundaries

Our unwavering determination to produce and supply world-class speciality chemicals transcends borders prospering across over 60 countries worldwide. Our global presence stands as a testament to our commitment to unlock opportunities and lay the foundation for a stronger future. Steered by 16 state-of-the-art manufacturing facilities strategically located in western India, near major ports, and anchored by two cutting-edge R&D centres, we propel our influence across continents.

Our strategic location advantage facilitates efficient export capabilities and provides us with the agility to meet the dynamic demands of our global customers. With cutting-edge facilities that embody our relentless pursuit of excellence, we combine advanced technologies and state-of-the-art processes to ensure the highest standards of quality in every batch of chemicals we produce.

In our aspiration to expand and strengthen our global footprint, we unlock each opportunity that arises, forging strategic alliances, cultivating strong customer relationships, and capitalising on emerging markets.

Geographical Revenue Break-up FY 2022-23



Head Office/ Corporate Office
- Mumbai

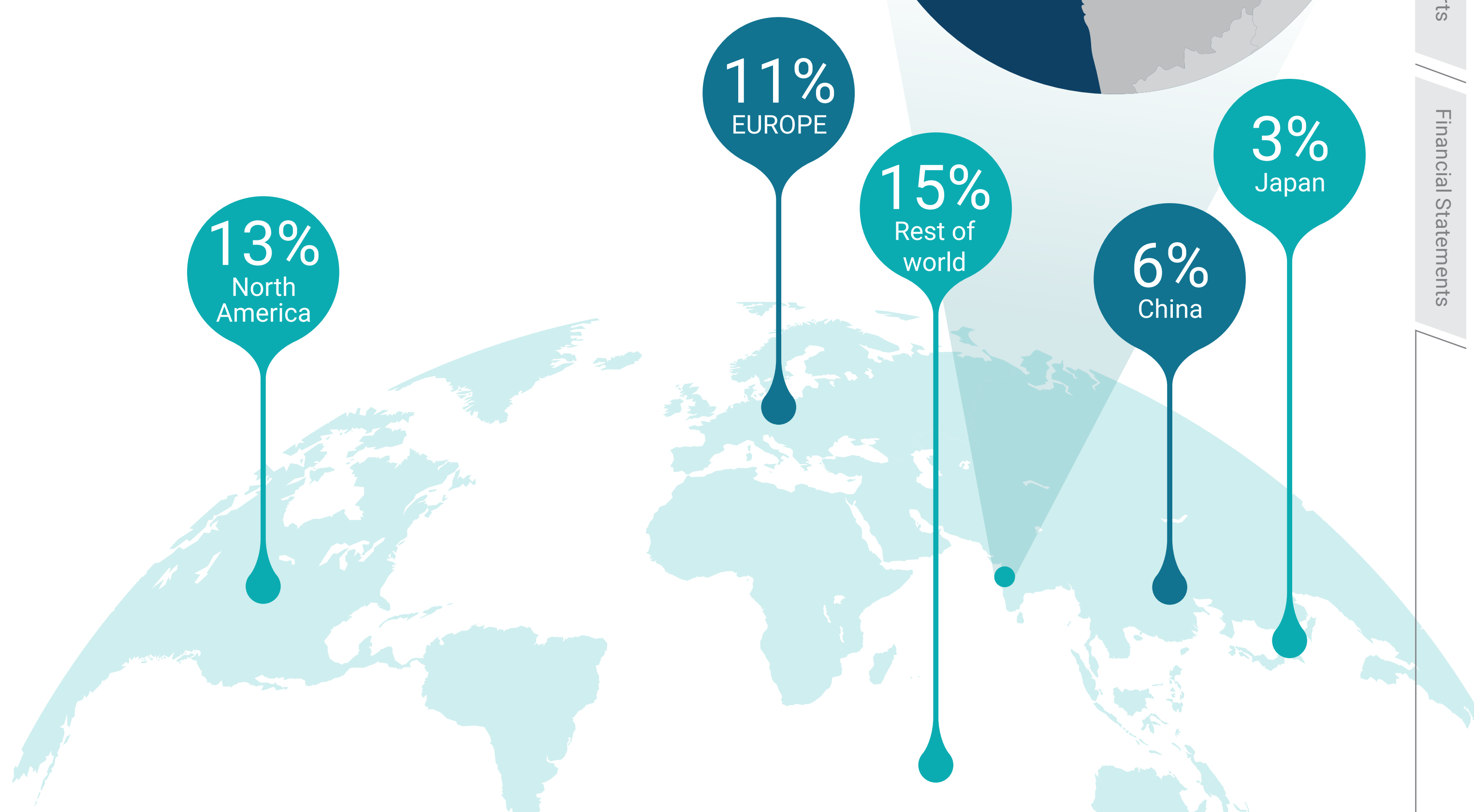
Project and Engineering Office
- Vadodara

Facilities
- Vapi
- Jhagadia
- Dahej
- Kutch
- Tarapur

R&D Centres
- Vapi
- Navi Mumbai

Map not to scale. For illustrative purposes only.

Distribution of Export Revenue

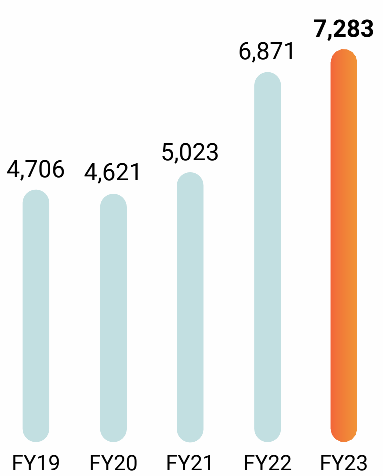


Performance Highlights

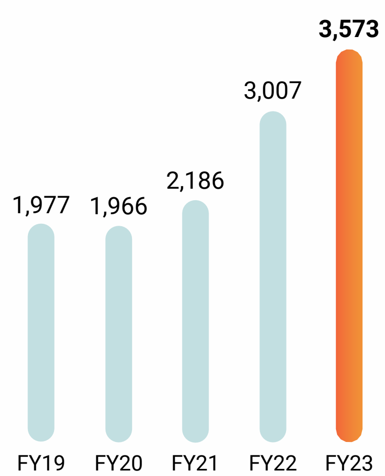
From Success to Significance:
Our Financial Performance Journey

Profit and Loss Indicators

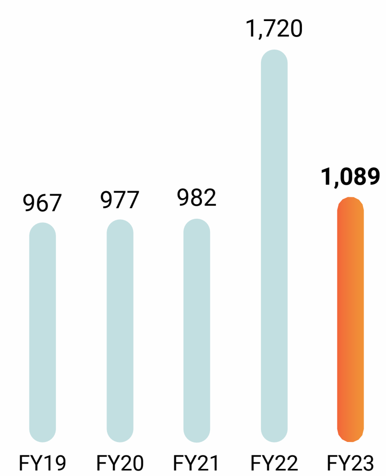
Gross Turnover
(₹ Crores)



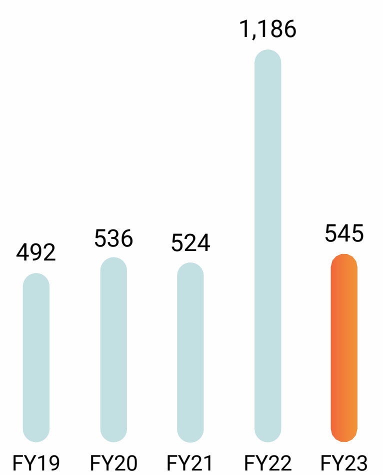
Revenue from Exports
(₹ Crores)



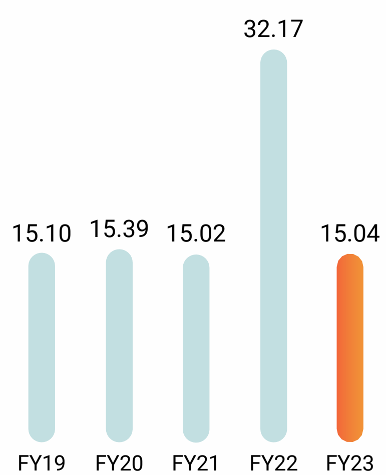
Operating EBITDA
(₹ Crores)



PAT
(₹ Crores)



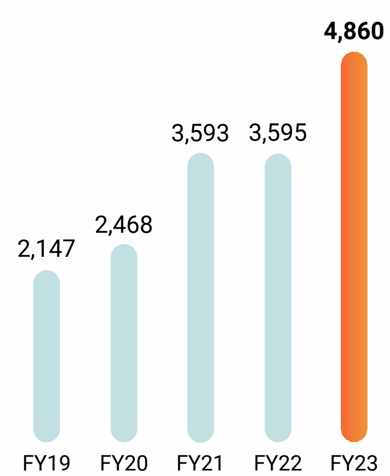
EPS
(₹)



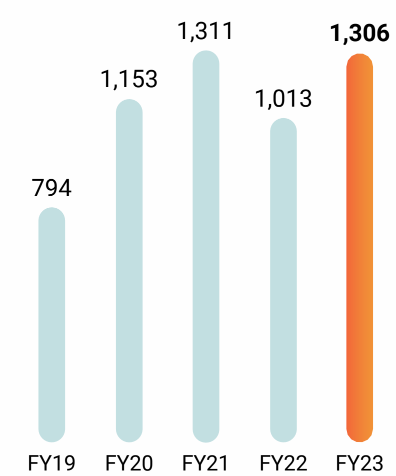
Note 1: FY22 includes one time termination income of ₹ 631 crores, as a result the Profit & Loss indicators for FY22 may not be comparable with other periods.
Note 2: The Pharma business undertaking was demerged wef July 1, 2021. Thus, the financial numbers for period prior to July 1, 2021, are inclusive of the Pharma business financials and hence not comparable with the current year financials.

Balance Sheet Indicators

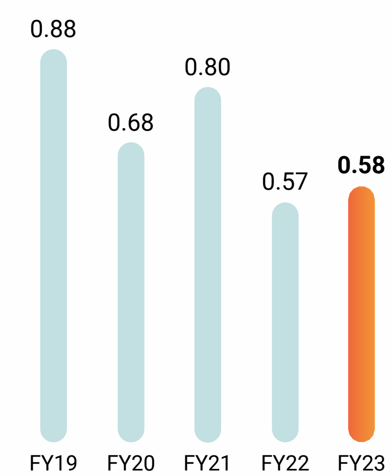
Net Fixed Assets
(₹ Crores)



Capex
(₹ Crores)

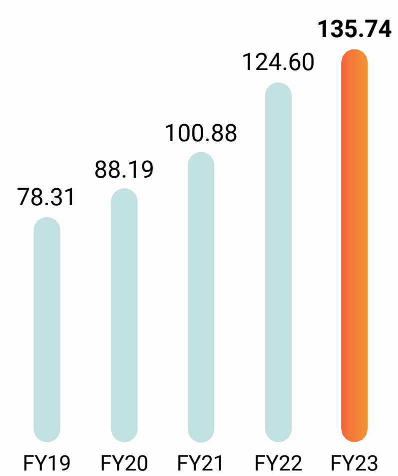


Debt to Equity Ratio
(%)



Shareholder Metrics

Book Value Per Share
(₹)



CREDIT RATINGS

Long-term rating	Short-term rating
AA/Stable CRISIL Rating	**A1+** CRISIL Rating
AA/Stable Ind-Ra	**A1+** Ind-Ra

India Ratings and Research (Ind-Ra) Rating

Our Capitals

Driving Growth:
Creating Sustainable Value for Stakeholders

Aarti Industries Limited is committed to the success of all stakeholders by creating and delivering value for them. We continuously invest in the six key capitals of our business model to ensure optimised returns and foster long-term sustainability.

INPUTS

Financial Capital
- Equity Capital: ₹ 181.25 Crores
- Gross Debt: ₹ 2,874 Crores
- Capex: ₹ 1,306 Crores

Manufactured Capital
- Manufacturing Facilities: 16
- Co-generation Power Plants: 5
- Safe manhours (Employee + Contractors): 34,440,085

Intellectual Capital

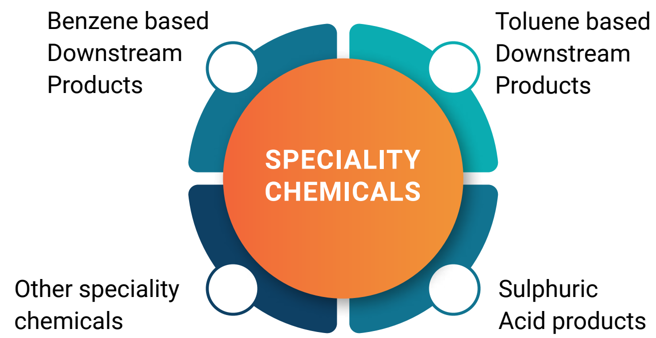
R&D Centres: 2
- R&D Expenditure: ₹ 96.50 Crores
- R&D Professionals: 250+

Human Capital
- Total Employees: 6,000+
- New Joiners: 1900+

Social and Relationship Capital
- Customers: 1,100+
- Countries: 60+
- CSR Expenditure: ₹ 14.73 Crores
- MSME Sourcing: ~₹ 850 Crores

Natural Capital
- Solar energy capacity: 697 KW
- Zero Liquid Discharge Plants: 11
- Energy Used: 79,28,701 GJ
- Water Consumed: 23,86,749 KL
- Waste Heat Sourced: 3,16,942 GJ

BUSINESS



STRATEGIC PRIORITIES
- Existing value chain expansion
- Introducing new value chains
- Customer collaborations
- High growth sectors
- Manufacturing outsourcing

VALUE GENERATED

For Providers of Financial Capital
We deliver consistent, profitable and responsible growth

For our People
We strive to provide equal opportunities to all our employees, ensure capacity building, training, and a safe work environment

For Suppliers
We ensure an optimum supply chain with competent suppliers for seamless operations. We also engage and collaborate with our suppliers closely for knowledge enhancement, process improvements and product applications

For Customers
We create value for customers by providing high-quality and sustainable products

For Communities around us
We contribute towards improving the living conditions of communities around us through our CSR activities and, at the same time, ensure that our production processes do not have any adverse impact on the environment

For Providers of Financial Capital
We deliver consistent, profitable and responsible growth

OUTCOMES

Financial Capital
- Revenue: ₹ 7,283 Crores
- EBITDA: ₹ 1,089 Crores
- Profit After Tax: ₹ 545 Crores
- Debt to Equity Ratio: 0.58x
- EPS: ₹ 15.04
- DPS: ₹ 2.50
- Credit Rating: AA/A1+ from Crisil & India Ratings

Manufactured Capital
- Amongst Top 4 Manufacturer for 75% of product portfolio
- Top 3 in NCB & DCB
- Top 2 in Hydrogenation

Intellectual Capital
- Patent applications filed: 7

Human Capital
- Lost Time Injury Frequency Rate (LTIFR): 0.15
- Training man hours-1,24,000
- 100% Participation in the employee engagement survey by a global analytics and advice firm

Social and Relationship Capital
- Long-term Customer relationships: Over 85% revenue from customers with relationship of more than 10 years
- Diverse customer mix
- Low customer concentration
- Impacted 13 Lakhs+ lives through CSR activities

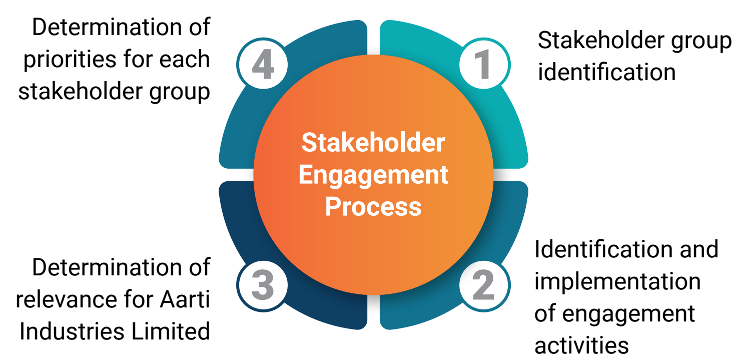
Natural Capital
- Water Recycled: 44%
- Emissions Avoided: 1,00,154 tCO_2e
- Waste Recycled: 92%

Stakeholder Engagement

Unleashing Potential; **Fostering Relationships**

Empowering success stems from our unwavering acknowledgement of proactive stakeholder engagement's profound impact. We ardently believe that comprehending the concerns and aspirations of our stakeholders stands as the cornerstone of our responsible organisation. We have painstakingly constructed a robust engagement process to fulfil this vision, fostering purposeful exchanges with each stakeholder cohort. This collaborative paradigm empowers us to make informed, astute decisions, cultivate resilient relationships, and fortify our reputation as a trusted and accountable entity

Engaging with our stakeholders serves as a transformative avenue, enabling us to delve into their needs, proactively address concerns, and forge robust business strategies for the future. This invaluable opportunity allows us to align with stakeholder expectations, contributing positively to society and the environment while fostering sustainable growth. By actively involving stakeholders in our decision-making processes, we embrace their perspectives, forge meaningful collaborations, and collectively create a brighter, more sustainable future.



Stakeholders	Methods of Engagement	Key Expectations	Relevance to Company
Customers	• Collation and analysis of customer feedback • Engagement through website and trade events • In-house and third-party market research surveys and meetings • Brand campaigns • Timely response to queries and timely resolution of grievances	• Reliable and consistent quality at competitive prices • Timely deliveries • New and innovative products as per latest market requirements • Easy access to products and services	Customers are one of our most important stakeholders as they enable us to drive profitably. Their satisfaction and happiness are critical to our success.
Investors and Lenders	• Annual General Meetings • Investor/analyst calls, meets including plant visits • Quarterly earnings communication • Media releases • Stock exchange filings • Dedicated investor relations department for regular interaction and dissemination of information to shareholders • Stakeholders' Relationship Committee to address grievances of shareholders and investors	• Timely and transparent communication regarding the Company's performance • Solicit inputs on the growth plans and strategies • Good governance practices • Transparent and ethical disclosures	Provide the necessary financial resources to fund our business. Their trust is critical to our future success.

Stakeholders	Methods of Engagement	Key Expectations	Relevance to Company
Employees	• Web-based performance management system, reporting, review mechanisms • Transparent communication through platforms like CHRO connect, Metamorphosis, Kushal Varta, iEngage with Gen Z, Pahel, and Annual Leadership Conclaves • Quality management and productivity enhancement through regular skill upgradation programmes with general and job specific trainings with Aarti Talent Management System • Wellness initiatives like Nirvana program to promote holistic development of employees • Recognition programs like Arjan, Kalpadrum, Anant for Contractual employees and Acclaim (on the spot recognition) • Townhall meetings-Pahel, internal newsletter-Aarti Insights, one to one meetings-Conversations to facilitate a forum for open interaction and knowledge dissemination	• Competitive rewards and remuneration • Health and safety • Performance evaluation and recognition • Learning and development • Work-life balance and career progression • Transparency and employee involvement in growth strategies	Important for business continuity, production, R&D, sales and marketing, and other operations. Their cooperation enables us to get closer to achieving our objectives.
Vendors	• Engagement by calls, virtual meets, email or in-person supplier meets • Capacity building and sustainability programmes for suppliers	• Registration as approved vendor • Exact product specifications • Pricing and appropriate terms of payment • Timely clearance • Supporting the MSME ecosystem	The availability of high-quality raw materials from registered suppliers enables us to deliver top-notch products on time.
Communities and Environment	• Conducting regular community engagement activities • Implementing CSR initiatives • Volunteering initiatives	• Local infrastructure development • Employment generation • Health and sanitation • Environment care • Access to quality education • Safe and sustainable manufacturing methods • Assurance on sustainable manufacturing and energy management • Clean energy • Water management	Communities offer us with assistance and a social licence to function, while the environment provides us with natural resources.
Government and Regulatory Bodies	• Disclosures and filings for compliance reporting • Meeting authorities for permissions/ approvals • Reports, results, audits, etc.	• Regulatory compliance • Timely reporting through various compliance-based forms	Government organisations and regulatory authorities give the necessary registrations required to run the business successfully.

Growth Strategy

Devising Unprecedented **Opportunities**

Embracing the vibrant realm of speciality chemicals, we surge forward with unwavering focus, channelling our energy towards reinforcing investments in research and development, robust manufacturing infrastructure, and unrivalled production efficiencies. Our relentless pursuit aims to cater to the soaring demands of our customers, amplify our competitive edge, and propel accelerated growth. With unyielding determination, we seize the thriving opportunities that lay before us, illuminating a path towards a future that is both sustainable and brimming with promise.

Burgeoning Opportunities in Indian Speciality Chemicals Industry

India's chemical industry, valued at around USD 220 billion, is expected to touch USD 300 billion by 2025 and reach the USD 1 trillion mark by 2040. Demand for speciality chemicals is expected to grow at a CAGR of over 15% over the same period. Rising disposable incomes and consumption levels, favourable demographic dividends, increasing global preference for sustainable alternatives, and growing diversification of global supply chains offer tremendous opportunities to grow India's speciality chemicals business.

Domestic Advantage

We recognise major opportunities in the Indian speciality chemicals industry, supported by various factors, including the low per capita consumption of speciality chemicals in India compared to the global average. This signifies significant room for growth and increased demand, especially with the rapid urbanisation and rising disposable incomes, which will drive the growth of end-user industries such as food processing, personal care, electronics, etc

We also foresee massive potential in import substitution, as a substantial portion of India's chemical requirements is currently met through imports. The Government's focus on Atmanirbhar India aligns with this opportunity and provides favourable conditions for the industry's growth. Furthermore, advantageous factors like low corporate taxes, production-linked incentive (PLI) schemes in various downstream applications 100% FDI in the chemical sector through automatic route and improvements in the business environment present a conducive environment for domestic players to leverage their capabilities and drive growth.

Shift in Global Supply Chains

The long-term, structural shifts in global supply chains due to the ongoing trend of "China Plus One" and the potential emergence of the "Europe Plus One" approach also augur well for Indian players. With China's supply chain concerns, firms are increasingly seeking to make their value chains more resilient and diversify their sourcing. India is a preferred destination for global chemical companies with its strong value proposition, comparable scale, technology, raw materials, skilled human resources, and supportive government policies. As Europe becomes less attractive due to rising energy costs it creates massive opportunities for India to attract investments and growth in India made products.

Opportunities in Sustainable, Green Chemistries

Newer opportunities are also emerging in the sunrise sectors such as battery chemicals, electronic chemicals, sustainable green products, new-age materials, etc. Sustainability has become pivotal for the chemical industry. Many companies are shifting to green chemistry as part of their commitments to decarbonisation, recycling and resource recovery commitments. The benefits of decarbonising chemical companies extend beyond the industry itself since chemistry provides the building blocks for many value chains. With India aspiring to become a manufacturing hub for various industries and also for chemicals, the growth in these applications will boost the speciality chemicals sector.

Navigating the Path Ahead:
Unveiling Our Strategic Roadmap

With razor-sharp acumen, we have pinpointed strategic focus areas to seize colossal opportunities and seamlessly navigate the ever-changing market dynamics. This strategic vision propels us onto an exhilarating trajectory of high growth, empowering us to capitalise on the boundless possibilities that lie before us. Standing at the precipice of transformation, we embrace the moment, ready to unleash our full potential and ignite a future brimming with unprecedented success.

Growth Strategy

New Product Development

- Explore new value chains and speciality products
- Add new chemistry: e.g. Photochlorination, oxidation, etc.
- Expansion of existing value chains

Partnership with Global Companies

- Collaborate with the world's leading chemical companies
- Build on existing partnerships and build new ones
- Contract manufacturing opportunities

Sustainable Chemistries and Sunrise Sector

- Sustainable/green products
- Battery chemicals, electronics, chemicals, new-age materials, high end polymers, etc.

Fortifying Strength, Building Capabilities

Our determination to meet surging demand drives us to amplify our manufacturing capabilities and capacities. This entails expanding our existing facilities and investing in state-of-the-art plants to cater to evolving market needs seamlessly. From commercialising our third long-term contract plant to setting up speciality chemical blocks, brownfield expansions, and capacity boosts in Ethylation and Nitro Toluene, our expansion endeavours are thriving, poised to significantly contribute to future growth.

Furthermore, we have meticulously outlined plans for our next wave of growth projects, including the establishment of versatile multi-purpose plants, and the creation of units to manufacture Chlorotoluene and its downstream products as integral parts of our chlorotoluene value chain. We envision investments around ₹ 3,000 Crores in next couple of years to fuel these ambitious aspirations.

With an unwavering focus on fortifying our capabilities, we are set to unleash an unstoppable manufacturing powerhouse that will propel us towards unrivalled growth and success.

New Product and Chemistry Development

We are focussing on improving product mix towards higher, value-added products and developing niche chemistries like photochlorination, ammoxidation, and speciality fluorination. Our key contributors will be R&D and innovation-driven initiatives, where we have more than 40 speciality chemical products in the pipeline. We continue to strengthen our R&D efforts to foster innovation and develop new products.

With a stable Nitric Acid supply, we can strategically allocate our resources and expertise towards innovation and portfolio expansion. It will also eliminate the need for substantial investments in backward integration for Nitric Acid production. Consequently, we can redirect our efforts and resources towards forward integration, exploring new avenues, and expanding our capabilities.

Focus on Sustainability

We acknowledge the importance of sustainability and have been continuously improving and adopting better sustainable practices across our operations. This includes implementing energy-efficient technologies, reducing waste generation, besides exploring, we are sourcing renewable energy also. By embracing sustainability, we aim to meet regulatory requirements, enhance our reputation, and contribute to a greener future.

Exploring Opportunities in New-age Chemistries

We are cognisant of the growing significance of next-generation industries, including Electronics, Information Technology, Telecommunication (5G), Electric Vehicles, and Smart Mobility, where chemicals have a crucial role to play. Recognising these emerging sectors, we are committed to leveraging our technical expertise to venture into these segments. We are pursuing opportunities in promising areas such as battery and electronic chemicals, high-end polymers, green chemistries, etc. while strategically planning our foray in new sunrise sectors. By embracing these new frontiers, we aim to become a key player in shaping the future of these industries.

R&D Capabilities

Unleashing Innovation
for a Brighter Future

With a steadfast commitment to revolutionising the industry, we harness the strength of our robust R&D expertise and boldly embrace novel technologies to explore new business possibilities.

Nurturing an internal culture of relentless ingenuity, we constantly generate diverse products and processes. Our state-of-the-art R&D infrastructure empowers us to deliver distinctive, value-enhanced offerings to our customers while investing in cutting-edge technologies that fuel safer, more innovative, and sustainable practices. As pioneers, we lead the charge, propelling the industry towards an extraordinary tomorrow.

Aarti Research & Technology Centre

Our state-of-the-art Aarti Research and Technology Centre (ARTC) in Mumbai with over 200 scientists on board commenced its operations in March 2020. This centre is helping us to explore new partnerships and market opportunities for our chemistries and strategic technologies towards building a sustainable business scale. Developing new chemistries like Photochemistry, Vapour phase chemistry, Fluorination, and Grignard chemistry will open new opportunities. These synthesised strategic building blocks can also be used as key raw materials and intermediates in various industries like agro, colourant, polymer, pharmaceuticals, and so on, thereby, contributing towards the growth in different market segments.

ARTC has introduced a new revenue-generating business model for offering analytical and process safety laboratory testing services. The new model will allow us to generate revenue from our research and development centre at ARTC. We have also added a new function, Business Management, as part of our customer-based R&D service. The model will help us become an established brand for research-related services while delivering greater value to stakeholders.

Expertise in Diverse Chemistries

We have deep expertise in wide-ranging chemistries at both plant and laboratory scales. Our expertise includes Ammonolysis, Chlorination, Diazotisation, Halex (Fluorination), Hydrogenation, and Nitration, among others.

R&D Core Focus Areas

- New Product Development
- Process Optimisation and Scale-up
- Life Cycle Technology Management

Our product development plan and review process allows us to assess different synthesis options for new products carefully. We consider cost efficiency, environmental impact, safety, and overall efficiencies. After a thorough evaluation, we choose the synthesis route focussing on sustainability. We also measure the product's carbon footprint once it reaches pilot scale-up.

For existing products, our dedicated team of Life Cycle Technology Management undertakes various cost and waste reduction programs for ensuring product and process sustainability.

The Technology Centre in Vadodara is operational with over 120 engineers enabling Aarti Industries Limited to discover new partnerships and market opportunities for unexplored chemistries and strategic technologies.

We leverage technology to develop and commercialise new products. Our technology team comprises design, development, engineering, pilot plant, and commissioning experts. They actively collaborate with industry peers, startups, academia, and other stakeholders to foster innovation and co-create solutions. Technology helps us in the R&D and commercial concept development of new products. We validate options at the pilot scale to identify a commercially viable, sustainable, and safe process at the plant scale. Additionally, we collaborate with academic institutes to develop advanced technologies like divided wall columns, VLE capabilities and simulated moving bed chromatography (SMBC). Software capabilities such as Aspen, Mixit, and Dynochem help validate, simulate, and analyse the scale-up studies of new products.

We aim to establish an effective Information Security Management System (ISMS) in the development pillar to handle R&D cyber security management. The system is backed by digital tools to safeguard new patents. We have filed eight patents for various innovations in the last three years. Additionally, we use world-class software to enhance document confidentiality. This software organises documents based on their level of confidentiality and determines other users' editing, downloading, and sharing rights.

Key Technology and R&D Focussed Initiatives in FY23

- A new pilot plant will be commissioned for the scale-up of upcoming new products. We have a state-of-the-art engineering lab in Mumbai to generate scale-up data and faster commercialisation. To build capability and stay updated in terms of recent advancements in technology, rigorously looking out for Process Intensification.
- Development of new chemistries and their successful pilot scale-up covering Photochemistry, Fluorination chemistry, and Grignard chemistry, among others.
- New chemistries will help address the needs of different market segments across Pharmaceuticals, Electronic Chemicals, Energy Chemicals, and Agrochemicals.
- Exploring new technologies like pinch technology, carbon capture, and extractive distillation for implementing in new product development.

R&D Facts

2
State-of-the-art R&D Centres Across Maharashtra & Gujarat

7
Patents Filed

40+
Planned Product Introductions (over 50% of products to be launched for the first time in India)

18,000 sq. ft.
Covered by an Ultra-modern Synthesis Laboratory

250+
Engineers & Scientists

1 Pilot Plant
1 more under Construction

ISO/IEC 17025:2017
NABL accreditation

ISO 27001:2013
Accreditation for Fully Digitised Paperless Laboratory

Project Initiatives

Scaling Capabilities.
Exploring Possibilities.

Our strategy is built on a strong foundation of targeted and disciplined capacity expansion programmes. This strategic approach enables us to cater to the ever-evolving demands of our customers with precision and agility. By undertaking these initiatives, we develop new chemical value chains and create high-potential products. This proactive approach positions us to confidently embrace the future and seize opportunities with confidence.

In FY 2022-23, our steadfast commitment to growth led us to achieve significant milestones in expanding our facilities and enhancing production capacity. Over the last few years, we made substantial investments in a range of initiatives, including new projects for long-term contracts, scale-up activities, asset restoration, debottlenecking, etc. These strategic investments were aimed at expanding our manufacturing capabilities and broadening our market reach. Through these transformative endeavours, we fortify our position in the industry, unlocking new opportunities that propel our trajectory forward.

During the year, we commercialised the facility for a third long-term contract and two speciality chemical process blocks at Jhagadia. Our brownfield expansion of the NCB facility at Vapi and other speciality chemical blocks is advancing well. We anticipate these expansions to become operational in a phased manner in the coming year. Further, we have embarked on expanding our Ethylation capacity at the Dahej SEZ, with a threefold increase, entailing an investment of ₹200 crores. This expansion aligns with our vision to meet the growing demand for our products and is expected to be commissioned in the first half of FY25.

In addition, we have also initiated the debottlenecking of our NitroToluene capacities, targeting a capacity increase of approximately 50%. This strategic move enables us to cater to high-growth applications in agrochemical sector. We anticipate the commercialisation of these debottlenecking units in FY25, further enhancing our market presence.

New Multi-pupose Plant and Chlorotoluene Facilities

The Company has initiated work on setting up a new state-of-the-art Pilot Plant, a multipurpose plant and capabilities for the new Chlorotoluene Value chain at its Zone IV situated at Jhagadia, Gujarat. The site is spread across ~95 acres within Jhagadia GIDC, wherein the necessary Environmental Clearance (EC) has been obtained and project work is underway. The multipurpose facility will enable us to cater the contract manufacturing opportunities in high growth end use industries such as Agrochemicals, etc. While the Company plans to add various new chemistries including chlorotoluenes value chain will lead to adding over 40 value added speciality products. The zone is expected to be commissioned in a phase-wise manner from H2 FY25 catering to the needs of mainly agrochemicals and pharma companies, with a capex outlay of about ₹ 2,500-3,000 crores till FY 2025-26.

The Zone IV project represents a significant milestone as it aligns with our strategy to provide locally produced chemicals that are currently imported by the pharmaceutical and agrochemical industries. Moreover, this project will strengthen our value chain, foster customer relationships, and enhance our manufacturing and technological capabilities, thereby positioning us for future expansion and greater product offerings.

Capacity Expansion Plans for the Future

We have set robust capacity expansion plans for next couple of years to seize emerging opportunities and address the evolving needs of our customers. Our planned strategic investments will be directed towards the development of new chemical value chains and high-potential products. Noteworthy projects in the pipeline for existing business, include the expansion of NCB capacity, Acid Revamp, NT & Ethylation expansion, and establishment of downstream product plants. All of the initiatives are anticipated to commence and support the volume growth in coming years.

About ₹3,000 Crores

Planned Capital Expenditure over next couple of years

Environment, Social and Governance

Shaping a
Sustainable Future

At Aarti Industries Limited, our commitment to sustainability goes beyond just a goal – it is an ongoing journey of improvement. Our dedication to integrating sustainability in Environmental, Social, and Governance (ESG) practices into every aspect of our operations and strategy remains unwavering.

We continuously seek ways to minimise our environmental footprint, promote social well-being, and uphold ethical standards. Our journey towards sustainable excellence encompasses a range of initiatives, from resource conservation and waste reduction to fostering diversity and inclusion within our workforce. We embrace transparency, engage with stakeholders, and strive for continuous improvement. Through these initiatives, we not only contribute to the betterment of our world but also create long-term value for our stakeholders and future generations.

ESG Strategy

We have established clear and measurable objectives aligned with industry best practices and global sustainability frameworks such as the United Nations Sustainable Development Goals (SDGs). The goals have been set for carbon emission reduction, freshwater reduction, increase in water recycling, reduction in waste generation, increasing employment engagement score, ensuring minimum training hours, zero fatalities, 100% compliance with anti-corruption practices, etc. These goals encompass environmental stewardship, social impact, and economic resilience, guiding our actions and shaping our vision for a sustainable future.

Through comprehensive assessments of the targets, we rigorously evaluate the environmental footprint of our operations, supply chain practices, and overall business conduct. These assessments have served as valuable insights, enabling us to identify areas for improvement and make informed decisions that drive positive change. By calculating the product carbon footprint of all our projects, we have gained a deeper understanding of the environmental impact of our products and processes, allowing us to develop strategies for continuous improvement.

Our Certifications

Responsible Care

GOLD 2021 ecovadis Sustainability Rating

TOGETHER FOR SUSTAINABILITY

ISO 45001:2018

CERTIFIED ISO 9001:2015 COMPANY

Information Security Management ISO 27001 Certified

ENVIRONMENTAL MANAGEMENT SYSTEM ISO 14001

CDP

Environment

Nurturing
the Nature

Our commitment to environmental sustainability goes beyond compliance, guiding our holistic journey of environmental protection initiatives thus fostering our purpose to reduce our ecological footprint and foster a greener world.

Sustainability is ingrained in our values and shapes our decision-making processes. We continually seek innovative solutions and leverage the latest technologies to ensure that our operations align with the principles of sustainability.

Energy Conservation

Based on our energy efficiency initiatives, we have saved approx. 0.8 million kWh of energy in 2022-23.

We recovered 10,37,865 GJ of steam from the distillation condenser during 2022-23. We also took a successful trial for usage of Biomass for replacing coal gradually in order to reduce carbon emissions.

6,85,701
Scope 1 Emission

1,43,959
Scope 2 Emission

Carbon Reduction

As a responsible entity, we have signed a commitment to the Science Based Target initiative (SBTi) which has enabled us to focus on reduction of energy consumption and reduce carbon footprint. We have identified projects having potential to reduce carbon emission by more than 3 lakh MT. The progress of these projects is tracked monthly at each zone in the sustainability council and quarterly by the ESG council.

Waste Management

We have systematically segregated our waste management framework into three priorities based on the various operating conditions and types of waste generated.

Segregating waste management into three priorities will ensure efficient utilisation of hazardous waste in a safe and environmentally sound manner. Additionally, we undertake comprehensive legal compliance through audits of the vendors responsible for reusing, processing and disposal of waste.

During FY23, we undertook various initiatives to improve our hazardous waste management. These measures include waste management guidelines, the introduction of a compressive checklist for all HW vehicles, 24/7 live tracking of all the HW vehicles through our Aarti Logistics Centre (ALC), and introducing an audit and approvals system for end users of hazardous waste. We have also completed Rule 9 trials conducted by CPCB and obtained CPCB SOP for HCL conversion into $CaCl_2$. Additionally, our initiatives help divert hazardous waste to coprocessing from landfill leading to reduced landfill and incineration loads.

1st priority → **2nd priority** → **3rd priority**

1st priority	2nd priority	3rd priority
Produce less waste	4Rs (Reuse, Recover, Recycle, Reprocess)	Treatment and disposal

90%+
Waste reused or recycled

Water Management

For reducing our water wastage, we focus on 3Rs (Reduce, Reuse & Recycle) and aim to achieve zero-liquid discharge (ZLD) for our facilities. Our water conservation initiatives during the year included the introduction of a water harvesting system, increasing steam condensate recovery, increased MEE condensate recovery, STP treated water recycling and RO permeate recycling, among others.

8% treated effluent quantity is sent to CETP for further treatment and to be disposed of in the deep sea. We have recycled steam condensate of about 50% in the Boiler. Our overall 44% of water is recycled to the water withdrawn due to various measures like ZLD units, steam/ MEE condensate recycling in boilers, water harvesting initiatives and STP treated water recycling. About 85% effluent quantity is recycled back into the process. 15% treated effluent quantity is sent to CETP for further treatment and to be disposed of in the deep sea. We have recycled steam condensate of about 50% in the Boiler. Our overall withdrawal of water was reduced by about 40% due to various measures like ZLD units, steam condensate recycling in boilers, water harvesting initiatives and STP treated water recycling.

Going forward, we plan to achieve 100% ZLD ready status within the next two years. We have also adopted a proactive ZLD approach which will be incorporated during the conceptualisation and designing phase of new projects.

44%
Water recycled

CSR

Empowering Communities **for a Better Tomorrow**

At Aarti Industries Limited, we firmly believe in the power of responsible business practices and their positive impact on society. As a socially conscious organisation, we empower communities and drive equitable and inclusive development. Our CSR initiatives, majorly led by the Aarti Foundation, aim to create lasting change and empower communities. Through collaboration with trusted partners, we extend the reach and effectiveness of our programmes, addressing critical challenges in education, healthcare, and environmental protection. By empowering communities, we build a stronger and more sustainable future together.

With our stakeholders and dedicated teams, we are making a meaningful difference and shaping a brighter future for all.

₹14.73 Crores

Total CSR Spend

Focus Areas

- Education and Skill Development
- Healthcare
- Tribal & Rural Development
- Environment & Water Green Conservation
- Women Empowerment
- Livelihood Opportunities & Housing Aid
- Other Initiatives

Education and Skill Development

₹7.75 Crores

Amount spent on Education and Skill Development

11,532

Lives Impacted

Key Initiatives

Ongoing Initiatives

Funds allocated ₹**1.17 Crores**

Lives impacted: **7,504**

Infrastructure Development Initiatives

Funds allocated ₹**4.35 Crores**

Scholarships & Grants

Funds allocated ₹**1.73 Crores**

Lives impacted: **4,028**

Ongoing Initiatives

Financial Aid to Educational Institutes

As a part of our Financial Aid initiative, we facilitate financial support for the operations of 5 educational institutes in Kutch, Ahmedabad and Narmada.

- Tulsi Vidya Mandir, renowned as one of the top schools in the region, currently has an enrolment of 406 students.
- Shree Ram-Krushna Dev Vidhya Sankul is a Gujarati Medium boarding school catering to primary and secondary education. The school has an enrolment of 200 students.
- Jan Seva Charitable Trust operates a girls' hostel with a capacity to accommodate 80 individuals.
- Vicharta Samuday Samarthan Manch (VSSM) offers hostel facilities with a capacity to accommodate 476 individuals.
- The Yusuf Meherally Centre (YMC) operates Vallabh Vidyalaya and three Sagar Shalas. These Sagar Shalas are an integral part of YMC's efforts to provide primary education to the children of saltpan workers and fishermen who frequently migrate. Currently, approximately 73 students are enrolled in these schools.

Infrastructure Development Initiatives

Building a Solid Foundation for Learning

To provide students with the best learning environments possible, Aarti Group donates towards the development of new infrastructure and the improvement of existing facilities of various schools and institutions.

Shri Poona Kutchi Jain Samaj (SPKJS) has been supported by Aarti Group for the construction of hostel rooms in SPKJS, Nandu Bhavan. The rooms are equipped with modern amenities and are available for students of 10th & 12th standards.

₹0.10 Crores
Amount Spent

12
People Benefitted

Sheth M.P. Rashtriya Shala Trust

Creating Infrastructure for Optimal Learning Environment in Mulund

The Sheth M.P. Rashtriya Shala Trust in Mulund is constructing a state-of-the-art education complex with the financial support of Aarti Industries Limited.

A multi-purpose hall further enriches the educational experience by hosting various events and activities.

The Sheth M.P. Rashtriya Shala Trust's new education complex represents its dedication to providing students with a holistic educational experience in a cutting-edge facility.

The complex includes a degree college, Gujarati medium school, and an English medium junior college, accommodating 794 students annually.

The complex's availability of commerce and self-finance graduate and post-graduate courses significantly expands educational opportunities in Mulund and its suburbs.

The complex offers an optimal learning environment with modern amenities and centrally air-conditioned facilities.

Aarti Industries Limited's contribution of ₹ 3.25 Crores has been instrumental in realising this project, which aims to empower students and bridge the gap between demand and availability of quality higher education.

Vallabh Vidya Vihar

Empowering Nomadic Communities

Vallabh Vidya Vihar, spread across 18 acres of land in Village Pansar, Block Kalol, District Gandhinagar, Gujarat, aims to create a lasting impact while empowering nomadic and underprivileged communities in Gujarat through education and skill-based learning.

It includes a museum showcasing the nomadic communities' rich and glorious cultural heritage. The museum exhibits their stories, costumes, musical instruments, tools, and folklore, preserving and promoting their unique traditions.

The children of Vallabh Vidya Vihar's hostels become catalysts for change within their families and communities, transforming lives through education and knowledge. Phase I of Vallabh Vidya Vihar can accommodate approximately 1,000 students.

The enclave features a training centre where the youth from the nomadic communities acquire and enhance their ancient professions and learn contemporary skills to adapt to changing times.

Vallabh Vidya Vihar is designed as an all-inclusive educational enclave, providing a comprehensive range of skill-based learning programmes, primary/ basic education, and main educational facilities for nomadic communities.

Aarti Industries Limited has invested ₹ 0.75 Crores (an amount spent) to develop and establish the educational enclave.

Nurturing Brilliance through Scholarship and Grants

Through Scholarship and other welfare programmes, Aarti Industries Limited provides support to underprivileged students for pursuing higher education.

Gramin Vikas Samiti located in Mul, Chandrapur is supported by Aarti Industries Limited through scholarships, uniforms, stationery, notebooks, and food to 100 physically handicapped students.

₹0.03 Crores
Amount spent

100
People Benefitted

HDD Kanyashala

Aarti Industries Limited has supported HDD in the construction of school building and infrastructure like benches.

₹0.26 Crores
Amount Spent

800
People Benefitted

Shree Kutchi Visha Oswal Sthanakwasi Jain Mahajan and Aarti Industries Limited have been associated through a scheme called "Dhanvallabh Educational Fund", under which scholarship is granted to needy people for higher education.

₹0.85 Crores
Amount Spent

126
People Benefitted

Institutions	Category	Place	People Benefitted	Lives Impacted	Amount Spent (in ₹ Lakhs)
Ongoing					
Sushil Trust, Shree Ram-Krushna Dev Vidhya Sankul, Khadir, Ratanpar, Kutch	Ongoing	Ratanpar	200	800	26.00
Tulsi Vidya Mandir, Nana Bhadiya, Kutch	Ongoing	Nana Bhadiya	406	1,624	51.71
Vicharta Samuday Samarthan Manch (VSSM)	Ongoing	Ahmedabad	476	1,904	9.00
Yusuf Meherally Centre (Vallabh Vidyalaya + Sagar Shala)	Ongoing	Kutch	714	2,856	21.58
Jan Seva Charitable Trust, Sagbara (Girls' Hostel)	Ongoing	Sagbara, Gujarat	80	320	8.32
Scholarship					
Shri K.V.O. Jain Mahajan, Mumbai	Scholarship	Mumbai	881	3,524	88.00
Shree Kutchi Visha Oswal Sthanakwasi Jain Mahajan	Scholarship	Mumbai	126	504	85.00
Infrastructure					
Shri Poona Kutchi Jain Samaj	Infrastructure	Pune	N.A.	N.A.	9.50
HDD Kanyashala	Infrastructure	Kutch	N.A.	N.A.	25.59
Shri M P Rashtriya Shala Trust	Infrastructure	Mumbai	N.A.	N.A.	325.00
Vicharta Samuday Samarthan Manch (VSSM)	Infrastructure	Ahmedabad	N.A.	N.A.	75.00
Others					50.62
Total			**2,883**	**11,532**	**775.32**

Healthcare

Key Initiatives

- **Medical Infrastructure Development**
  Funds Allocated: ₹ 1.54 Crores
  Lives Impacted: 44,448
- **Medical Grants**
  Funds Allocated: ₹ 0.10 Crores
  Lives Impacted: 104

₹1.65 Crores
Amount Spent

44,552
People Benefitted

Promoting Health through Initiatives and Grants

	Category	Place	People Benefitted	Amount Spent (in ₹ Lakhs)
Healthcare				
Shri K K Shah Sabarkantha Arogya Mandal	Healthcare	Vatrak	12	0.50
Bahubali Children's Hospital	Healthcare	Vapi	NA	2.22
Ujjaini Varishtha Nagrik Sangathan	Healthcare	Ujjain	NA	111.00
Matruvandana	Healthcare	Bidada, Kutch	64	35.00
BPNI Maharashtra	Healthcare	Mumbai	44,372	5.70
Medical grant				
Shri KVO Jain Mahajan, Mumbai	Medical Grant	Mumbai	104	10.00
Other Medical Grants	Medical Grant		NA	0.41
Total			**44,552**	**164.83**

Ujjaini Varishtha Nagrik Sangathan

(Sewadham Ashram) - Supporting healthcare needs of specially-abled, underprivileged masses

Sewadham Ashram is a charitable organisation that provides treatment, lifetime shelter, and rehabilitation services to the homeless, differently-abled, acid victims, mentally unstable, and destitute people from all over India. The organisation does not discriminate based on caste, creed, sex, or religion and is entirely funded by public support.

₹1.11 Crores

Amount Spent

Currently, Sewadham Ashram is constructing a 30,000 sq. ft. "Ankit Gram" (a healthcare campus) for the treatment of T.B., HIV, handicapped patients, etc., providing them with specialised treatment and care. The facility will benefit over 700 families staying in the vicinity of approximately 25-30 kms, providing them with access to much-needed healthcare services. This healthcare campus will be a significant addition to the existing healthcare infrastructure in the area.

Tribal & Rural Development

Key Initiatives

- **Tribal Development**
  Funds Allocated: ₹ 1.06 Crores
  Lives Impacted: 50,985
- **Rural Infrastructure Development**
  Funds Allocated: ₹ 0.41 Crores
  Lives Impacted: 6,467

₹1.47 Crores

Amount Spent on Tribal & Rural Development Initiatives

57,452

Lives Impacted

Details	Place	People Benefitted	Amount Spent (in ₹ Lakhs)
Bhansali Trust (Donation for upliftment of Mushar Community)	Bihar	50,985	100
Karunah Society for Development	M.P.	NA	6.00
Kutch Fodder, Fruit & Forest Development Trust	Kutch	6,467	16.09
Livestock Development		NA	25.21
Total		**57,452**	**147.30**

Shaping a Brighter Future for Mushar Community

The Mushar community, mostly engaged as landless tenant farmers or daily wage labourers are the most marginalised and underserved castes in India. People from the Mushar community are devoid of access to education, healthcare, and nutrition and have been exploited for generations.

By joining hands with Bhansali Trust, we have been driving an integrated community development of the Mushar community from Bihar. The primary areas of intervention for the upliftment of the people belonging to the community are mentioned below:

₹1.00 Crores

Amount Spent

50,985

People Benefitted

150

Villages Covered

Education

Nutrition

Healthcare & Hygiene

SHG Formation

Kutch Fodder, Fruit & Forest Development Trust

Aarti Industries Limited has contributed to the Khadir Area Development Project in Ratanpar.

Activities covered under the project:

1. Establishment of Samriddhi – Krishi Seva Kendra at Ratanpar Village
2. Promotion of Chemical-Free Farming – Demonstration Activity
3. Animal Health Care: Drenching, Deworming and Primary Health Care of Small Ruminants
4. Starting service of Pashupalakmitra at Ratanpar
5. Construction of Farm Bund and Khet Talavdi at Individual Agriculture Land
6. Preparation of Tree Guards for Tree Plantation
7. Demonstration of Chemical Free Cumin Cultivation with four farmers
8. Demonstration of Chemical Free Vegetable Cultivation with one farmer
9. Workshop to understand Soil Health and importance of Soil Testing

₹0.16 Crores

Amount Spent

6,467

People Benefitted

8

Villages Covered

Green Environment & Water Conservation

Details	Category	Place	People Benefitted	Amount Spent (in ₹ Lakhs)
Vapi Horticulture Activities	Environment	Vapi	60,225	42.23
Solar Lighting at Bhalgamda Village	Environment	Gujarat	2,880	12.00
Kutch Nav Nirman Abhiyan	Water Conservation	Kutch	12,700	47.42
Shree Siddhivinayak Sevabhavi Sanstha	Water Conservation	Beed	7,815	17.23
Others				2.26
Total			**83,620**	**121.14**

₹1.21 Crores
Amount Spent on Environment Conservation

83,620
People Benefitted

Aarti Horticultural Services Pvt. Ltd

Nurturing Nature, Enhancing Landscapes

Aarti Horticultural Services Pvt. Ltd. strongly partners with Gujarat Industrial Development Corporation (GIDC) for horticultural projects at Vapi, Gujarat.

Under the initiative, the company plants trees and cares for gardens in the GIDC Estate,Vapi, Gujarat, to improve air quality, reduce heat island effects, and make the area aesthetically green and clean.

Aarti Horticultural Services Pvt. Ltd. covers 12 gardens in the GIDC Estate, area, promoting a sustainable and eco-friendly environment by planting trees and creating habitats for wildlife.

The company invested ₹ 0.42 Crores in horticultural projects, showing a dedication to the environment and improving the area's appearance.

Aarti Horticultural Services Pvt. Ltd., in collaboration with GIDC, has positively impacted the lives of 60,225 individuals through their green initiatives in Vapi's GIDC estate.

Shree Siddhivinayak Sevabhavi Sanstha, Beed

Rejuvenating Rivers, Reviving Life

The Shree Siddhivinayak Sevabhavi Sanstha is working on improving water flow and agricultural productivity in Beed District by reviving and widening rivers. They are collaborating with multiple partners for this initiative.

The Trust has boosted water flow by widening rivers, ensuring a steady and dependable water supply leading to an increase in the water table in the area.

Enhanced water resources are benefitting agriculture. Farmers have more water for irrigation, resulting in higher crop yields and overall agricultural growth.

Reviving and widening rivers in Beed District has had significant environmental benefits. It helps maintain ecological balance, preserves aquatic life, and ensures a sustainable ecosystem for future generations.

The Trust has prioritised widening rivers in Surdi, Parbhani, Pategaon, Pimpalner, and Kukadgaon villages of Beed District, where agriculture heavily relies on limited water resources and has invested ₹ 0.17 Crores in this initiative.

The initiatives have positively impacted 7,815 individuals, like farmers, their families, and the local community who depend on the rivers for their livelihoods in the Beed District.

Women Empowerment

₹0.66 Crores
Amount Spent on Women Empowerment

1,80,950
People Benefitted

Details	Place	People Benefitted	Amount Spent (in ₹ Lakhs)
Tribal Integrated Development and Education Trust	Assam, Meghalaya	1,80,900	30.00
Matruvandana	Bidada, Gujarat	50	35.50
Total		**1,80,950**	**65.50**

Matruvandana

Senior Citizen Home and Healthcare Services

Matruvandana, a senior citizen home in Bidada, Kutch, Gujarat, offers a respectful home for senior citizens along with free medical treatments and access to quality healthcare services.

The organisation aims to create a nurturing environment where seniors get comprehensive care, support and can live respectfully.

Free medical treatments, including physiotherapy, surgery, consultations with qualified doctors, and free medication, are provided to senior citizens.

Matruvandana has partnered with the Jankalyan Medical Society to offer top-notch medical care to senior citizens. The collaboration includes fully equipped ICU wards, physio facilities, and specialised care for eye care, prostate issues, and kidney stone diseases.

Matruvandana, a senior citizen home and healthcare service, has received an investment of ₹ 0.36 Crores. So far, 50 individuals have benefitted from their services.

Tribal Integrated Development & Education Trust

Village Covered	• 2,500+ Villages of 10 Dist. in Assam • 166 Villages of 3 Dist. in Meghalaya	
Total Staff	• 153 at Assam & 11 at Meghalaya	
Micro Credit Group (Self-Help Groups)	• TIDE have formed 12,000+ Micro credit groups • Covering over 1,31,700+ Women (Families) • Most of the families are now debt free.	
Income generation projects	There are various income generation projects carried out by TIDE • Agarbatti Making • Weaving	• Bamboo Craft • Mushroom Farming • Tailoring Classes
Training camps for women and girls	900 training and awareness camps were organised in Assam during the year for women and girls. Approx. • 40 participants were present in each camp • Total participants: 36,000 These camps are organised to create awareness about various topics such as: • Hygiene • Vices like alcohol, tobacco, etc	• Injectable drug abuse which is common in North East • Importance of education, • Intruders like Bangladeshi • Supplementary income by various means • Family planning organic farming, etc.
Mental Health Care	Under this project at present 1,000+ patients are treated. It is going to expand up to 2,000 patients in 2 years.	

₹0.30 Crores
Amount Spent

1,80,900
People Benefitted

3,155
Villages Covered

Livelihood Opportunities & Housing Aid

₹1.34 Crores
Amount Spent on Livelihood & Housing Aid

58
People Benefitted

Details	Category	Place	People Benefitted	Amount Spent (in ₹ Lakhs)
Shree KVO Jain Mahajan	Livelihood Opportunities	Mumbai	31	100
Kutchi Jain Foundation	Housing Aid	Mumbai	27	34
Total			**58**	**134**

Shree KVO Jain Mahajan Mumbai

Vijay Vallabh Swayam Rojgar Yojna - Business Loan

Shree KVO Jain Mahajan in Sion, Mumbai, has introduced the "Vijay Vallabh Swayam Rojgar Yojna - Business Loan" scheme. This programme offers interest-free loans to small and medium entrepreneurs struggling to secure bank finance. These challenges can include extensive paperwork and the need for collateral.

By providing interest-free loans and simplifying the application process, the scheme has empowered individuals to start or expand their businesses, stimulating economic growth in the region.

Loans of up to ₹ 5.00 Lakhs have been given through this scheme. Depending on the business's needs, the loan can be disbursed in instalments or as a lump sum. The repayment schedule is tailored to the applicant's ability to pay from their business earnings, and it varies for each individual.

The scheme spent ₹ 1.00 Crores, benefiting 31 individuals and helping them pursue business endeavours and contribute to the local economy.

Other Initiatives

₹0.30 Crores
Amount spent on other CSR activities

Corporate Overview

Statutory Reports

Financial Statements

People

Building a Culture **of Excellence**

Our employees are the embodiment of our brand and the very foundation of our success. We deeply value their contributions and understand that nurturing talent is crucial to our organisational culture. Our commitment to our employees extends beyond their professional lives, as we strive to create an environment where they can thrive personally and professionally.

Employee Engagement

Employee engagement is at the heart of our success. By fostering a culture of engagement, we have unlocked our employees' potential and empowered them to drive growth and innovation.

Employee Engagement Survey

We collaborated with a leading global analytics and advice firm to conduct an employee engagement survey, providing valuable insights into our employees' experiences, sentiments, and areas of improvement. The survey achieved a 100% participation rate, leading to a significantly increased engagement scores in all 12 dimensions.

Metamorphosis

Metamorphosis aims to create Aarti Engaging Leaders and high-performing teams that drive the future-ready Aarti Industries Limited. It is a transformative intervention that empowers employees and drives cultural transformation. It revolves around three pillars: Believe, Belong, and Become, elevating the overall employee experience. Our Chief Human Resources Officer (CHRO), facilitates these sessions and guides employees through real-life experience while sharing various piece of informations. Many unworkabilities are addressed openly, fostering trust and open communication.

Holistic Well-being

We prioritise our employees' holistic well-being by fostering their social, mental, physical, and financial empowerment. Through meticulously implemented initiatives, we promote a comprehensive approach to employee wellness, supporting their personal and professional success.

Nirvana

Our key well-being initiative, Nirvana, offers a range of activities, events, and workshops for employees throughout the year. It serves as a roadmap for employees to engage in activities that nourish social connections, enhance career growth, promote physical fitness, prioritise mental health, and provide guidance on financial management.

Conversation

We have a dedicated conversation platform to support managers in enhancing the engagement of their team members. This platform empowers managers to engage in meaningful interaction and foster open and supportive dialogue.

Employee-oriented Policies

Our employee-oriented policies prioritise the well-being and value our diverse employees. They include internal talent prioritisation, equal opportunities, transparency, financial assistance, higher education promotion, flexible working hours, and child education assistance, among others.

Employee Assistance Program (EAP)

Our EAP platforms, such as 1 to 1, offer confidential and professional support services to address personal challenges affecting employee well-being. These services encompass counselling, financial guidance, and mental health resources.

Diversity and Inclusion

We take pride in being an equal opportunity employer, valuing individual differences based on ethnicity, religion, caste, gender, age, and disability. We believe diversity fosters innovation and social responsibility. Our initiatives promote diversity throughout the organisation.

Age Diversity

Our organisation comprises a diverse pool of experienced and young talent. Our average employee age is around 33 years. We nurture young talent through programmes like "Meraki", which develops their leadership skills. We also value experienced team members who coach and develop new sets of successful players through programmes like 'Gurukul'.

Gender Diversity and Equality

Our practices and processes and our constant monitoring of various parameters like average compensation, promotion percentage, ensure gender equality. We encourage the recruitment and fitment of women employees at all levels. We conduct awareness sessions and focus group discussions to address gender discrimination and support our female employees.

Inclusion

We embrace and celebrate workplace diversity while promoting inclusivity. Our initiatives, such as "Metamorphosis," foster transparent communication and bridge hierarchical gaps across levels. With a culture that emphasises the absence of hierarchy, we maintain an open-door policy, ensuring easy accessibility to our leadership team. Furthermore, our inclusive practices extend beyond our employees to encompass contract staff, family members, and the local community through various initiatives.

Talent Management

Our Talent Management philosophy addresses individual and organisational needs through talent assessment, segmentation, development, and review processes. We focus on strengthening workforce capabilities and provide various development programmes, leadership initiatives, job rotations, and cross-functional assignments.

Leadership Competency Development Program

Our development program is designed to enhance critical leadership competencies. It equips aspiring leaders with the knowledge, skills, and tools necessary to excel in leadership roles. The programme includes workshops, seminars, and coaching sessions to provide a comprehensive learning experience.

Capstone Projects

These are collaborative projects involving Aarti Industries Limited employees who work on real world challenges in partnership with industrial organisations. The academic programmes help them acquire theoretical knowledge and practical skills for developing innovative solutions or recommendations for the industry partner.

Higher Education

We encourage our leaders to take up professional courses from reputed institutions to further develop their functional and technical skills in line with their current and future role requirements and aligned with Aarti Industries Limited's broader goals.

Vertical Talent Strategy

This initiative aims to identify high-potential talent within the vertical. A Talent Health Card is used to assess critical areas such as talent density, succession planning, talent gap, and succession readiness. Customised development solutions are provided based on the assessment outcomes.

Manager Development Program

This initiative focusses on elevating leadership skills and enhancing the capabilities of managers. Assessments are conducted to evaluate managers' proficiency in their current roles and identify gaps for the next level. Individual development plans are then created to help managers acquire the necessary competencies and skills.

Gurukul

Gurukul is a mutual journey of growth and development where our senior executive leaders (Gurus) train leaders (Shishyas) to excel in their current roles and prepare them for potential positions. This initiative fosters a learning environment, enhances leadership capabilities, and provides organic opportunities for leadership development. Gurukul also incorporates reverse mentoring, allowing Gurus to learn from Shishyas.

Meraki

Meraki is our mentoring programme for campus hires. Each hire is assigned a mentor from the Leader. The programme supports new hires in developing a rapport, identifying strengths and areas for improvement, and building competencies for success in their current role. It also provides a better understanding of the organisation's processes and systems.

Learning and Development

Aarti Industries Limited prioritises learning and development, ensuring that each role has distinct characteristics and tailored job descriptions that align with key competencies contributing to the Company's goals. Throughout the year, various initiatives are undertaken to support role alignment.

Eklavya

The Eklavya programme is carefully crafted for Field Operators and DCS Supervisors to upskill them and fuel their career growth. This role-based skill development programme has both technical and behavioural modules including on-the-job training. During the year, this programme has enabled more than 50 employees to take up higher level roles.

Kshitij

Our flagship Kshitij programme helps non-chemical engineers gain cross-functional competencies by learning about chemical processes and unit operations. 150+ employees benefited from the Kshitij programme in FY 2022-23.

Partnership with Academia for Higher Education

The Company promotes higher education by offering opportunities for employees to pursue advanced degrees. This helps create a skilled and motivated team to tackle industry challenges and contribute to the Company's growth. Aarti Industries Limited has partnered with prestigious universities like NICMAR and IIM Indore etc., to enhance project management skills.

First-Time Manager Program

Newly promoted managers can enhance their team management skills through the First-time Manager program. This program emphasises learning agility, emotional intelligence, trust, and delegation to support individual growth.

Progressio

Progressio is a comprehensive year-long development plan for campus hires, promoting engagement and continuous learning. It includes field visits, cross-functional collaboration, guided projects, mentoring, feedback, and presentations.

Operations Training

Aarti Industries Limited conducts operations training programmes to enhance blue-collared workers' knowledge, skills, and abilities. These programmes aim to identify skill gaps and provide targeted training, resulting in improved employee productivity, engagement, and career advancement opportunities.

Digital Infrastructure

Digital Transformation:
Accelerating Business Growth

Embracing the transformative power of digitisation, we propel our growth forward. By harnessing the potential of advanced technologies, we drive accelerated digitisation across our operations, revolutionising our business processes and unlocking new opportunities. This strategic endeavour empowers us to adapt swiftly to changing market dynamics, enhance operational efficiencies, and deliver unparalleled value to our customers.

Digital : The Fabric of the New Organisation

Our digital transformation journey started in FY22 under our flagship UNNATI program with the underlying purpose to establish a Digital Strategy and Roadmap to enable us to achieve the objectives against our strategic performance dimensions.

The Unnati Program laid the foundation for a robust and futuristic digital fabric for our Company.

Information Systems vertical transformed by adopting a culture of working in a bimodal way, where we focus on:

- Transformation by leveraging advanced emerging technologies to bring agility, scalability and state-of-the-art employee experience
- Enable Business As Usual (Run/Grow) through strong emphasis on getting most out of existing investments in our digital ecosystem, 100% adoption and simplification of existing systems through continuous process improvement
- Organisation Change Management and continuous process improvement

Unnati: Digital Transformation Programme

UNNATI 1.0

UNNATI 1.0 paved the way for us to be at par with the industry leaders in the highly demanding space of Digitisation and Digitalisation. Our digital transformation journey via Unnati 1.0 propelled our growth trajectory by leveraging technology for improved efficiency, enhanced customer experience, and facilitating data-driven decision-making.

FY23 has been a breakthrough year for us as we embarked on large scale digitisation and digitalisation initiatives for increased scalability, reliability, improved workforce experience and built-in redundancy.

Key Initiatives under UNNATI 1.0:

- Smart Factory using Real-Time Manufacturing Insights on Digital Twin / Process Twin platform with Artificial Intelligence and Machine Learning capabilities
- Digitisation of 360 Degree Customer Experience on a state-of-the-art CRM platform
- Harmonisation and Digitisation of the entire review process through Organisation Analytics with a cloud-based Data Warehouse / Data Lake
- Digitisation of Planning, Budgeting and Forecasting process
- Automation of various Business Processes
- Network Revamp across all locations on the state-of-the-art ecosystem
- Digitisation of various satellite processes on the Low Code No Code platform
- Digitisation of Learning Management process on SaaS-Based LMS platform
- Digitisation of project planning, managing and executing project work, budgeting, risk management, and project control using a global tier-I cloud-based platform

UNNATI 2.0

Building upon the strategic foundation of UNNATI 1.0, the need for UNNATI 2.0 became apparent. This next phase will drive the implementation of strategies across various areas, including Core Enterprise Systems, Emerging Digital Technologies, IT Infrastructure, Information Security, and Simplification of Systems through continuous improvement.

Additionally, UNNATI 2.0 will prioritise advancements such as next-generation cloud-based ERP, digitisation of the Source-to-Pay (S2P) process, Master Data Management, and digital transformation initiatives for Finance, Procurement and Manufacturing Quality verticals, among others. These initiatives reflect the organisation's commitment to leveraging cutting-edge technologies and digital solutions to drive operational excellence and achieve tangible outcomes.

UNNATI 2.0 will boost Aarti Industries Limited's growth with better efficiency, customer experience, data-driven decisions, innovation, and agility. It will leverage the foundation of Aarti Industries Limited's state-of-the-art IT network scalability and reliability and ISO 27001 Certification at its New Mumbai, Vadodara, and Vapi facilities.

Cyber Security Framework

Increasing digitisation entails higher risks of cyber security, data privacy, and data security. Towards addressing and mitigating such risks, we are building a layered defence for our organisation & business partner data. Our cybersecurity roadmap for the next three years will focus on next-generation cybersecurity platforms like Secure Web Gateway (SWG), Zero Trust Network Access (ZTNA), Data Leakage Prevention (DLP), Security Operations Centre (SOC) services, etc.

To strengthen our information security framework, we have implemented ISO 27001 Certification with "Embedded" status accredited at our R&D vertical at our new Mumbai facility, Chemical Technology vertical at Vadodara, and the Pilot Plant at Vapi.

Other Measures

We have a sound Business Continuity and Disaster Recovery Plan for minimising impacts, ensuring rapid recovery, and restoring normalcy in operations. To protect intellectual property from data leakages and data theft, we perform Vulnerability Assessment and Penetration Testing (VAPT) for IT Systems and Network Infrastructure.

Sustainability

We continue our commitment towards sustainable operations by striding towards becoming a digital and paperless organisation. Towards achieving this goal, we have entered into partnerships with partners who support our sustainable goals. To reduce our carbon footprint, we continue with our Cloud First and are on the cloud platform apart from applying reusable means to reduce paper dependency. For reducing e-waste, we encourage our employees to purchase used laptops/desktops. We have also adopted the EHS software applications for digitising safety practices.

We aspire to become a more innovative and digitally-enabled organisation to drive sustainable growth as we advance.

Governance

Fostering Trust
and Sustainable Growth

We hold ourselves to the highest standards of ethics, transparency, and integrity. Proactively promoting these principles is paramount to our commitment to sustainable excellence in every aspect of our business. We firmly believe that adhering to ethical practices is not only essential for our own success but also crucial for building and maintaining trust with our stakeholders.

Our strong corporate governance philosophy serves as the cornerstone of our operations, guiding our decision-making processes and ensuring that we consistently meet the highest standards of accountability and responsibility.

We recognise that upholding ethical practices goes beyond mere compliance with regulations; it is about embodying a culture of integrity in everything we do. This commitment is embedded in our organisational DNA and serves as the bedrock of our continued growth. By conducting our business with transparency, honesty, and fairness, we foster strong relationships with our stakeholders, build long-term partnerships, and create a sustainable future for all.

Our Governance Framework

Board of Directors

Audit Committee	Nomination & Remuneration Committee	Stakeholders' Relationship Committee	Finance & Investment Committee	Corporate Social Responsibility Committee	Risk Management Committee

Code of Conduct

The Code of Conduct (Code) is an internal guidance for our Board, management team, and all Aarti Industries Limited personnel. The Code has been designed to underpin our commitment to complying with applicable laws and regulations. Every employee, director, officer of the Company, supplier, customer, contract worker, contractor, and consultant, operating on behalf of or for the Company is subject to the Code. The Board of Directors and senior management must acknowledge conformity with the Code. A well-structured internal control system and strong governance processes guarantee that the Code is followed at all organisational levels. The sections of the Code encourage ethical corporate behaviour, while also outlining our anti-corruption and anti-bribery strategy. There is an effective vigil system and whistle-blower policy in place. The Code also specifies procedures for resolving complaints and disciplinary action for Code violations.

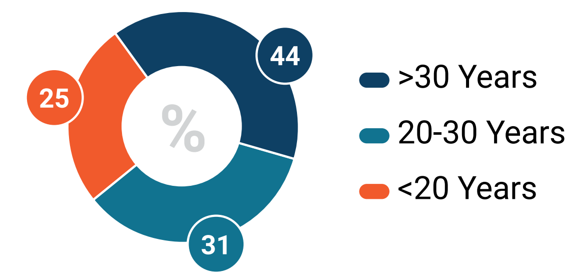
Compliance

We have a strong compliance management approach in place. In collaboration with a globally renowned professional agency, our compliance monitoring framework incorporates a high-end compliance tool. Identified users across the locations monitor and report all applicable compliances through this tool on a real-time basis. Besides monthly reviews at functional level, the Board reviews compliance status and effectiveness of the set framework on a quarterly basis.

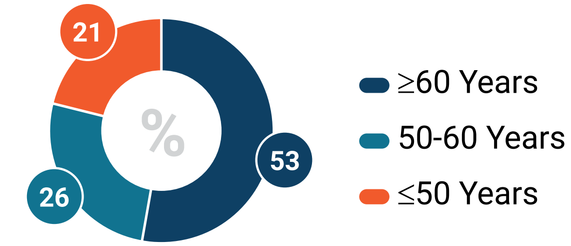
Board Composition

Our Board of Directors comprises industry experts with significant leadership experience and skills in Diverse industries. We guarantee that the Board's independence is preserved and that the Independent Directors' opinions and decisions are recognised and applied.

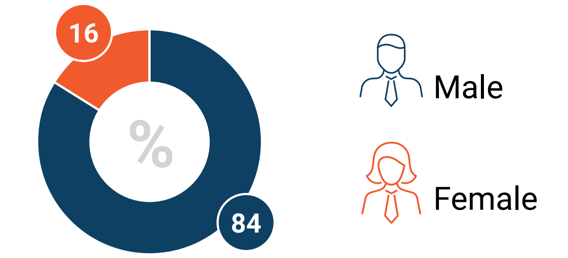
Board Experience



Board Age Profile



Board Diversity



Board Committees

The Board Committees are entitled to perform specialised activities and assist the Board of Directors in effectively discharging its responsibilities. These Committees are in charge of overseeing and managing day-to-day governance. They report accomplishments to the Board and seek its advice on significant issues.

Committee	Composition	Responsibilities
Audit Committee	**6 Independent Directors** Shri K.V.S. Shyamsunder (Chairman) Prof. Ganapati D. Yadav Shri P. A. Sethi Shri Bhavesh R. Vora Smt. Priti P. Savla Shri Lalitkumar S. Naik **3 Executive Directors** Shri Rajendra V. Gogri Shri Rashesh C. Gogri Shri Parimal H. Desai	• Oversight of the financial reporting process • Disclosure of financial information to ensure that the financial statement is correct, sufficient, and credible • Recommendation for appointment, remuneration and terms of appointment of auditors of the entity • Evaluation of internal financial controls and risk management systems • Review of the annual financial statements and Auditors' Report thereon, with the management, before submission, to the Board for approval • Review of the functioning of the whistle-blower mechanism
Nomination and Remuneration Committee	**3 Independent Directors** Shri P. A. Sethi (Chairman) Shri K.V.S. Shyamsunder Shri Bhavesh R. Vora **1 Executive Director** Shri Rajendra V. Gogri	• Formulation of the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board of Directors policy regarding the remuneration of the Directors, Key Managerial Personnel and other employees • Formulation of criteria for performance evaluation of Independent Directors and the Board of Directors • Devising the Board Diversity policy • Identification of candidates for appointment in senior management roles in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal
Stakeholders' Relationship Committee	**1 Independent Director** Shri K.V.S. Shyamsunder (Chairman) **3 Executive Directors** Shri Rajendra V. Gogri Shri Rashesh C. Gogri Shri Manoj M. Chheda **1 Non-Executive Director** Smt. Hetal Gogri Gala	• Resolving the grievances of security holders, including complaints related to transfer/transmission of shares, non-receipt of Annual Report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc. • Review of measures undertaken for effective exercise of voting rights by shareholders • Review of adherence to the service standards adopted in respect of various services rendered by the Registrar and Share Transfer Agent • Review of the various measures and initiatives taken for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company
Corporate Social Responsibility Committee	**2 Independent Directors** Shri K.V.S. Shyamsunder (Chairman) Smt. Priti P. Savla **1 Executive Director** Shri Kirit R. Mehta **1 Non-Executive Director** Smt. Hetal Gogri Gala	• Formulate and recommend to the Board, a Corporate Social Responsibility Policy, which shall indicate the activities to be undertaken by the Company as specified in Schedule VII to the Companies Act 2013 • Recommend the amount of expenditure to be incurred on these activities • Monitor the CSR policy of the Company from time to time
Risk Management Committee	**1 Independent Director** Shri Bhavesh R. Vora **4 Executive Directors** Shri Rajendra V. Gogri (Chairman) Shri Rashesh C. Gogri Shri Renil R. Gogri Shri Ajay Kumar Gupta **2 Non-Executive Directors** Smt. Hetal Gogri Gala Shri Narendra Salvi **1 Senior Executive** Shri Chetan Gandhi	• To formulate a detailed risk management policy • To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate the risks associated with the business of the Company • To monitor and oversee implementation of the risk management policy including evaluating the adequacy of risk management systems • To periodically review the risk management policy, at least once in 2 years including consideration of changing industry dynamics and evolving complexity • To keep the Board of Directors informed about the nature and contents of its discussions, recommendations and actions to be taken • The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by this Committee
Finance and Investment Committee	**5 Executive Directors** Shri Rajendra V. Gogri (Chairman) Shri Rashesh C. Gogri Shri Parimal H. Desai Shri Renil R. Gogri Shri Manoj M. Chheda **1 Non-Executive Director** Smt. Hetal Gogri Gala	• To act in accordance with the Terms of Reference determined by the Board of Directors • To review / evaluate various investment / expansion proposals, before putting up before the Board for approval • To delegate requisite authorities for carrying out operational activities of the Company • To deal with the Company's bankers for various banking / financial services / facilities as per the business needs

Empowered by
Exemplary Leadership

Shri Chandrakant V. Gogri
Chairman Emeritus

Shri Chandrakant V. Gogri founded Aarti Industries Limited as a modest manufacturing facility and aided in its evolution into the innovative Company it is today. The Institute of Chemical Technology (ICT), previously known as the University Department of Chemical Technology (UDCT), awarded him with a degree in Chemical Engineering. He has unparalleled expertise in the fields of chemical industry projects, operations, process development, and marketing. His ability and aptitude for finance assisted the Aarti Group through a crucial expansion period. He is the Company's founding Chairman. He stepped down as Chairman on 16th August 2012, and has, at the Board's request, accepted the position of Chairman Emeritus in recognition of his invaluable counsel and experience. For his contributions to the Indian chemical industry, Shri Chandrakant V. Gogri received the renowned Lala Shriram National Award for Leadership in the Chemical Industry in 2015 and the ICC's D.M. Trivedi Lifetime Achievement Award in 2019.

In 2022, Shri Chandrakant Gogri was honoured with Lifetime Contribution Award at the Chemical and Petrochemical Awards by FICCI and Lifetime Achievement Award by GDMA (Gujarat Dyestuff Manufacturer Association).

Shri Rajendra V. Gogri
Chairman and Managing Director

Shri Rashesh C. Gogri
Vice Chairman and Managing Director

Shri Parimal H. Desai
Executive Director

Shri Manoj M. Chheda
Executive Director

Shri Kirit R. Mehta
Executive Director

Shri Renil R. Gogri
Executive Director

Shri Ajay Kumar Gupta
Executive Director

Executive Directors

Smt. Hetal Gogri Gala
Non-Independent Director

Shri Narendra Salvi
Non-Independent Director

Non-Executive Directors

Shri K.V.S. Shyamsunder
Independent Director

Shri P.A. Sethi
Independent Director

Prof. Ganapati D. Yadav
Independent Director

Shri Bhavesh R. Vora
Independent Director

Dr. Vinay Gopal Nayak
Independent Director

Shri Lalitkumar Shantaram Naik
Independent Director

Smt. Priti P. Savla
Independent Director

Smt. Natasha Treasurywala
Independent Director

Prof. Aniruddha Pandit
Independent Director

Shri Shekhar Khanolkar
Independent Director

Independent Directors

Senior Management Team

Leading the Journey for **Long-Term Success**

Chetan Gandhi
Chief Financial Officer

Raj Sarraf
Company Secretary

Pankaj Mehta
Head-Corporate Relations & Strategy

Prashant Potnis
Chief Scientific Officer

Manoj Sharma
Chief Human Resource Officer

Harendra Pandya
Chief Projects & Procurement Officer

Senior Management Team

Awards and **Accolades**

Best Environment Friendly Company of the Year at FICCI Chemicals and Petrochemicals Award 2022

CII Most Innovative Environmental Project Award

“Chemexcil-GOLD AWARD” under the category of Large Scale Manufacturer + Merchant for Outstanding Export Performance.

“Chemexcil-Award of Excellency” under the category of Panel - I: Dyes & Dye Intermediates - (LSM + ME) for the Outstanding Export Performance.

12th Exceed Environment Award, Sustainable Development Foundation

Garv Award 2022 for the ‘Best Performance in Fire Prevention, Protection, Fire & Emergency Rescue Services’ across Gujarat.

The Economic Times Future Ready Organisations Award

Best Supplier Relationship Management Initiative Award at CIPS Asia

Ten-year Consolidated **Financial Highlights**

(₹ in Crores)

Particulars	Financial Year Ended on									
	31.03.2023	31.03.2022	31.03.2021	31.03.2020	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015	31.03.2014
Income from Operations	7,283	6,871	5,023	4,621	4,706	3,806	3,163	3,007	2,908	2,632
EBIDTA	1,079	1,720	982	986	967	707	655	578	471	412
Interest	168	102	86	125	183	132	117	117	138	118
Depreciation	310	246	231	185	163	146	123	99	82	89
Profit before Tax	611	1,372	665	676	622	429	416	363	255	206
Share of Profit from Associates	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	14	11
Profit after Tax	545	1,186	523	536	492	333	316	257	206	162
Dividend %	50	70	50	190	100	20	NA	170	110	90
Payout	91	127	44	105	44	10	1	69	52	42
Per Share Dividend (in ₹)	2.50	3.50	2.50	9.50	5.00	1.00	NA	8.50	5.50	4.50
Equity Share	181.25	+++181.25	87.12	++87.12	+43.33	****40.65	****41.06	***41.66	44.30	44.30
Reserve & Surplus	4,739	4,335	3,416	2,892	2,587	1,538	1,321	1,096	972	826
Networth	4,921	4,517	3,515	3,073	2,715	1,655	1,426	1,189	1,016	871
Long term & Short term Borrowings	2,874	2,568	2,492	1,811	2,106	1,921	1,436	1,233	1,068	949
Gross Fixed Assets	6,335	5,083	5,155	3,837	3,362	3,101	2,655	2,081	1,685	1,477
Net Fixed Assets	4,860	3,595	3,592	2,468	2,147	1,998	1,697	1,246	967	826
Capital work-in-progress	1,096	1,346	1,298	1,418	795	436	270	313	193	117
Investments	17	28	64	37	33	47	47	41	139	117
Net Working Capital	1,768	2,088	1,287	1,172	2,039	1,272	1,004	950	893	848
Book Value Per Share (₹)	135.74	124.60	201.75	176.39	313.23	203.62	173.69	142.75	114.73	98.29
EPS (Basic & Diluted) (₹)	15.04	32.71	30.04	++30.77	+60.39	****40.95	****38.45	***30.83	23.24	18.34
EBIDTA/Income from Operations	14.8%	25.0%	19.6%	21.3%	20.5%	18.6%	20.7%	19.2%	16.2%	15.7%
Net Profit Margin %	7.5%	17.3%	10.4%	11.6%	10.5%	8.7%	10.0%	8.5%	7.1%	6.2%
Debt/Equity Ratio	0.58	0.57	0.81	0.68	0.88	1.26	1.10	1.09	1.18	1.20
RONW %	11.5%	29.5%	15.9%	18.5%	22.5%	21.6%	24.2%	23.3%	21.8%	20.0%

Pursuant to the Scheme of Arrangement for Demerger of Pharma Business undertaking wef July 1, 2021, the financials for period prior to July 1, 2021 are inclusive of the Pharma Business undertaking and hence not comparable with the financials for FY 2021-22 and FY 2022-23.

Financials for FY 2021-22 have been suitably recasted to consider the impact of the demerger for Pharma business undertaking. (Please refer to the notes to accounts for more details).

*** Based on reduction in equity Pursuant to Scheme of Amalgamation between Aarti Industries Limited and Gogri and Sons Investments Private Limited. Alchemie Leasing and Financing Private Limited, Anushakti Holdings Limited and Anushakti Chemicals and Drugs Limited

**** Based on reduction in equity Pursuant to Scheme of buy-back.

+Based on increased equity post QIP issue

++Based on increased equity post bonus shares issue in the ratio of 1:1 equity share

+++Based on increased equity post bonus shares issue in the ratio of 1:1 equity share & Based on increased equity post QIP issue.

Figures for FY 2016-17 and FY 2015-16 are in the compliance with the Ind AS

Corporate Information

Chairman Emeritus
Shri Chandrakant Vallabhaji Gogri

Chairman & Managing Director
Shri Rajendra Vallabhaji Gogri

Vice Chairman & Managing Director
Shri Rashesh Chandrakant Gogri

Executive Directors
Shri Parimal Hasmukhlal Desai
Shri Manoj Mulji Chheda
Shri Kirit Ratilal Mehta
Shri Renil Rajendra Gogri
Shri Ajay Kumar Gupta (w.e.f June 29, 2023)

Non-Executive Directors
Smt. Hetal Gogri Gala
Shri Narendra Jagannath Salvi

Independent Directors
Shri KVS Shyamsunder Rammurthy
Shri Premchandra Amolak Sethi
Shri Bhavesh Rasiklal Vora
Padmashri Prof. Ganapati Dadasaheb Yadav
Smt. Priti Paras Savla
Shri Vinay Gopal Nayak
Shri Lalitkumar Shantaram Naik
Smt. Natasha Kersi Treasurywala
Prof. Aniruddha Pandit (w.e.f June 29, 2023)
Shri Shekhar Khanolkar (w.e.f June 29, 2023)

Chief Financial Officer
Shri Chetan Bipin Gandhi

Company Secretary
Shri Raj Sarraf

Statutory Auditors
Gokhale & Sathe
Chartered Accountant

Secretarial Auditors
Sunil M Dedhia & Co.
Practicing Company Secretary

Registrar & Transfer Agent
Link Intime India Private Limited
C 101, 247 Park,
L. B. S. Marg, Vikhroli (West),
Mumbai – 400 083, Maharashtra
Tel No: +91 22 49186000
Fax: +91 22 49186060
Email: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

Bank / Financial Institution
Axis Bank Ltd.
Bank of Baroda
Bank of Bahrain & Kuwait
Citibank N.A.
DBS Bank Ltd.
Export Import Bank of India
HDFC Bank Ltd.
HSBC Bank Ltd.
IDBI Bank Ltd.
IndusInd Bank Ltd.
J P Morgan Bank
Kotak Mahindra Bank Ltd.
RBL Bank Ltd.
Standard Chartered Bank
State Bank of India

Registered Office
Plot Nos. 801, 801/23, G.I.D.C. Estate,
Phase - III, Vapi - 396 195, Dist. Valsad - Gujarat

Corporate Office
71, Udyog Kshetra, 2nd Floor,
Mulund - Goregaon Link Road,
L.B.S. Marg, Mulund (West),
Mumbai – 400 080, Maharashtra
Website: www.aarti-industries.com
Email: investorrelations@aarti-industries.com
Tel No: +91 22 67976666

Corporate Identity Number (CIN)
L24110GJ1984PLC007301

Management Discussion and Analysis

ECONOMIC OVERVIEW

In Financial Year 2023, the global economy encountered significant challenges that hindered its advancement towards achieving sustainable goals. On-going geopolitical tensions, supply chain bottlenecks and inflationary pressure weighed on global growth in 2022. Soaring global energy and food prices, coupled with the resurgence of Covid caseloads in few countries and the fall out of recessionary trends in various markets & end user industries have led to slower-than-expected economic growth and stringent monetary policies by central banks across the globe.

Within this backdrop, India is in a sweet spot reaping the benefits of its demographic dividend with the presence of a vibrant and huge young population. This along with pick-up in manufacturing activity, healthy consumption trends and recovery in private investment has helped India maintain its status as the world's fastest-growing economy underscoring its resilience amidst global headwinds. The Indian Economy grew by 7.2% in the fiscal year 2022-23, positively surprising most experts and exceeding the Government's own projection of 7% GDP growth. This was driven by continued strong domestic macroeconomic fundamentals, supported growth in exports, moderation in oil prices, increase in capital investments, the fall in import-intensive consumption demand, etc. Easing of global inflationary pressure led by falling international commodity prices and favourable Government policies are expected to aid economic growth in India.

Despite a sluggish global economy, India is well poised to grow in the ensuing years and retain its position as the world's fastest-growing economy, with an ambitious target of becoming a USD5 trillion economy by 2025 and more than doubling the annual exports trajectory to USD2 trillion by 2030 aided by rise in services and electronics exports. The Indian Government has announced a slew of initiatives towards achieving these targets and maintaining its growth momentum. The Indian GDP growth is expected to remain healthy in FY2024 (at 6.3% as forecasted by World Bank) supported by a favourable capital investment cycles.

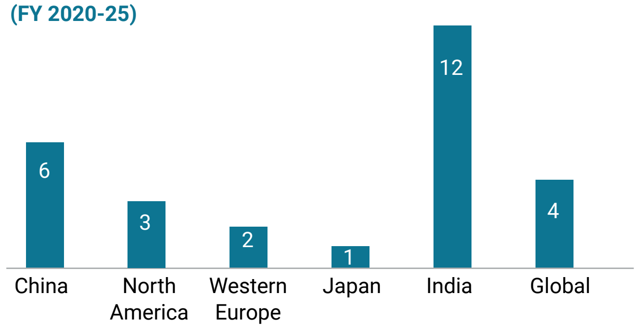
GLOBAL CHEMICALS & SPECIALITY CHEMICALS – INDUSTRY OVERVIEW

The chemical industry plays a vital role in the global economy. The world's chemical industry consists of several companies that produce basic chemicals as well as speciality chemicals. Industrial or basic chemicals are produced by converting raw materials such as fossil fuels, minerals and metals, and water into thousands of different products that are used by a wide range of end user segments. Speciality chemicals on the other hand, are either single-chemical entities or mixtures of various chemical ingredients that are designed for specific applications and sold on the basis of their performance or function rather than their composition.

The global speciality chemicals market size was valued at USD616 billion in 2022 and is expected to grow at 5.1% CAGR over 2023 to 2030. The growth is primarily attributable to growing demand for construction, water treatment, and electronics chemicals, along with advancements in process technology and trade liberalisation. The growth of speciality chemicals is also attributed to the growing demand from pharmaceuticals, agrochemicals, food and feed additives, and flavours and fragrances, among others. The Asia Pacific region dominated the market with the highest revenue share of 48.5% in 2022. This is attributed to factors such as economic progress, industrialisation, and growth of major end-use sectors. China and India are the major countries contributing to the growth of speciality chemicals market in Asia Pacific. The demand for additives in the region is influenced by food and beverages, personal care and cosmetics, and pharmaceutical applications.

Companies within Asia play a pivotal role in the global speciality chemical spectrum. On the back of rapid industrialisation, Asian countries expanded their share in the manufacturing of speciality chemicals, resulting in a structural shift in manufacturing from the EU and North America to Asia. Among the Asian countries, China had emerged as a global major in the speciality chemical manufacturing industry, dominating production levels as well as exports to the rest of the world. However, upon taking up the reforms journey and aligning with the global practices, transformation journey on environmental front (restrictions), labour reforms, etc. led to China's chemical industry going through a consolidation and restructuring. Also, the relocation of hazardous manufacturing plants to designated industrial parks resulted in significant supply-chain disruptions in the country's chemical industry. These factors led several global speciality chemical majors to re-think their sourcing strategies and develop a reliable "China plus one" alternative, in terms of business activities and manufacturing sites. India, given its large-scale manufacturing, expertise in process chemistries and strong relationships with global chemical conglomerates, became an obvious choice and emerged as a viable alternative for speciality chemical manufacturing. In addition, the operational cost disparity between China and India has reduced thereby giving an edge to Indian chemical manufacturers. Furthermore, as a result of the 'China plus one' offshore strategy, numerous global manufacturers are relocating capacities to low-cost regions with high technological capabilities, such as India.

Speciality chemicals market CAGR (%) among select regions (FY 2020-25)



Indian Speciality Chemicals, Yes Securities

In terms of global market share, India's speciality chemicals comprise approximately 4%, while China accounts for 26%. However, India's speciality chemicals industry is predicted to grow rapidly, outpacing China, Japan and the rest of the world in percentage growth terms. India's market share is predicted to increase to 6% by 2026, on the back of strong revenue growth of 15-20% during FY23. With this, India is well poised to capitalise on the USD 1 trillion global chemical market opportunity by 2040 with 10-12% market share, offering abundant sectoral opportunities for domestic and international chemical manufacturers.

EMERGING TRENDS IN THE GLOBAL CHEMICAL INDUSTRY

The chemical industry which has generally been a slow adopter of new digital or analytics technologies, is witnessing a sea change with tremendous technological development, thanks to higher emphasis on developing a buoyant supply chain as well as increasing the plant throughput. Digital Analytics is increasingly pervasive across all business functions such as production, marketing and sales, and R&D among others. Real-time information availability has the potential to change decision making.

Digital implementation is changing the decision-making landscape of chemical producers. However, the near-term focus will be on stabilising current platforms and capabilities, with the intent to monetise the current investment pool before expanding to newer areas. The digital focus is helping to modify structures and processes, connecting across front, middle, and back offices, facilitating information flow, thus aiding decision-making, planning, and support. There is gradual adoption of emerging technologies such as robotic automation, artificial intelligence, machine learning, and natural language processing. Companies may increasingly use digital technologies to empower materials innovation and expedite low-cost formulations by evaluating, optimising, and assimilating ingredient recipes and domain knowledge.

The merger and acquisition (M&A) activity has significantly stepped up in the chemicals space guided by respective entity's intention to achieve economies of scale, widen their product portfolios, and multiply their geographic reach. Moreover, there are a multitude of factors driving M&A activity, among them are cheap and plentiful debt, burgeoning private equity interest in the industry, liquidity pressures on distressed companies due to the pandemic impact, and a desire by some corporates to divest underperforming or non-core businesses.

Carbon neutral theme is also expected to gather pace and create several new opportunities in the chemical value-chain with focus on renewable energy, electric mobility, green chemistry, and growing prevalence of the 3R principle of reduce, reuse and recycle. Another evolving trend in the industry like many others is sustainability. Customers are increasingly showing interest in environmentally friendly and socially responsible products and services. Moreover, they are becoming conscious of health and hygiene and are demanding greener and safer products with pure ingredients. Global chemical producers can play a crucial role in effectively tackling climate change by aligning to their objectives and reducing the emission levels to meet their 2030 Sustainable Development Goals.

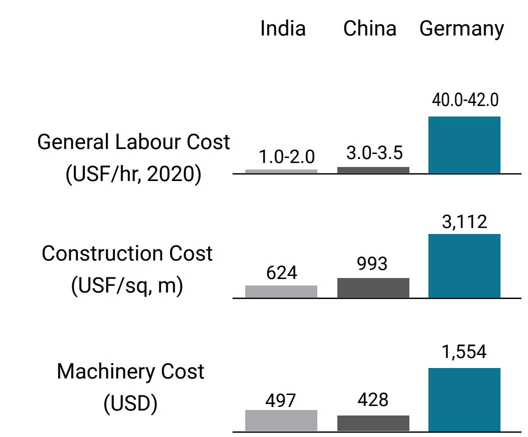
GOLDEN DECADE FOR THE INDIAN CHEMICAL SECTOR

The Indian chemical industry, over the last decade, has consistently been a global outperformer in demand growth and shareholder wealth creation. Rapidly changing geopolitical scenarios have prompted many countries to focus on domestic self-sufficiency and create localised supply chains. In addition, it has become imperative to develop a diversified sourcing strategy to limit the impact caused by over-dependence on a single supplier or geography. This is important to run a business in a more sustained manner with reduced downside risks. India has demonstrated its manufacturing competitiveness on a global scale and possesses a unique edge over other key global chemical clusters, with the likelihood of India becoming the next global chemicals manufacturing hub. India is playing an increasingly dominant role across both consumption and manufacturing in the global arena.

The Indian chemical industry plays a pivotal role in contributing to the economy of the country, accounting for ~7% of GDP and is expected to reach USD 304 billion by 2025, up from USD 178 billion in 2021. The sector is projected to grow at a CAGR of 11-12% during 2021-27 and 7-10% thereafter during 2027-40. The industry continues to remain an attractive hub for opportunities for both domestic and multinational manufacturers. Domestic consumption is expected to rise to USD 850-1,000 billion by 2040. The growing global popularity of biofriendly products is expected to benefit India, as it is among the leading producers of many chemicals that are used in such products. India could potentially emerge as a preferred destination for the global chemical majors given the evolving geopolitical scenario and the thrust on diversifying from the existing core manufacturing markets. Increasingly firms are seeking to make their supply-chains more resilient with emerging China and Europe plus one strategy.

The speciality chemicals segment comprises a sizeable portion of India's chemical industry. With rising demand for value-added products by both domestic and export customers, the industry has experienced a rapid increase in demand from key end-user segments such as the food industry, automobile industry, real estate, clothes, cosmetics and agrochemicals among others. Given its inherent strengths and expertise in complex chemistries and significant cost competitiveness (as presented in table below), the Indian speciality chemicals sector is primed to outpace its global peers.

Cost Competitiveness



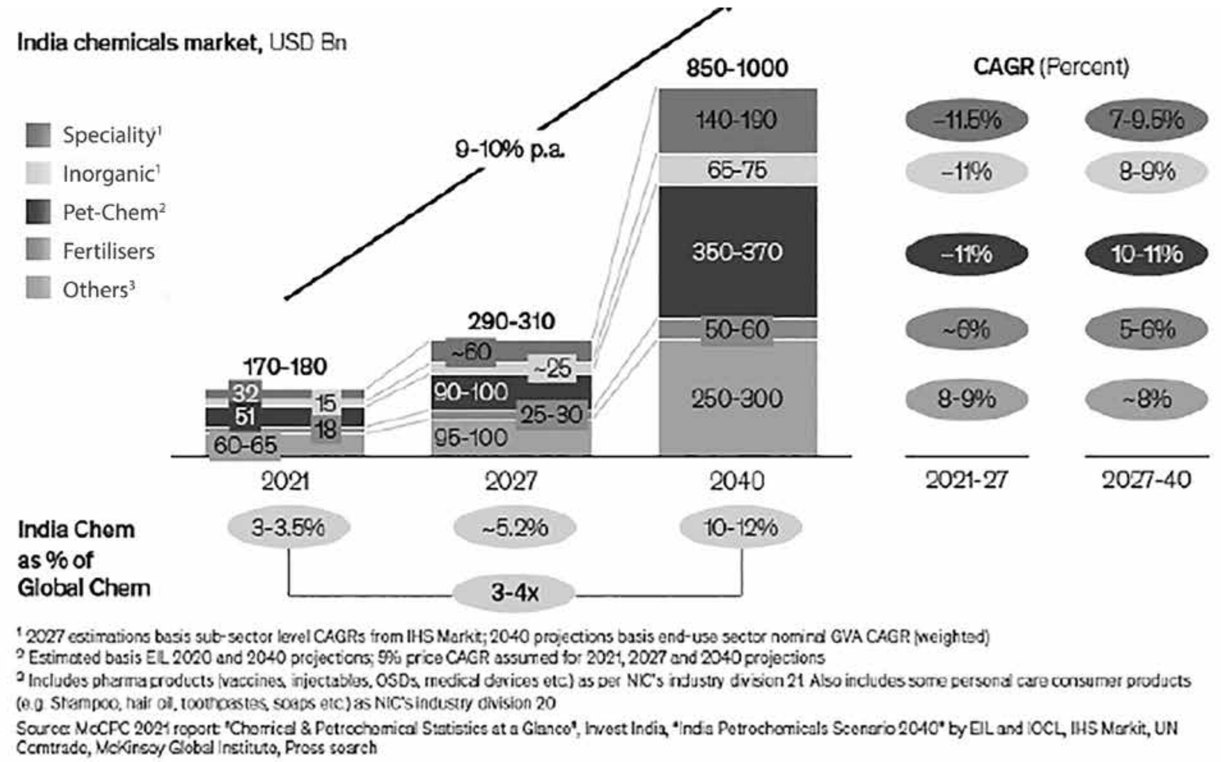
Source: McKinsey: 2023 India: the next chemicals manufacturing hub

The Indian speciality chemicals sector, valued at USD 32 billion, represents 22% of the overall chemicals and petrochemicals market. This industry has expanded exponentially in recent years and is anticipated to reach USD 64 billion by 2025, growing at 12.4% CAGR. The speciality chemicals segment has been one of the fastest growing segments in the Indian manufacturing sector led by increased demand from several end-user sectors, favourable Government policies like PLI scheme for manufacturing, a growing domestic customer base and changes in consumer lifestyle among other factors. From a trading perspective, speciality chemicals account for a significant share of more than 50% of chemical exports. Among the sub-segments, Agrochemicals, Dyes and Pigments, Active Pharmaceutical Ingredient (APIs) remain dominant in driving the potential for exports. The speciality chemicals segment is likely to demonstrate even stronger growth going ahead as a result of Government's smart cities mission, which is expected to drive demand for paints, coatings and other infra-led products.

India provides low-cost operations, feedstock availability, skilled labour, benefit of a long coastline and navigable waterways for ease of trade, favourable Government policies, significant import substitution opportunity, strong intellectual property protection, among other advantages. Macroeconomic factors leading to a positive ecosystem and improving the ease of doing business has been critical to attract foreign speciality chemicals manufacturers in the country. The country is well positioned to expand its global market share as it continues to invest in core R&D competence, technologies, scale and the capacity to deliver products at lower costs (through efficiency measures) in order to build a competitive edge. The 'China and Europe plus one' opportunity is expected to attract more chemical manufacturers to set up and expand their production capabilities in India, which in turn will support the growth of the speciality chemicals market within the country.

India's exports in some sub-segments like polymer additives, food additives, electronic chemicals, etc., are significantly lower, when compared to China. If India is able to scale up production in these sub-segments with keen focus on expanding the export capacity, then it will further improve its market position. Most leaders in this space are re-evaluating their procurement from China to India, thereby aiding growth of the market if production is ramped up with export orientation.

Currently, there are significant imports of speciality chemicals, however, various policy initiatives and reforms by the Government, along with other strategic advantages, presents India as a viable destination for both domestic and multinational companies to align their priorities and capitalise on the import substitution opportunity, by scaling up production and resultantly reducing India's dependence on imports. India's chemical exports registered a record USD 29.2 billion in FY 2021-22 with speciality chemicals



accounting for more than 50%. The exports of India's top 10 speciality chemical manufacturers have grown at ~21% CAGR between FY15-FY20 as compared with revenue growth of ~17% during the same period. India's current trade deficit, at USD 9-10 billion, is expected to grow to USD 40-42 billion by 2040. Out of the three main segments of the chemical sector – inorganic, petrochemicals and speciality, only speciality chemicals is expected to be a net exporter. By 2040, the speciality chemical sector's net exports are expected to rise by around 10x, from about USD 2 billion in 2021 to USD 21 billion.

Consumption of speciality chemicals in India is low per capita compared to the global averages. Given the potential gap, Indian companies have the opportunity to expand their market, target key segments & states for demand-creation and build a dominant position for themselves in the market. Resurgence in demand has influenced Indian companies to revisit their capacity expansion plans. Companies have been focussing on capacity expansion due to demand fuelled by growth in the end-user industries such as Agrochemicals, pharmaceuticals, food, construction, electronics, dyes and pigments, among others.

While there are enough opportunities favouring growth in the speciality chemicals sector, it is essential to emphasise on critical aspects of manufacturing and innovation such as R&D investments, process engineering, achieving economies of scale, etc. The Government's aim to increase public investment in R&D to ~2% of GDP by FY25 will aid incremental focus on R&D. Indian companies in the speciality chemicals industry face low risk from new competitors due to barriers such as large capital investment for global scale facilities, need for R&D and technical capabilities for manufacturing quality products, talent management, penetrating existing markets, etc. However, there is an urgent need to address import dependence. With an aim to expand geographical and segment footprint, companies need to realign their focus to exploit economies of scale.

To gain technological advantage, Indian companies can look to acquire small to mid-sized firms in Europe, Japan, and the US, which can leverage their abundant resources. Acquiring or partnering with such companies with expertise in specific innovative chemistries, Industry 4.0 and efficient technologies can help enhance their own domestic manufacturing capabilities. Many companies in the industry are focussed on investing in scaling up their capabilities, as India's macroeconomic factors have presented a viable business opportunity for international investors. Entry barriers in the industry are relatively high, so opportunities lie in creating a leadership position in the market. The speciality chemicals sector is going through an accelerated growth phase, and conducive factors can drive the industry to emerge as one of the world's major markets.

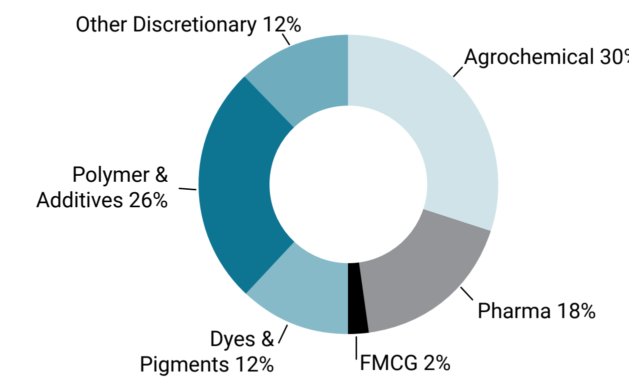
With the above macro tailwinds the future of the Indian chemical sector looks promising, and the country could potentially become the driving force of the world chemical market with speciality chemicals leading the growth for the sector.

COMPANY OVERVIEW

Established by first generation technocrats nearly four decades ago, Aarti Industries Limited (hereafter referred to as Aarti Industries Limited or the Company) is one of the most competitive and highly integrated benzene-based speciality chemical company in the world. Aarti Industries Limited is a rare instance of a global speciality chemicals company that combines process chemistry competence (recipe focus) with scale-up of engineering competence (asset utilisation). The Company has successfully evolved as an Indian multinational selecting to manufacture out of India and servicing the varied needs of the global markets. Aarti Industries Limited has a strong presence across a wide range of chemistries with base raw materials such as benzene, toluene, nitric acid, chlorine, methanol, aniline, and sulphur among others. It has pioneered in India in introducing various product value chains and introducing new chemistries. The Company has been able to effectively utilise co-products and generate value-added products due to its integrated operations across the product chains.

The Company globally ranks among the top 4 for 75% of its portfolio and is "Partner of Choice" for several major global and domestic customers. Aarti Industries Limited is among the top 3 global players in chlorination and nitration and among the top two global players in hydrogenation. The Company is well diversified in various aspects of business due to its wide portfolio with 100+ products sold across the globe in over 60 countries serving multiple customers across different industries. The Company supplies to 700+ domestic and 400+ export customers with major presence in the USA, Europe, China and Japan. Its speciality chemicals intermediates find applications in Pharmaceuticals, Agrochemicals, Aromatics, Dyes & Pigments, Fuel Additives, FMCG, Polymers, Printing Inks, Rubber Chemicals and various other industrial sectors. Over 50% of the demand comes from essential/non-discretionary industries like agrochemicals, pharmaceuticals and FMCG, while the rest is from discretionary industries like automobile, construction, fuel additives, textiles, paints, electronic, aviation applications, etc. The same is represented in the below graph

% of Revenue (FY23)



Aarti Industries Limited has created a strong foundation through an integrated and well-diversified business model with a relentless focus on R&D and chemistry capabilities. Various products and processes had been developed by R&D and commercialised over the past two decades. The Company had gained expertise in wide ranging chemistries, such as Ammonolysis, Chlorination, Diazotisation, Halex (Fluorination), Hydrogenation and Nitration among others, both at plant and lab scales. It has state-of-the-art R&D centres across Maharashtra and Gujarat. Its new R&D centre in Navi Mumbai has over ~18,000 sq. ft. covered by an ultra-modern synthesis laboratory amongst various other new R&D capabilities. The Company has a robust R&D team with 250+ engineers and scientists, 19 PhDs working on several high potential projects. Currently, Aarti Industries Limited has 40+ products in the R&D pipeline of chemicals at various stages.

The Company's commitment to Safety, Health & Equipment Quality is reflected in the fact that all plants meet global standards of environmental norms. Aarti Industries Limited is a signatory to the prestigious 'Responsible Care' and 'Together for Sustainability' initiative demonstrating its commitment to improve all aspects of performance. The Company has 11 Zero Discharge units with greater emphasis on Reduce-Reuse-Recover across its 16 manufacturing sites. Such practices infuse customer confidence and create a sustainable business.

During the year, the Company demerged its Pharma entity into a separate company, Aarti PharmaLabs Ltd., which is listed on NSE and BSE. The demerger was effective from July 1, 2021, hence the financials from July 1, 2021 were restated & redrawn to effect the changes arising upon the scheme being made effective.

LONG-TERM CONTRACT FOR KEY RM

During last year, Aarti Industries Limited signed a binding 20-year contract with Deepak Fertilisers & Petrochemicals Corporation Limited (DFPCL) for supply of nitric acid, securing its supply of this crucial raw material, mitigating the major availability issues of the past. The contract kicks in from April 1, 2023, while the earlier contract expired on March 31, 2023. The contract provides for a formula-driven international prices with appropriate take or pay and supply or pay obligations for either party and thus will secure over 80% of Aarti Industries Limited's nitric requirement over the long-term period from April 1, 2023. This will help eliminate the need to invest into backward integration of concentrated nitric acid and focus on the forward integrated opportunities. The long-term supply security for this crucial raw material will pave the way for future growth opportunities, introduction of new value-added products and value chains for niche applications.

FINANCIAL PERFORMANCE

As the global economy continued to face several challenges like high inflationary pressure, Ukraine Crisis, geopolitical tensions, demand concerns on few discretionary sectors, etc., parts of Aarti Industries Limited's business were also impacted. Despite these headwinds, the financial performance remained resilient due to its dynamic approach of building a superior business enterprise by meticulously leveraging its strengths in complex chemistries, products, and processes and the Company's strategic shift to optimise the product mix. The share of value-added products stood at about 80%.

The financials for FY23 have been re-casted to consider the effect of Scheme of Arrangement for the demerger of Pharma Segment from the Appointed Date of July 1, 2021. In addition, to draw an appropriate comparable, Aarti Industries Limited has excluded the shortfall fees and termination fees received in FY22, arising out of cancellation of the first long-term contract.

Revenues increased by 17% to ₹7,283 crores as compared to FY22 revenues (net of termination income). Exports contributed to nearly 48.3% of the total revenues at ₹ 3,517 crores, as against ₹ 2,950 crores in FY22.

EBITDA (without termination, shortfall and pharma) improved by 18.5% to ₹ 1,089 crores in line with the guided EBITDA estimates of ₹ 1,100 crores. EBITDA in FY21 and FY22 had the shortfall income to the tune of ₹ 143 crores and ₹ 134 crores respectively arising out of the take or pay obligation under the first contract. In FY22, there was also a one time termination compensation income due to cancellation of a long-term contract, led to increase in EBITDA by about ₹ 611 crores.

Depreciation increased by 26%, in line with expectations, on account of the commissioning of ongoing projects. With continuing depreciation of Indian Rupee against US Dollar, the market-to-market loss stood at ₹ 60 crores in respect of the unhedged ECBs, resulting in the increase in the borrowing costs. Profit after tax stood at ₹ 545 crores in FY23.

Premised on a strong performance, the Board approved an interim dividend of ₹ 1 per share and a final dividend of ₹ 1.50 per share. Total dividend in FY23 stood at ₹ 2.50 per share i.e., 50% of the face value.

Demand was steady for key products under the essential end usages, further aided by volume gains. Demand for products pertaining to textiles end-use industry remained impacted dampening the performance for the year. However, demand recovery is expected to begin from the initial half of FY24.

On the raw material prices front, there was some respite due to the declining trend at the end of FY23. The Company has robust pricing mechanisms in place to mitigate the impact of inflationary cost pressures, whereby the same is passed on to the customers which helps in protecting absolute profitability. The Company's profitability was bolstered by the contribution of value-added products with high growth and better margins.

Update on Key Projects and CAPEX Initiatives

During FY23, the total capital expenditure was of ₹ 1,306 crores towards various expansion initiatives.

The Company had signed three multi-year long-term contracts with global MNCs for supply of chemical intermediates. The first long-term contract to source a key herbicide intermediate product was cancelled by the customer due to demand-related challenges. However, in-line with contract terms, the Company received the eligible shortfall fees and termination fees. The Company has already started manufacturing the products at this plant and it is being supplied to other targeted customers across geographies. The production volumes are ramping up gradually and would be near optimum utlisation over next two to three years.

During FY 2021-22, the unit related to the second long-term contract was commercialised. The operations have been stabilised in FY 2022-23 and the facility has been operating as per the contract terms. During Q3FY22-23, the unit for the third long-term contract was also operationalised. The scale up as per the contract terms are underway.

During Q4FY22-23, the Company also commercialised two speciality chlorination units at Jhagadia. Other projects, including brownfield expansion of NCB facility, Acid revamp project at Vapi and few other speciality chemical blocks, are

progressing well. These will become operational in the next couple of quarters and start contributing to the performance progressively from H2FY23-24.

The Company has started the initial work around expanding the ethylation capacity at Dahej SEZ, by three times with an investment of ₹ 200 crores. The Company has commenced work related to debottlenecking of nitro toluene capacities, as it reached over 90% utilisation. The target is to increase the capacity by about 50% so as to cater to certain high growth applications in agrochemicals. Both these units are expected to be commercialised in first half of next fiscal.

The Company has initiated work on setting up multipurpose plants at Zone IV at Jhagadia, spread across ~95 acres. The Company plans to add new chemistries including chlorotoluenes value chain consisting of over 40 value added speciality products at the said Zone IV. The plants at this Zone are expected to be commissioned in a phase-wise manner gradually from second half of next fiscal, catering to the needs of mainly agrochemicals and pharma companies. Of the total production, about 50-60% will be catered to domestic markets while remaining will be intended for exports. Overall, the products from this project are more niche and high value added range of product with a potential of strong EBITDA margin of ~25-30%. In addition, this will also open up some niche opportunities in custom manufacturing.

We target the capital expenditure over next couple of years to be around ₹ 3,000 crores. This will be aimed towards developing new chemical value-chains and introducing high potential products that will broaden the addressable market size and respond to increased demand from key customers.

BUSINESS OUTLOOK

The Company is well equipped with the necessary levers to be a leading participant in the 'Golden Decade' of the Indian chemical industry. It is well poised for robust growth in the future with strong decisive actions to ensure that it remains at the forefront of its chosen chemical skill sets. Envisaging great potential in new chemical value chains, the Company is prepared to leverage its expertise to capitalise these emerging opportunities. The Company is set to explore new chemical value chains, add new chemistry like photochlorination, oxidation, etc. and expand its existing value chain. For this, the Company is looking to collaborate with world's leading chemical companies, strengthen existing partnerships, build new partnerships and explore contract manufacturing/CDMO opportunities.

While the long term growth opportunities remains intact, the sector is witnessing significant headwinds in current financial year ie FY23-24. Inventory corrections across various global markets for various end use industries has impacted the demand for various products, including the demand for the products catering to essential enduse industry such as Agrochemicals, etc. Further the recessionary trends and other prevailing global concerns has also impacted the demand for products across various discretionary end use industries. These decline in demands has created a demand-supply gap, which would put pressure on margins over a short term period. We expect that these macro concerns to be prevalent over a short term period with its impact being significant in the first half of FY23-24 and are anticapting the improvement to be visible gradually and progressively from the second half of FY23-24. We are closely monitoring the development and taking adequate steps to steer through these unprecented circumstances. We remain confident on our ability to weather this challenging times and come out stronger and better poised to continue on to our long term growth aspirations.

Aarti Industries Limited remains confident in its ability to deliver on its long-term commitment led by its best-in-class manufacturing processes, continuous process enhancements, strong R&D focus and an unwavering commitment to innovation. The Company is investing on the R&D for products catering to various sunrise sectors with growing focus on sustainable and green solutions, battery chemicals, electronics chemicals, new age materials, high end polymers, etc. The roadmap looks encouraging and Aarti Industries Limited confident to be able to capitalise the opportunities created through rapid shifts in global chemical supply chains. Focus on R&D led product offerings together with incremental gains from existing value chains will enable Aarti Industries Limited to take advantage of the prevailing long term favourable industry trends and thereby create a stronger value proposition for all the stakeholders over a long term period.

RISKS AND MITIGATION

1. **Regulatory Risk:** Widespread geographical presence leads to exposure to different prevailing rules and regulations. Non-compliance to any new/change in policies may impact normal business functioning.

   Mitigation: The Company follows highest Safety, Health and Environment (SH&E) standards. A proficient team is responsible for keeping a check on adherence to all applicable laws and statutes. Aarti Industries Limited has developed and adopted its own inhouse SOPs and a best in class compliance framework to manage and mitigate the risks.

2. **Innovation Risk:** R&D is crucial for sustainable growth in the speciality chemicals market. Aarti Industries Limited has to remain ahead of competition with innovation and focussed R&D.

   Mitigation: The Company's two state-of-the-art R&D centres, with a strong team of PhDs and 220+ scientists, ensure high level of innovation. The Company is well-known as a knowledge-driven organisation, with product innovation being its USP and having earned it several awards for innovation in chemical engineering. Aarti Industries Limited strives to strengthen its technical skill-set around niche applications. Strong customer connect enables us to innovate specialised products with unique features based on the transfer of knowledge from customers.

3. **Forex Risk:** Aarti Industries Limited is exposed to several currencies due to widespread business operations in over 60 countries. Fluctuation in forex may thus impact earnings.

   Mitigation: The Company has ~48% export earnings of which most is in USD. Lower exposure to multiple currencies reduces cross currency fluctuations. It enters hedging contracts of maturities ranging from 3 months to 3 years to help insulate any untoward movement in forex.

4. **Raw Material Risk:** All manufacturing organisations face the inherent risk of unavailability/limited availability of key raw material/s. In addition, fluctuation in costs may impact earnings.

   Mitigation: Aarti Industries Limited's long-standing vendor relationships enable us to maintain uninterrupted flow of raw materials at competitive prices. The Company is also fully integrated for key products thereby limiting the impact of raw material supply shortage. To further insulate impact of price fluctuation, Aarti Industries Limited signs cost plus pricing contracts for various speciality chemicals which helps it to protect margins in rising input costs scenario.

INTERNAL CONTROLS, SYSTEMS AND ADEQUACY

Aarti Industries Limited has designed well-structured internal control systems comprising detailed policies, guidelines and procedures, commensurate with the nature, size and complexity of the industry it operates in. The comprehensive internal control system ensures automatic checks and balances and robust financial reporting. Adhering to all applicable statutory compliances, Aarti Industries Limited follows stringent procedures enabling us to achieve high accuracy in recording and providing reliable financial and operational information. All business operations are monitored by the internal team and audit committee, ensuring smooth business functioning by designing, implementing and maintaining adequate internal financial controls. The Company is responsible for safeguarding assets, prevention and timely detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information. Any deviation from normal, is reported to the management. Prompt action is ensured to run business as usual and keep these exposures at comfortable levels. Internal control framework ensures business continuity.

Cautionary Statement

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 BSE and NSE, and the 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 Company. All information contained in this presentation has been prepared solely by Aarti Industries Limited. The Company does not accept any liability whatsoever for any loss, howsoever, arising from any use or reliance on this Annual Report or its contents or otherwise arising in connection therewith.

Director's Report

To
The Members of
AARTI INDUSTRIES LIMITED

Your Directors present this Fortieth Annual Report of your Company ("the Company" or "Aarti Industries Limited") together with the Audited Financial Statements of the Company for the Financial Year ended March 31, 2023.

1. Financial Highlights & Summary

Financial Highlights

(₹ In Crs)

Particulars	Standalone		Consolidated	
	2022-23	2021-22	2022-23	2021-22
Total Income from Operations (Gross)	7,226	6,820	7,283	6,871
EBITDA	1,088	1,711	1,089	1,720
Depreciation & Amortisation	310	244	310	246
Profit from Operations before Other Income, Finance Costs and Exceptional Items	778	1,467	779	1,474
Other Income	0	1	1	1
Profit before Finance Costs	778	1,468	780	1,475
Finance Costs	166	102	168	102
Profit before Tax	613	1,366	611	1,372
Total Tax Expenses	67	184	66	186
Non-controlling Interest	-	-	-	-
Net Profit for the period	546	1,182	545	1186
Other Comprehensive Income (net of taxes)	(35)	18	(50)	15
Total Comprehensive income for the year	511	1,200	495	1,201
Earnings Per Share (₹) (Basic & Diluted)	15.06	32.61	15.04	32.71
Book Value Per Share (₹)	136	124	136	125

Summary

Your Company reported Gross Total Income at ₹ 7,226 Crores for FY 2022-23 as against ₹ 6,820 Crores for FY 2021-22. Similarly, the exports for the year were at ₹ 3,517 Crores for FY 2022-23 as against ₹ 2,950 Crores for FY 2021-22.

Likewise, the Consolidated Total income from operations for FY 2022-23 was at ₹ 7,283 Crores as compared to ₹ 6,871 Crores for FY 2021- 22 and exports for FY 2022-23 was ₹ 3,573 Crores v/s ₹3,007 Crores for FY 2021-22.

Consolidated Financial Statements

In accordance with the provisions of Companies Act, 2013, Regulation 33 of the Listing Regulations, and applicable Accounting Standards, the Audited Consolidated Financial Statements of the Company for the FY 2022-23, together with the Auditors' Report, form part of this Annual Report.

2. Transfer to Reserves

Your Company has transferred ₹55 Crores to the General Reserve (Previous Year: ₹ 129 Crores).

3. Subsidiary Companies

As on March 31, 2023, the Company has 6 (Six) direct subsidiaries, namely, Aarti Corporate Services Limited, Innovative Envirocare Jhagadia Limited, Aarti Polychem Private Limited, Aarti Bharuch Limited, Aarti Spechem Limited and Alchemie (Europe) Limited, and 2 (Two) indirect subsidiaries namely Shanti Intermediates Private

Limited and Nascent Chemical Industries Limited both hold through Aarti Corporate Services Limited.

During the year, the Hon'ble National Company Law Tribunal (NCLT), Ahmedabad Bench vide its order dated September 21, 2022 approved the Scheme of Arrangement ("Scheme") between Aarti Industries Limited and Aarti Pharmalabs Limited and their respective shareholders under the provisions of Section 230-232 of Companies Act, 2013. Pursuant to the Scheme, Aarti Pharmachem Limited and Aarti USA Inc. ceased to be subsidiaries of your Company.

Further, the Ministry of Corporate Affairs has approved incorporation of Wholly Owned Subsidiary (WOS) of your Company, Augene Chemical Private Limited, bearing CIN:U20299GJ2023PTC141303 on May 18, 2023. The Registered Office of the Company is situated at Gujarat.

The Company does not have any material subsidiary whose net worth exceeds 10% of the consolidated net worth of the Company in the immediately preceding accounting year or has generated 10% of the consolidated income of the Company during the previous Financial Year. A policy on material subsidiaries had been formulated and is available on the website of the Company and the web link thereto is:

https://www.aarti-industries.com/investors/GetReport?strcont_ id=A8DuSuG1AT8OIQL33MM

During the year, the Board of Directors reviewed the affairs of the subsidiaries. In accordance with Section 129(3) of the Companies Act, 2013, we have prepared consolidated financial statements of the Company and all its subsidiaries, which form part of the Annual Report.

Further a statement containing salient features of the financial statement of our Subsidiaries/Jointly controlled entity in the prescribed format AOC–1 is included in the Report as Annexure-A and forms an integral part of this Report.

4. Share Capital

Your Company's Equity Share Capital as on March 31, 2023 was as follows:

Particulars	No. of Shares	Face Value Per Share (in ₹)	Total Amount (in ₹)
Authorized Share Capital	60,00,00,000	5	3,00,00,00,000
Issued, Subscribed & Paid-up Share Capital	36,25,04,035	5	1,81,25,20,175

During the year 2022-23, there was no change in the authorized and paid up share capital of the Company.

5. State of Affairs

The State of your Company's affairs is given in the Management Discussion and Analysis, which forms part of this Annual Report.

6. Directors and Key Managerial Personnel (KMP)

In accordance with the prevailing provisions of the Section 149 of the Companies Act, 2013 read with Regulation 17 of the Listing Regulations, as amended from time to time, as on March 31, 2023, the Board of Directors, comprises Sixteen Directors (with Six Executive Directors, Two Non-Executive Non-Independent and Eight Independent Directors).

At the 39th AGM held on September 26, 2022, Shri Rajendra V. Gogri (DIN: 00061003) was re-appointed as the Managing Director of the Company for a period of five years w.e.f. July 1, 2023.

During the year, Smt. Hetal Gogri Gala (DIN: 00005499) had conveyed her intention to step down as an Executive Director since she had taken up executive role as 'Vice Chairperson and Managing Director of 'Aarti Pharmalabs Limited' effective from October 17, 2022, however, she continues to be a 'Non-Executive Director' of the Company.

Shri Narendra Jagannath Salvi (DIN: 00299202) had conveyed his intention to step down as an Executive Director since he had taken up executive role as the 'Managing Director' of 'Aarti Pharmalabs Limited' effective from October 17, 2022, however, he continues to be a 'Non-Executive Director' of the Company.

In accordance with the regulatory requirements Shri Narendra J. Salvi retires by rotation in ensuing 40th Annual General Meeting. However, vide his letter dated June 21, 2023, he conveyed his intention to retire and requested the Board not to consider his re-appointment stating the reason 'Preoccupation'. The Board of Directors in its meeting held on June 28, 2023, took it on record and considered as 'not to fill up' the vacancy thereby caused.

In accordance with the regulatory requirements Shri Kirit R. Mehta (DIN: 00051703) also retires by rotation in the ensuing 40th Annual General Meeting. However vide letter dated June 21, 2023 he conveyed his intention to retire due to health related reasons and requested the Board not to consider his re-appointment. The Board of Directors in its meeting held on June 28, 2023, took it on record and considered to 'fill up' the vacancy thereby caused.

Pursuant to Regulation 36 of the Listing Regulations read with Secretarial Standard-2 on General Meetings, a brief profile of the Directors proposed to be appointed /re-appointed is made available, as an Annexure to the Notice of the Annual General Meeting.

Further, based on recommendation of Nomination and Remuneration Committee, the Board of Directors in its meeting held on June 28, 2023, appointed Prof. Aniruddha B. Pandit (DIN: 02471158) and Shri Shekhar S. Khanolkar (DIN: 02202839) as Additional Directors in the category of Independent Directors and Shri Ajay Kumar Gupta (DIN: 08619902) as Additional Director in the category of Executive Director, all with effect from June 29, 2023. Their appointments are subject to approval of the Members at the ensuing AGM of the Company. The brief resume regarding their appointment is given in the Notice.

Pursuant to the provisions of Regulation 34(3) read with Schedule V to the Listing Regulations, the Company has obtained a Certificate from CS Sunil M. Dedhia (COP No. 2031), of Sunil M. Dedhia & Co. Company Secretary in Practice and the Secretarial Auditor of the Company, certifying that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India or by the Ministry of Corporate Affairs or by any such statutory authority. The said Certificate is annexed to the Corporate Governance Report of the Company for the Financial Year 2022-23.

Key Managerial Personnel

During the year under review, there was no change in the Key Managerial Personnel of the Company.

Independent Directors

Statement on declaration given by Independent Directors under sub-section (6) of section 149

In accordance with Section 149(7) of the Companies Act, 2013, all Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16 of the Listing Regulations.

In the opinion of the Board of Directors, the Independent Directors fulfil the conditions specified in the Companies Act, 2013 read with the rules made thereunder as well as Listing Regulations and are independent from Management, hold the highest degree of integrity and possess expertise in their respective fields with enormous experience.

All the Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Companies Act, 2013.

All the Independent Directors of the Company have enrolled their names in the 'Independent Directors Data Bank' maintained by Indian Institute of Corporate Affairs ("IICA").

Familiarisation Programme for Independent Directors

The Company has a Familiarisation programme for its Independent Director which is imparted at the time of appointment of an Independent Director on Board as well as annually. During the year, the Independent Directors of the Company were familiarised and the details of familiarisation programmes imparted to them are placed on the website of the Company and the web link thereto is: https://www.aarti-industries.com/Upload/PDF/Familiarisation-Programme-FY-2022-23.pdf

7. Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

a. That in the preparation of the annual financial statements for the year ended March 31, 2023, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b. That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the Financial Year and of the profit and loss of the company for that period;

c. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;

d. That Directors have prepared the annual accounts on a going concern basis;

e. The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;

f. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

8. Meetings

The Board of Directors met eight (8) times during the Financial Year under review. The details of the number of meetings of the Board and its Committees held during the Financial Year 2022-23 and the attendance of each Director/Member at these meetings are provided in the Corporate Governance Report forming part of the Annual Report. The intervening gap between the Board meetings was within the period prescribed under the Companies Act, 2013 and the Listing Regulations.

9. Dividend

During the year, the Company has declared an Interim Dividend of ₹1/- (@ 20%) each per share.

Your Board of Directors recommend a Final Dividend of ₹1.50 (@ 30%) per share subject to approval of the Shareholders at the ensuing 40th AGM, aggregating to a total Dividend of ₹ 2.50 (@ 50%) per share (of ₹ 5 each) for the financial year 2022-23, resulting in a total payout ₹ 90.63 Crores (Previous Year: ₹ 126.88 Crores).

The Dividend payout is in accordance with the Dividend Distribution Policy which is available on the website of the Company.

Dividend Distribution Policy

As per Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the top 1000 listed companies shall formulate a Dividend Distribution Policy. Accordingly, the policy was adopted to set out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to its shareholders and/or retaining profits earned by the company. A policy is available on the website of the Company and the web link thereto is:

https://www.aarti-industries.com/investors/GetReport?strcont_id=b22bcY6v1CAOIQL33MM

10. Corporate Social Responsibility

Your Company through, Aarti Foundation and Dhanvallabh Charitable Trust – Our CSR arms undertake community interventions to enhance the lives of the communities. Besides our direct involvement, we partner with numerous implementing agencies to carry out need assessment and make impactful interventions. Our Focus areas during the year has been;

- Education & Skill Development
- Childcare & Healthcare Facilities
- Women Empowerment & Livelihood Opportunities
- Cluster & Rural Development
- Disaster Relief & Rehabilitation
- Eradication of Hunger & Poverty
- Water Conservation & Environment
- Research & Development work for upliftment of Society

The detailed policy on Corporate Social Responsibility is available on the website of the Company on the web link thereto is:

https://www.aarti-industries.com/investors/GetReport?strcont_id=rQxVNykXxIkOIQL33MM

A brief note on various CSR initiatives undertaken during the year including the composition of the CSR Committee is presented in this Annual report. The CSR annual report is annexed as Annexure-B and forms an integral part of the Report.

11. Audit Committee

The details of the composition of the Audit Committee, terms of reference, meetings held, etc. are provided in the Corporate Governance Report, which forms part of this Report. During the year there were no cases where the Board had not accepted any recommendation of the Audit Committee.

12. Vigil Mechanism/Whistle Blower Policy

The Company has established a Vigil Mechanism and Whistle Blower Policy for its Directors and Employees to report concerns about unethical behaviour, actual or suspected fraud, actual or suspected leak of UPSI or violation of Company's Code of Conduct. It also provides for adequate safeguards against the victimisation of employees and allows direct access to the chairperson of the audit committee in exceptional cases The said policy has been posted on the website of the Company and the web link thereto is:

https://www.aarti-industries.com/investors/GetReport?strcont_id=ZMPluse33MMnrACtosYOIQL33MM

The Company affirms that no person has been denied access to the Audit Committee Chairman.

13. Related Party Transactions

The Company has a Policy on Materiality of Related Party Transaction and dealing with Related Party Transaction which is uploaded on the Company's website at the web- link given below:

https://www.aarti-industries.com/investors/GetReport?strcont_id=TNJu6Gnbr7sOIQL33MM

All related party transactions that were entered into during the FY 2022-23 were on arm's length basis and were carried out in the ordinary course of the business.

There are no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other Designated Persons which may have potential conflict with interest of the Company at large.

The related party transactions are approved by the Audit Committee. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of transactions. A report of factual findings arising out of the accepted procedures carried out in regard to transactions with Related Parties is given by the Statutory Auditors on quarterly basis and the same is placed before the Audit Committee.

The details of related party transactions are provided in the accompanying financial statements.

Particulars of contracts or arrangements made with related parties

Since all related party transactions entered into by the Company were in ordinary course of business and were on an arm's length's basis, Form AOC–2 is not applicable to Company.

14. Commercial Paper

Your Company continues to manage its treasury operations efficiently and has been able to borrow funds for its operations at competitive rates. During the Financial Year, your Company had dual rating for its Commercial Papers (CPs) Programme of ₹ 400 Crores, which are revalidated from time to time:

Rating Agency	CRISIL Rating Limited	India Ratings and Research Private Limited
Rating	CRISIL A1+	IND A1+

During the Financial Year, the Company has issued CPs amounting to ₹875 Crores in various tranches, out of which CPs amounting to ₹475 Crores were listed on BSE Limited. Further, CPs amounting to ₹800 Crores were redeemed during the Financial Year and the Company has not defaulted on payment of any dues to the Investors.

15. Deposits

Your Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013 [(i.e., deposits within the meaning of Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014)], during the Financial Year 2022-23.

16. Particulars of Loans, Guarantees, Investments and Securities

Particulars of loans given, investments made, guarantees given and securities provided during the year under review and as covered under the provisions of Section 186 of the Companies Act, 2013 have been disclosed in the notes to the standalone financial statements forming part of the Annual Report.

17. Particulars of Employees

The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in an Annexure and forms part of this report.

In terms of Section 136(1) of the Companies Act, 2013, the Report and the Accounts are being sent to the Members excluding the aforesaid Annexure. Any Member interested in obtaining a copy of the Annexure may write to the Company Secretary at the Registered Office of the Company for a copy of it.

Material Developments in Human Resources/ Industrial Relations Front, including number of people Employed

Employees being our key stakeholders, the HR initiatives and policies revolve around garnering the opportunities to serve our employees better. In an attempt to devise a seamless succession planning process through VTS (Vertical Talent Strategy), we developed VTS for 23 Verticals, identifying high-potential employees and successors for critical roles. Our Talent Management team worked along with the verticals to create action plans for building a talent growth pipeline. Moving ahead in our journey of being a 'Preferred employer of Choice', we received 100% participation in Voice 3.0-our employee engagement survey. Following the excellent execution of Vertical Action Plans, Voice 3.0 also saw positive scores in many areas of employee engagement. The phenomenal scores in Voice 3.0 are also accredited to Metamorphosis sessions. These sessions have empowered employees by fostering a belief in long-term goals, belongingness, and leadership among executives and thus driving engagement.

In FY 23 we onboarded 1921 bright minds. Towards our strategy to groom internal talent and ensure career growth opportunities for them, we drove internal growth from 23% to 44% in FY 22-23 through Navodaya and Talent Spotting and we target 70% growth in FY 23-24. A state-of-the-art infrastructure has been developed in Mumbai and Vadodara to ensure employee comfort.

To further upskill and train employees in different areas of effectiveness, a robust training calendar and upskilling programs have been implemented (Eklavya, Kshitij, Utkarsh, Nipun, New FTM, GTD, NICMAR, ME, SKV, etc.). We have also developed a long-term incentive plan (PSOP) for employees

18. Aarti Industries Limited Performance Stock Option Plan 2022

Aarti Industries Limited Performance Stock Option Plan 2022 ("PSOP 2022") was approved by the shareholders through Postal Ballot on October 29, 2022, under which stock options would be granted to the eligible employees, in compliance with the provisions of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

Further, pursuant to the PSOP 2022, the Company has granted 80,142 options to eligible employees as per the recommendation of the Nomination and Remuneration Committee, at its meeting held on May 6, 2023.

Your Company has received a certificate from CS Sunil M. Dedhia (COP No. 2031), of Sunil M. Dedhia & Co. Company Secretary in Practice and the Secretarial Auditor of the Company that PSOP 2022 has been implemented in accordance with the provisions of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and the resolution passed by the shareholders. Any request for inspection of the said Certificate may please be sent to investorrelations@aarti-industries.com

19. Material changes and commitment if any affecting the financial position of the company occurred between the end of the Financial Year to which this financial statements relate and the date of the report

There are no other material changes and commitments affecting the financial position of the Company occurred between the end of the Financial Year to which these financial statements relate and the date of the report.

20. Investor Education and Protection Fund (IEPF)

Pursuant to the applicable provisions of the Companies Act, 2013 read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules') all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Government of India, after the completion of seven years. Further, according to the rules, the shares on which Dividend has not been paid and claimed by the Shareholders for seven consecutive years or more shall be transferred to the Demat account of the IEPF Authority. Accordingly, the Company has transferred the unclaimed and unpaid dividends of ₹46,80,672/-. Further, 48,654 corresponding shares were transferred as per the requirement of the IEPF Rules.

21. Annual Return

Pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013, the Annual Return as on March 31, 2023 is available in prescribed format on the Company's website on www.aarti-industries.com

22. Corporate Governance

Corporate Governance essentially involves balancing the interests of a Company's stakeholders. The Company continues to nurture a culture of good governance practices across functions, offices and manufacturing facilities.

Your Company has complied with the mandatory Corporate Governance requirements stipulated under the Listing Regulations. The separate Report on Corporate Governance is annexed hereto forming part of this report. The requisite certificate from Gokhale & Sathe, Chartered Accountants is attached to the Report on Corporate Governance.

23. Management's Discussion and Analysis Report

Pursuant to Regulation 34 read with Schedule V to the Listing Regulations, Management's Discussion and Analysis for the year under review is presented in a separate section forming part of the Annual Report.

24. Business Responsibility & Sustainability Reporting (BRSR)

The Listing Regulations mandate the inclusion of the Business Responsibility & Sustainability Reporting as part of the Annual Report for top 1000 listed entities based on market capitalisation. BRSR for the year under review, as stipulated under Regulation 34 (f) of Listing Regulations read with SEBI Circular No. SEBI/HO/CFD/CMD-2/P/CIR/2021/562 dated May 10, 2021 is in a separate section forming part of the Annual Report. The non-financial sustainability disclosures have been independently assured by TUV Nord.

25. Annual Board Evaluation

Pursuant to the provisions of Companies Act, 2013 and the Listing Regulations, a structured questionnaire was prepared after taking into consideration various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

The performance of the Committees and Independent Directors were evaluated by the entire Board of Directors except for the Director being evaluated. The performance evaluation of the Chairman, Non-Independent Directors and Board as a whole was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the outcome of evaluation and the process followed thereof.

26. Nomination and Remuneration Policy

Pursuant to Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, your Company has in place a Nomination and Remuneration Policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The policy also lays down criteria for selection and appointment of Board Members. The said policy has been posted on the website of the Company and the web link thereto is: https://www.aarti-industries.com/investors/GetReport?strcont_id=pTvbr0JryL0OIQL33MM

The details of this policy are given in the Corporate Governance Report.

27. Risk Management

Your Company recognises that risk is an integral and unavoidable component of business and is committed to managing the risk in a proactive and effective manner. The Company aims to use risk management to take better informed decisions and improve the probability of achieving its strategic and operational objectives.

In compliance with Regulation 21 of Listing Regulations, your Company has a Risk Management Committee consisting of Shri Rajendra Gogri (Chairman), Shri Rashesh Gogri, Shri Bhavesh R. Vora, Smt. Hetal Gogri Gala, Shri Renil Gogri, Shri Narendra J. Salvi, Shri Chetan Gandhi and Shri Ajaykumar Gupta. The Committee through its risk management framework continuously identifies, evaluates and takes appropriate measures to mitigate/ minimise various elements of risks. The Risk Management Committee meets periodically to ensure that appropriate methodologies, processes and systems are in place to monitor and evaluate risks associated with the business of the Company and also to monitor and oversee the implementation of the Risk Management Policy.

The said policy has been posted on the website of the Company and the web link thereto is:

https://www.aarti-industries.com/investors/GetReport?strcont_id=dCIEPn8aX6wOIQL33MM

28. Compliance Management System

The Company with its sheer focus committed to achieve 100% compliance. We have adopted a third-party managed IT-based Compliance Management System. It has a repository of all applicable regulations and requisite compliances. It has an in-built alert system that sends alerts to the users and intimates concerned personnel about upcoming compliances. Last year, we added a module on 'License Management' into our compliance management system. Newly added licence management system helps us in tracking the validity and renewal process of all applicable licences. We initiate the licence renewal process well in advance to avoid any delays.

29. Health and Safety:

Sustainability & Safety is very important for Chemical Industry in general and very critical for Aarti Industries in particular, that is the reason our strategic statement is 'Sustainability for Sustainable Growth'. We at Aarti Industries Limited (AIL), are committed to maintain the world-class standards of health, safety, environment protection, security, human rights, product safety & quality and processes while conducting all our business operations, services, and expansion activities.

We believe that Safety is not one person's job but it is for all the employees of the company from operators to Directors. In the Chemical Industry the most important thing for safety is the 'Operational Discipline'.

To enable the Best Safety culture, AIL has created an unique concept of Aarti Engaging Leaders, committed to live by Aarti Values of Care, Integrity and Excellence and enabling everyone to listen and speak powerfully.

Health and Safety at AIL has been enhanced through following interventions:

- Several Process Initiative Common (PICs) with specific objectives to enhance safety and sustainability across the organisation
- Robust Management governance through Apex sustainability council and sub councils for ensuring progress in various domains of sustainability
- Safety audit framework
- Dedicated Process safety teams from R&D (Molecule development) to pilot to operation and at corporate level.
- Aarti Logistics ControlCenter for ensuring Safe transport of chemicals.
- To ensure consistent high performance of the people, a competency enhancement framework is established.
- Proactive compliance to legal and statutory requirement through digitised platform and
- Trained and competent Fire and Emergency responders team.

We have unique initiatives like Daily BESAFE Huddles, Monthly LFI sessions for 360 degree action implementation from external incident and internal experiences, Tacit knowledge sessions, Subject matter experts platform, Medical board of FMOs, knowledge capsules, Listening tours to interact with plant shop floor team.

We have established world class infrastructure in terms of High tech OHCs & Emergency Control Centers (ECCs) at each factory, State of art Fire Tenders and ambulances at each location, Digital platform for HSE indicators governance and management.

Our efforts in every dimension of Sustainability have yielded success in terms of improved scores in TfS (Together for Sustainability) assessment at various divisions. All our divisions have achieved IMS (Integrated Management Systems) certifications i.e. ISO9001, ISO 14001 & ISO45001.

During FY-2022-23, we initiated a Safety perception survey called "Aarti Suraksha Survey", the response to the Aarti Suraksha Survey was overwhelming. The Survey Participation was more than 9000+ people including contractors and other business partners. The result from the Safety perception survey was very encouraging.

Process Safety:

We have established a dedicated Process Safety team at our corporate and manufacturing locations, and have also set up a world-class infrastructure and research facility - Aarti Research and Technology Center. We have strengthened the Hazards & Operability study procedure by introducing different guidewords. The concept of TACIT Knowledge for learning and development is introduced which enables Process safety capability building.

To have high vigilance on plant operations and processes, process Engineers monitor daily process parameters. We maintain high safety standards for Chlorine Handling System across AIL through on the job training, mock drills. We have a robust Hazard Identification and Risk Assessment procedure (HIRA) in place, which is done for each individual activity/step involved in Standard Operating Procedures (SOPs). To ensure inherent safe design and operation, we conduct process safety studies for existing and new projects, including Thermal Safety Studies (DSC, TSu, RC1e) and Powder Safety studies. To ensure continual Risk reduction, process parameters validation, Criticality Class Study, SIL, QRA, and HAC studies are conducted.

30. Environment

As a responsible organisation, we are committed to protect and prevent the environmental Damages. Efficient usage of water is of high priority to us, making it a high material topic for us and our delighted stakeholders. AIL has published and implemented comprehensive guidelines for the Waste management and Environmental Management system. A considerable number of Environmental Projects have been Successfully implemented, and we are beginning to see the benefits, such as effluent reduction, waste reduction, waste conversion into valuable products , Cost Reduction, CO2 Emission Reduction and space available for new effluent which will be generated from new expansion/products.

AIL has been recognized and acknowledged by various organisation by prestigious awards as ICC award for Excellence in Management of Environment, Golden Peacock Award for Environment Management, Platinum Award of 12th Exceed Environment Awards in the Category of Environment Preservation in Chemical & Fertilisers sector, Envirocare Green Award, CII National Award for Environmental Best Practices- "Waste and Resource Conservation" & Environment Friendly Company of the year by FICCI etc.

Environment - Water Management

Towards reducing our water footprint, we are focussing on 3R (Reduce, Reuse & Recycle) and strategizing to achieve zero-liquid discharge (ZLD) for our facilities. During FY 2022-23, AIL has taken various initiatives for Water conservation by introduction of water harvesting system, increased steam condensate recovery, increased MEE condensate recovery, STP treated water recycling and RO permeate recycling etc. Currently, 10 nos of our manufacturing sites have ZLD facilities. About 85% effluent quantity is being recycled back into process and 15% treated effluent quantity is being sent to CETP for further treatment and sent to deep sea. As part of water conservation , AIL has recycled steam condensate about 50% in the Boiler. Overall water withdrawal reduced about 40% due to ZLD units , steam condensate recycling in Boilers, Water Harvesting initiatives,STP treated water recycling etc. Further we have planned to achieve 100% ZLD ready status within the next 2 years. We have adopted a proactive approach for ZLD and incorporated it in the conceptualisation & designing phase of new projects.

Environment - Air Management

AIL has provided adequate Air pollution control measures to control process and flue gas emissions like wet scrubbers, Dust collectors, Bag filters ESP etc. AIL has implemented a dry scrubber concept (lime dosing along with solid fuel) to control SO2 emissions significantly. All have implemented LDAR programs to detect and control fugitive emissions, vocs etc. AIL has provided online sensors for Hazardous gases. We have provided an effective emission monitoring and selection of continuous on-line stack monitors and Ambient Air Quality Monitoring system (AAQMS). AIL water and emission online monitoring parameters (OCEMS) has been connected to CPCB and GPCB portal.

Environment - Waste Management

Our waste management approach is systematically divided into three priorities depending upon the various operating conditions and type of waste generated. First priority is to produce less waste, second priority is 4Rs (Reuse, Recover, Recycle, Reprocess), third priority is treatment and disposal. AIL being a responsible organisation ensures utilisation of the hazardous waste in a safe and environmentally sound manner and with comprehensive legal compliance by conducting audits of the vendors responsible for reusing processing and disposal of waste. During FY 2022-23, We have Improved Hazardous waste management by taking many initiatives like Waste management guideline were implemented, introduction of compressive checklist for all HW vehicles, all the HW vehicles are connected to ALC and monitoring for 24 hrs *7 days, introduction of end users audits and approvals system, completed Rule 9 trials runs and obtained CPCB SOP for HCL conversion into CaCl2. AIL has started value added initiatives i.e Landfilling and Incinerable waste sending to cement industries for co-processing .

31. Sustainability

Aarti industries has integrated sustainability into its business strategy through its 4 strategic dimensions: Sustainability, People Well being, Partner delight and Prosperity. Every dimension has its goals and objectives. These are accomplished through a well devised implementation strategy of Aarti Management System. The Goals and objectives are reviewed in well established councils which are chaired by the CEO.

The following accomplishments endorse our progress in the sustainability journey.

Responsible Care

Our robust performance on EH&S has led to our success in getting a Responsible Care (RC) logo. RC is a global chemical manufacturing industry's environmental, health, safety and security performance initiative. RC logo is not only an endorsement of our exemplary EH&S practices but also it shall help us in improving our environmental, health, safety and security (EHS&S) performance for facilities, processes and products throughout the entire operating system through its guiding principles.

While we care for our employees, 'Care' towards the surrounding community is also a prime focus at AIL. Various initiatives such as Tanker Drivers' health and eye checkups, community education program for Fire fighting and emergency preparedness, Infrastructure development for schools, scholarship and grants to needy students for their higher education, mobile dental vans, rural infrastructure development etc. have yielded significant benefits to the community.

EcoVadis

Our significant efforts in improving our ESG performance has led to achieving a gold medal in EcoVadis CSR assessment, placing AIL among the top 5 percentile of companies assessed by EcoVadis.

CDP Rating

AIL has received Management band "B" for the second consecutive year in CDP Climate Change, indicating coordinated actions on climate issues by AIL. The B rating is higher than the world average for the chemical sector.

AIL has also received "A-" on CDP Supplier Engagement, in the leadership band. Our rating has improved from B- in 2021 to A-, this indicates implementation of best practice by AIL during supplier engagement.

Sustainalytics Rating

Sustainalytic has improved ESG risk rating of Aarti industries for Year 2022. Aarti industries has been rated medium risk for 2022 with the ESG risk score of 24.5 (Lower rating demonstrates lower risk). Our risk rating has been improved compared to 2021 where AIL was rated High risk with the ESG risk score of 35.3.

32. Reliability

We have initiated an Operational Excellence journey with focus to improve reliability. Initiatives like OEE (Overall Equipment Effectiveness) improvement, Quality Circles, Autonomous maintenance and through investigation of T-IHC (Throughput Incident of High Consequence) deviation have resulted in improvement in reliability through involvement of the associate family and in turn benefited in achieving our safety and sustainability objectives. Implementing Model Plant Initiative to improve plant infrastructure and so to improve safety and reliability. While doing this engagement of all employees at all levels is under focus to focus on ownership and sustenance.

33. Statutory Auditors & Auditors' Report

In accordance with the provisions of Section 139 of the Companies Act, 2013, Gokhale & Sathe, Chartered Accountants (Firm Registration No.: 103264W) were appointed as Statutory Auditor of your Company at the 39th Annual General Meeting for a term of 5 years, to hold office from that meeting till the conclusion of 44th Annual General Meeting to be held in 2027.

There are no qualifications, reservations or adverse remarks or disclaimer made by the Auditor in their report. The Auditors of the Company have not reported any instances of fraud committed against the Company by its officers or employees as specified under Section 143(12) of the Companies Act, 2013.

34. Cost Auditors & Records

In terms of the Section 148 of the Companies Act, 2013 read with the Companies (Cost Record and Audit) Rules, 2014, the Company is required to maintain cost accounting records and have them audited every year. The Board accordingly, has appointed Ketaki D. Visariya, Cost Accountants, (Membership No.16028) as the "Cost Auditors" of the Company for FY 2023-24. The remuneration payable to the Cost Auditor is required to be placed before the Members in a General Meeting for their approval. Accordingly, a resolution for seeking Member's approval for the remuneration payable to Ketaki D. Visariya, Cost Accountants, is included at Item No. 15 of the Notice convening the Annual General Meeting in terms of Rule 14 of the Companies (Audit & Auditors) Rules, 2014.

The Company has maintained cost records as specified under section 148(1) of the Act.

35. Secretarial Auditor & Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Company had appointed CS Sunil M. Dedhia (COP No. 2031), Proprietor of Sunil M. Dedhia & Co., Company Secretary in Practice to undertake the Secretarial Audit of the Company.

Pursuant to provisions of Section 204(1) of the Companies Act, 2013 and Regulation 24A of the Listing Regulations, the Secretarial Audit Report for the Financial Year ended March 31, 2023 issued by CS Sunil M. Dedhia (COP No. 2031), of Sunil M. Dedhia & Co. Company Secretary in Practice and the Secretarial Auditor of the Company is annexed as Annexure-C and forms an integral part of this Report. During the year under review, the Secretarial Auditor had not reported any fraud under Section 143(12) of the Act.

There is no qualification, reservation or adverse remark or disclaimer made by the Auditor in their report. As regards the observations of the Secretarial Auditor in their Report, the same is self explanatory and need no further clarifications.

36. Internal Control Systems and their adequacy

Your Company has clearly laid down policies, guidelines and procedures that form part of internal control systems, which provide for automatic checks and balances. Your Company has maintained a proper and adequate system of internal controls. The Company has appointed Shri Rakesh Pandey as an Internal

Auditor who periodically audits the adequacy and effectiveness of the internal controls laid down by the Management and suggests improvements. This ensures that all Assets are safeguarded and protected against loss from unauthorised use or disposition and that the transactions are authorised, recorded and reported diligently. Your Company's internal control systems commensurate with the nature and size of its business operations. Internal Financial Controls are evaluated and Internal Auditors' Reports are regularly reviewed by the Audit Committee of the Board.

Statutory Auditors Report on Internal Financial Controls as required under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 is annexed with the Independent Auditors' Report.

37. Secretarial Standards Compliance

During the year under review, the Company has complied with all the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government pursuant to Section 118 of the Companies Act, 2013.

38. Number of cases filed, if any, and their disposal under section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company is fully committed to uphold and maintain the dignity of every woman working with the Company. The Company has Zero tolerance towards any action on the part of any one which may fall under the ambit of 'Sexual Harassment at workplace'. The Policy framed by the Company in this regard provides for protection against sexual harassment of women at workplace and for prevention and redressal of such complaints.

The Company has complied with the provisions relating to the constitution of Internal Complaints Committee ("ICC") under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. ICC have been set up to redress complaints received regarding sexual harassment.

The status of the Complaints during the FY 2022-23 is as follows:

Particulars	No. of Complaints
Number of Complaints pending as on beginning of the Financial Year	0
Number of Complaints filed and resolved during the Financial Year	0
Number of Complaints pending as on the end of the Financial Year	0

39 Conservation of energy, technology absorption, foreign exchange earnings and outgo

Particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo required under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014, as amended from time to time, are provided in Annexure–D to this report.

40. Significant and material orders passed by the regulators or courts

During the year, the Hon'ble National Company Law Tribunal (NCLT), Ahmedabad Bench vide its order dated September 21, 2022 approved the Scheme of Arrangement (Scheme) between Aarti Industries Limited (Demerged Company) and Aarti Pharmalabs Limited (Resulting Company) and their respective shareholders under the provisions of Section 230-232 of Companies Act, 2013.

41. Details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the Financial Year alongwith their status as at the end of the Financial Year

During the Financial Year 2022-23, there was no application made and proceeding initiated / pending by any Financial and/or Operational Creditors against your Company under the Insolvency and Bankruptcy Code, 2016 ("the Code").

Further, there is no application or proceeding pending against your Company under the Code.

42. Details of difference between the amount of valuation at the time of one time settlement and the valuation done at the time of taking a loan from the Banks or Financial Institutions along with the reasons thereof

During the Financial Year 2022-23, the Company has not made any settlement with its bankers for any loan/ facility availed or/and still in existence.

Acknowledgement

The Board of Directors places on record its sincere appreciation for the dedicated services rendered by the employees of the Company at all levels and the constructive cooperation extended by them. Your Directors would like to express their grateful appreciation for the assistance and support by all Shareholders, Government Authorities, Auditors, Financial Institutions, Customers, Employees, Suppliers, other business associates and various other stakeholders.

For and on behalf of the Board

Rajendra V. Gogri
Chairman and Managing Director
DIN: 00061003

Mumbai / June 28, 2023

ANNEXURE - A

FORM AOC-1

SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARY / ASSOCIATES / JOINT VENTURES AS PER COMPANIES ACT, 2013.

SUBSIDIARIES

(Amt in Crs.)

Sr. No.	Name of Subsidiary Company	Reporting Currency	Share Capital	Reverse & Surplus	Total Assets	Total Liabilities	Investments	Turnover/ Total Income	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend	% of Sharholding
1	Aarti Corporate Services Limited	INR	2.02	6.14	16.87	8.71	10.75	0.56	-0.50	-	-0.50	-	100.00
2	Innovative Envirocare Jhagada Limited	INR	0.35	-0.19	0.17	0.01	-	-	-0.01	-	-0.01	-	100.00
3	Aarti Polychem Private Limited	INR	-	-	-	-	-	-	-	-	-	-	100.00
4	Aarti Bharuch Limited	INR	0.25	-0.04	43.70	43.49	-	-	-0.01	-	-0.01	-	100.00
5	Aarti Spechem Limited	INR	0.25	-0.04	0.22	0.01	-	-	-0.01	-	-0.01	-	100.00
6	Shanti Intermediate Private Limited	INR	0.07	0.97	4.76	3.72	0.01	17.52	0.66	0.17	0.48	-	100.00
7	Nascent Chemical Industries Limited	INR	0.60	-0.22	0.39	0.01	-	0.03	-0.13	-	-0.14	-	50.49
8	Alchemie (Europe) Limited	GBP	0.01	-0.02	0.51	0.52	-	1.25	-0.03	-	-0.03	-	88.89
		INR	0.92	-2.39	51.95	53.42	-	125.54	-2.63	-	-2.63	-	

The Financial Statement of Alchemie (Europe) Limited is reporting currency is other than INR are converted into Indian Rupees on the basis of appropriate exchange rate as per the applicable Accounting Standard. As at March 31, 2023 GBP 1 = INR 101.61.

ANNEXURE - B

The Annual Report on CSR Activities Carried Out During FY 2022-23

1 Brief outline on CSR Policy of the Company:

The Company's policy on CSR, sets out a statement containing the approach and direction given by the Board of Directors after taking into account the recommendations of its CSR Committee and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan.

This policy is framed pursuant to Section 135 of the Companies Act, 2013 read with rules made thereunder as amended from time to time.

2 Composition of CSR Committee

Sl. No.	Name of Director	Designation	Nature of Directorship	Number of Meetings of CSR Committee held and attended during the year
1	Shri KVS Shyam Sunder	Chairman	Independent Director	One meeting - attended by all the members
2	Shri Kirit R. Mehta	Member	Executive Director	
3	Smt. Hetal Gogri Gala	Member	Non - Executive Director	
4	Smt. Priti P. Savla	Member	Independent Director	

3 Provide the web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company:

The Composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company

at https://www.aarti-industries.com/investors/GetReport?strcont_id=rQxVNykXxIkOIQL33MM

4 Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.

The Company has conducted impact assessment of Mushar Community's Integrated Development Project, pursuant to sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, the details of which are uploaded on the website at: www.aarti-industries.com

5	(a)	Average net profit of the Company as per sub-section (5) of Section 135	883.05
	(b)	Two percent of average net profit of the Company as per sub-section (5) of section 135:	17.66
	(c)	Surplus arising out of the CSR Projects or programmes or activities of the previous financial years:	3.62
	(d)	Amount required to be set-off for the financial year, if any:	3.62
	(e)	Total CSR obligation for the financial year [(b)+(c)-(d)	17.66
6	(a)	Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project)	14.65
	(b)	Amount spent in Administrative Overheads	0
	(c)	Amount spent on Impact Assessment, if applicable	0.08
	(d)	Total amount spent for the Financial Year [(a)+(b)+(c)]	14.73

(e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (₹ in Crores)	Amount Unspent (₹ in Crores)				
	Total Amount transferred to Unspent CSR Account as per subsection (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount	Date of Transfer	Name of Fund	Amount	Date of Transfer
14.73	Not Applicable				

f. Excess amount for set-off, if any:

Sl. No.	Particular	Amount (₹ in Crores)
(i)	Two percent of average net profit of the Company as per sub-section (5) of section 135	17.66
(ii)	Total amount spent for the Financial Year	14.73
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	-2.93
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	3.62
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	0.69

7 Details of Unspent Corporate Social Responsibility amount for the preceding three financial years

1	2	3	4	5	6		7	8
Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under subsection (6) of section 135 (₹ in Crores)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (₹ in Crores)	Amount spent in the Financial Year (₹ in Crores)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any		Amount remaining to be spent in succeeding financial Years (₹ in Crores)	Deficiency, if any
					Amount (₹ in Crores)	Date of transfer	Date of transfer	
Not Applicable								

8 Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

9 Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135 – Not Applicable

KVS Shyamsunder
Independent Director
DIN : 00502621

Hetal Gogri Gala
Non-Executive Director
DIN : 00005499

Mumbai / June 28, 2023

Annexure - C

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2023

(Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,
The Members,
Aarti Industries Limited
(CIN: L24110GJ1984PLC007301)
Plot No. 801, 801/23, GIDC Estate,
Phase III, Vapi, Dist. Valsad, Gujarat 396195

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Aarti Industries Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on March 31, 2023 ('**Audit Period**')complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment, External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 which were not applicable during the Review Period;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

(e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(f) Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulations, 2021;

(g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 which were not applicable to the Company during Audit Period; and

(i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 which were not applicable to the Company during Audit Period;

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India;

(ii) Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited;

During the Audit Period under review and as per the representations and clarifications made, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

I further report that based on review of compliance system prevailing in the Company, I am of the opinion that the Company has adequate systems and processes in place commensurate with its size and nature of operations to monitor and ensure compliance with the following laws applicable specifically to the Company:

(a) Petroleum Act, 1934 and Rules made thereunder;

(b) Drugs and Cosmetic Act, 1940 and Rules made thereunder;

(c) Fertilizer (Control) order 1985;

(d) The Explosive Act 1884 and Rules made thereunder;

(e) The Insecticides Act, 1968;

(f) Narcotic Drugs and Psychotropic Substances Act, 1985;

(g) The Indian Boilers Act, 1923 & The Indian Boilers Regulations 1950;

(h) The Chemical weapon convention Act 2000, and the Rules made thereunder;

(i) Air (Prevention and Control of Pollution) Act 1981;

(j) Water(Prevention and Control of Pollution) Act 1974;

(k) The Noise (Regulation and Control) Rules 2000;

(l) Environment Protection Act, 1986 and other environmental laws;

(m) Hazardous Wastes (Management , Handling and Transboundary Movement) Rules, 2016; and

(n) Public Liability Insurance Act 1991.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at the Board Meetings and Committee Meetings were taken unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the Audit Period under review, under the Scheme of Arrangement, Pharma Business Undertaking of the Company was demerged into Aarti Pharmalabs Limited under Sections 230 to 232 of the Companies Act, 2013 which was approved by Honourable National Company Law Tribunal, Ahmedabad Bench on September 21, 2022. The said Scheme became effective on October 17, 2022 operational from July 1, 2021. There were no other specific events / actions, in my view, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

This report is to be read with Annexure which forms an integral part of this report.

CS Sunil M. Dedhia
Proprietor, Sunil M. Dedhia & Co.
Practising Company Secretary
FCS No: 3483 C.P. No. 2031
Peer Review Certificate No. 867/2020
UDIN: F003483E000554495

Place: Mumbai
Date: July 5, 2023

Annexure

To The Members,
Aarti Industries Limited
(CIN: L24110GJ1984PLC007301)
Plot No. 801, 801/23, GIDC Estate,
Phase III, Vapi, Dist. Valsad, Gujarat 396195

My report of even date is to be read along with this letter.

(1) Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

(2) I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

(3) I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

(4) Wherever required, I have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.

(5) The compliance of the provisions of Corporate and Other Applicable Laws, Rules, Regulations, Standard is the responsibility of Management. My examination was limited to the verification of procedures on test basis.

(6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

CS Sunil M. Dedhia
Proprietor, Sunil M. Dedhia & Co.
Practising Company Secretary
FCS No: 3483 C.P. No. 2031
Peer Review Certificate No. 867/2020
UDIN: F003483E000554495

Place: Mumbai
Date: July 5, 2023

Annexure - D

A) Conservation for Energy and reduction in Carbon emission

The Steps Taken or Impact on Conservation of Energy;

AIL has signed a commitment to Science Based Target initiative (SBTi) which has enabled AIL to create a focus on reduction of energy consumption and reduce carbon footprint. An utility expert group along with the process team at each location to conceptualize and implement energy saving initiatives. We have adopted three pronged mantras: Fit for purpose, Focus to Finish, Right the First time towards energy conservation . The focus areas for energy conservation and Carbon emission reduction are:

- Minimizing energy losses
- Improving energy efficiency through equipment upgrade and process
- Renewable energy and alternate fuel
- Adopting new technologies

Our energy efficiency efforts include retrofitting with modern and energy efficient devices and equipment,

debottlenecking of waste heat recovery systems and identifying and managing operational bottlenecks. We have adopted several energy-saving projects during the period 2022–23 such as replacement of equipment with energy efficient design, air compressor with VFD, air conditioners with variable regulating volume (VRV) systems.. Based on our energy efficiency initiatives, we have saved approx. 0.8 million KWH of energy in 2022-23.

We have installed cogeneration power plants at our various locations to optimize usage of coal as a source of energy, also we have implemented systems and processes to reuse steam for process and electricity generation. Part of the unit's steam requirements are met by utilizing the waste heat, which reduces carbon emissions. We recovered 1037865 GJ of steam from the distillation condenser during 2022-23. We also took a successful trail for usage of Biomass for replacing coal gradually in order to reduce carbon emissions.

We have also successfully commissioned the new SO_3 converter at our acid plant wherein energy efficiency was improved by 10%. Air cooled chillers at Jhagadia were further optimized through VFD for improving their energy efficiencies. Specific energy consumption for one of the critical product at Anushakti division was improved through process optimization. This has resulted in significant reduction of energy consumption and CO_2 reduction.

To manage and optimize our energy demand and supply, we have adopted an IT-based Energy Management System (EnMS). Implementation of EnMS has provided efficient means of controlling, monitoring, and conserving energy. EnMS supports us in monitoring critical electrical data & parameters, providing auto-generated customized energy reports and provision of real-time data for electrical systems.

Additional Investments & Proposals, if any, being implemented for Reduction of Consumption of Energy:

The following are the additional investments planned in upcoming years in order to conserve energy and reduce overall environmental footprints.

- AIL is significantly investing in revamping its Acid plant by adopting latest technologies, thereby enhancing steam economy ratio by > 15 % along with productivity improvement. We are investing 150 crores in the debottlenecking of a waste heat recovery boiler at Vapi to maximize the steam generation, which will reduce our CO_2 emissions by 30,000 TCO_2e.
- A proposal is into active consideration for co-incineration of waste gases & recover energy to generate steam at Kutch.
- Replacement of Ammonia compressor chiller with VAM and utilizing the vent low pressure steam
- RO reject concentrated to reduce load on MEE
- To minimize the carbon intensity of our operations, we have developed near-term plans to upgrade existing infrastructure to minimize coal consumption by using coal-biomass mixture of different commodities in coal-based boilers and installing natural gas-based boilers wherever feasible.
- Installation of back pressure turbines in place of PRVs and condensing types turbines.
- Introduction of biological effluent treatment in ETP to reduce load on MEE
- It is planned to install MVR at 2 manufacturing locations to reduce energy consumption
- Yield improvement at one of our manufacturing location in Dahej has decreased energy consumption
- As part of our initiative to reduce carbon footprint, AIL has signed a power purchase agreement (PPA) with a leading renewable energy company. As per the agreement we would be provided with 13.20 MW of hybrid renewable energy. The project is in commissioning phase and would be connected to the grid during FY 23-24.

The Capital Investment on Environment & Greenfield Projects.

- Our Company has invested over 38 Crore during FY 22-23 on energy efficiency projects.
- Implementation of Spent Acid Concentration for one of the products is in an advanced stage of a project proposal which will enable us to reduce the Spent Sulfuric Acid management generated from the nitration processes. The new project of continuous nitration is designed with an integrated Spent Acid Concentration Plant as a part of the project itself, the project will be commissioned in Q1 2023-24.
- Stripping of effluent coming from one of the hydrogenation streams and recycling back the stripper's top to the process has increased the yield of Raw Material by 1 % as well led to significant reduction in effluent.
- Generation of low pressure steam by recovery of energy from the new toluene value chain.

B) Technology absorption, adaptation, and innovation

Efforts made towards Technology Absorption, Adaptation, and Innovation:

- Process intensification of batch process to semicontinuous fluorination; technology has been successfully commercialized for one of our product
- Continuous Vapour phase technology validation completed in pilot plant and is under commercialization
- Incorporation of advanced separation processes for distillation like extractive distillation for current and future products which also results in energy intensification. For one of the product it is in basic engineering phase and for other identified products, same is under technology development phase
- Evaluation of micro reaction technology for highly hazardous chemical reactions to enhance process safety and improvement in product yields.

Benefits derived as a result of above efforts:

- Lower project costs for the expansion
- Reduction in production costs
- Reduction of carbon emissions, waste, and effluents
- Value addition
- Enhancing safety and sustainability

Information regarding technology imported during the last 3 years

In the last 3 years, the company has imported the following technologies in order to reduce environmental footprints and for natural resource conservation.

- Spent Acid Concentration (SAC) technology for Nitration Plant
- Technology upgradation for Hydrogenation to enhance productivity and convert from semi batch to continuous mode of operation.

- Technology upgradation to convert drum flaker to belt flaker to reduce chemical exposure.
- Conversion of high pressure triplex plunger pump to double diaphragm pumps to ensure zero chemical leakage from glands
- Installation of MAG driven pumps in place of regular seal pumps
- Pastills making technology was adopted by replacing drumming to save cost of packaging and generation of waste at one of our manufacturing locations in Dahej.

Expenditure incurred on Research and Development:

₹ in crores	2022-23	2021-22*	2020-21	2019-20
Revenue	2.37	6.77	55.10	27.01
Capital (Incl. of product development expenses)	94.13	66.97	31.58	38.34
Total	**96.50**	**73.74**	**86.68**	**65.35**

C) Total Foreign Exchange Earnings and Outgo

The Foreign Exchange Earnings and Outgo were ₹ 3,406.21 Crs. & ₹ 1,270.89 Crs. respectively (previous year ₹ 2,108.26 Crores and ₹ 732.70 Crores respectively).

For and on behalf of the Board

Rajendra V. Gogri
Chairman and Managing Director
DIN: 00061003

Mumbai/June 28, 2023

Corporate Governance Report

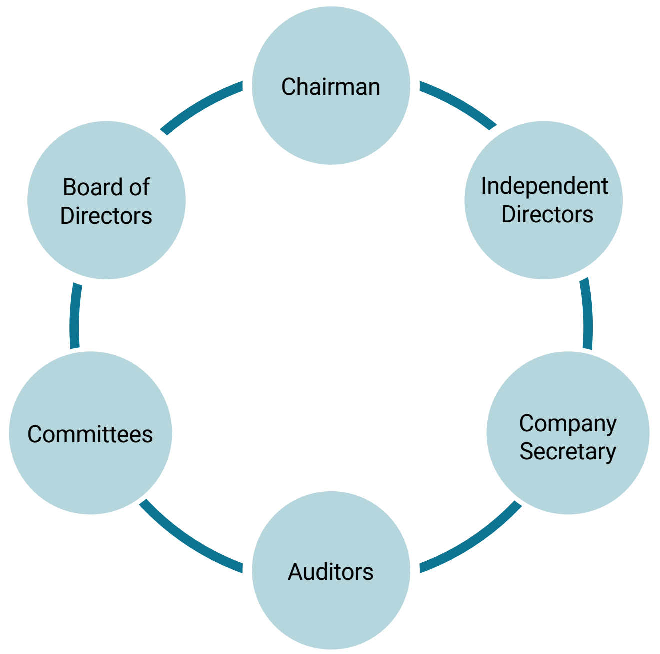
The Company's Report on Corporate Governance for the financial year ended March 31, 2023 is in compliance with the principles of Corporate Governance as prescribed in Regulation 34(3) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations").

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Our corporate governance is a reflection of our value system, encompassing our culture, policies, and relationships with our stakeholders. Care, Integrity and Excellence are key to our corporate governance practices and performance, and ensure that we gain and retain the trust of our stakeholders at all times. Corporate governance is an ethically-driven business process that is committed to values aimed at enhancing an organization's capacity to create wealth. This is ensured by taking ethical business decisions and conducting business with a firm commitment to values, while meeting stakeholders' expectations. These Governance Practices help enhancement of long-term interest of stakeholders and also help to align with our strategy 'Growth with sustainability for a sustainable growth'.

The Board fully appreciates the need for increased awareness for responsibility, transparency and professionalism in management of the organisation. The Board believes that Corporate Governance is not an end, it is just the beginning towards growth of the Company for long term prosperity. Continuous efforts taken towards strong governance practice have rewarded the Company in the sphere of stakeholders' confidence, valuation, market capitalisation and high credit rating.

CORPORATE GOVERNANCE TORCH BEARERS



Board of Directors:

The primary role of the Board of Directors ("the Board) is that of trusteeship – to protect and enhance shareholder value. The Board have a fiduciary responsibility to ensure that the Company's actions and objectives are aligned to sustainable growth and long-term value creation.

The Board is also responsible for:

a. long-term business plan & strategy and monitoring its implementation.

b. enhancing shareholder value and overseeing the interests of all stakeholders through effective management.

c. monitoring the effectiveness of the Company's Corporate Governance practices.

d. exercising effective control on the functioning of the Company to ensure fulfilment of stakeholder expectation and long-term value creation.

The Directors take active part in the deliberations at the Board and Committee meetings and provide guidance and advice to the management on various aspects of business, governance, compliance, etc

Chairman:

The Chairman is responsible for fostering and promoting the integrity of the Board while nurturing a culture where the Board works harmoniously for the long-term benefit of the Company and all its stakeholders. The Board and it's Committees provide effective governance to the Company. The Chairman takes a lead role in managing the Board and facilitating effective communication among the Directors.

Committees:

The Board has delegated its functioning in relevant areas to designated Board Committees to effectively deal with complex or specialised issues. For further details, see the section titled "Board Committees" in this report.

Independent Directors:

Considering the requirement of skill sets on the Board, eminent persons having an independent standing in their respective field / profession and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee, for appointment, as an Independent Director on the Board. The Independent Directors plays a vital role in strengthening the Governance standards across the organisation by exercising their professional competencies.

Company Secretary:

The Company Secretary plays a key role in:

- Ensuring that the Board procedures are followed and reviewed regularly.
- Assisting and advising the Board on exercising the best Corporate Governance Practices.
- Providing to the Board Members collectively or individually such guidance, as they may require, with respect to their duties, responsibilities and powers.
- Reporting to the Board on Regulatory Compliances, functioning of robust framework and ensuring mitigation of regulatory risks to the best possible extent.
- Acting as interfaces between the Company and regulatory authorities for governance matters.

Auditors:

An auditor is responsible for ensuring that the organization complies with relevant laws, regulations, and best practices. This includes reviewing financial statements, accounting policies, principles & procedures, corporate filings, and other disclosures to ensure that they are accurate, complete, and transparent.

The Board of Directors, its Committees, Chairman, Company Secretary, Executive Management, External Audit and Internal Audit basically determine the integrity and security of the Corporate Governance structure. A Company's growth is inseparable from a concrete governance structure.

BOARD OF DIRECTORS

Composition as on March 31, 2023

The Company's policy is to maintain an optimum combination of Executive and Non-Executive Directors. The Company is in compliance with the provisions of Section 149(4) of the Companies Act, 2013 read with Regulation 17(1) (a) and 17(1) (b) of the Listing Regulations.

Composition analysis of the Board

Category	Independence		Gender Diversity			
			Male		Female	
	Nos	%	Nos	%	Nos	%
Independent	8	50	6	37.50	2	12.50
Non-Independent	8 (including 2 Non-Executive)	50	7	43.75	1	6.25

Independent Directors

Eligibility: The Independent Directors declare that they meet the criteria of independence as specified under Section 149(6) of the Companies Act, 2013 and the Listing Regulations. The Board further confirms that the Independent Directors fulfil the conditions specified in terms of the Companies Act, 2013 and the Listing Regulations and that they are independent of the management of the Company. All the Directors are in compliance with the limit on independent directorships of listed companies as prescribed under Regulation 17A of the Listing Regulations. The terms and conditions of appointment of Independent Directors have been disclosed on the website of the Company as required in terms of Regulation 46 of the Listing Regulations.

All the Directors have confirmed that they are not members of more than ten mandatory committees and do not act as Chairman of more than five mandatory committees in terms of the Regulation 26 of the Listing Regulations across all the listed companies in which they are Directors.

Independent Directors Databank Registration: Pursuant to a notification dated October 22, 2019 issued by the Ministry of Corporate Affairs, all Independent Directors have done the registration with the Independent Directors Databank. Requisite disclosures have been received from the concerned Directors in this regard.

Familiarisation Programme: The Company has a familiarisation programme for its Independent Directors and other Non-Executive Directors which, inter alia, includes briefing on:

a. Role, responsibilities, duties and obligations as a member of the Board.

b. Nature of business and business model of the Company.

c. Strategic directions for businesses.

d. Macro economic outlook and business conditions.

e. Matters relating to governance.

In the Board meetings, all discussions on performance review of the businesses are preceded by a recap on the strategic direction adopted for the business, which provides good insights on the path forward for the businesses carried on by the Company to the Independent Directors and the other Non-Executive Directors on the Board.

Details of familiarisation programmes imparted to Independent Directors are disclosed on the Company at https://www.aarti-industries.com/Upload/PDF/Familiarisation-Programme-FY-2022-23.pdf

Meeting of Independent Directors: In accordance with the provisions of Schedule IV of the Companies Act, 2013 and Regulation 25 of the Listing Regulations, a separate meeting of the Independent Directors was held on March 25, 2023 without the participation of non-Independent Directors and the members of the management. All the Independent Directors were present for this meeting. The Independent Directors discussed various aspects, viz. performance of non-Independent Directors and the Board as a whole, performance of the Chairperson of the Company, quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform duties.

Board procedure:

The regular meetings of the Board and its Committees are pre-scheduled. Invites are sent to the members well in advance, to facilitate them plan their participation effectively. Additionally, in case of special and urgent business matters such as major capex, critical appointments etc., requisite meetings are convened ensuring utmost participation.

Except for the agendas dealing with price sensitive information, requisite information / discussion papers are circulated to the members well within prescribed timeline. The agendas are mainly bifurcated into those requiring Noting, Review and Approval.

With its sheer focus on 'Safety-first' besides other agenda items, measures taken by the Company on Safety and Sustainability, are discussed on a regular basis in periodical meetings.

The discussions are then followed by review of the performance against the Budget and Industrial Trend, overall strategy, Financial results, subsidiary's performance, fund flow position and investments status, Forex, Related Party Transactions, Compliance Status, governance & regulatory matters, pay-out policy, progress of ESG commitments of the Company and such other matters as required under the prevailing regulatory requirements.

The Board reviews the strategy, budgets & business plans, capital expenditure on an annual basis. It provides guidance and strategic direction to the management in the light of the economic developments, both locally and internationally, sectoral changes, competition, government regulations, etc.

While preparing the agenda, explanatory notes, minutes of the meeting(s) and during conduct of the meeting, adherence to the Act and the Rules made thereunder, Listing Regulations, Secretarial Standards issued by the Institute of Company Secretaries of India ("ICSI") and other applicable laws is ensured.

Board Meetings:

The Board members are encouraged to be present in the meetings of the Board. During the year under review, 8(eight) meetings of the Board were held. As and when required, the members were allowed to participate in meetings virtually.

The interval between two meetings was well within the maximum period prescribed.

Name of Director	No. of Board Meeting		1	2	3	4	5	6	7	8	Total Meetings attended	% of attendance	Attendance at last AGM held on Sept 26, 2022
	Date		April 12, 2022	April 20, 2022	May 27, 2022	August 10, 2022	September 26, 2022	November 14, 2022	December 9, 2022	February 3, 2023			
	Time		10:30 am	2:00 pm	12:00 noon	2:00 pm	4:00 pm	1:00 pm	10:30 am	11:00 am			
	Mode		Physical	VC	Physical	Physical	VC	Physical	VC	Physical			
	ED/NED/ ID												
Shri Rajendra V. Gogri DIN: 00061003	P	ED	✓	✓	✓	✓	✓	✓	✓	✓	8	100	✓
Shri Rashesh C. Gogri DIN: 00066291	PG	ED	✓	✓	✓	✓	✓	✓	✓	✓	8	100	✓
Shri Parimal H. Desai DIN: 00009272	P	ED	✓	✓	✓	✓	✓	✓	✓	✓	8	100	✓
Shri Manoj M. Chheda DIN: 00022699	-	ED	✓	-	✓	✓	✓	✓	✓	✓	7	87.5	✓
Shri Kirit R. Mehta DIN: 00051703	-	ED	✓	✓	✓	✓	✓	✓	✓	-	7	87.5	✓
Smt. Hetal Gogri Gala DIN: 00005499	PG	NED	✓	✓	✓	✓	✓	✓	✓	✓	8	100	✓
Shri Renil R. Gogri DIN: 01582147	PG	ED	✓	✓	✓	✓	✓	✓	✓	✓	8	100	✓
Shri Narendra J. Salvi DIN: 00299202	-	NED	✓	✓	✓	✓	✓	✓	✓	✓	8	100	✓
Shri P.A. Sethi DIN: 00004038	-	ID	✓	✓	✓	✓	✓	✓	✓	✓	8	100	✓
Shri KVS Shyamsunder DIN: 00502621	-	ID	✓	✓	✓	✓	✓	✓	✓	✓	8	100	✓
Shri Bhavesh R. Vora DIN: 00267604	-	ID	✓	✓	-	✓	✓	✓	✓	✓	7	87.5	✓
Prof. Ganapati D. Yadav DIN: 02235661	-	ID	✓	✓	✓	✓	✓	✓	✓	✓	8	100	✓
Smt. Priti P. Savla DIN: 00662996	-	ID	✓	✓	✓	✓	-	✓	✓	✓	7	87.5	✓
Shri Vinay Gopal Nayak DIN: 02577389	-	ID	✓	✓	✓	✓	✓	✓	✓	✓	8	100	✓
Shri Lalitkumar S. Naik DIN: 02943588	-	ID	-	✓	✓	✓	✓	✓	✓	✓	7	87.5	✓
Smt. Natasha K.Treasurywala DIN: 07049212	-	ID	✓	✓	-	✓	✓	✓	✓	✓	7	87.5	✓

P- Promoter; PG - Promoter Group; ED - Executive; NED - Non-Executive; ID - Independent Director

Directorships and committee positions:

The names and categories of the Directors on the Board, their Directorship in other Companies, the committee positions in other Companies during financial year ended March 31, 2023, are as under:

The number of Directorships, Chairmanship/ Membership etc. is within prescribed limits under the Companies Act, 2013 and the Listing Regulations.

Name of Director	Number of Shares held along with % of paid up share capital	Number of Directorship excluding Aarti Industries Limited*	Directorship in Listed Companies	Category		Statutory Committees				
				ED/ NED/ID		AC	NRC	SRC	CSRC	RMC
Shri Rajendra V. Gogri DIN: 00061003	57,03,600 (1.57%)	2	Aarti Industries Limited	P	MD	M	M	M	-	C
			Aarti Pharmalabs Limited	P	NED	-	-	C	M	M
			Prince Pipes and Fittings Limited	-	ID	M	C	-	-	-
Shri Rashesh C. Gogri DIN: 00066291	1,53,37,616 (4.23%)	3	Aarti Industries Limited	PG	MD	M	-	M	-	M
			Aarti Pharmalabs Limited	PG	NED	-	M	-	-	C
			Aarti Drugs Limited	PG	MD	M	-	-	M	M
Shri Parimal H. Desai DIN: 00009272	15,98,284 (0.44%)	3	Aarti Industries Limited	P	ED	M	-	-	-	-
			Aarti Pharmalabs Limited	P	NED	-	-	-	-	M
Shri Manoj M. Chheda DIN: 00022699	31,46,524 (0.87%)	1	Aarti Industries Limited	-	ED	-	-	M	-	-
Shri Kirit R. Mehta DIN: 00051703	59,290 (0.02%)	2	Aarti Industries Limited	-	ED	-	-	-	M	-
Smt. Hetal Gogri Gala DIN: 00005499	1,04,62,192 (2.89%)	2	Aarti Industries Limited	PG	NED	-	-	M	M	M
			Aarti Pharmalabs Limited	PG	ED	M	-	-	C	M
Shri Renil R. Gogri DIN: 01582147	1,11,71,008 (3.08%)	0	Aarti Industries Limited	PG	ED	-	-	-	-	M
Shri Narendra J. Salvi DIN: 00299202	72,616 (0.02%)	3	Aarti Industries Limited	-	NED	-	-	-	-	M
			Aarti Pharmalabs Limited	-	ED	M	-	M	-	M
			Aarti Drugs Limited	-	NED	-	-	-	-	-
Shri P.A. Sethi DIN: 00004038	0	0	Aarti Industries Limited	-	ID	M	C	-	-	-
Shri KVS Shyamsunder DIN: 00502621	0	0	Aarti Industries Limited	-	ID	C	M	C	C	-
Shri Bhavesh R. Vora DIN: 00267604	0	2	Aarti Industries Limited	-	ID	M	M	-	-	M
			Aarti Pharmalabs Limited	-	ID	C	-	M	-	-
Prof. Ganapati D. Yadav DIN: 02235661	4,800 (0.00%)	5	Aarti Industries Limited	-	ID	M	-	-	-	-
			Meghmani Organics Limited	-	ID	M	M	-	-	-
			Clean Science and Technology Limited	-	ID	M	M	-	M	-
			Bhageria Industries Limited	-	ID	-	-	-	-	M
			Godrej Industries Limited	-	ID	M	-	-	-	M
Smt. Priti P. Savla DIN: 00662996	0	3	Aarti Industries Limited	-	ID	M	-	-	M	-
			Aarti Drugs Limited	-	ID	M	M	C	-	-
			IRB Infrastructure Developers Limited	-	ID	M	M	-	-	-
Shri Vinay Gopal Nayak DIN: 02577389	0	1	Aarti Industries Limited	-	ID	-	-	-	-	-
			Aarti Pharmalabs Limited	-	ID	M	M	-	-	M
Shri Lalitkumar S. Naik DIN: 02943588	0	0	Aarti Industries Limited	-	ID	M	-	-	-	-
Smt. Natasha K.Treasurywala DIN: 07049212	0	0	Aarti Industries Limited	-	ID	-	-	-	-	-

P- Promoter; PG - Promoter Group; ED - Executive; NED - Non-Executive; ID - Independent Director; MD - Managing Director

AC - Audit Committee; NRC - Nomination & Remuneration Committee; CSRC - Corporate Social Responsibility Committee; SRC - Stakeholders' Relationship Committee; RMC - Risk Management Committee; M - Membership; C – Chairmanship

* While considering the total number of directorships, directorships in private companies, foreign companies and companies incorporated under Section 8 of the Companies Act, 2013 have been excluded

In terms of Part C of Schedule V of the Listing Regulations, it is hereby disclosed that Shri Rajendra V. Gogri, Chairman & Managing Director is father of Shri Renil R. Gogri, Executive Director. Shri Rashesh C. Gogri, Vice – Chairman & Managing Director is brother of Smt. Hetal Gogri Gala, Non-Executive Director. Except for the above there is no other inter-se relationship amongst other directors.

Directors Competence/ Skills/Expertise Chart:

The Company is engaged in the manufacturing of Speciality Chemicals. The table below summarises the broad list of core skills / expertise / competencies identified by the Board of Directors, as required in the context of the Company's business / sector and the said skills are available with the Board members:

List of core skills/expertise/competencies identified by the board of directors as required in the context of the business (es) and sector(s)

Industry Experience	Experience in Chemical and Pharmaceutical industry
Operations, Technology, Sales and Marketing	Experience in sales and marketing management based on understanding of the consumer & consumer goods industry
Leadership	Extensive leadership experience of an organisation for practical understanding of the organisation, its processes, strategic planning, risk management for driving change and long-term growth
Understanding of Global Business	Owing to presence across the globe, the understanding of global business & market is seen as pivotal
Finance and Banking	Finance field skills/competencies/ expertise is seen as important for intricate and high quality financial management and financial reporting processes
Legal/Governance/ Compliance	In order to strengthen and maintain the governance levels & practices in the organisation

Name of Director	Industry Experience	Operations, Technology, Sales and Marketing	Leadership	Understanding of Global Busines	Finance and Banking	Legal/ Governance/ Compliance
Shri Rajendra V. Gogri DIN: 00061003	✓	✓	✓	✓	✓	✓
Shri Rashesh C. Gogri DIN: 00066291	✓	✓	✓	✓	✓	✓
Shri Parimal H. Desai DIN: 00009272	✓	✓	✓	✓		
Shri Manoj M. Chheda DIN: 00022699	✓	✓	✓	✓		
Shri Kirit R. Mehta DIN: 00051703	✓	✓	✓	✓		
Smt. Hetal Gogri Gala DIN: 00005499	✓	✓	✓	✓		
Shri Renil R. Gogri DIN: 01582147	✓	✓	✓	✓		
Shri Narendra J. Salvi DIN: 00299202	✓	✓	✓	✓		
Shri P.A. Sethi DIN: 00004038					✓	
Shri KVS Shyamsunder DIN: 00502621					✓	
Shri Bhavesh R. Vora DIN: 00267604						✓
Prof. Ganapati D. Yadav DIN: 02235661	✓					
Smt. Priti P. Savla DIN: 00662996						✓
Shri Vinay Gopal Nayak DIN: 02577389	✓					
Shri Lalitkumar S. Naik DIN: 02943588	✓					
Smt. Natasha K.Treasurywala DIN: 07049212						✓

Appointment/ Re-appointment during the year:

Smt Hetal Gogri Gala stepped down as an Executive Director w.e.f. October 17, 2022, since she has taken up executive role as 'Vice Chairperson and Managing Director of 'Aarti Pharmalabs Limited' however, consented to continue as 'Non-Executive Director' of the Company.

Shri Narendra J. Salvi stepped down as an Executive Director w.e.f. October 17, 2022, since he has taken up executive role as Managing Director of 'Aarti Pharmalabs Limited' however, consented to continue as 'Non-Executive Director' of the Company.

Certificate from Company Secretary in Practice

Certificate as required under Part C of Schedule V of Listing Regulations, received from CS Sunil M. Dedhia, Proprietor of Sunil M. Dedhia & Co., Practicing Company Secretaries is attached in this Annual Report, stating that none of Directors on the Board of the Company have been debarred and disqualified from being appointed or continuing as Directors of the Company by an order from the Securities and Exchange Board of India /Ministry of Corporate Affairs or any such statutory authority.

KYC of Directors

Pursuant to Companies (Appointment and Qualification of Directors) Fourth Amendment Rules, 2019, all the Directors of the Company had completed the KYC for the financial year 2022-23.

Code of Ethics

The Company has prescribed a code of ethics for its Directors and senior management. The code of ethics of the Company has been posted on its website at https://www.aarti-industries.com/investors/GetReport?strcont_id=Pluse33MMrQIx998GpUOIQL33MM The declaration from the Chief Executive Officer in terms of Regulation 34(3) read with Part D of Schedule V of the Listing Regulations, stating that as of March 31, 2023, the Board members and the senior management personnel have affirmed the compliance with the code of ethics laid down by the Company, has been included in this Report.

Code of practices and procedures for fair disclosure of unpublished price sensitive information and code of conduct to regulate, monitor and report trading by insiders-

The Board has approved and adopted the code of practices and procedures for fair disclosure of unpublished price sensitive information and the code of conduct to regulate, monitor and report trading by insiders in terms of Regulation 8 and 9 of SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code lays down procedures to be followed and disclosures to be made while trading in the Company's shares from time to time. Also this code includes practices and procedures for fair disclosure of unpublished price sensitive information. The same is posted on the Company's website at https://www.aarti-industries.com/investors/GetReport?strcont_id=EjQwZCXRJPkOIQL33MM

COMMITTEES OF THE BOARD

The Board Committees focus on certain specific areas and make informed decisions within the delegated authority. Each Committee of the Board, whether mandatorily required to be constituted or otherwise, functions according to its scope that defines its composition, power and role particularly in accordance with the Companies Act, 2013 and the Listing Regulations. The Company has 5 Statutory Committees of the Board, namely, Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee. The Board has constituted the Finance and Investment Committee to deal with routine operational matters. The Board also constitutes other functional Committees, from time to time, depending on business needs. The recommendations of the Committees are submitted to the Board for approval. During the year, all the recommendations of the Committees were accepted by the Board.

Procedure at Committee Meetings: The composition and terms of reference of all the Committees are in compliance with the prevailing Regulatory requirements. Each Committee has the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist in its functioning. Minutes of the proceedings of Committee meetings are circulated to the respective Committee members and also placed before the Board for its noting.

1. AUDIT COMMITTEE

The Audit Committee has been constituted in line with the prevailing Regulatory requirements.

Composition, Meeting and Attendance:

During the financial year 2022-23, the Audit Committee met 4 (four) times. The Composition of the Committee, date of the meetings and attendance of the Audit Committee members in the said meetings is given below –

Members	Category	Meeting Dates	May 27, 2022	August 10, 2022	November 14, 2022	February 3, 2023
		Mode of meeting	Physical	Physical	Physical	Physical
		Start Timing	10:00 am	11:30 am	11:00 am	10:00 am
Shri KVS Shyamsunder (Chairman)	Independent Director	4	✓	✓	✓	✓
Shri P. A. Sethi	Independent Director	4	✓	✓	✓	✓
Shri Bhavesh R. Vora	Independent Director	3	-	✓	✓	✓
Smt. Priti P. Savla	Independent Director	4	✓	✓	✓	✓
Prof. Ganapati D. Yadav	Independent Director	4	✓	✓	✓	✓
Shri Lalitkumar S. Naik	Independent Director	4	✓	✓	✓	✓
Shri Parimal H.Desai	Executive Director	4	✓	✓	✓	✓
Shri Rashesh C.Gogri	Executive Director	4	✓	✓	✓	✓
Shri Rajendra V. Gogri	Executive Director	4	✓	✓	✓	✓

The intervening period between 2 consecutive Audit Committee meetings was well within the maximum allowed gap of 120 days. The Chief Financial Officer, Functional Heads, Representatives of the Statutory Auditors, Internal Auditors, Cost Auditor, as and when required attend the meetings of the Audit Committee from time to time. The Chairperson of the Audit Committee attended the 39th AGM held on September 26, 2022. The Company Secretary of the Company acts as the Secretary to the Audit Committee. All the members of the Audit Committee are financially literate and majority of them have accounting and financial management expertise.

Terms of Reference:

The terms of reference of this Committee include matters specified in the Companies Act, 2013, Rules made thereunder, the Listing Regulations and those specified by the Board in writing. Besides having access to all required information within the Company, the Committee may investigate any activity within its terms of reference, seek information from any employee, secure attendance of outsiders with relevant expertise, or obtain legal or other professional advice from external sources, whenever required.

The Audit Committee acts in accordance with the terms of reference which, inter alia, include:

i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

ii) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

iv) Reviewing, with the Management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to;

   (a) matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

   (b) changes, if any, in accounting policies and practices and reasons for the same;

   (c) major accounting entries involving estimates based on the exercise of judgment by management;

   (d) significant adjustments made in the financial statements arising out of audit findings;

   (e) compliance with listing and other legal requirements relating to financial statements;

   (f) disclosure of any related party transactions;

   (g) modified opinion(s) in the draft audit report;

v) Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval;

vi) Reviewing with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public issue or rights issue or preferential issue or qualified institutions placement and making appropriate recommendations to the Board to take up steps in this matter;

vii) Review and monitor the auditor's independence and performance and effectiveness of audit process;

viii) Approval or any subsequent modification of transactions of the Company with related parties;

ix) Scrutiny of inter-corporate loans and investments;

x) Valuation of undertakings or assets of the Company, wherever it is necessary;

xi) Evaluation of internal financial controls and risk management systems;

xii) Reviewing, with the Management, performance of statutory and internal auditors, and adequacy of the internal control systems;

xiii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

xiv) Discussion with internal auditors of any significant findings and follow up thereon;

xv) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

xvi) Discussion with Statutory Auditors before the Audit Commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

xvii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

xviii) To review the functioning of the Whistle Blower Mechanism;

xix) Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;

xx) Reviewing the utilisation of loans and/ or advances from/investment by the holding Company in the subsidiary exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;

xxi) consider and comment on rationale, cost benefits and impact of schemes involving merger, demerger, amalgamation etc., on the entity and its shareholders;

xxii) Carrying out any other function as is included in the terms of reference of the Audit Committee;

xxiii) Such other acts, deeds, matters and things as may be stipulated in terms of the Companies Act, 2013 and the Listing Regulations and/ or such other regulatory provisions, as amended from time to time, and the Board of Directors of the Company may consider think fit.

Mandatorily review the following information:

- Management Discussion and Analysis of financial condition and results of operations;
- Management letters/ letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses;
- The appointment, removal and terms of remuneration of the Internal Auditor; and
- Statement of deviations.

2. NOMINATION & REMUNERATION COMMITTEE

The Nomination & Remuneration Committee has been constituted in line with the prevailing Regulatory requirements.

Composition, Meeting and Attendance:

During the financial year 2022-23, the Nomination and Remuneration Committee met 3 (three) times. The Composition of the Committee, date of the meetings and attendance of Nomination and Remuneration Committee members in the said meetings is given below:

Members	Category	Meeting Dates	May 26, 2022	August 9, 2022	August 19, 2022
		Mode of meeting	VC	VC	Physical
		Start Timing	1:00 pm	5:00 pm	11:00 am
Shri P.A.Sethi (Chairman)	Independent Director	3	✓	✓	✓
Shri KVS Shyamsunder	Independent Director	3	✓	✓	✓
Shri Bhavesh R. Vora	Independent Director	3	✓	✓	✓
Shri Rajendra V. Gogri	Executive Director	3	✓	✓	✓

Terms of Reference

The broad terms of reference of the Nomination and Remuneration Committee shall inter alia, include the following:

i) formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors, Key Managerial Personnel and other Employees;

ii) for every appointment of an Independent Director, evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

a. use the services of an external agencies, if required;

b. consider candidates from a wide range of backgrounds, having due regard to diversity; and

c. consider the time commitments of the candidates.

iii) formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;

iv) devising a policy on diversity of Board Of Directors;

v) identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal;

vi) whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;

vii) recommend to the Board, all remuneration, in whatever form, payable to senior management.

viii) Such other acts, deeds, matters and things as may be stipulated in terms of the Companies Act, 2013 and the Listing Regulations and/ or such other regulatory provisions, as amended from time to time, and the Board of Directors of the Company may consider think fit.

NOMINATION AND REMUNERATION POLICY –

I. Criteria and Qualification for Nomination & Appointment-

A person to be appointed as Director, Key Managerial Personnel or at Senior Management level should possess adequate and relevant qualification, expertise and experience for the position that he/ she is being considered for.

II. Policy on Remuneration-

The Company considers human resources as its invaluable assets. The remuneration policy endorses equitable remuneration to all Directors, Key Managerial Personnel and Employees of the Company consistent with the goals of the Company. The Nomination and Remuneration Policy as approved by the Board of Directors of the Company is posted on the website of the Company at https://www.aarti-industries.com/investors/GetReport?strcont_id=pTvbr0JryL0OIQL33MM.

The Remuneration policy for all the employees is designed in a way to attract talented executives and remunerate them fairly and responsibly, this being a continuous on-going exercise at each level in the organisation.

In accordance of the said Policy following is the criteria for payment of remuneration to Directors, KMPs and other employees:

Executive Directors:

The Company remunerates its Executive Directors by way of salary and commission based on performance of the Company. Remuneration is paid within the limits as approved by the shareholders within the stipulated limits of the Companies Act, 2013 and the Rules made thereunder. The remuneration paid to the Executive Directors is determined keeping in view the industry benchmark and the performance of the Company. No Stock options have been given to the Executive Directors during the year.

Non-Executive Directors:

Non-Executive Directors are presently receiving sitting fees (including reimbursement of expenses) for attending the meeting of the Board and its Committees as per the provisions of the Companies Act, 2013 and the rules made thereunder. No Stock options have been given to the Non-Executive Directors during the year.

Key Managerial Personnel [KMP] and other employees:

The remuneration of KMP and other employees largely consists of basic salary, perquisites, allowances and performance incentives (wherever paid). Perquisites and retirement benefits are paid according to the Company policy. The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification & experience/ merits, and performance of each employee.

Remuneration to Executive Directors:

(₹ in Lakhs)

Name of Director(s)	Salary and other Perquisites	Commission	Total Remuneration
Shri Rajendra V. Gogri	102	704	806
Shri Rashesh C. Gogri	102	704	806
Shri Parimal H.l Desai	88	92	180
Shri Manoj M. Chheda	88	92	180
Shri Kirit R. Mehta	62	18	80
Shri Renil R. Gogri	74	230	304

Notes: a) Figures are exclusive of cost of perquisites; contribution to provident fund, superannuation fund, driver's salary, and taxable value of Car perquisite.

b) Managing Directors are appointed under the contract each for a period of five years and with termination notice period of 180 days and Executive Directors until cessation from the Employment in the Company and subject to re-appointment due to retirement by rotation in the Annual General Meeting.

Remuneration to Non - Executive Directors: The Non- Executive Directors are paid remuneration in the form of sitting fees for attending the meetings of the Board and/or Committees thereof which is within the limits prescribed by the Act. The details of the sitting fees paid and shares held by the Non - Executive Directors as on March 31, 2023 are as under:

Name of Directors	Sitting fees (₹ in Lakh)	Shareholding in the Company	% of Total Shareholding
Shri KVS Shyamsunder	4.60	Nil	Nil
Shri P.A. Sethi	4.40	Nil	Nil
Shri Bhavesh R. Vora	4.00	Nil	Nil
Prof. Ganapati D. Yadav	4.10	4,800	0.00
Smt. Priti P. Savla	3.80	Nil	Nil
Shri Vinay G. Nayak	2.70	Nil	Nil
Shri Lalitkumar S. Naik	3.60	Nil	Nil
Smt. Natasha K. Treasurywala	2.40	Nil	Nil
Smt. Hetal Gogri Gala*	0.80	1,04,62,192	2.89
Shri Narendra J. Salvi*	0.70	72,616	0.02

* Change in designation as Non-Executive Director w.e.f. October 17, 2022

The scheme of arrangement pertaining to Demerger of Pharma Undertaking came into effect on October 17, 2022 (from appointed date July 1, 2021). Pursuant to Scheme, all the assets, liabilities etc. pertaining to the Pharma Undertaking were transferred to the Resultant Company i.e. Aarti Pharmalabs Limited. Shri Narendra J Salvi and Smt. Hetal Gogri Gala, acted as Executive Directors from April 1, 2022 to October 17, 2022 and thereafter re-designated as Non-Executive Directors. The key responsibility area of Shri Narendra J Salvi and Smt. Hetal Gogri Gala being primarily pertaining to Pharma Business, their compensation as an Executive Director from April 1, 2022 to October 17, 2022 were transferred to the Resultant Company i.e. Aarti Pharmalabs Limited.

Transactions with the Independent Directors:

The Company does not have material pecuniary relationship or transactions with its Independent Directors except the payment of sitting fees for attending the meetings of Board / Committees, as disclosed in this Report.

Performance Evaluation:

The performance evaluation process of the Board, its Committees, Non-Independent Directors, Independent Directors and Chairman has been established as mentioned below is in line with the regulatory requirements of Companies Act, 2013 and Listing Regulations. Accordingly, an annual evaluation has been carried out through a questionnaire having qualitative parameters such as the composition, attendance, participation, quality and value of contributions, knowledge, skills, experience etc.

The criteria for performance evaluation of Independent Directors include areas relevant to the functioning as Independent Directors such as preparation, participation, conduct and effectiveness. The performance evaluation of Independent Directors is carried out by the Board of Directors without the presence of the Director being evaluated. Similarly, the performance evaluation of Non-Independent Directors is carried out by the Independent Directors and Board without the presence of the Director being evaluated.

		Board	Committees	Non-Independent Director	Independent Director	Chairman
Evaluation by	Independent Directors	√	-	√	-	√
	Board	√	√	√	√	-

3. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee has been constituted in line with the prevailing Regulatory requirements.

The Committee is composed of five Directors including an Independent Director who chairs the meetings.

Members	Shri KVS Shyamsunder (Chairman)	Shri Rajendra V. Gogri	Shri Manoj M. Chheda	Shri Rashesh C. Gogri	Smt. Hetal Gogri Gala
Category	Independent Director	Executive Director	Executive Director	Executive Director	Non-Executive Director

As and when required, the Committee meets and discuss the agenda items as set for it by the Board of Directors of the Company including:

i) Noting: Shareholding Pattern, category wise composition of the ownership viz institutional, non-institutional and promoters;

ii) Detailed deliberations on shareholders complaint received, resolved and pending for the resolution;

iii) Review: measures taken for effective exercise of voting rights by shareholders;

iv) Review: Status of Cases in Suspense Accounts;

v) Review: Balances Pending in Unclaimed Dividend/ Fractional Shares Dividend account and measures taken by Company to reduce the same;

vi) Review: Status of IEPF Cases;

vii) Review: Adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;

viii) Review : Trainings conducted on Takeover / Insider Regulations/ Code of Conduct to the Stakeholders of Company;

ix) Review : Compliances pertaining to Investors Meet;

x) Review : Recommendations of Proxy Advisors;

xi) Authorise/ Review : Printing of Share Certificate and status of blank Share Certificates;

xii) Review : Internal Audit Report of RTA Activities;

xiii) Updation - Regulatory changes impacting shareholders;

xiv) Process Improvement initiavites;

xv) Review and monitoring compliance under SEBI Takeover Regulations and SEBI Prohibition of Insider Trading Regulations.

xvi) Such other acts, deeds, matters and things as may be stipulated in terms of the Companies Act, 2013 and the Listing Regulations and/ or such other regulatory provisions, as amended from time to time, and the Board of Directors of the Company may consider fit.

Name, Designation and Contact details of the Compliance Officer -

Shri Raj Sarraf, Company Secretary (M. No. A15526) is the Compliance Officer of the Company. The Compliance Officer can be contacted at the Corporate Office of the Company at:
"Udyog Kshetra, 2nd Floor,
Mulund Goregaon Link Road, Mulund (West),
Mumbai - 400080, Maharashtra, India;
Tel.: +91 22 6797 6666, +91 22 6797 6697;
Fax: +91 22 25653234, +912225653185;
Email: investorrelations@aarti-industries.com
Website: www.aarti-industries.com.

Separate email id for the redressal of investors' complaints-

As per Regulation 6 of Listing Regulations, Company has designated a separate e-mail id investorrelations@aarti-industries.com exclusively for the registering complaints by the investors.

Shareholders' complaints –

During the year under review 24 (Twenty four) Complaints were received through SEBI and Stock Exchanges and were resolved to the satisfaction of the complainants. No request for Share Transfer or Dematerialisation was pending for approval as on March 31, 2023.

4. RISK MANAGEMENT COMMITTEE

The Board of Directors has constituted a Risk Management Committee and also approved Risk Management Policy in accordance with the provisions of the Listing Regulations.

Composition, Meeting and Attendance:

During the financial year 2022-23, the Risk Management Committee met 2 (two) times. The Composition of the Committee, date of the meetings and attendance of Risk Management Committee members in the said meeting is given below:

Members	Category	Meeting Dates	August 19, 2022	February 3, 2023
		Mode of meeting	Physical	Physical
		Start Timing	3:00 pm	5: 30 pm
Shri Rajendra V. Gogri (Chairman)	Executive Director	2	✓	✓
Shri Rashesh C. Gogri	Executive Director	2	✓	✓
Smt. Hetal Gogri Gala*	Non - Executive Director	2	✓	✓
Shri Renil R. Gogri	Executive Director	2	✓	✓
Shri Narendra J. Salvi*	Non - Executive Director	2	✓	✓
Shri Bhavesh R. Vora	Independent Director	2	✓	✓
Shri Chetan B. Gandhi	Chief Financial Officer	2	✓	✓
Shri Ajaykumar Gupta	Chief Manufacturing Officer	2	✓	✓

*Change in designation as Non-Executive Director w.e.f. October 17, 2022

Terms of Reference-

The brief terms of reference of the Risk Management Committee are as under-

(i) Formulate a detailed risk management policy which shall include:

a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

b) Measures for risk mitigation including systems and processes for internal control of identified risks.

c) Business continuity plan

(ii) Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

(iii) Monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

(iv) Periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

(v) Keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;

(vi) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any);

(vii) Such other acts, deeds, matters and things as may be stipulated in terms of the Companies Act, 2013 and the Listing Regulations and/ or such other regulatory provisions, as amended from time to time, and the Board of Directors of the Company may consider think fit.

5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee has been constituted in line with the prevailing Regulatory requirements.

The Committee is composed of four Directors including an Independent Director who chairs the meetings.

Members	Shri KVS Shyamsunder (Chairman)	Smt. Priti P. Savla	Smt. Hetal Gogri Gala*	Shri Kirit R. Mehta
Category	Independent Director	Independent Director	Non-Executive Director	Executive Director

* Change in designation as Non-Executive Director w.e.f. October 17, 2022

As and when required the Committee meets and discuss the agenda items as set for it by the Board of Directors of the Company including:

i. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013, as amended, read with Rules framed thereunder;

ii. Recommend the amount of expenditure to be incurred on such activities and

iii. Monitor the Corporate Social Responsibility Policy of the Company from time to time.

The Board has also approved Corporate Social Responsibility Policy. The Annual Report on Corporate Social Responsibility Activities as required to be given under Section 135 of the Companies Act, 2013 and Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been provided in an Annexure which forms part of the Directors' Report.

GENERAL BODY MEETINGS –

Details of last three Annual General Meetings are as under:-

Financial Year	Day, Date & Time	Venue	Special resolution passed for
2021-22	Monday, September 26, 2022 11:00 a.m.	Through Video Conferencing / Other Audio-Visual Means	-
2020-21	Tuesday, September 28, 2021 11:00 a.m.	Through Video Conferencing / Other Audio-Visual Means	-
2019-20	Monday, September 21, 2020 11:00 a.m.	Through Video Conferencing / Other Audio-Visual Means	a) Resolution under Section 180(1)(a) of the Companies Act, 2013 for Creation of Security on Borrowing Powers

Extraordinary General Meetings –

No Extraordinary General Meetings of Members were convened during the the financial year.

Details of resolutions passed through Postal Ballot

During the financial year, following Resolutions were passed by the Company through a Postal Ballot.

Date of Announcement of Result	Type of Resolution	Particulars of Resolution	% of Votes in Favour	% of Votes Against
October 31, 2022	Special	Grant of Performance Stock Options to the Employees of the Company Under Aarti Industries Limited Performance Stock Option Plan 2022	92.94	7.06
	Special	Grant of Stock Options to the Employees of the Subsidiary Companies (Present or Future) Under Aarti Industries Limited Performance Stock Option Plan 2022	92.94	7.06

PROCEDURE FOR POSTAL BALLOT

Pursuant to the provisions of Section 110 of the Act read with Rule 22 of Companies (Management and Administration) Rules, 2014 (Management Rules), as amended, the Company had issued Postal Ballot Notice dated September 26, 2022 to the Members, seeking their consent with respect to-

1) Grant of Performance Stock Options to the Employees of the Company Under 'Aarti Industries Limited Performance Stock Option Plan 2022'

2) Grant of Stock Options to the Employees of the Subsidiary Companies (Present or Future) Under "Aarti Industries Limited Performance Stock Option Plan 2022"

In compliance with provisions of Section 108 and Section 110 and other applicable provisions of the Act read with the Management Rules, the Company had provided remote e-voting facility to all the Members of the Company.

The Company engaged the services of National Securities Depository Limited (NSDL) for facilitating e-voting to enable the Members to cast their votes electronically. The Board of Directors had appointed Shri Sunil M. Dedhia, Practicing Company Secretary (FCS 3483, COP 2031), Proprietor of Sunil M. Dedhia and Co., Company Secretaries, as Scrutinizer for conducting the Postal Ballot. The voting period commenced on Friday, September 30, 2022 at 9:00 a.m. and ended on Saturday, October 29, 2022 at 5:00 p.m. The cut-off date, for the purpose of determining the number of Members was Friday, September 23, 2022 and the total number of Members as on cut-off date was 3,47,867.

The Scrutiniser, after the completion of scrutiny, submitted his report to Shri Raj Sarraf, Company Secretary, who was duly authorised by the Chairperson to accept, acknowledge and countersign the Scrutiniser's Report as well as declare the voting results in accordance with the provisions of the Act, the Rules framed thereunder and the Secretarial Standard - 2 issued by the Institute of Company Secretaries of India.

The consolidated results of the voting by Postal Ballot and e-voting were announced on Monday, October 31, 2022. The results were also displayed on the website of the Company at www.aarti-industries.com and also intimated to BSE Limited (BSE), National Stock Exchange of India Limited (NSE).

MEANS OF COMMUNICATION:

Quarterly Results-

The Company communicates to the Stock Exchanges about the quarterly financial results within 30 minutes from the conclusion of the Board Meeting in which the same is approved. The results are usually published in Financial Express English edition and Gujarati edition published from Ahmedabad. These results and official press releases are also available on the website of the Company at www.aarti-industries.com.

Period	Date of Announcement on the Stock Exchanges	Date of Newspaper Publication
First Quarter	August 10, 2022	August 12, 2022
Half Year	November 14, 2022	November 16, 2022
Third Quarter	February 3, 2023	February 4, 2023
Annual	May 8, 2023	May 10, 2023

All data required to be filed electronically or otherwise pursuant to the Listing Regulations with the Stock Exchanges, such as annual report, quarterly financial statements, Shareholding pattern, report on Corporate Governance are being regularly filed with the Stock Exchanges, namely, National Stock Exchange of India Limited (www.nseindia.com) and BSE Limited (www.bseindia.com) and available on their websites as well.

Detailed presentations are made to institutional investors and financial analysts on the Company's audited quarterly and yearly financial results. These presentations / Concall transcripts are also uploaded on the Company's website at www.aarti-industries.com

Designated E-mail address for investor services-

To serve the investors better and as required under Listing Regulations, the designated e-mail address for investors complaints is investorrelations@aarti-industries.com

GENERAL SHAREHOLDERS INFORMATION

Our prolific journey of last 40 years in our vision of creating 'Right Chemistry for a Brighter Tomorrow' through our sustainability model of innovation has been fuelled by the trust that our shareholders have in us, thus making us the 'Global Partner of Choice' in the Specialty Chemicals Industry. The trust of our shareholders across the globe through collaborative partnership is a testimony and reflection of our brand value proposition in the Chemical Industry.

i) The day, date, time & venue of the 40th Annual General Meeting (AGM):

Day	Date	Time	Venue
Friday	August 4, 2023	11:00 a.m.	through Video Conferencing (VC) / Other Audio Visual Means (OAVM)

ii) Financial year and Tentative Financial Calendar:

The Company's financial year begins on April 1 and ends on March 31. Our tentative calendar for declaration of the quarterly results during financial year 2023-24 are as follows:

Financial Year	2023-24
June, 2023	1st/2nd week of August, 2023
September, 2023	1st/2nd week of November, 2023
December, 2023	1st/2nd week of February, 2024
March, 2024	1st/2nd/3rd week of May, 2024

(iii) Record Date: Friday, July 28, 2023

(iv) Payment of Dividend: On or before September 2, 2023

(v) Listing on Stock Exchanges:

Stock Exchange	Stock Code/ Symbol
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001,	524208
National Stock Exchange of India Limited "Exchange Plaza", C-1, Block G, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051	AARTIIND

vi) Listing fees and Annual Custodial Fee:

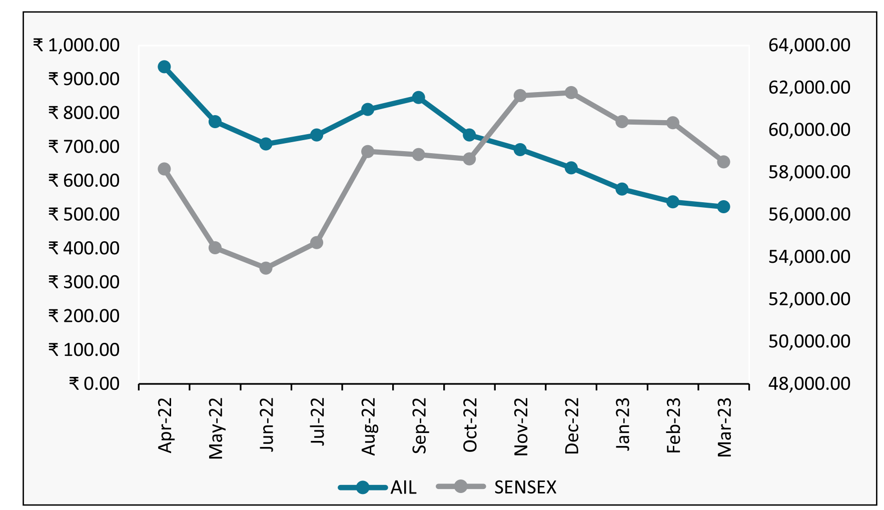
The Company had paid the Annual Listing Fees of the Stock Exchanges and Annual Custodial Fees of the Depositories for the FY 2023-24.

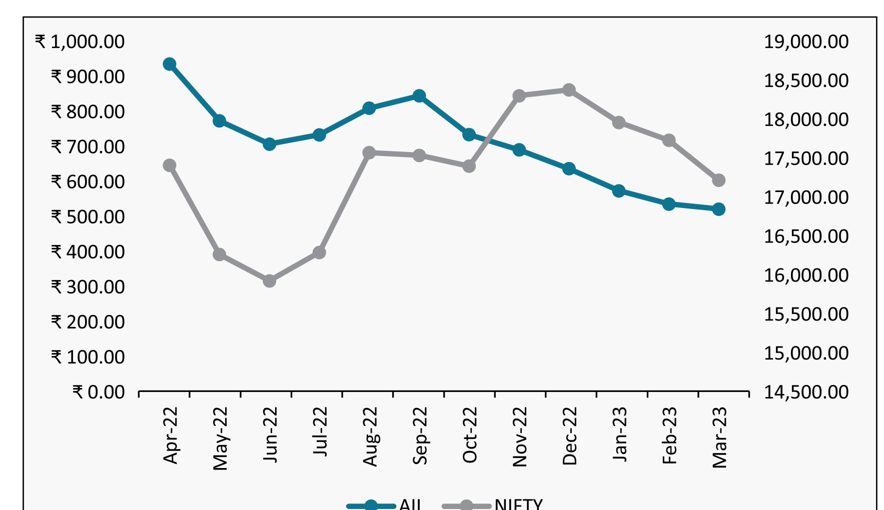
(vii) Market Price Data (high, low in each month in last financial year):

Month	BSE Ltd. (BSE)			National Stock Exchange of India Limited (NSE)		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April, 2022	989.95	869.75	7,42,275	990.00	869.30	94,65,467
May, 2022	881.90	717.80	16,17,015	881.85	717.60	1,79,28,000
June, 2022	769.00	669.00	15,60,397	769.00	668.85	1,97,00,342
July, 2022	783.00	678.95	9,15,700	781.80	679.00	1,42,90,099
August, 2022	840.50	775.30	8,44,461	840.85	773.05	1,59,28,586
September, 2022	924.00	725.60	11,70,669	924.40	725.05	1,81,26,365
October, 2022	807.55	642.10	17,13,964	807.90	642.30	1,99,58,898
November, 2022	744.30	647.00	14,60,906	744.70	646.85	1,50,55,657
December, 2022	682.25	587.05	9,28,726	681.45	587.00	1,12,01,350
January, 2023	619.00	518.75	7,11,789	619.80	518.50	99,47,441
February, 2023	567.95	505.10	9,62,514	568.00	510.05	1,88,31,960
March, 2023	555.50	482.40	7,12,881	555.90	482.40	1,48,69,448

(viii) Performance in comparison to broad based indices (BSE Sensex & NSE Nifty):

Month	BSE Ltd. (BSE)		National Stock Exchange of India Limited (NSE)	
	AIL Price	Sensex	AIL Price	NIFTY
April, 2022	937.03	58,165.86	937.09	17,419.36
May, 2022	775.29	54,436.66	774.94	16,271.02
June, 2022	708.91	53,478.91	708.77	15,933.16
July, 2022	735.30	54,684.79	735.35	16,299.02
August, 2022	810.97	58,990.51	811.07	17,579.07
September, 2022	846.27	58,843.43	846.63	17,544.88
October, 2022	735.57	58,632.37	735.59	17,406.87
November, 2022	692.30	61,631.46	692.35	18,311.28
December, 2022	638.60	61,767.33	638.40	18,385.13
January, 2023	575.70	60,397.23	575.49	17,968.75
February, 2023	537.72	60,345.93	537.77	17,739.22
March, 2023	523.24	58,502.47	523.52	17,225.64





(ix) Registrar & Transfer Agents & Address for Correspondence:

Link Intime India Private Limited
C-101, 247 Park, L. B. S. Marg,
Vikhroli (West), Mumbai – 400 083,
Tel. No. +91 22 49186000
Fax No. 022 – 4918 6060
Email ID: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

The Members are requested to address all their communications/ suggestions/grievances to the Share Transfer Agents at the above address.

(x) Share transfer System:

In terms of Regulation 40(1) of the Listing Regulations, as amended, securities can be transferred only in dematerialised form w.e.f. April 1, 2019, Members holding shares in physical form are requested to consider converting their holdings to dematerialised form. Transfer of Equity Shares in electronic form are effected through the depositories with no involvement of the Company.

(xi) Shareholding Pattern:

Category	As on March 31, 2023		As on March 31, 2022		
	No. of Shares	%	No. of Shares	%	% Change
Promoter and Promoter Group	15,97,48,998	44.07	16,01,95,656	44.19	-0.12
Individuals	8,99,65,857	24.82	9,07,00,463	25.02	-0.20
Foreign Portfolio Investors	4,46,44,880	12.32	4,51,58,877	12.46	-0.14
Insurance Companies	2,72,32,481	7.51	2,61,54,218	7.21	0.30
Mutual Funds	2,51,66,699	6.94	2,63,52,551	7.27	-0.33
Others	1,30,22,138	3.59	1,00,40,513	2.77	0.82
Body Corporate	27,22,982	0.75	39,01,757	1.08	-0.33
Total	**36,25,04,035**	**100.00**	**36,25,04,035**	**100.00**	-

(xii) Distribution of Shareholding as on March 31, 2023:

No. of Shares	Shareholders		Shares	
	Number	%	Number	%
1-2500	3,81,211	95.85	2,05,07,158	5.66
2501-5000	7,834	1.97	56,83,371	1.57
5001-10000	3,640	0.92	53,42,380	1.47
10001-15000	1,626	0.41	40,29,057	1.11
15001-20000	789	0.20	28,54,201	0.79
20001-25000	879	0.22	41,19,011	1.14
25001-50000	757	0.19	54,04,533	1.49
above 50001	978	0.25	31,45,64,324	86.78
Total	**3,97,714**	**100.00**	**36,25,04,035**	**100.00**

(xiii) Dematerialisation of Shares and Liquidity:

99.50% of the Paid-up Capital is held in Dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on March 31, 2023 under ISIN No: INE769A01020.

Particulars	NSDL	CDSL	Physical	Total
Shares (nos.)	32,91,81,706	3,15,22,626	17,99,703	36,25,04,035
Shares (%)	90.80	8.70	0.50	100

(xiv) Liquidity of shares:

The Shares of the Company are traded under 'A' Category at BSE Ltd. The shares are also traded regularly at the National Stock Exchange of India Ltd.

(xv) Green initiative:

As a responsible corporate citizen, the Company welcomes and supports the 'Green Initiative' undertaken by the Ministry of Corporate Affairs, Government of India, and Securities & Exchange Board of India enabling electronic delivery of documents including the Annual Report to shareholders at their e-mail address registered with the Depository Participant (DPs) and Registrar and Transfer Agent (RTA).

Shareholders who have not registered their e-mail addresses so far are requested to do the same. Those holding shares in demat form can register their e-mail address with their concerned DPs. Shareholders who hold shares in physical form are requested to register their e-mail addresses with RTA, by sending a letter, duly signed by the first/joint holder quoting details of Folio Number

(xvi) ADRs/ GDRs/ Warrants:

The Company has not issued any GDRs/ADRs/ Warrants or any other convertible instruments.

(xvii) Commodity Price Risk or Foreign Exchange Risk and Hedging Activities:

During the FY 2022-23, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against exports and imports. The details of foreign currency exposure are disclosed in Note No. 39 to the Annual Accounts.

(xviii) Plant Locations:

- Plot No 902,923,927,930, Phase III,GIDC,Vapi- 396195
- Plot No 801, 801/23, 806, 807, Phase III, GIDC, Vapi- 396195
- Plot No 285,286/1 A-1-322/23, 322/12, 322/24 II Phase,GIDC,Vapi- 396195
- Plot No - 801/15 to 19,21 & 22, III Phase,GIDC,Vapi- 396195
- Plot No 802, 803, 804/3, Phase III,GIDC,Vapi- 396195
- Plot No: 24, Phase-I, GIDC, Vapi-396195
- Plot No: 610, 100 Shed Area, GIDC, Vapi-396195
- Plot: L-10, Dist: Palghar, Tal: Palghar 401501
- Plot: L-5,L-8, L-9/1, Dist: Palghar, Tal: Palghar 401501
- Plot No 1430/1, NH No. 8A Bhachau-370140, Tal: Bhachau Dist: Kutch
- Plot No. Z/103/H, Tal. Vagra, SEZ-II, Dahej
- Plot No. Z/103/C, Tal. Vagra, SEZ-II, Dahej
- Plot No. Z/111/B, C, D, Tal. Vagra, SEZ-II, Dahej
- Plot No 758, 1-2-3 GIDC Estate Jhagadia, Dist-Bharuch
- Plot No 756/2 A&B, 756/3 A&B,756/4 A&B, 756/5 A&B, 756/6 A&B & 779 GIDC Estate Jhagadia, Dist-Bharuch

(xix) Address for Correspondence:

- **Corporate and Head Office:** 71, Udyog Kshetra, 2nd Floor, Mulund-Goregaon Link Road, L.B.S. Marg, Mulund (West), Mumbai-400 080

- **Registered Office:** Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi-396 195, Dist. Valsad, Gujarat.

(xx) Credit Rating:

The Company does not have any fixed deposit programme or any scheme or proposal involving mobilisation of funds in India or abroad during the financial year ended March 31, 2023.

Below are the details of Credit Ratings as on March 31, 2023:

Facilities	CRISIL Rating	India Ratings and Research Rating
Long Term Issuers Rating and Bank Loan Ratings	CRISIL AA/ Stable	IND AA/Stable
Commercial Paper	CRISIL A1+	IND A1+

(xxi) R & D Centres:

- Plot No. 801, GIDC Estate, Phase III, Vapi- 396 195, Valsad Gujarat
- Plot No. A-94/1, MIDC, TTC Industrial Area, Trans, Village Limits of Khairane Taluka, Navi Mumbai 400709

(xxii) Disclosure in respect of Equity Shares transferred to Unclaimed Suspense Account and Suspense Escrow Demat Account

Aarti Industries Limited - Unclaimed Suspense Account:

In accordance with the requirements of Regulations 34 and 39 read with Schedule V(F) of the Listing Regulations details of equity shares in Aarti Industries Limited – Unclaimed Suspense Account are as follows:

Particulars	Demat		Physical	
	No. of Shareholders	No. of equity Shares	No. of Shareholders	No. of equity shares
Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2022	210	4,03,896	-	-
Number of shareholders who approached the Company for transfer of shares from suspense account during the year.	15	31,100	-	-
Number of shareholders to whom shares were transferred from the suspense account during the year	15	31,100		
Shares transferred to IEPF A/c	14	25,600	-	-
Undelivered Share certificates cancelled and transferred to Unclaimed Demat Suspense Account by the Company	-	-	-	-
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on March 31, 2023	181	3,47,196	-	-

Aarti Industries Limited - Suspense Escrow Demat Account:

In accordance with the requirements of SEBI Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated 25th January, 2022 the Company has opened a Suspense Escrow Demat Account with the DP for transfer of shares lying unclaimed for more than 120 days from the date of issue of Letter of Confirmation to the shareholders in lieu of physical share certificate(s) to enable them to make a request to DP for dematerialising their shares.

During the year, no shares were due to be transferred to the aforesaid account

All the corporate benefits against these shares like bonus shares, split, etc., would also be transferred to Unclaimed Suspense Account and Suspense Escrow Demat Account of the Company. While the dividend for the shares which are lying in Unclaimed Suspense Account and Suspense Escrow Demat Account would be credited back to the relevant dividend accounts of the Company.

The voting rights on shares lying in Unclaimed Suspense Account and Suspense Escrow Demat Account shall remain frozen till the rightful owner claims the shares

(xxiii) CEO/ CFO Certification:

As required under Regulations 17(8) of Listing Regulations, certificates are duly signed by Shri Rajendra V. Gogri, CEO and Shri Chetan B. Gandhi, CFO were placed at the Meeting of the Board of Directors held on May 8, 2023 copy of which is attached in this Annual Report.

The CEO and the CFO also give quarterly certification on financial results while placing the financial results.

DISCLOSURES:

(i) During the year, there were no material related party transactions that may have a potential conflict with the interests of the Company at large. All related party transactions are mentioned in the notes to the accounts. Further there are no Loans and advances in the nature of loans to firms/companies in which Directors of the Company or Subsidiaries are interested.

As required under Regulation 23(1) of Listing Regulations, the Company has formulated a policy on dealing with related party transactions. The said policy is also available under "Investor" section of the website of the Company at www.aarti-industries.com/investors/GetReport?strcont_id=TNJu6Gnbr7sOIQL33MM

(ii) There was no non-compliance by the Company and no penalties or strictures were imposed on the Company by the Stock Exchanges or Securities and Exchange Board of India, or any statutory authority on any matter related to the capital markets during the last three years.

(iii) Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of Listing Regulations, the Company has formulated Whistle Blower Policy/ Vigil Mechanism for Directors and Employees to report to the Management about the unethical behaviour, fraud or violation of Company's Code of Conduct. The same has been hosted under "Investor" section of the website of the Company at https://www.aarti-industries.com/investors/GetReport?strcont_id=ZMPluse33MMnrACtosYOIQL33MM

The mechanism provides for adequate safeguards against victimisation of employees and Directors who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in exceptional cases. None of the personnel has been denied access to the Audit Committee.

(iv) In order to restrict communication of Unpublished Price Sensitive Information (UPSI), the Company has adopted Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time. The said Code is available on the website of the Company at www.aarti-industries.com/investors/GetReport?strcont_id=EjQwZCXRJPkOIQL33MM

(v) To determine 'Material Subsidiary', the Company has adopted a 'Policy for Determining Material Subsidiary' and the same has been hosted website of the Company at www.aarti-industries.com/investors/GetReport?strcont_id=A8DuSuG1AT8OIQL33MM

(vi) The Company has complied with all the mandatory requirements under Listing Regulations.

(vii) There were no instances during the financial year 2022-23, wherein the Board had not accepted recommendations made by any Committee of the Board.

(viii) Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditors and all entities in the network firm/network entity of which the statutory auditor is part:

Particulars	₹ In Crs.
Audit Fees	0.36
Certification Charges	0.04
Out of Pocket Expenses	0.01
Total	**0.41**

(ix) During the financial year 2022-23, the Company has not raised funds through any kind of issue (public issue, rights issue, preferential issue, etc.).

(x) Disclosures in relation to Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013

Number of complaints filed during the financial year	Nil
Number of complaints disposed of during the financial year	Nil
Number of complaints pending as on end of the financial year	Nil

(xi) The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Listing Regulations.

(xii) With a view to regulate trading in securities by the Directors and designated employees, the Company has adopted a Code of Conduct to regulate, monitor and report trading by Insiders.

(xiii) None of the Independent Directors of the Company have resigned before the expiry of their tenure. Thus, disclosure of detailed reasons for their resignation along with their confirmation that there are no material reasons, other than those provided by them is not applicable.

(xiv) The Company do not have any material subsidiary pursuant Regulation 16 of the Listing Regulations.

DISCRETIONARY REQUIREMENTS

The status of compliance with discretionary requirements of Part E of Schedule II of Listing Regulations with Stock Exchanges is provided below:

Sr.No.	Particulars	Remarks
1	Non-Executive Chairman's Office	The Company does not have Non-Executive Chairman.
2	Shareholder's Rights	As the Quarterly / Half Yearly / Yearly financial performance are published in the newspapers and are also posted on the Company's website, the same are not being sent to the Shareholders.
3	Audit Qualifications	Auditors' Report on Company's financial statement for financial year 2022-23 is unmodified.
4	Separate posts of Chairman and MD / CEO	The Company does not have separate post of Chairman and MD/ CEO.
5	Reporting of Internal Auditor	The Internal Auditor reports to Chairman & Managing Director and has direct access to the Audit Committee.

For and on behalf of the Board

Rajendra V. Gogri
Chairman and Managing Director
DIN: 00061003

Mumbai / June 28, 2023

DECLARATION BY CHIEF EXECUTIVE OFFICER

All the Directors and the Senior Management Personnel have affirmed compliance with the Code of Conduct laid down by the Board of Directors in terms of Regulation 17(5)(a) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For and on behalf of the Board

Rajendra V. Gogri
Chief Executive Officer
DIN: 00061003

Mumbai / June 28, 2023

CEO/CFO CERTIFICATION IN RESPECT OF FINANCIAL STATEMENTS AND CASH FLOW STATEMENT (PURSUANT TO REGULATION 17(8) OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

We have reviewed the Financial Statements and the Cash Flow Statement for the year ended March 31, 2023 and we hereby certify and confirm to the best of our knowledge and belief the following:

a. The Financial Statements and Cash Flow statement do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

b. The Financial Statements and the Cash Flow Statement together present a true and fair view of the affairs of the Company and are in compliance with existing accounting standards, applicable laws and regulations.

c. There are no transactions entered into by the Company during the year ended March 31, 2023 which are fraudulent, illegal or violative of Company' Code of Conduct.

d. We accept responsibility for establishing and maintaining internal controls for Financial Reporting and we have evaluated the effectiveness of these internal control systems of the Company pertaining to financial reporting. Deficiencies noted, if any, are discussed with the Auditors and Audit Committee, as appropriate, and suitable actions are taken to rectify the same.

e. There have been no significant changes in the above-mentioned internal controls over financial reporting during the relevant period.

f. That there have been no significant changes in the accounting policies during the relevant period.

g. We have not noticed any significant fraud particularly those involving the management or an employee having a significant role in the Company's internal control system over Financial Reporting.

For Aarti Industries Limited

Rajendra V. Gogri
Chief Executive Officer
DIN: 00061003

Chetan Gandhi
Chief Financial Officer
ICAI M No.: 111481

Mumbai / June 28, 2023

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To: **Aarti Industries Limited**
(CIN: L24110GJ1984PLC007301)
Plot No. 801, 801/23, GIDC Estate,
Phase III, Vapi, Dist. Valsad,
Gujarat 396195

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Aarti Industries Limited** having CIN: L24110GJ1984PLC007301 and having registered office at Plot No. 801, 801/23, GIDC Estate, Phase III, Vapi, Dist. Valsad, Gujarat 396195 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para - C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below **as on the Financial Year ended on 31st March, 2023** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

DIN	Name	Designation	Begin date
00004038	Premchandra Amolak Sethi	Director	23/09/2008
00005499	Hetal Gogri Gala	Director	01/11/2006
00009272	Parimal Hasmukhlal Desai	Wholetime Director	28/09/1984
00022699	Manoj Mulji Chheda	Wholetime Director	25/11/1993
00051703	Kirit Ratilal Mehta	Wholetime Director	18/09/2000
00061003	Rajendra Vallabhaji Gogri	Managing Director	01/07/2013
00066291	Rashesh Chandrakant Gogri	Managing Director	09/06/1997
00267604	Bhavesh Rasiklal Vora	Director	23/09/2008
00299202	Narendra Jagannath Salvi	Director	01/04/2020
00502621	Kvs Shyamsunder Rammurthy	Director	23/09/2008
00662996	Priti Paras Savla	Director	25/09/2014
01582147	Renil Rajendra Gogri	Wholetime Director	16/08/2012
02235661	Ganapati Dadasaheb Yadav	Director	25/09/2014
02577389	Vinay Gopal Nayak	Director	18/12/2018
02943588	Lalitkumar Shantaram Naik	Director	21/05/2019
07049212	Natasha Kersi Treasurywala	Director	14/10/2021

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

CS Sunil M. Dedhia
(Peer Review Certificate No. 867/2020)
Proprietor, Sunil M. Dedhia & Co.
Company Secretaries
FCS No: 3483 C.P. No. 2031
UDIN: F003483E000400528
Mumbai, Dated May 27, 2023

Auditor's Certificate on Corporate Governance

To
The Members of Aarti Industries Limited
Plot Nos. 801, 801/23,
GIDC Estate, Phase III,
Vapi, Dist. Valsad,
Gujarat – 396195, India

Dear Members,

Background:

We, Gokhale & Sathe, Chartered Accountants, being the Statutory Auditors of **Aarti Industries Limited** ("the Company") are issuing this certificate as required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company. The Corporate Governance Report prepared by Aarti Industries Limited, contains details as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('applicable criteria') with respect to Corporate Governance for the year ended 31 March 2023.

Management Responsibility:

The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility:

Our responsibility is to provide a reasonable assurance in the form of an opinion whether the Company has complied with the condition of Corporate Governance, as stipulated in the Listing Regulation.

We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC 1), Quality Control for Firms that Perform Audits and Review Historical Financial Information, and Other Assurance and Related Services Engagements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. We have examined (a) the minutes of the meetings of the board of directors of the Company (the **"Board"**) and of committees of the Board, the annual general meeting of the shareholders of the Company; (b) declarations made by the Board under relevant statutory / regulatory requirements; (c) relevant statutory registers maintained by the Company; and (d) such other documents and records of the Company as we deemed necessary, in connection with ascertaining compliance with the conditions of corporate governance by the Company, as prescribed under the, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the **"SEBI Listing Regulations"**).

The procedures also include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion:

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, in our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with SEBI Listing Regulations, and the rules made thereunder, each as amended on Corporate Governance.

Restriction on use:

The Certificate is issued to the company solely for their consideration and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

Disclaimer:

Such Compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Yours faithfully,

For GOKHALE & SATHE
CHARTERED ACCOUNTANTS
Firm Registration No.: 103264W

Tejas Parikh
Partner
Membership No. 123215
UDIN: - 23123215BGQLDY1129

Date: 28 June 2023
Place: Mumbai

Annexure I

Business Responsibility & Sustainability Report

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1	Corporate Identity Number (CIN) of the Company	L24110GJ1984PLC007301
2	Name of the Company	Aarti Industries Limited (AIL)
3	Year of incorporation	1984
4	Registered office address	Plot Nos. 801, 801/23, G.I.D.C. Estate, Phase-III, Vapi, Dist. Valsad, Gujarat-396195
5	Corporate address	71, 2nd Floor, Udyog Kshetra, Mulund-Goregaon Link Road, Salpa Devi Pada, Mulund West, Mumbai - 400 080, Maharashtra
6	E-mail	Investorrelations@aarti-industries.com
7	Telephone	+91 22 6797 6666 / +91 22 6767 6697 / + 91 2225918195
8	Website	www.aarti-industries.com
9	Financial year for which reporting is being done	1st April 2022 to 31st March 2023
10	Name of the Stock Exchange(s) where shares are listed	BSE Limited (BSE) and National Stock Exchange of India Limited (NSE)
11	Paid-up Capital	₹ 1,812,520,175
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Shri Raj Sarraf +91 22 6797 6666 co.ail@aarti-industries.com
13	Reporting boundary	The reporting boundary includes all the activities and operations of Aarti industries Limited including subsidiaries

II. Products/services

14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Manufacturing of speciality chemicals	Manufacturing, trading of speciality chemicals	100% Total gross revenue ₹ 72,82,61,98,153

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1	Manufacture of basic chemicals, fertilizer and nitrogen compounds, plastics and synthetic rubber in primary forms	201	100%
2	Manufacture of other chemical products	202	

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	16	3	19
International	-	-	-

17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	21
International (No. of Countries)	60

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Our contribution of export is 48% of our total turnover

c. A brief on types of customers

Our products are largely classified into speciality chemicals and pharmaceutical intermediary manufacturers which are served to around 700+ customers across India and 400+ international customers.

IV. Employees

18. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
		EMPLOYEES				
1.	Permanent (D)	2,736	2,582	94.37%	154	5.63%
2.	Other than Permanent (E)	26	25	96.15%	1	3.85%
3.	Total employees (D + E)	2762	2607	94.39%	155	5.61%
		WORKERS				
4.	Permanent (F)	3,449	3,422	99.22%	27	0.78%
5.	Other than Permanent (G)	7,262	6,918	95.26%	344	4.74%
6.	Total workers (F + G)	10,711	10,340	96.54%	371	3.46%

b. Differently abled Employees and workers:

S. No	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	21	20	95.24%	1	4.76%
2.	Other than Permanent (E)	0	0	-	0	-
3.	Total differently abled employees (D + E)	21	20	95.24%	1	4.76%
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	19	18	94.74%	1	5.26%
5.	Other than permanent (G)	8	0	0.00%	0	0.00%
6.	Total differently abled workers (F + G)	27	18	66.67%	1	3.70%

19. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	16	3	18.75%
Key Management Personnel (Excluding Managing Directors)	2	0	0

20. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

	FY 2022-23 (Turnover rate in current FY)			FY 2021-22 (Turnover rate in previous FY)			FY 2020-21 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	23.83%	36.66%	24.51%	17.62%	29.34%	18.20%	9.28%	14.94%	9.54%
Permanent Workers	28.07%	25.81%	28.06%	14.84%	14.29%	14.84%	7.66%	11.11%	7.67%

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding /subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Aarti Corporate Services Limited	Subsidiary	100%	No
2	Aarti Polychem Private Limited	Subsidiary	100%	No
3	Innovative Envirocare Jhagadia	Subsidiary	100%	No
4	Alchemic (Europe) Limited	Subsidiary	88.89%	No
5	Shanti Intermediates Private Limited (Through Aarti Corporate Services Limited)	Subsidiary	100%	No
6	Nascent Chemical Industries Limited (Through Aarti Corporate Services Limited)	Subsidiary	50.49%	No
7	Aarti Bharuch Limited	Subsidiary	100%	No
8	Aarti Spechem Limited	Subsidiary	100%	No

VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) Yes

(ii) Turnover (in Rs.) ₹ 7282.61 Cr.

(iii) Net worth (in Rs.) ₹ 4920.80 Cr.

VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	If Yes, then provide web-link for grievance redress policy	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
			Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	https://www.aarti-industries.com/investors/GetReport?strcont_id=ZMPluse33MMnrACtosYOIQL33MM	0	0	NA	0	0	NA
Investors (other than shareholders)	Yes		0	0	NA	0	0	NA
Shareholders	Yes		0	0	NA	0	0	NA
Employees and workers	Yes		1	0	NA	2	2	NA
Customers	Yes		0	0	NA	0	0	NA
Value Chain Partners	Yes		0	0	NA	0	0	NA

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Air emissions	Risk and Opportunity	Risk: Along with various Scope 1, 2 and 3 greenhouse gas emissions, various air emissions such as oxides of nitrogen and sulphur, particulate matter, Volatile Organic Compounds (VOCs), HCl etc., are associated with our manufacturing operations.	With an aim of reducing our scope 1 and scope 2 emissions, we have undertaken initiatives towards achieving energy conservation, energy efficiency and process optimization. For Air emissions: • Installation of Online Continuous Emission Monitoring System (OCEMS) for real time monitoring of emissions • Automatic Lime Dosing along with coal to reduce SO2 emission at our all facilities. • Installation of process scrubbers to treat waste gas from manufacturing processes • Installation of Air Pollution Control Measures (APCM) such as bag filters, ESP, dust collector, scrubbers etc. to control flue gas emission	The risk mitigation measures will increase capex on energy source diversification and energy efficiency measures. The investments in energy efficiency projects will reduce fuel consumption.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
			Opportunity: AIL is complying with the regulatory approvals. We are exploring reduction opportunities in air emissions by adopting technological innovation	• Periodical measurement of process gas, flue gas & ambient air parameters• nstallation of covered conveyor belt for coal and calcium carbonate handling • Installation of water sprinklers system in coal and ash handling area • Installation of dust extraction systems • Green belt development	
2	Climate Change and Governance	Risk and Opportunity	Risk: There are risks associated with climate change such as manufacturing losses due to climate events, restrictions due to existing and emerging regulations leading to reputational damage. Opportunity: Reduction of carbon emissions by the deployment of technologies, collaboration with other peers and industries, etc.	We are in the process of embedding climate action governance across the firm and defining the roles and responsibilities of individuals in assessing and managing climate-related risks and opportunities. We also plan to integrate the process of addressing climate-related issues when reviewing and guiding strategy, risk management policies, annual budgets, monitoring implementation and performance, and overseeing major capital expenditures, acquisitions, and divestitures.	We have allocated a budget for climate-related initiatives
3	Water and Effluent Management	Risk and Opportunity	Risk: Our plants are located in water stressed areas making availability of water a potential risk to the continuity of our operations. Additionally, the risk of pollution of water resources and nearby habitat as a result of improper treatment or failure of technologies also poses a risk. Opportunity: We have introduced measures for enhancing water efficiency, reducing water wastage, recycling water, and reusing the treated wastewater in our operations.	We understand that our plants are located in water-stressed areas. We have taken measures to ensure availability of water for our operations as well as the local communities through CSR initiatives. 11 out of 16 of our locations have zero liquid discharge. We are in the process of reducing the amount of water being discharged from other locations. At the same time, we are also making process improvements such as recycling back condensate, RO permeate to reduce the volume effluent generated to dec	The risk mitigation will increase capex on water recycling infrastructure and rainwater harvesting structures. The reduced water consumption will isolate organizational operations from water security risk and will assure continuity in operations.
4	Energy Management	Risk and Opportunity	Risk: Our major energy sources include coal, diesel, natural gas, grid electricity, and purchased steam. 84% of energy requirements are met from coal. Opportunity: Leveraging renewable energy sources, adopting energy efficient solutions and reducing dependency on non-renewable sources for energy consumption.	AIL has made an agreement of 13.20 MW hybrid renewable energy. AIL has started a Biobriquet trial and our boilers are dual fired. Based on our energy efficiency initiatives, we have saved approx. 0.8 million KWH of energy in 2022-23. We have adopted an IT-based Energy Management System (EnMS) for controlling, managing and conserving energy.	The risk mitigation will increase capex on energy transition from coal-based power generation to natural gas and renewable based power generation
5	Waste Management	Risk and Opportunity	Risk: Waste generated from our operations consists of hazardous as well as non-hazardous waste. Environmental Impact due to improper disposal of hazardous waste is a compliance as well as regulatory risk. Opportunity: We can enhance the circularity of our system through effective management of waste generated in the process, recycling of waste, co-processing of waste and reducing waste sent for landfilling and incineration.	Our waste management approach is systematically divided into three priorities depending upon the various operating conditions and type of waste generated. Primary pollution, waste prevention and our priority to reduce hazardous wastes are: • Change industrial process to eliminate use of harmful chemicals • Use less of a harmful / product • Reduce packaging materials in products • Change industrial processes to reduce or eliminate hazardous waste production Secondary pollution and waste prevention and second priority to reduce Hazardous or Non-Hazardous wastes are: • Reuse • Recovery • Recycle • Repair • Buy reusable and recyclable products Last Priority – Treatment & disposal of all our waste: • Treating waste to reduce toxicity • Incinerate waste • Waste in landfills	The risk mitigation will lead to great circularity of the system and productivity enhancement due to increased yields.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
6	Materials Management	Risk and Opportunity	Risk: We have a heavy dependency on natural resources for our raw materials. This leads to a risk of increased dependency on natural resources and the impact on its availability. Opportunity: Efficient management of product and materials throughout its lifecycle by recycling, reusing and reclaiming materials, products and packaging as well as elimination of toxic and environmentally harmful chemicals.	We have implemented process efficiency measures to enhance the utilization of materials and reuse of materials in the process. We have also undertaken initiatives to enhance the circularity of our processes by optimizing our systems and adopting new technology.	Efficient materials management leads to increased productivity, decreased costs and enhances profitability.
7	Biodiversity	Risk and Opportunity	Risk: There is a risk of land use or habitat change as a result of our and our value chain operations. Opportunity: Preservation of biodiversity and natural habitat.	Our plants are located in designated industrial areas. We strive to develop and maintain green belts at our operating locations in accordance with prescribed norms and industry practices.	We have allocated a budget for development of the green belt. Non-compliance with the regulatory norms will lead to penalties.
8	Product stewardship	Risk and Opportunity	Risk: Reputational damage, negative impact on market share, Opportunity: Reduction in environmental impact and increased stakeholder trust on AIL products and increase in revenue	AIL has developed a process to evaluate ESG impacts of the product at the product development stage, the ESG impacts are taken into account in the decision making process, we have calculated product carbon footprint for all our products and we will be conducting Life cycle assessment of our existing products during FY 23-24.	Increased circularity will result in decreased cost of materials, increased productivity and greater profitability.
9	Occupational Health and Safety	Risk and Opportunity	Risk: Employees and workers within the Company are exposed to hazardous chemicals and substances which may have health impacts. and injuries in case of emergencies and incidents leading to financial implications and reputational loss. Opportunity: We are committed to eliminate and manage occupational health and safety risks through implementation of best practices . This contributes to increased productivity, employee retention and stakeholder trust through OHS governance and targets setting.	We have developed and adopted a robust, comprehensive, and reliable Occupational Health and Safety Management System under Aarti Management System. All our employees, contract employees and visitors are covered under our Occupational Health and Safety Management System. Safety interventions: • Plant-level initiatives such as daily toolbox talk, monthly awareness sessions, etc. • Process safety is managed through process management guidelines. Risk assessment is carried out through HAZOP, HIRA, QRA and chemical exposure study. JCC is also done to check the adherence to SOP, other than these regular third party audit through external auditor (expert in the field) is done to identify process risks • Daily safety pledge to reaffirm our commitment for safety • BE SAFE Huddle- • TACIT Knowledge sharing sessions • Learning from Incident - Safety Alert • Reward and Recognition • Listening Tour • Knowledge Capsule • Safety Audits	The risk mitigation will increase opex on safety initiatives and increased capex on asset management. The increased OPEX and CAPEX are the investment for assuring high standards of safety management system in place and will ensure equipment reliability, enhanced safety and reduce failures resulting in increase in productivity.
10	Customer Health & Safety and engagement	Risk and Opportunity	Risk: We produce various chemicals. Such chemicals contain hazardous agents that may have an influence on customer health and safety. Opportunity: Strengthening relationship with customer, building trust, increase in market share,	Customer Health and Safety are paramount to us and hence we are committed towards it. We practice the highest level of health and safety standards in that domain. We follow GHS labelling and MSDS for documenting and communicating product specifications, hazards, and mitigation measures. We subscribe to the best practices prescribed by the European Union's Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) regulations.	Non-compliance with applicable rules and regulations or voluntary codes can result to fines/penalties and reputational damage. Robust practices will aid in increasing the company reputation resulting in increased sales and profit.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
11	Employee Development, and Engagement	Risk and Opportunity	Risk: Increase in attrition due to dissatisfaction amongst employees Opportunity: People are the backbone of our organization. Recruitment, training, and retention of talent are crucial to our growth story	We believe in ensuring that our workplaces are safe and inclusive. We make efforts to build a satisfactory work culture that nurtures employee growth and increases employee satisfaction. We provide training and awareness programmes to our employees to ensure capacity building and skill upgradation across all levels. We also provide medical and non-medical benefits to all our employees.	We have an allocated budget for talent management and employee engagement practices. Training and education increase motivation which increases productivity of people. Good employment practice reduces the cost of recruitment and increases productivity of the people.
12	Diversity and Inclusion	Opportunity	Opportunity: Increase in employee morale, increase in reputation, increased production	We have set internal targets to improve the gender diversity across AIL including manufacturing locations. We are in the process of designing and implementing affirmative actions to employ more female employees at our organization. We also ensure that we recruit and onboard employees based on their merit and do not tolerate any form of discrimination at AIL.	Ensuring a diverse and inclusive workplace leads to increased employee retention and enhanced productivity.
13	Human Rights	Risk and Opportunity	Human rights impact the business internally and externally from procurement of raw materials to distribution and disposal. It may also impact the reputation of the company making this topic significant for the Company across the value chain. Risk: Regulatory non-compliances and reputational damage Opportunity: Employees' and workers' rights and collective action	We have developed a comprehensive Human Rights due diligence framework for a systematic assessing of our operations. We have undertaken human right vulnerability assessment at our operation location for addressing human rights risks, mitigating impacts, and monitoring and reporting performance to substantiate our commitment to respect to Human rights in all our business operations. Respecting human rights are also extended to our business partners in the form of their alignment with our policies, contract agreements. In FY 2022-23, no incidents of violation of human rights were reported.	The risk mitigation requires investment in Human rights vulnerability assessment and actions to ensure proactive compliance thereby business continuity in the long run.
14	Supply chain sustainability	Risk and Opportunity	Risk: Inefficiencies in the supply chain and high dependency on limited suppliers/ vendors can cause supply chain disruptions in case of external shocks. Opportunity: Maintaining strong and long-standing relationships with suppliers/ vendors through effective relationship management and drives responsible procurement/ sourcing practices.	Regular stakeholder interactions help in adding value to business relationships and have resulted in creation of long-term relationships and value creation for our value chain partners. Engaging in awareness, communication, and interaction sessions with suppliers result in enhancing responsible and sustainable operations in the supply chain.	Supply chain sustainability can help in gaining a competitive advantage and preparedness for upcoming risks and mitigation. This ensures decreased chances of non-compliance and fines/penalties.
15	Community Relations	Risk and Opportunity	Risk: Disturbance in the local communities and disruption in the social license to operate Opportunity: Enhanced community relations, holistic development of the community, improved investor relations and enhanced brand value.	Sustainability at AIL incorporates aspects such as environmental and energy management, health, safety, compliance, and contribution to local communities. The operations at our manufacturing operations have implications for overall business sustainability. Thus, as a responsible company, our focus areas are energy, carbon and water footprint, process safety, and workplace safety. We believe in being proactively compliant with all legal and statutory norms. Sustainability also entails giving back to the local communities, thereby creating a positive impact on the beneficiaries. AIL has spent 14.73 Cr as CSR spent. Major initiatives taken are Education & Skill development, Healthcare, Tribal & Rural Development, Environment & water conservation, Women empowerment, Livelihood opportunities & housing aid, etc.	The risk mitigation requires higher expenses on developmental initiatives in the local communities.
16	Business Ethics and Compliance	Risk and Opportunity	Risk: Negative brand reputation due to non-compliance with regulatory and legal requirements. Opportunity: Timely and effective compliance with regulatory and legal mandates, augment good ethical behaviour within the company across all levels resulting in transparent operations and improved stakeholder relations.	We have in place stringent and comprehensive Code of Conduct and policies to ensure ethical behaviour at all levels. We also provide training on the Code of Conduct to all our employees and workers to educate them about appropriate behaviour at the workplace. To adhere and track the regulatory compliance applicable on AIL we are using online compliance management tool. Our management of ESG-related material risks has been rated 'strong' by Sustainalytics.	Ethical practices help ensure that an organization operates within the law and stays true to its own ethical principles that are important to the company's business and identity.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
17	Economic performance	Risk and Opportunity	Risk: Effect on market capitalization and brand reputation Opportunity: Contribution to the country's GDP, enhances brand reputation and market capitalization	AIL has robust ESG programs, practices, and policies in place. Additionally, we also have a strong business continuity plan. We ensure adherence to all compliances. Led by an efficient leadership, we have performed better consistently over the years. In the past years, AIL's economic performance has increased significantly and there were no instances that pose a threat to its market capitalization and value creation.	Better economic performance leads to enhanced profitability and increased business opportunities.
18	Market presence	Opportunity	Opportunity: Contribution to economic development in the local areas and increased Local Employment	-	A strong market presence increases the visibility of the organization and its products.
19	IT security and data privacy (Customer Privacy)	Risk and Opportunity	Risk: Enterprise risks associated with IT and cybersecurity such as Operational costs related to dealing with cyber crime, theft of sensitive information, non-compliance and fines and penalties. Opportunity: Customer trust and loyalty as a result of enhanced data management systems leading to retention.	We are building cybersecurity architecture through a layered defense approach. We are also undertaking Vulnerability Assessment and Penetration Testing (VAPT) of its IT Systems and Network Infrastructure with an intent of providing a safe and secure environment to its customers. We have taken several measures to protect its IT security systems and adhere to regulatory guidelines. We reported zero cases of data breaches and IT-related issues. AIL has also obtained ISO 27001 Information security management system certification for it R&D facility in Navi Mumbai, R&D office at Vadodara and the pilot plant at Vapi and we are in process of obtaining the same for various manufacturing locations this will reduce IT related risk of AIL.	The risk mitigation requires capex as well as opex investment but helps in increasing the data privacy and strengthens the information security system.

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c. Web Link of the Policies, if available	https://www.aarti-industries.com/investors/code-and-policies								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4. Name of the national and international codes/certifications/ labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	Y (1,3)	Y (2,4,8)	Y (5,8)	Y (1,3)	Y (7,8)	Y (4,8)	Y (7)	Y (1,3)	Y (2)
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	Y	Y	Y	Y	Y	Y	Y	Y	Y
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Performance of each of the principles is reviewed periodically by various Committees led by the Management and Board of Directors								
Governance, leadership and oversight									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements *(listed entity has flexibility regarding the placement of this disclosure)* Kindly refer to our Chairman statement in the Annual report at Page number 6									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Implementation mechanism of all the Policies and Codes is presented to and reviewed by the Board periodically.								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	We have established a Sustainability Council to guide and help the Board achieve its sustainability goals. It is led by our Chairman, Mr. Rajendra V. Gogri and has key representatives from the Board, executive, and senior leadership teams from all the zones.								

UN Global Compact (1), Responsible care (2), GRI (3), ISO 14001 & ISO 50001(4), ISO 45001 (5), ISO 27001 (6), Aarti Code of Conduct (7) Ecovadis & Together for Sustainability TfS (8)

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	Yes, the policies have been reviewed by the Board of Directors.									Annual Review								
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Yes									Quarterly								

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Intertek	Y	Y	Y	Y	Y	Y	Y	Y	Y
	In addition to statutory audits, certifications, a periodical internal assessment is a part of our culture to oversee the implementation of principles laid down.								

12. If answer to question (1) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated:

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the Principles material to its business (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
It is planned to be done in the next financial year (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
Any other reason (please specify)	NA	NA	NA	NA	NA	NA	NA	NA	NA

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership." While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	8	The Company has provided training on Nature of the Industry i.e., Business Overview & Trend, Sustainability; Business Model i.e., Strategic Roadmap and Risk Management.	100%
Key Managerial Personnel	10	The Company has provided trainings on Forex, CSR, Project management, Fund raising, Takeover Rules, Insider Trading RPT, Risk Management, Sustainability, Leadership Skills to the KMPs.	100%
Employees other than BoD and KMPs	536	The company has structured training programmes for all permanent employees and workers. Trainings imparted are on following themes: Behavioural; Ethics, Code of Conduct, and Compliance; Technical Skills (Functional); Safety; sustainability, ESG, Waste and Water Management; Energy Management, Climate change, Cyber security	100%
Workers	140		73.35%

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	N/A	N/A	0	N/A	N/A
Settlement	N/A	N/A	0	N/A	N/A
Compounding fee	N/A	N/A	0	N/A	N/A

Non-Monetary

	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	N/A	N/A	0	N/A	N/A
Punishment	N/A	N/A	0	N/A	N/A

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Not Applicable

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, we have a policy on Ethics and Fair Business Practices which covers the areas of Anti Bribery and Anti ahead of corruption, Gifts and Hospitality, Anti Money Laundering, Anti-Fraud, Conflict of Interest, Anti-Competitive/Antitrust practices, Accurate Business Records and public disclosures, no insider training. The details about the same are published on the Company website at https://www.aarti-industries.com/investors/code-and-policies.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2022-23	FY 2021-22
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	0	0

6. Details of complaints with regard to conflict of interest:

	FY 2022-23		FY 2021-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	-	0	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	-	0	-

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Adhering to the principles of ethics and integrity, We have not faced any fine/ penalty/ action from legislative or judicial institutions in case of corruption or conflict of interest. Therefore, no corrective action was taken for the same.

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of awareness programmes held	Topics / principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
4 (185 participants)	• Business Ethics • Fair Labour and Human Right Practices • Environment Sustainability • Safety and Security Compliance • Responsible Procurement	42.85%

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

Yes, Yes, we have a mechanism in place where Board members who have any conflict of interest are determined through our annual independence disclosures, recusal from any meeting, dealing with any related party transactions, and Code of Conduct compliance.

PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	FY 2022-23	FY 2021-22	Details of improvements in environmental and social impacts
R&D	100%	100%	• 1 new product commercialized • 1 manufacturing facility commissioned • 3 existing products yield improved and reduced waste and effluent generation • 3 existing Manufacturing plants productivity was improved and resource efficiency were improved • 2 plants reusing hazardous waste capacity enhanced
Capex	100%	100%	• Leveraged upcoming business opportunities • Enhanced market presence and reach

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes, we have established procedures to ensure sustainable sources. We provide all our suppliers with the General Conditions of the Contract (GCC), General Conditions of Purchase (GCP), Supplier Code of Conduct, Responsible Procurement Policy and POSH policy that comprehensively cover ESG issues.

b. If yes, what percentage of inputs were sourced sustainably?

During FY 2022-23, 43% of our input material by value is sourced sustainably.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

a) Plastic Waste (Including packaging) - Plastic waste generated due to packaging material is collected under EPR through third parties as per Plastic waste management rules, plastic waste collected is recycled. During last FY 22-23, 202 MT of total plastic waste was collected, of which 125 MT was collected from Gujarat and 77 MT from Maharashtra.

b) E-waste - E-waste is not generated by AIL products as we are into manufacturing of speciality chemicals. The E-waste generated from operation is sold to approved autorized recyclers

c) Hazardous waste - Our products are used as intermediate by other industries to produce finished goods. Hazardous waste generated during usage of product is handled by our customers as per respective regulatory approvals. Only one of our product (fertilizer) is directly used by consumers and usage and packaging material of the product does not produce hazardous waste.

d) Other waste - Not applicable

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Yes, EPR is applicable to AIL. We are registered under the category of 'Brand Owner' on the CPCB EPR Portal. A detailed waste collection plan has been developed and submitted to the Central Pollution Control Board. The registration has been completed for the same.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

We have performed LCA for more than 80% of the products with the scope of Global warming potential. We have developed our own methodology to calculate cradle-to-gate product carbon footprints which includes Scope-1, Scope-2 & Scope-3 GHG emissions. This methodology is based on ISO 14067:2018 for carbon footprint of products, which builds on the principles and requirements of the ISO standards 14040:2006 and 14044:2006 for life cycle assessment.

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

No significant risks or concerns were identified through the LCA exercise.

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2022-23	FY 2021-22
Spent acid (MT)	2,99,029	2,38,668

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2022-23			FY 2021-22		
	Re-used	Recycled	Safely Disposed	Re-used	Recycled	Safely Disposed
Plastics (including packaging)	0	202	0	0	0	0

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Most of our products are B2B products and used as intermediate in various industries. During FY 2022-23 there was no recalls of product. One of our B2C product uses plastic as packaging material that comes under EPR guideline and we have collected back and recycled 67% of total packaging material used.

PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	% of employees covered by										
	Total (A)	Health insurance		Accident		Maternity Benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Employees											
Male	2,582	2,582	100%	2,582	100%	NA	NA	2,582	100%	2,582	100%
Female	154	154	100%	154	100%	154	100%	NA	NA	154	100%
Total	2,736	2,736	100%	2,736	100%	154	100%	2,582	100%	2,736	4.90%
Other than Permanent Employees											
Male	25	0	-	0	-	0	-	0	-	0	-
Female	1	0	-	0	-	0	-	0	-	0	-
Total	26	0	-	0	-	0	-	0	-	0	-

b. Details of measures for the well-being of workers:

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Workers											
Male	3,422	3,422	100%	3,422	100%	NA	NA	3,422	100%	3,422	100%
Female	27	27	100%	27	100%	27	100%	NA	NA	27	100%
Total	3,449	3,499	100%	3,499	100%	3,499	100%	3,499	100%	3,499	100%

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Other than Permanent Employees											
Male	6,918	6,918	100%	6,918	100%	NA	NA	6,918	100%	6,918	100%
Female	344	344	100%	344	100%	344	100%	NA	NA	344	100%
Total	7,262	7,262	100%	7,262	100%	344	100%	6,918	100%	7,262	100%

2. Details of retirement benefits, for Current FY and Previous Financial Year

Benefits	FY 2022-23			FY 2021-22		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Y	100%	100%	Y
Gratuity	100%	100%	NA	100%	100%	NA
ESI	100%	100%	NA	100%	100%	NA

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

The premises of AIL have state-of-the-art infrastructure equipped with requisite machinery and advanced technology and are accessible to people special needs / differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016. We strive to provide to provide workplaces free of discrimination for differently abled employees and workers. This diversity is promoted and respected without exception. Our office premises have wheelchair ramps for easy movement of differently abled people and have wheelchair accessible restrooms.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy?

Aarti Industries is committed to uphold Diversity, Integrity, and Equal Opportunity when it comes to providing employment. We do not discriminate on the grounds of religion, caste, gender, ethnicity, race, etc. We have adopted a merit-based transparent recruitment process comprising campus mode and lateral hiring. At AIL, we adhere to merit-based recruitment norms. Our People Policy highlights our endeavor to build a culture of equality and safety at our workplace.

Weblink of the policy: People policy V1 (aarti-industries.com)

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees & workers	
	Return to work rate	Retention rate
Male	100%	57.03%
Female	100%	100%
Total	100%	

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.

	Yes/No (If Yes, then give details of the mechanism in brief)	Mechanism
Permanent Workers	Yes	Our Vigil Mechanism/Whistle Blower Policy is an effective tool towards grievance redressal mechanism for all stakeholders.
Other than Permanent Workers	Yes	Our Vigil Mechanism/Whistle Blower Policy is an effective tool towards grievance redressal mechanism for all stakeholders.
Permanent Employees	Yes	Our Vigil Mechanism/Whistle Blower Policy is an effective tool towards grievance redressal mechanism for all stakeholders.
Other than Permanent Employees	Yes	Our Vigil Mechanism/Whistle Blower Policy is an effective tool towards grievance redressal mechanism for all stakeholders.

7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:

Benefits	FY 2022-23			FY 2021-22		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees	2736	0	0	3,197	0	0
- Male	2582	0	0	3,040	0	0
- Female	154	0	0	157	0	0
Total Permanent Workers	3449	40	1.16%	2,627	44	1.7*
- Male	3422	40	1.17%	4	0	0
- Female	27	0	0	2,631	44	1.7*

*AIL respects the rights of its people to form associations and prescribe to trade unions. We do not discriminate against any person on the grounds of their membership of an association or trade union.

8. Details of training given to employees and workers:

Benefits	FY 2022-23					FY 2021-22				
	Total (A)	On Health and Safety Measures		On Skills upgradation		Total (D)	On Health and Safety Measures		On Skills upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
	Employees					Employees				
Male	2582	2582	100%	2582	100%	2351	2351	100%	1283	54.57%
Female	154	154	100%	154	100%	133	133	100%	106	80.7%
Total	2736	2736	100%	2736	100%	2484	2484	100%	1389	55.3%
	Workers					Workers				
Male	3422	2569	75.07%	2569	75.07%	3316	3316	100%	3316	100%
Female	27	27	100%	27	100%	22	22	100%	22	100%
Total	3449	2598	100%	2598	100%	3338	3338	100%	3338	100%

9. Details of performance and career development reviews of employees and worker:

Benefits	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B/A)	No. (C)	Total (D)	% (C/A)
Employees						
Male	2582	2582	100%	3,040	3,040	100%
Female	154	154	100%	157	157	100%
Total	2736	2736	100%	3,197	3,197	100%
Workers						
Male	3422	3422	100%	2,627	2,627	100%
Female	27	27	100%	4	4	100%
Total	3449	3449	100%	2631	2631	100%

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

Yes, we have developed and adopted a robust and comprehensive Occupational Health and Safety Management System under Aarti Management System. All our employees, contract employees and visitors are covered under our Occupational Health and Safety Management System.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

AIL follows International Labour Organization (ILO) guidelines for monitoring work-related hazards.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Yes

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes, we have a 12-member Medical Board which comprises highly qualified doctors including specialists from diverse fields such as toxicology, cardiology etc. We also provide 24x7 well-equipped Occupational Health Centers with a dedicated full time medical team (FMOs and Nurses) and state of art medical facilities (Lab for testing Methemoglobin, in house G6PD testing, Audiometry, AED, Central Oxygen Line, Decontamination room, and Ambulances with advanced facilities) for our workforce.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0.16	0.17
	Workers	0.14	0.11
Total recordable work-related injuries	Employees	20	18
	Workers	27	17
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	5	13
	Workers	8	16

Note: We have considered workers as Contract employees

12. Describe the measures taken by the entity to ensure a safe and healthy workplace

Occupational health and safety is one of our key priorities. We have institutionalized a well-defined HSE policy and a health and safety management system with a robust monitoring plan, to ensure the effective implementation of the HSE policy. We conduct periodic review of our HSE performance and the outcomes from this review are discussed during the Sustainability Council under the able leadership of our Board and other senior leadership of AIL.

Along with this, we strive to foster a culture of safety throughout our organization. We have implemented several initiatives to improve process and workplace safety in organization. We have developed a culture of safety through various awareness programs across the organization. We also provide platforms such as Safety Symposium, monthly safety themes, safety celebrations, safety competitions, safety training, engagement with neighboring industries, etc. to promote engagement amongst our workforce.

13. Number of Complaints on the following made by employees and workers:

Benefits	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	NA	0	0	NA
Health & Safety	0	0	NA	0	0	NA

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

We have established multiple platforms as a part of AIMS (Aarti Information Management System) for employees to capture safety related incidents, significant risks & concerns such as Behaviour Based Safety rounds, General Plant Conditions rounds, Near Miss and incident reporting platform and their actions are implemented for continual improvement of safety at AIL. All incidents are investigated and learnings from investigation reports are shared across AIL through Learning From Incident Sessions (Monthly LFI session) for deployment of corrective actions to stop recurrence of such incidents. Effectiveness of corrective actions are tracked are reviewed during safety audits.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

Yes, AIL extends compensatory packages to employees as well as workers in the event of death.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

We have adopted requisite systems and processes in forms of General Conditions and Contracts that mandates our contractors to deduct and deposit statutory dues. Furthermore, we conduct regular audits to ensure that these dues have been duly deducted and deposited in accordance with applicable norms.

3. Provide the number of employees / workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Employees	0	0	0	0
Workers	0	0	0	0

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

Yes, for the selected and interested employees, we continue their employment as retainer for a fixed amount of agreed tenure.

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	42.85%
Working Conditions	42.85%

6. Provide details of any corrective actions taken or underway to address significant risks /concerns arising from assessments of health and safety practices and working conditions of value chain partners.

We have identified and prioritized our suppliers and conduct sustainability programs to engage high risk suppliers and create awareness among them, build their competencies through training programs and help them to enhance their sustainability practices.

PRINCIPLE 4 Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

We believe that communication is the key to developing long-term relationships with our stakeholders. We have identified our key internal and external stakeholders through a structured stakeholder identification and prioritization process. We use a collaborative approach and actively engage with our stakeholders to understand their key expectations. Listening and responding to stakeholder's needs is a vital element of our sustainability strategy. The feedback received helps us in identifying ESG and business-related challenges, create solutions and drive our sustainability strategy.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Emails, SMS, Newspapers, Pamphlets, Advertisement, Community meetings, Notices Board, Website)	Frequency of engagement (Annually/ Half yearly/ Quarterly/others)- Please specify	Purpose and scope of engagement including key topics and concerns raised during such engagements
Shareholders	No	• Annual reports and sustainability reports • Investor Meets • Quarterly Results • Company Website • Reports to Stock Exchange	Quarterly	• Economic value generated and distributed • Long term value creation • Transparency • Good Governance • High Reputation and Brand image • Socially & Environmentally Responsible
Regulatory bodies and government agencies	No	• Open Invitations • Specialized Programmes • Seminars • Media releases • Conferences • Membership and Associations	Quarterly	• Proactive compliance • Implementation of compliance management system • Governance at different levels
Financial Institutions, bankers and lenders	No	• Annual reports and sustainability reports • Investor Meets • Need basis during financial discussion meeting • Regular feedback through emails	Annually	• Good return on investment
Employees	No	• Leadership development interventions • Performance Dialogue • Continuous Feedback • Anahata – Employee Assistance Program • Nirvana – Employee Wellness Program • Employee Induction • Employee Experience • Town hall briefing • Listening Tour • Employee Engagement Survey • Emails • Quarterly/Publications • Newsletters	Quarterly	• Diversity • Quality of Work & Life • Fair wages and Remuneration benefits • Training and Development • Career Growth • Health & Safety

Stakeholder group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Emails, SMS, Newspapers, Pamphlets, Advertisement, Community meetings, Notices Board, Website)	Frequency of engagement (Annually/ Half yearly/ Quarterly/others)- Please specify	Purpose and scope of engagement including key topics and concerns raised during such engagements
Customers	No	• Video Conferencing • Emails • Customer Satisfaction Survey	Annual	• Quality and Timely • Delivery • Competitive Cost • Responsible Production • Transparency in disclosure
Suppliers and Contractors	No	• Supplier meets • Supplier assessment • Workshop on sustainable supply chain management • MoU Agreements • Contract discussion meetings • Daily toolbox talks, weekly discussion meetings • Performance review	Weekly	• Product Quality • Cost • Timely delivery • On time payment • Ethical behaviour • Upcoming technologies or equipment • Health & Safety
Local Communities	No	• Regular engagement to understand concerns and requirement • Community engagement during CSR initiatives	Quarterly	• Local employment generation • Development interventions

Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

   AIL has an intensive stakeholder consultation mechanism. The Board consults the relevant stakeholders on economic, environmental, and social topics. The consultation is delegated to various functions. Feedback from stakeholders is compiled and presented to the Board by the Sustainability Council.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

   Yes, We drive business resilience in the operations through a robust materiality assessment process and risk management framework which are based on stakeholder consultations.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

   We invest in efforts invests in efforts to uplift local communities, support marginalized sections, and ensure inclusive growth and development. Our effort focuses on the themes of healthcare, education, and environmental protection.

PRINCIPLE 5 Businesses should respect and promote human rights

Essential Indicators

Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Benefits	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total (A)	No. of employees/ workers covered (B)	% (B / A)	Total (C)	No. of employees/ workers covered (D)	% (D / C)
Employees						
Permanent	2,736	2,736	100%	3,197	3,197	100%
Other permanent	26	26	100%	69	69	100%
Total Employees	2,736	2,736	100%	3,266	3,266	100%
Workers						
Permanent	3,449	3,449	100%	2,631	2,631	100%
Other than permanent	7,262	-	*	6,437	-	*
Total Workers	10,711	3,449	100%	9,068	2,631	100%

*Note - Through our General Conditions of Contract, we mandate training of all contract workers on Human

Details of minimum wages paid to employees and workers, in the following format:

Benefits	FY 2022-23 Current Financial Year					FY 2021-22 Previous Financial Year				
	Total (A)	Equal Minimum Wage		More than Minimum Wage		Total (D)	Equal Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent Employees										
Male	2,582	0	0	2,582	100%	3,040	0	0	3,040	100%
Female	154	0	0	154	100%	157	0	0	157	100%
Other than permanent Employees										
Male	25	0	0	25	100%	67	0	0	67	100%
Female	1	0	0	1	100%	2	0	0	2	100%
Workers										
Permanent Workers										
Male	3,422	0	0	3,422	100%	2,627	0	0	2,627	100%
Female	27	0	0	27	100%	4	0	0	4	100%
Other than permanent workers										
Male	6,918	0	0	6,918	100%	8,412	0	0	8,412	100%
Female	344	0	0	344	100%	176	0	0	176	100%

3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category (in lakhs INR)	Number	Median remuneration/ salary/ wages of respective category (in lakhs INR)
Board of Directors (BoD) – Executive Directors	6	241.94	0	-
Board of Directors (BoD) – Non-Executive Directors	7	4	3	2.4
Key Managerial Personnel*	2	117.5	0	-
Employees other than BoD and KMP	2577	6.99	154	6.48
Workers	3422	3.34	27	3.3

Note: Median salary of all AIL employees excluding BOD is 4.09 lakhs INR.

*KMP exclusive of those already covered in Executive Directors.

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, we have appointed our Chief human resource officer (CHRO) as the Ethics officer for AIL who is responsible for investigating and addressing human rights issues. We have also established an Internal Complaints Committee at each of our operational locations.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

We are committed to providing safe workplace to all our employees. Adherence to human rights issues is ensured by our company's code of conduct through robust internal controls and governance practices. In case of any concern related to human rights, employees can raise their grievances through our vigil mechanism/ whistleblower policy.

6. Number of Complaints on the following made by employees and workers:

Benefits	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	0	0	NA	1	0	It went through an investigation and stringent action was taken.
Discrimination at workplace	0	0	NA	0	0	NA
Child Labour	0	0	NA	0	0	NA
Forced Labour/Involuntary Labour	0	0	NA	0	0	NA
Wages	0	0	NA	0	0	NA
Other human rights related issues	0	0	NA	0	0	NA

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

The complainant's identity is kept strictly confidential through our procedures for anonymous complaint submission. The complainant is provided with the necessary assistance and counselling. Our whistleblower protocol addresses the protection of the complainant during the investigation.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, the vendor onboarding and monitoring process is outlined in our procurement policy. We evaluate our suppliers based on performance in terms of quality, environmental, health, and safety (EHS) features. The evaluation criteria also include aspects such as governance, ethics and compliance, fair business practices, labour and human rights, health and safety, and the environment.

9. Assessments for the year:

	of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100%
Forced/involuntary labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%
Others – please specify	100%

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

Not Applicable

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.

We did not receive any complaint or any grievance during FY 2022-23. Maintaining a proactive approach, we have established comprehensive policies and internal controls to ensure that there are no issues related to Human Rights.

2. Details of the scope and coverage of any Human rights due diligence conducted.

We have conducted Human rights assessment for all of our manufacturing units internally. In addition to this, a third party had been engaged to conduct a Human right risk assessment study at Jhagadia Plant in Bharuch. A detailed study was carried out to explore the internal business practices including their supply chain to identify any human rights risks and challenges.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, our facilities are accessible to differently abled visitors and those with special needs.

4. Details on assessment of value chain partners:

	of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	42.85%
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	
Others – please specify	

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

AIL identifies strategic suppliers based on spend. During the last three Financial years (FY-19-20; FY 20-21; FY21-22) AIL has identified 467 strategic suppliers out of which audit is completed for 389 (83%). Out of the 389 assessed suppliers 236 (61%) suppliers were identified to be high risk. AIL has engaged with these suppliers on identified CAPA. Through this engagement 84 (36%) high risk suppliers were converted to low risk. The engagement for 103 high risk suppliers (44%) is ongoing.

Out of the 236 high risk suppliers 49 high risk suppliers (21%) were put on a holiday as they remained high risk even after engagement.

PRINCIPLE 6 Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total electricity consumption (A) In GJ	6,65,660	4,57,982
Total fuel consumption (B) In GJ	68,13,987	59,08,571
Energy consumption through other sources (C) In GJ	4,49,054	5,90,969
Total energy consumption (A+B+C) (GJ)	79,28,701	69,57,521
Energy intensity per rupee of turnover *(Totalenergyconsumption/ turnover in rupees)*	0.0001089	0.0001052
Energy intensity *(optional)* – the relevant metric may be selected by the entity (production)	9.17	8.68

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, TUV Nord has carried out an independent assurance of the selected non-financial disclosures presented in the Business Responsibility and Sustainability Report (BRSR) for FY 2022-23.

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not Applicable

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Groundwater	-	-
(iii) Third party water (Kl)	25,96,187	23,29,428
(iv) Seawater / desalinated water	-	-
(v) Others (KL) (Rainwater)	6,547	6010
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v) (KL)	26,02,734	23,35,438
Total volume of water consumption (in kilolitres)	23,86,749	21,59,297
Water intensity per rupee of turnover *(Water consumed / turnover)*	0.0000328	0.0000273
Water intensity (optional) – the relevant metric may be selected by the entity (Water consumed / MT product)	2.76	2.69

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, TUV Nord has carried out an independent assurance of the selected non-financial disclosures presented in the Business Responsibility and Sustainability Report (BRSR) for FY 2022-23.

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Yes, 11 out of 16 of our facilities are Zero Liquid Discharge. We have built in-house water treatment plants to recycle used water and further used for industrial operations. We are currently working towards making all our units ZLD ready facilities that will increase the amount of water recycled by us thereby reducing freshwater consumption. The secondary treated wastewater is sent to a common effluent treatment plant for tertiary treatment and discharge from the manufacturing facilities that do not have ZLD status currently.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
NOx	T/year	493	350
SOx	T/year	1,147	798
Particulate matter (PM)	T/year	530	455
Persistent organic pollutants (POP)	-	-	-
Volatile organic compounds (VOC)	-	-	-
Hazardous air pollutants (HAP)	-	-	-
Others – please specify	-	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, TUV Nord has carried out an independent assurance of the selected non-financial disclosures presented in the Business Responsibility and Sustainability Report (BRSR) for FY 2022-23.

6. **Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

Parameter	Unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	6,85,701	5,99,553
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	1,43,959	1,03,478
Total Scope 1 and Scope 2 emissions per rupee of turnover	tCO2e/INR	0.0000114	0.0000106
Total Scope 1 and Scope 2 emission intensity *(optional)* – the relevant metric may be selected by the entity	tCO2e/MT of production	0.96	0.88

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, TUV Nord has carried out an independent assurance of the selected non-financial disclosures presented in the Business Responsibility and Sustainability Report (BRSR) for FY 2022-23.

7. **Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.**

Yes, the Company has undertaken various interventions to reduce greenhouse gas emissions. The details are as below:

1. Reduction in energy consumption through equipment upgrades
2. Reduction in GHG emissions through process optimization
3. Measures to ensure enclosure of emission sources and airtightness of equipment
4. Implemented process for recovery/abatement of NOx
5. Work process implemented to reduce, recycle or reuse HW
6. Measures to re-use process by products
7. Enhancement in Waste Heat Recovery System
8. Purchase of Renewable energy through Purchase Power Agreement
9. Installation of onsite solar Power plant
10. Replacement of Coal with Biomass
11. Substituting of incineration of waste with co-processing

8. **Provide details related to waste management by the entity, in the following format:**

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
Plastic waste **(A)**	202	*
E-waste **(B)**	20.95	8.99
Bio-medical waste **(C)**	0.10	0.22
Construction and demolition waste **(D)**	0	-
Battery waste **(E)**	16.56	20.59
Radioactive waste **(F)**	-	-
Other Hazardous waste. Please specify, if any. (G)	495676	3,80,369
Other Non-hazardous waste generated (**H**). Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector)	38,219	33,711
Total (A+B + C + D + E + F + G + H)	5,34,135	4,14,109
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	309235	2,72,820
(ii) Re-used (incl. plastic)	182211	1,01,497
(iii) Other recovery operations (E-waste & Battery)	37	29
Total	491483	374346
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration (incl. BMW)	6365	5,457
(ii) Landfilling	28,919	30,874
(iii) Other disposal operations (co-processing)	7365	0
Total	42,649	37,251

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, TUV Nord has carried out an independent assurance of the selected non-financial disclosures presented in the Business Responsibility and Sustainability Report (BRSR) for FY 2022-23.

9. **Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

We are in the process of manufacturing specialty chemicals that are hazardous in nature. By the nature of chemistry itself, our operations are subjected to the generation of hazardous waste. Our R&D and technology management teams continuously strive to reduce waste generation by improving the performance of existing technologies and considering the principles of sustainability in the design of new products. We have adopted standardized protocols for waste identification and categorization, waste collection and segregation, labelling, storage, and responsible disposal of hazardous and non-hazardous waste. Our waste management policies are intended to handle hazardous and non-hazardous waste in accordance with legal requirements and globally accepted best practices.

Our waste management approach is systematically divided into three priorities depending upon the various operating conditions and type of waste generated. These are as follows:

Measures taken to minimize primary pollution, waste prevention and our priority to reduce hazardous waste are:

- Change industrial process to eliminate use of harmful chemicals
- Use less of a harmful / product
- Reduce packaging and materials in products
- Make products last longer and are recyclable, reusable, or easy to repair
- Change industrial processes to reduce or eliminate hazardous waste production

Measures taken to minimize secondary pollution and waste prevention and second priority to reduce Hazardous or Non-Hazardous waste are:

- Reuse
- Recovery
- Recycle
- Repair
- Buy reusable and recyclable products

Treatment and disposal of all our waste:

- Treating waste to reduce toxicity
- Incinerate waste
- Waste in landfills
- Co- processing

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

Not Applicable. Our offices are in corporate parks, and all our manufacturing facilities are situated in the GIDC/MIDC industrial complex.

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Aarti Industries Limited (Unit-I, Dahej) Expansion of Ethylation and Propoylation Plant Capacity	EIA Notification S.O. 141(E) [14-09-2006] as amended	09/11/2022	Yes	Yes	https://environmentclearance.nic.in/TrackState_proposal.aspx?type=EC&status=EC_new&statename=Gujarat&pno=SIA/GJ/IND3/64482/2021&pid=19314
Aarti Industries Limited (Unit-II, Dahej) Expansion in Hydrogenation Plant Capacity and Inorganic Products capacity	EIA Notification S.O. 141(E) [14-09-2006] as amended	15/02/2023	Yes	Yes	https://environmentclearance.nic.in/TrackState_proposal.aspx?type=EC&status=EC_new&statename=Gujarat&pno=SIA/GJ/IND3/68290/2017&pid=199952
Proposed Greenfield Project of Synthetic Organic Chemicals at Plot No. 41/2, GIDC Notified Industrial Estate, Jhagadia, Bharuch, Gujarat, by Aarti Industries Limited (Unit IV)	EIA Notification S.O. 141(E) [14-09-2006] as amended	17/05/2022	Yes	Yes	https://environmentclearance.nic.in/state/FB_ECGeneral_Report.aspx?pid=152480&id=152480&status=found
Proposed New Project of Pesticides and pesticide specific intermediates (excluding formulations)-5(b) & Synthetic Organic Chemicals 5(f) at Plot No. 41/1, GIDC Notified Industrial Estate, Jhagadia, Bharuch, Gujarat, by Aarti Industries Limited	EIA Notification S.O. 141(E) [14-09-2006] as amended	08/06/2022	Yes	Yes	https://environmentclearance.nic.in/onlinesearchnewrk.aspx?autoid=41764&proposal_no=IA/GJ/IND3/236925/2021&typep=EC
Proposed Expansion of Synthetic Organic Chemical Industry 5(f) at Plot No. 1430/1, NH No. 8A, Taluka Bhachau, District Kutch, State Gujarat	EIA Notification S.O. 141(E) [14-09-2006] as amended	EC Awaited	Yes	Yes	https://environmentclearance.nic.in/onlinesearchnewrk.aspx?autoid=44413&proposal_no=IA/GJ/IND3/420096/2023&typep=EC
Proposed Expansion Project for the Manufacturing of Synthetic Organic Chemicals by M/s. Aarti Industries Limited (Unit-III, Dahej)	EIA Notification S.O. 141(E) [14-09-2006] as amended	EC Awaited	Yes	Yes	https://environmentclearance.nic.in/TrackState_proposal.aspx?type=EC&status=EC_new&statename=Gujarat&pno=SIA/GJ/IND3/419266/2023&pid=216948

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Yes, During the reporting period AIL was in compliance with applicable environmental norms.

Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
From renewable sources		
Total electricity consumption (A) (GJ)		-
Total fuel consumption (B) (GJ)	3,425	-
Energy consumption through other sources (C) (GJ)	745	1,496
Total energy consumed from renewable sources (A+B+C) (GJ)	4170	1,496
From non-renewable sources		
Total electricity consumption (D) (GJ)	6,65,660	4,57,928
Total fuel consumption (E) (GJ)	68,10,561	59,08,571
Energy consumption through other sources (F) (GJ)	4,48,310	5,89,472
Total energy consumed from non-renewable sources (D+E+F) (GJ)	79,24,531	69,56,025

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, TUV Nord has carried out an independent assurance of the selected non-financial disclosures presented in the Business Responsibility and Sustainability Report (BRSR) for FY 2022-23.

2. Provide the following details related to water discharged:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) To Groundwater		
- No treatment		
- With treatment – please specify level of treatment		
(iii) To Seawater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	76465	40191
(iv) Sent to third parties	-	-
- No treatment	-	-
- With treatment – please specify level of treatment (Kl)	1,39,520*	135949
(v) Others	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
Total water discharged (in kilolitres)	2,15,985	1,76,140

*Treated water is being sent to CETP for further treatment and disposal to the deep sea.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, TUV Nord has carried out an independent assurance of the selected non-financial disclosures presented in the Business Responsibility and Sustainability Report (BRSR) for FY 2022-23.

3. Water withdrawal, consumption, and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

(i) Name of the area

(ii) Nature of operations

(iii) Water withdrawal, consumption, and discharge in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Groundwater	-	-
(iii) Third party water	25,96,187	23,29,428
(iv) Seawater / desalinated water	-	-
(v) Others	6547	6010
Total volume of water withdrawal (in kilolitres)	26,02,734	23,35,438
Total volume of water consumption (in kilolitres)	23,86,749	21,59,297
Water intensity per rupee of turnover (Water consumed / turnover)	0.0000238	**0.0000273**
Water intensity (optional) – the relevant metric may be selected by the entity *(Water consumed / MT of product)*	2.76	2.69
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) Into Groundwater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iii) Into Seawater	-	
- No treatment	-	-
- With treatment – please specify level of treatment	76465	40191
(iv) Sent to third parties	-	
- No treatment	-	-
- With treatment – please specify level of treatment	1,39,524	1,35,949
(v) Others		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
Total water discharged (in kilolitres)	2,15,989	1,76,140

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, TUV Nord has carried out an independent assurance of the selected non-financial disclosures presented in the Business Responsibility and Sustainability Report (BRSR) for FY 2022-23.

4. **Please provide details of total Scope 3 emissions & its intensity, in the following format:**

Parameter	Unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	TCO2e	24,19,952	15,56,065
Total Scope 3 emissions per rupee of turnover	TCO2e/INR	0.0000332	0.0000235
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity	TCO2e/MT	2.8	1.94

Scope 3 has increased on account of increase in coverage of calculation

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, TUV Nord has carried out an independent assurance of the selected non-financial disclosures presented in the Business Responsibility and Sustainability Report (BRSR) for FY 2022-23.

5. **With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**

Not Applicable

6. **If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Optimization of ETP operations	Zone 1: Two major projects were executed in FY 22-23 for optimizing ETP operations; they were load reduction on multiple-effect evaporator and diverting one stream for co-processing in the cement industry at one division which was earlier going to incineration. Zone 2: At zone 2 we treated utility RO reject further concentrated in High pressure RO instead of treating the same in multiple-effect evaporator. Zone 3: Process improvement to reduce effluent load on ETP	Zone 1: These two initiatives have resulted in reduction of 419 TCO2e/ year Zone 2: We achieved saving of 1381 MT/year carbon emission Zone 3: This initiative has potential for saving in ETP operating cost
2	Waste management initiatives	Zone 1: Diversion of waste from incineration to co-processing as per the waste management strategy of AIL has reduced the environmental footprint of AIL due to waste management Zone 2: We have diverted 34.31 MT mixed waste generated at Zone 2 for Co processing due to high calorific value of waste also CaCl2 sludge of 4198.22 MT generated in the process is sent to co-processing resulting in huge savings.	Zone 1: This initiative has a saving potential of 140 lakhs in waste management cost and CO2 reduction potential of 145 TPA Zone 2: Diversion of CaCl2 had resulted in saving of 1278 MT CO2e.
3	Rainwater Harvesting	We have implemented RWH scheme at many of our manufacturing locations, the rainwater is collected, stored and reused in the process	This had resulted in reduction of freshwater consumption at our manufacturing location. During last FY 22-23 we have reused 6547 KL of rainwater in the process

7. **Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

We have created and adopted an Emergency Response and Crisis Management Plan (ERCMP). It provides detailed emergency scenarios as well as a well-organized reaction, rescue, and recovery plan each scenario. In order to maintain business continuity, we have also made preparations for backup servers in addition to the main servers that are housed on our property.

8. **Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.**

As our raw materials are sources from oil and gas value chains which are highly energy intensive operations, we are cautious of the environmental impact arising from our value chain. In order to better understand the emission hotspot, we have conducted PCF studies for 80% of our goods. Additionally, we have undertaken various initiatives to reduce emissions across our value chain and promote the use of a diverse energy mix.

9. **Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

We screen our supplier based on Environmental, Social and Governance (ESG) aspects as per AIL's sustainability protocol. The protocol includes ESG criteria such as- Climate change, environment, health & safety, labour and human rights and governance such as ethics and compliance, fair business practices, anti-bribery, etc. During the reporting period, 42.85% of our suppliers were assessed for environmental impacts

PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. **Number of affiliations with trade and industry chambers/ associations.**

We have membership of associations with seven industry chambers/associations.

b. **List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.**

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Indian Chemical Council	National
2	CHEMEXCIL- Chemicals, Pharmaceuticals and Cosmetics Export Promotion Council	National
3	Indian Institute of Chemical Engineering	National
4	Gujarat Chamber of Commerce and Industry	National
5	Confederation of Indian Industry	National
6	United Nations Global Compact Network of India	National
7	Federation of Indian Export Organization	National

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

Not Applicable since there were no cases of anti-competitive conduct in FY 2022-23.

Leadership Indicators

1. Details of public policy positions advocated by the entity:

S. No.	Public Policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web link, if available
1	Ease of doing business for the chemical industry	Working through the industry associations for the input to the appropriate government ministries	Yes	NA	-

PRINCIPLE 8 Businesses should promote inclusive growth and equitable development

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Social impact assessments have not been conducted in FY 2022-23. As per the applicable laws, none of the projects undertaken by our company can be categorized under the SIA mandate.

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

We do not have any projects for which ongoing Rehabilitation and Resettlement (R&R) has been undertaken.

3. Describe the mechanisms to receive and redress grievances of the community.

We frequently interact with the local community at our manufacturing facilities to learn about their issues and grievances. A grievance redressal mechanism has been established for our stakeholders including local community. In accordance with this mechanism, the local communities can raise their grievances and file complaints. The reported grievances are further reviewed and examined by respective functions and corrective actions are implemented.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Directly sourced from MSMEs/ small producers	₹ 849.92 Cr	₹ 524.6 Cr
Sourced directly from within the district and neighboring districts	₹ 1024.81 Cr*	₹ 457.62 Cr

*Vendors located within 200 Km are considered to be falling in neighbouring districts

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Not Applicable since Company did not undertake any Social Impact Assessment (SIA) for its CSR Projects during the FY 2022-23.

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

Currently no CSR programs/ interventions are being implemented in Aspirational Districts, as listed down by NITI Aayog, Government of India.

3. a. Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

No

b. From which marginalized /vulnerable groups do you procure?

Not Applicable

c. What percentage of total procurement (by value) does it constitute?

Not Applicable

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

S. No.	ellectual Property based on traditional knowledge	Owned/Acquired (Yes/No)	Benefit shared (Yes/No)	Basis of calculating benefit share
1	NIL	-	-	-

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Not Applicable

6. Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefited from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Education & Skill Development	11,532 (Students)	100%
2	Healthcare	44,552	100%
3	Tribal & Rural Development	57,452	100%
4	Environment & Water Conservation	83,620	100%
5	Women Empowerment	1,80,950	100%
6	Livelihood Opportunities & Housing Aid	58	100%

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

AIL has a comprehensive process to facilitate timely redressal of the consumer complaints received which can be understood as follows:

Consumer Complaints:

1. Business, sales and marketing team are the primary contact of all the customers' complaints.
2. Business, sales and marketing team shall be responsible to forward the complaint to zone quality

Head/Division Head and QA Manager / Designee.

- Sales team report the customer complaint on the AIL's digital platform- AIMS

3. During sharing the complaint to the manufacturing site, following information shall be shared by business through e-mail to division head and zonal quality head. Business, sales and marketing team shall inform the customer complaint within one working day to the division head / zone quality head.

4. Quality manager evaluate the detail of the customer complaint, do site visits and prepare customer complaint report

- QA manager / designee shall assign the customer complaint number and log in the customer complaint sheet.

Customer complaints shall be assigned by a unique set of maximum character as per AKA/CC/YY/ZZZ. After logging of the complaint, the QA department shall check the nature of the complaint and categorize the complaint accordingly.

5. Zone quality head prepare investigation team for through investigation of complaint and preparing Corrective and preventive action plan
6. Based on the investigation report, Quality head shall communicate the customer complaint response to the business.
7. Business would be the SPOC for communication to the customer. All activities related to complaint investigation shall be completed within 30 working days from the date of receipt of complaint. Based on CAPA, action plans may take longer

The entire process of receipt of customer complaints and its investigation and CAPA happens on AIL digital platform-AIMS.

Feedback:

We regularly conduct customer satisfaction surveys to understand our quality of delivery and identify areas of improvement which also includes customers' health and safety. The survey comprised three Key areas: a) Packaging Quality b) Product Quality c) MSDS Information.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	100%
Safe and responsible usage	100%
Recycling and/or safe disposal	100%

3. Number of consumer complaints in respect of the following:

We engage closely with its customer base to understand their requirements, preferences and concerns. We strive to maintain a good relationship with its customers with its timely support, effective information dissemination, and continuous engagement.

Benefits	FY 2022-23			FY 2021-22		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	0	0	-	0	0	-
Advertising	0	0	-	0	0	-
Cyber-security	0	0	-	0	0	-
Delivery of essential	0	0	-	0	0	-
services	0	0	-	0	0	-
Restrictive Trade Practices	0	0	-	0	0	-
Unfair Trade Practices	0	0	-	0	0	-
Other - Quality of the Product	57	0	-	13	0	-

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	0	-
Forced recalls	0	-

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes, we have an information security policy in place related to data privacy. This policy has been developed in accordance with ISO 27001.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

Not Applicable

Leadership Indicators

1. **Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

   The details of our products and services are disclosed publicly at: https://www.aarti-industries.com/products

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

   We adhere to EU REACH Compliance and MSDS regulations to maintain information transparency with our customers. We interact with our customers on the quality and safety of our products, as well as their appropriate use and disposal.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

   We engage with our customers on a frequent basis to update them on business continuity and product supply. In case of any potential disruption of supplies the customers and relevant stakeholders are informed well in advance to ensure seamless operation. The communication with our customers is conducted via emails in case of any disruptions or shutdown and further mitigation actions are conveyed.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief.**

   Yes, we adhere to GHS labelling and MSDS for describing and conveying product details, hazards, and safety precautions. We adopt the standards set forth by the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) rules of the European Union. We constantly undertake customer satisfaction surveys to understand our delivery quality and areas for improvement, including the health and safety of our consumers. The survey is focused focus three key areas: 1) Packaging Quality, 2) Product Quality c) MSDS Information

5. **Provide the following information relating to data breaches:**

   a. Number of instances of data breaches along-with impact

      No data breaches were recorded in FY 2022-23

   b. Percentage of data breaches involving personally identifiable information of customers

      Not Applicable

Independent Auditors' Report

To The Members of
Aarti Industries Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Aarti Industries Limited (the "Company"), which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss (including the statement on Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and notes to the financial statements (including summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023 and its profit, and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	Accuracy, Completeness, and disclosure with reference to Ind AS-16 of Property, Plant and Equipment (including Capital Work-in-Progress The carrying value of property, plant and equipment (including capital work in progress) as on 31 March 2023 of ₹ 5,780.97 crores (as on 31 March 2022 of ₹ 4,878.10 crores) includes ₹ 1,500.29 crores capitalised /transferred from capital work in progress during the year (₹ 999.75 crores for FY 2022).	Our audit procedures, amongst others, include the following – a) Obtaining an understanding of operating effectiveness of management's internal control over capital expenditure. b) We assessed Company's process regarding maintenance of records, valuation and accounting of transactions pertaining to Property, Plant and Equipment including Capital Work in Progress with reference to Indian Accounting Standard 16: Property, Plant and Equipment.

Independent Auditors' Report

Sr. No.	Key Audit Matter	Auditor's Response
	Cost Recognition of Property, Plant and Equipment as specified in IndAS 16 is based on completion of asset construction activities and management assessment and judgement that the asset is capable of operating in the manner intended. The asset capitalisation is the outcome of various procurements, approvals from operations experts in the Company and judgements by the management and therefore, required significant audit attention. Refer Note 1: Property, Plant and Equipment in Notes to the standalone financial statements.	c) We have reviewed management judgment pertaining to estimation of useful life and depreciation of the Property, Plant and Equipment. d) We have verified the capitalization of borrowing cost incurred on qualifying asset in accordance with the Indian Accounting Standard 23: Borrowing Costs. e) Ensuring adequacy of disclosures in the standalone financial statements. f) We have relied upon verification of property, plant and equipment carried out by independent valuers for some of the plant locations.

Other Matters

I. Comparative Audited Standalone Financial Results

a) The comparative audited standalone financial statements for the year ended 31 March 2022 (before giving effect to scheme of arrangement) were audited by erstwhile statutory auditors, Kirtane & Pandit, LLP (FRN: 105215W/W100057), Chartered Accountants whose audit report dated 27 May 2022 had expressed an unmodified opinion on standalone financial statements.

II. Effect of Scheme of Arrangement

a) The Scheme of Arrangement for the demerger of Pharma Business Undertaking from Aarti Industries Limited ("the Company" or "the demerged company") to its wholly owned subsidiary Aarti Pharmalabs Limited ("the resulting company") between the two companies and their respective shareholders under Sections 230 to 232 of the Companies Act, 2013 ('Act') and all other applicable provisions of the Companies Act, 2013 ("the Scheme") was approved by Honourable National Company Law Tribunal (NCLT), Ahmedabad Bench on 21 September 2022. Accordingly, all the assets and liabilities pertaining to the Pharma Business Undertaking, including supporting manufacturing units, employees, cash and cash equivalents and investments (including investments in subsidiaries and joint ventures), as defined in the Scheme, stand transferred and vested into the resulting company from its Appointed Date i.e. from 1 July 2021.

b) Pending receipt of the NCLT Order approving scheme of arrangement, financial statements/ results of the Company (before giving effect to scheme of arrangement) for the year ended 31 March 2022 and quarter ended 30 June 2022 were approved by the Board of Directors in their meeting held on 27 May 2022 and 10 August 2022 and audited by erstwhile statutory auditors (refer para I above). Subsequently, financial statements for the year ended 31 March 2022 were approved by the shareholders in the general meeting held on 26 September 2022.

c) In annual general meeting held on 26 September 2022, we, Gokhale & Sathe, Chartered Accountants (FRN: 103264W) were appointed as statutory auditors of the Company in place of Kirtane & Pandit, LLP, Chartered Accountants (retiring auditors). Considering this management approached us to perform agreed upon procedures on standalone financial results prepared to give effect to scheme of arrangement.

d) Accordingly, we have performed agreed upon procedures as per Standard on Related Services (SRS) 4400, "Engagements to Perform Agreed-upon Procedures regarding Financial Information", issued by the Institute of Chartered Accountants of India and we report that as follows:

- recasted standalone financial statements / results prepared by the management of the Company for year ended 31 March 2022 and 30 June 2022 is as per accounting treatment and information mentioned in the scheme.
- It is drawn from standalone financial statements prepared and audited by erstwhile statutory auditors as mentioned above paras.
- It is extracted from the books of accounts maintained by the Company having records/ information maintained for pharma business and speciality chemical business.

Our opinion is not modified in respect of the above matters.

Information Other than the Standalone Financial Statements and Auditor's Report thereon

The Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility and Sustainability Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements, or our knowledge obtained during our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they

Independent Auditors' Report

could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone Ind AS financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

Independent Auditors' Report

2. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of accounts.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e) On the basis of the written representations received from the directors taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to standalone financial statements.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

      In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer note 31 (i) (a) to the standalone financial statements.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor, Education and Protection Fund by the Company.

      iv.

         (a) The Management has represented that, to the best of its knowledge and belief as disclosed in note no 42 (v) to the standalone financial statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

         (b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in note no 42 (vi) to the standalone financial statements, no funds (which are material either individually or in the aggregate) have

Independent Auditors' Report

been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. As stated in note no 12.7 to the standalone financial statements

(a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.

(b) The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

vi. In respect of Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, since proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable for the company only w.e.f. 1 April 2023, reporting under this clause is not applicable.

For **Gokhale & Sathe**
Chartered Accountants
FRN: - 103264W

Tejas Parikh
Partner
Membership No. 123215
UDIN: - 23123215BGQLCE8436

Place: - Mumbai
Date: - 8 May 2023

Annexure 'A' to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Aarti Industries Limited of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:

(a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment, right-of-use of assets and capital work in progress.

(B) The Company is maintaining proper records showing full particulars of intangible assets as at the year end.

(b) The Property, Plant and Equipment of the Company have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification which were not properly dealt with in the books of accounts in the current year.

(c) According to the information and explanations given to us, the records examined by us and based on examination of the copies of the Sale Deed / Conveyance Deed / Transfer Deed, land revenue records provided to us, we report that, the title in respect of self-constructed buildings and title deeds of all other immovable properties (other than properties where the Company is lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the financial statements included under Property, Plant and Equipment are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land that have been taken on lease and disclosed separately in Property Plant & Equipment in the financial statements, the lease agreements are in the name of the Company itself.

(d) The Company has not revalued any of its Property, Plant and Equipment (including right of use assets) during the year.

(e) On the basis of information provided by management, no proceedings have been initiated during the year or are pending against the Company as at 31 March 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

ii.

(a) Physical verification of inventory has been conducted at reasonable intervals by the management and in our opinion, the coverage and procedure of such verification by the management is appropriate. No material discrepancies were noticed and discrepancies if any are properly dealt with by the Management of the Company.

The Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets; As mentioned in note no 17 (ii) to the standalone financial statements, the difference between quarterly returns filed by the Company with banks / financial institutions and books of accounts were on account of explainable items and not material in nature.

iii. According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has made investments in and granted unsecured loans to any other parties during the year, in respect of which

(a) A. Based on the audit procedures carried out by us and as per the information and explanation given to us, the Company has provided loan to wholly owned subsidiary as given below . The Company has not provided any advances in the nature of loan or guarantee or security to any other entity during the year. The amount receivable from Aarti Pharmalabs Limited (resulting company) as part of scheme of arrangement approved by NCLT has

Annexure 'A' to the Independent Auditor's Report

not been considered for the purpose of reporting under this clause (refer others matters para II (a)).

(₹ in crores)

Particulars	Amount
Aggregate Amount granted during the year -wholly owned subsidiary	0.10
Balance outstanding as at balance sheet date – wholly owned subsidiary	6.15

B. Based on the audit procedures carried out by us and as per the information and explanation given to us, the Company has made investments in one company other than subsidiaries as below

(₹ in crores)

Particulars	Amount
Aggregate amount of Investment made during the year and balance as at balance sheet date – Other than Subsidiary	9.10

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the investments made and loans and advances granted during the year are, prima facie, not prejudicial to the interest of the Company.

(c) According to the information and explanations given to us and based on basis of our examination of the records, the Company has granted loans payable on demand. During the year, the Company has not demanded such loan. Having regard to the fact that the repayment of principal or payment of interest has not been demanded by the Company, in our opinion, the repayments of principal amounts and receipts of interest are regular.

(d) According to the information and explanations given to us and based on basis of our examination of the records of the Company, since loans granted are repayable on demand, there are no overdue amounts for more than ninety days in respect of loan given.

(e) According to the information and explanations given to us and based on basis of our examination of the records of the Company, there is no loan given falling due during the year, which has been renewed or extended or fresh loans given to settle the over dues of existing loans given to the same party.

(f) According to the information and explanations given to us and based on basis of our examination of the records of the Company, the Company has granted loans repayable on demand to its wholly owned subsidiaries, aggregate amount as on 31 March 2023 stands at ₹ 6.15 crores which is 100% of the total loans granted by the Company.

iv. In our opinion and according to the information and explanation given to us, the Company has complied with provisions of Section 185 and 186 of the Act in respect of investment made and loans and advances.

v. The Company has not accepted deposits or amounts which are deemed as deposits from the public during the year and hence the directives issued by the Reserve Bank of India and the provision of section 73 to 76 any other relevant provisions of the At and the Companies (Acceptance of Deposit) Rules, 2015 with regards to the deposits accepted from the public are not applicable.

vi. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under Section 148(1) (d) of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed accounts and cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii.

(a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees State Insurance, Income tax, Sales tax, GST, Custom duty, and any other material statutory dues have been regularly deposited during the year with the appropriate authorities. According to the

Annexure 'A' to the Independent Auditor's Report

information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and based on the records of the company examined by us, particulars of Income Tax, Goods & Service Tax Customs Duty, Excise Duty, States respective Sales Tax, Service Tax and other statutory dues which have not been deposited on account of any disputes are as under

Nature of Statute	Nature of Dues	Period for which amount relates	Forum where Dispute is pending	₹ in crores
Customs Act,1962	Custom Duty	FY 2006-07 to FY 2018-19	Customs, Excise and Service Tax Appellate Tribunal	2.05
Customs Act,1962	Custom Duty	FY 2006-07 to FY 2017-18	Commissionerate	0.30
Customs Act,1962	Custom Duty	FY 2016-17 to FY 2021-22	Adjudicating Authority Asst. Commissioner / Deputy Commissioner	2.29
Central Excise Act, 1944	Excise Duty	FY 2009-10 to FY 2017-18	Customs, Excise and Service Tax Appellate Tribunal	14.26
Central Excise Act, 1944	Excise Duty	FY 2012-13 to FY 2015-16	Commissionerate	1.44
Central Excise Act, 1944	Excise Duty	FY 2010-11 to FY 17-18	Adjudicating Authority Asst. Commissioner / Deputy Commissioner	6.47
Finance Act, 1994	Service Tax	FY 1997-98 to FY 2016-17	Customs, Excise and Service Tax Appellate Tribunal	5.10
Finance Act, 1994	Service Tax	FY 2012-13 to FY 2015-16	Commissionerate	0.10
Finance Act, 1994	Service Tax	FY 2005-06 to FY 2015-16	Adjudicating Authority Asst. Commissioner / Deputy Commissioner	0.94
Gujarat Goods and Services Tax Act, 2017	GST	FY 2017-18	Commissionerate	7.01
Maharashtra Goods and Services Tax Act, 2017	GST	FY 2012-13 to FY 2017-18	Adjudicating Authority Asst. Commissioner / Deputy Commissioner	0.96
Maharashtra Value Added Tax Act, 2002	VAT Plus Interest	FY 2012-13	Joint Commissioner of Commercial Tax, Appeals -LTU Mumbai	0.83
Dadra & Nagar Haveli Value Added Tax Regulation 2005	VAT Plus Interest	FY 2012-13 to 2017-18	Commissioner of VAT, Dadra & Nagar Haveli	1.23
Madhya Pradesh Value Added Tax Act, 2002	VAT Plus Interest	FY 2010-11 & 2017-18	Appellate Board, Commercial Tax, Indore	0.44
Income-tax Act, 1961	Income Tax plus Interest & Penalty	FY 2009-10 to 2019-20	Commissioner Of Income-Tax (Appeals)	81.20

Annexure 'A' to the Independent Auditor's Report

viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

ix.

(a) The Company has not defaulted in repayment of dues or other borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanation given to us and the Company has not been declared wilful defaulter by any bank or financial institution or any other lender.

(c) In our opinion and according to information and explanations given to us, the Company has utilised the money obtained by way of term loans for the purposes for which they were raised.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie not been used during the year for long term purposes.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries.

x.

(a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.

(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.

xi.

(a) According to the information and explanations given to us, no material fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) As informed by the management, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented to us by the management, there were no whistle blower complaints received by the Company.

xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

xiii. In our opinion and on the basis of our examination of the information and documentation available to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.

xiv.

(a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

xv. In our opinion and on the basis of explanation / information provided by management, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

Annexure 'A' to the Independent Auditor's Report

xvi.

(a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi) (a), (b) and (c) of the Order is not applicable.

(b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

xvii. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

xviii. There has been no resignation of statutory auditors of the Company during the year.

xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amounts for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of Sub-section (6) of Section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

xxi. The reporting under Clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said clause has been included in this report.

For **Gokhale & Sathe**
Chartered Accountants
FRN: - 103264W

Tejas Parikh
Partner
Membership No. 123215
UDIN: - 23123215BGQLCE8436

Place: - Mumbai
Date: - 8 May 2023

Annexure 'B' to the Independent Auditor's Report

Annexure 'B' to the Independent Auditor's Report

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Aarti Industries Limited of even date)

Report on the Internal Financial Controls under Clause (i) of subsection 3 of Section 143 of the Companies Act, 2013 (the "Act")

Opinion

We have audited the internal financial controls with reference to standalone financial statements of Aarti Industries Limited (the "Company") as of 31 March 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at 31 March 2023, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Managements' Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls with reference to standalone financial statements based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to standalone financial statements

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **Gokhale & Sathe**
Chartered Accountants
FRN: - 103264W

Tejas Parikh
Partner
Membership No. 123215
UDIN: - 23123215BGQLCE8436

Place: - Mumbai
Date: - 8 May 2023

Balance Sheet

as at 31st March, 2023

(₹ In Crs)

Particulars	Note No.	As at 31st March, 2023	As at 31st March, 2022
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	1	4,792.24	3,618.05
Capital Work-in-Progress	1	988.73	1,260.05
Right to use Assets	1	30.30	16.96
Intangible Assets	1	1.47	-
Intangible Assets under Development	1	107.24	42.97
Financial Assets			
Investments	2	12.41	3.29
Deferred Tax Assets (Net & incl of MAT Credit)	3	52.17	28.67
Other Non-Current Assets	4	130.62	154.58
Total Non-Current Assets		6,115.18	5,124.57
Current Assets			
Inventories	5	1,015.07	898.57
Financial Assets			
i) Trade Receivables	6	973.83	1,130.88
ii) Cash and Cash Equivalents	7	161.06	87.45
iii) Bank Balances other than (ii) above	8	33.28	79.93
iv) Others Financial Assets	9	187.10	417.17
Current Tax Assets (Net)	10	55.21	55.13
Other Current Assets	11	49.31	36.61
Total Current Assets		2,474.86	2,705.74
TOTAL ASSETS		8,590.04	7,830.31
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	12	181.25	181.25
Other Equity	13	4,739.70	4,319.78
Total Equity		4,920.95	4,501.03
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
i) Borrowings	14	634.71	929.85
ii) Lease Liabilities	15	25.26	14.91
Other Non Current Liabilities	16	216.68	223.58
Total Non-Current Liabilities		876.65	1,168.34
Current Liabilities			
Financial Liabilities			
i) Borrowings	17	2,239.27	1,632.42
ii) Lease Liabilities	15	8.02	4.07
iii) Trade Payables due to:			
Micro and Small Enterprise	18	99.32	69.28
Other than Micro and Small Enterprise	18	317.25	274.44
iv) Other Financial Liabilities	19	1.93	2.23
Other Current Liabilities	20	99.08	148.20
Provisions	21	27.57	30.30
Total Current Liabilities		2,792.44	2,160.94
Total Liabilities		3,669.09	3,329.28
TOTAL EQUITY AND LIBILITIES		8,590.04	7,830.31
Significant Accounting Policies			
The accompanying notes are an integral part of these Standalone Financial Statements	1-43		

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

Tejas Parikh
Partner
M.No. 123215

Place: Mumbai
Date: 8th May, 2023

For and on behalf of the Board

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

Rashesh C. Gogri
Vice Chairman and
Managing Director
DIN: 00066291

Chetan Gandhi
Chief Financial Officer
ICAI M.No. 111481

Raj Sarraf
Company Secretary
ICSI M.No. A15526

Statement of Profit and Loss

for the year ended 31st March, 2023

(₹ In Crs)

Particulars	Note No.	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
REVENUE			
Revenue from Operations	22	7,226.45	6,819.69
Less: GST Collected		661.37	779.51
Net Revenue from Operations		6,565.08	6,040.18
Other Income	23	0.42	0.69
Total Income		6,565.50	6,040.87
EXPENSES			
Cost of Materials Consumed (Incl. Packing Material, Fuel, Stores & Spares)	24	3,465.13	2,832.64
Purchases of Stock-in-Trade		290.40	210.42
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	25	46.09	(197.00)
Employee Benefits Expense	26	383.10	353.58
Finance Costs	27	165.80	101.54
Depreciation and Amortisation Expenses	1	310.01	244.18
Other Expenses	28	1,291.97	1,129.71
Total Expenses		5,952.50	4,675.07
PROFIT BEFORE TAX		613.00	1,365.80
TAX EXPENSES	29		
Current Year Tax		107.25	239.25
Earlier Year Tax		(16.52)	-
MAT Credit Entitlement		(41.00)	(78.00)
Deferred Tax		17.50	22.50
Total Tax Expenses		67.23	183.75
PROFIT AFTER TAX		545.78	1,182.00
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to Statement of Profit and Loss			
Change in fair value of equity instruments		0.00	0.34
Change in fair value of long term advances		(21.65)	9.34
Change in fair value of Foreign currency hedge		(13.41)	8.27
Total Other comprehensive income		(35.05)	17.95
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		510.72	1,200.00
Earnings Per Equity Share (EPS) (in ₹)	30		
Basic/Diluted		15.06	32.61
Significant Accounting Policies			
The accompanying notes are an integral part of these Standalone Financial Statements	1-43		

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

Tejas Parikh
Partner
M.No. 123215

Place: Mumbai
Date: 8th May, 2023

For and on behalf of the Board

Rajendra V. Gogri
Chairman and
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DIN: 00061003

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Vice Chairman and
Managing Director
DIN: 00066291

Chetan Gandhi
Chief Financial Officer
ICAI M.No. 111481

Raj Sarraf
Company Secretary
ICSI M.No. A15526

Statement of Changes in Equity

for the year ended 31st March, 2023

A. EQUITY SHARE CAPITAL

(₹ in Crs)

As at 1st April, 2021	**87.12**
Changes in equity share capital during the year 2021-22	94.13
As at 31st March, 2022	**181.25**
Changes in equity share capital during the year 2022-23	NIL
As at 31st March, 2023	**181.25**

B. OTHER EQUITY

(₹ in Crs)

Particulars	Other Equity					Other Comprehensive Income	Total Other Equity
	Reserves and Surplus						
	Capital Reserve	Securities Premium	General Reserve	Forfeiture Reserve	Retained Earnings		
Balance as at 1st April, 2021	**9.70**	**696.12**	**333.20**	**1.85**	**2,297.06**	**(13.31)**	**3,324.62**
Upon QIP Proceeds (Net of Expenses)		1,179.67					1,179.67
Utilised for issuance of Bonus Shares		(87.12)					(87.12)
Dividend Paid	-	-	-	-	(126.88)	-	(126.88)
Pursuant to the Scheme of Arrangement		(440.32)	(82.13)		(644.56)	(3.50)	(1,170.51)
Transfer to Other Reserves from Retained Earnings	-	-	129.00	-	(129.00)	-	-
Profit for the Period	-	-	-	-	1,182.05	-	1,182.05
Other Comprehensive Income	-	-	-	-	-	17.95	17.95
Balance as at 31st March, 2022	**9.70**	**1,348.35**	**380.07**	**1.85**	**2,578.67**	**1.14**	**4,319.78**
Dividend Paid					(90.63)		(90.63)
Transfer to Other Reserves from Retained Earnings			55.00		(55.00)		-
Profit for the Period					545.77		545.77
Other Adjustments			(0.17)				(0.17)
Other Comprehensive Income						(35.05)	(35.05)
Balance as at 31st March, 2023	**9.70**	**1,348.35**	**434.90**	**1.85**	**2,978.81**	**(33.91)**	**4,739.70**

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

Tejas Parikh
Partner
M.No. 123215

Place: Mumbai
Date: 8th May, 2023

For and on behalf of the Board

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

Rashesh C. Gogri
Vice Chairman and
Managing Director
DIN: 00066291

Chetan Gandhi
Chief Financial Officer
ICAI M.No. 111481

Raj Sarraf
Company Secretary
ICSI M.No. A15526

Cash Flow Statement

for the year ended 31st March, 2023

(₹ In Crs)

Sr. No.	Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
A.	**Cash Flow from Operating Activities:**		
	Net Profit before Tax and Exceptional/Extraordinary Items	613.00	1,365.80
	Adjustments for:		
	Finance Costs	165.80	101.54
	Depreciation and Amortisation Expenses	310.01	244.18
		1,088.81	**1,711.52**
	Profit on Sale of Assets/Investments	(0.23)	(0.56)
	Lease Rent Income	(0.06)	(0.05)
	Operating Profit before Working Capital Changes	**1,088.52**	**1,710.91**
	Movements in Working Capital		
	(Increase)/Decrease in Trade and Other Receivables	400.42	(536.03)
	Increase/(Decrease) in Trade Payables and Other Current Liabilities	(9.21)	(90.10)
	(Increase)/Decrease in Inventories	(116.52)	(333.33)
	Cash Generated from Operations	**1,363.21**	**751.45**
	Direct Taxes Paid (Net of Refund)	(90.81)	(244.62)
	Net Cash Flow from Operating Activities (A)	**1,272.40**	**506.83**
B.	**Cash Flow from Investing Activities:**		
	Addition to Property, Plant & Equipment/Capital WIP	(1,304.20)	(1,163.39)
	Sale/Written off of Property, Plant & Equipment	12.52	0.42
	(Increase)/Decrease in Other Investments	(9.11)	0.00
	Profit on Sale of Investments	0.00	0.52
	Lease Rent Income	0.06	0.05
	Net Cash Flow from Investing Activities (B)	**(1,300.72)**	**(1,162.40)**
C.	**Cash Flow from Financing Activities:**		
	Proceeds/(Repayment) of Long-Term Borrowings	(300.90)	(594.50)
	Proceeds/(Repayment) of Other Borrowings	612.61	53.19
	Finance Costs	(165.80)	(101.54)
	Increase in Equity by QIP (Net of Expenses)	-	1,186.69
	Dividend Paid	(90.63)	(126.88)
	Net Cash Flow from Financing Activities (C)	**55.28**	**416.96**
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**26.96**	**(238.61)**
	Cash and Cash Equivalents (Opening Balance)	167.38	405.99
	Cash and Cash Equivalents (Closing Balance)	194.34	167.38

Notes:

(i) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Ind AS-7 on the Statement of Cash Flow as notified under Companies (Indian Accounting Standard) Rules, 2015 as amended.

(ii) Cash and Cash Equivalent comprised of Cash and Cash Equivalents and Other Bank Balances as per Balance Sheet. (Refer Note 7 & 8)

Cash Flow Statement

for the year ended 31st March, 2023

(iii) Changes in liabilities arising from financing activities:

Particulars	1st April 2022	Cash flow	Foreign exchange movement	31st March 2023
Current Borrowings	1,272.48	595.82	16.79	1,885.09
Non - current Borrowings (including current portion of Long term Debt)	1,289.79	355.67	54.77	988.89
Total	**2,562.27**	**240.15**	**71.56**	**2,873.98**

Particulars	1st April 2021	Cash flow	Foreign exchange movement	31st March 2022
Current Borrowings	1,219.29	51.61	1.58	1,272.48
Non - current Borrowings (including current portion of Long term Debt)	1,618.37	(353.98)	25.40	1,289.79
Total	**2,837.66**	**(302.37)**	**26.98**	**2,562.27**

(iv) Amounts of the previous year have been regrouped and rearranged wherever necessary.

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

Tejas Parikh
Partner
M.No. 123215

Place: Mumbai
Date: 8th May, 2023

For and on behalf of the Board

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

Rashesh C. Gogri
Vice Chairman and
Managing Director
DIN: 00066291

Chetan Gandhi
Chief Financial Officer
ICAI M.No. 111481

Raj Sarraf
Company Secretary
ICSI M.No. A15526

Corporate Information and Significant Accounting Policies:

Corporate Information

Aarti Industries Limited ("The Company") is a public limited company incorporated in India under provisions of Companies Act, 2013. The equity shares of the Company are listed on Bombay Stock Exchange Ltd (BSE) and National Stock Exchange of India Ltd (NSE). The registered office of the Company is located at Plot No. 801,801/23 G.I.D.C. Estate, Phase III, Vapi, Dist. Valsad Gujarat 396 195 India. The Company is engaged in manufacturing and dealing in Speciality Chemicals and intermediates.

The Financial Statements were approved for issue in accordance with a resolution passed in Board Meeting held on 8 May, 2023.

Explanatory Note on the Composite Scheme of Arrangement

The Scheme of Arrangement for the demerger of Pharma Business Undertaking from Aarti Industries Limited ("the Company" or "the demerged company") into its wholly owned subsidiary Aarti Pharmalabs Limited ("the resulting company"), ("the Scheme") was approved by Honourable National Company Law Tribunal (NCLT), Ahmedabad Bench on 21 September, 2022 (and became effective upon filing of the same with ROC, Gujarat on 17 October, 2022). Accordingly, all the assets and liabilities pertaining to the Pharma Business Undertaking, including supporting manufacturing units, employees, cash and cash equivalents and investments (including investments in subsidiaries and joint ventures), as defined in the Scheme, stand transferred and vested into the resulting company from its Appointed Date i.e. from 1 July, 2021.

Pursuant to the approval of the said scheme and scheme becoming effective, the Company has recasted historical audited financials from the Appointed date of 1st July 2021 to carry out the changes arising due to adoption of the scheme of arrangement. Hence the audited financials in respect of the previous year ended 31 March,2022, have been suitably recasted so as to give effect to the scheme of arrangement.

Significant Accounting Policies

(a) Basis of preparation and Presentation:

The Standalone Financial Statements have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act, 2013, Companies (Indian Accounting Standards) Rules, 2015 as amended and relevant provisions of the Companies Act, 2013 including presentation and disclosure requirements of Division II of Schedule III of the Act as amended from time to time.

Accordingly, the Company has prepared these Financial Statements which comprise the Balance Sheet as at 31 March, 2023, the Statement of Profit and Loss for the year ended 31 March 2023, the Statement of Cash Flows for the year ended 31 March 2023 and the Statement of Changes in Equity for the year ended as on that date, and accounting policies and other explanatory information (together hereinafter referred to as ' Financial Statements').

In addition, the financial statements are presented in INR which is also the Company's functional currency and all values are rounded to the nearest crore except when otherwise indicated.

(b) Basis of Measurement:

The financial statements of the company are prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis as per the provisions of the Companies Act, 2013 ("the Act"), except for:

- Financial instruments – measured at fair value;
- Plan assets under defined benefit plans – measured at fair value
- In addition, the carrying values of recognised assets and liabilities, designated as hedged items in fair value hedges that would otherwise be carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

(c) Significant Accounting Estimates, Judgements Assumptions:

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported

Corporate Information and Significant Accounting Policies:

amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates according to the nature of the assumption and other circumstances. This note provides an overview of the areas where there is a higher degree of judgment or complexity. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation.

The following are areas involving critical estimates and judgments:

Judgements:

- Leases
- Evaluation of recoverability of deferred tax assets, and estimation of income tax payable and income tax expense in relation to an uncertain tax position
- Provisions and Contingencies

Estimates:

- Impairment
- Accounting for Defined benefit plans
- Useful lives of property, plant and equipment and intangible assets
- Fair Valuation of Financial instruments
- Valuation of inventories

(d) Current and Non-current Classification:

The Company presents assets and liabilities in the Balance sheet based on current/non-current classification, an asset is treated as current when it is:

i) Expected to be realized or intended to be sold or consumed in normal operating cycle, or

ii) Held primarily for the purpose of trading, or

iii) Expected to be realized within twelve months after the reporting period, or

iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

A liability is treated as current when it is:

(i) Expected to be settled in normal operating cycle, or

(ii) Held primarily for the purpose of trading, or

(iii) Due to be settled within twelve months after the reporting period, or

(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other assets and liabilities are classified as non-current assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(e) Property, Plant and Equipment, Intangible Assets and Depreciation/Amortization:

1. Property, Plant and Equipment (PPE)

PPEs held for use in the production, supply or administrative purposes, are stated in the balance sheet at cost less applicable accumulated depreciation/amortisation and accumulated impairment losses (if any).

The cost of PPE comprises its purchase price (including the costs of materials / components) net of any trade discounts and rebates,any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs and such other incidental costs that may be associated with acquisition or creation of the asset ready for its intended use.

An item or part of PPE is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and

Corporate Information and Significant Accounting Policies:

the carrying amount of the asset) is included in the Statement of Profit & Loss as and when the asset is derecognized.

PPE which are not ready for intended use as on the date of Balance Sheet are disclosed as “Capital work-in-progress”. Capital Work-in-Progress represents expenditure incurred on capital assets that are under construction/erection or are pending to be commercialized and put to use. The same is carried at cost which is determined in the same manner as for any PPE.

2. Intangible Assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed,if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets. Intangible development costs are capitalised as and when technical and commercial feasibility of the asset is demonstrated and future economic benefits are probable.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

3. Depreciation/Amortization

Pursuant to the notification of Schedule II of the Companies Act, 2013, the management has reassessed and changed based on technical estimates, wherever necessary, the useful lives to compute depreciation, to confirm to the requirements of the Companies Act, 2013. The useful life for various class of assets is as follows:

Assets Class	Useful Life
Leasehold Land	Over the remaining tenure of lease
Building	Over a period of 19 - 31 years
Residential Quarters	Over a period of 30 years
Plant & Equipments	Over its useful life as technically assessed, i.e over a period of 9 - 19 years, based on the type of processes and equipments installed
Computers	Over a period of 2.5 years
Office Equipment	Over a period of 5 years
Furniture and Fixtures	Over a period of 10 years
Vehicles	Over a period of 7 years
Intangible assets (including Product / Process Development)	Over a period of 5-7 years, except for those where the finite periods are provided for

4. Impairment

The Company assesses at each reporting that the carrying amounts of its property, plant and equipment, intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount.

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of net selling price of an asset or its value in use. Value in use is the present value of estimated future cash flows expected to arise from the

Corporate Information and Significant Accounting Policies:

continuing use of an asset and from its disposal at the end of its useful life.

(f) Research And Development:

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- development costs can be measured reliably;
- the product or process is technically and commercially feasible;
- future economic benefits are probable; and
- the company intends to, and has sufficient resources to complete development and to use or sell the asset.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

(g) Intangible Assets Under Development:

Expenditure incurred on acquisition/development of intangible assets which are not ready for their intended use at balance sheet date are disclosed under intangible assets under development.

(h) Valuation of Inventories:

Inventories have been valued on the following basis:

Raw Materials, Packing Material, Stores and Spares and Traded goods	At cost on weighted Average basis Or net realisable value whichever is lower. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
Work-in-Process	At cost plus appropriate allocation of overheads or net realisable value whichever is lower.
Finished Goods	At cost plus appropriate allocation of overheads or net realizable value, whichever is lower.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Provisions are made for obsolete and non-moving inventories. Unserviceable and scrap items, when determined, are valued at estimated net realisable value.

(i) Revenue Recognition:

Ind AS 115 applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. It also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

(i) Sale of goods:

Revenue from sale of goods is recognised when control of the products being sold is transferred to our customer and when there are no longer any unfulfilled obligations. Income from services rendered is recognised based on agreements/ arrangements with the customers as the service is performed and there are no unfulfilled obligations.

The Company recognizes net revenue from goods sold and services rendered at Transaction Price which is the amount of consideration the

Corporate Information and Significant Accounting Policies:

Company expects to be entitled to in exchange for transferring promised goods or services to a customer, excluding the amounts collected on behalf of a third party. The Transaction price is net of discounts, sales incentives, rebates granted, returns, sales taxes, GST and duties and any other recoverable taxes.

Generally, In case of domestic sales, performance obligations are satisfied when the goods are dispatched or delivery is handed over to transporter, revenue from export of goods is recognized at the time of Bill of lading or airway bill or any other similar document evidencing delivery thereof.

(ii) Interest Income:

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iii) Dividend income:

Revenue is recognized when the Company's right to receive the dividend is established, which is generally when shareholders approve the dividend.

(iv) Export benefits:

Export incentives are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

(v) Subsidy received:

Subsidy from the Department of Fertilizers is recognised, based on the eligible quantities supplied by the Company, at the rates as notified/ announced by the Government of India.

(j) Financial Instruments:

Recognition and initial measurement

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. However, Trade receivables that do not contain a significant financing component are measured at transaction price. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in the Statement of Profit and Loss. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Classification and Subsequent Measurement of Financial Assets:

The Company classifies financial assets, subsequently at amortised cost, Fair Value through Other Comprehensive Income ("FVTOCI") or Fair Value through Profit or Loss ("FVTPL") on the basis of following:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

(a) Financial Assets measured at Amortised Cost:

A Financial Asset is measured at amortised Cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding.

(b) Financial Assets measured at Fair Value Through Other Comprehensive Income (FVTOCI):

A Financial Asset is measured at FVTOCI if it is held within a business model whose objective

Corporate Information and Significant Accounting Policies:

is achieved by both collecting contractual cash flows and selling Financial Assets and the contractual terms of the Financial Asset give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding.

(c) Financial Assets measured at Fair Value Through Profit or Loss (FVTPL):

FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as at FVTPL.

Classification and Subsequent Measurement of Financial Liabilities:

(a) Financial liabilities measured at Fair Value Through Profit or Loss (FVTPL):

Financial liabilities are classified as FVTPL when the financial liability is held for trading or is a derivative (except for effective hedge) or are designated upon initial recognition as FVTPL. Gains or Losses, including any interest expense on liabilities held for trading are recognised in the Statement of Profit and Loss.

(b) Other Financial liabilities:

Other financial liabilities (including loans and borrowings, bank overdrafts and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and amounts paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost on initial recognition.

Interest expense (based on the effective interest method), foreign exchange gains and losses, and any gain or loss on derecognition is recognised in the Statement of Profit and Loss.

For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Debt and Equity Instruments:

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

Equity Investments

All equity investments (excluding the investments in Subsidiaries) in the scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Investments in subsidiaries:

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

Corporate Information and Significant Accounting Policies:

De-recognition of Financial Instruments:

The Company derecognises a Financial Asset when the contractual rights to the cash flows from the Financial Asset expire or it transfers the Financial Asset and the transfer qualifies for de-recognition under Ind AS 109. In cases where Company has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Company continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Company also recognizes an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

A Financial liability (or a part of a financial liability) is derecognised from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

Impairment of Financial Assets:

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of all Financial Assets subsequent to initial recognition other than financial assets measured at fair value through profit and loss (FVTPL). The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward-looking estimates are analysed. For other financial assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk since its initial recognition. If there is significant increase in credit risk since its initial recognition full lifetime ECL is used. The impairment losses and reversals are recognised in Statement of Profit and Loss.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

Offsetting of Financial Instruments:

Financial assets and financial liabilities are offset and presented on net basis in the balance sheet when there is a legally enforceable right to set-off the recognised amounts and it is intended to either settle them on net basis or to realise the asset and settle the liability simultaneously.

Fair Value of Financial Instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted market prices, where applicable. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

Financial instruments by category are separately disclosed indicating carrying value and fair value of financial assets and liabilities. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

Derivative Financial Instruments:

Derivative financial instruments such as forward contracts, option contracts and cross currency swaps, to hedge its foreign currency risks are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at

Corporate Information and Significant Accounting Policies:

their fair value with changes in fair value recognised in the Statement of Profit and Loss in the period when they arise.

Cash flow hedge

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

The company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR).

The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the INR cash flows of highly probable forecast transactions. The company risk management policy is to hedge forecasted foreign currency sales for the subsequent 12 to 36 months. As per the risk management policy, appropriate foreign currency hedges are executed or undertaken to hedge forcasted sales.

The spot component of forward contracts is determined with reference to relevant spot market exchange rates. The differential between the contracted forward rate and the spot market exchange rate is defined as the forward points.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in statement of profit and loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to statement of profit and loss.

(k) Cash and Cash Equivalents:

For the purpose of presentation in the Balance sheet, Cash and Cash equivalents comprises cash at bank and on hand and other short-term, highly liquid investments with an original maturity (or with an option to or can be readily converted or liquidated into cash) of three months or less, which are subject to an insignificant risk of changes in value. Cash and Cash Equivalents consist of balances with banks which are unrestricted for withdrawals and usages.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash at bank and on hand and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(l) Provisions:

Provisions are recognized when the Company has a present obligation (legal and constructive) as a result

Corporate Information and Significant Accounting Policies:

of a past event, for which it is probable that a Cash Outflow will be required and a reliable estimate can be made of the amount of the obligation.

(m) Lease:

The Company has adopted Ind AS 116. It has resulted into recognition of Lease Assets Right to Use with a corresponding Lease Liability in the Balance Sheet.

The Company, as a lessee, recognises a right to use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right to use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right to use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

For short-term and low value leases, the Company recognises the lease payments as an operating expense.

(n) Employee Benefits :

(a) Employee benefits:

All employee benefits such as salaries, wages, short-term compensated absences, expected cost of bonus, etc. are recognised in the period in which the employee renders the related services.

(b) Post-employment benefits:

(i) Defined Contribution Plan:

The Company makes defined contributions to Employee Provident Fund, Employee Pension Fund, Employee Deposit Linked Insurance, and Superannuation Schemes. The contribution paid/payable under these schemes is recognised during the period in which the employee renders the related services which are recognised in the Statement of Profit and Loss on accrual basis during the period in which the employee renders the services."

(ii) Defined Benefit Plan

The gratuity liability of the company is funded through a Group Gratuity Scheme with Life Insurance Corporation of India (LIC) under which the annual contribution is paid to LIC. The Company's liability under Payment of Gratuity Act is determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities where the terms of government securities are consistent with the estimated terms of the defined benefit obligations at the Balance Sheet date. The Company recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability / (asset) are recognized in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

(o) Foreign Currency Transactions:

Items included in the Standalone Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company

Corporate Information and Significant Accounting Policies:

operates (functional currency). The Standalone Financial Statements of the Company are presented in Indian currency (₹), which is also the functional currency of the Company.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate as applicable in the period of such transaction. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each reporting period are appropriately dealt in the financial statements in accordance with the applicable Indian Accounting standards.

(p) Income Taxes:

Income tax expense comprises of current tax expense and deferred tax expenses.

Current and deferred taxes are recognized in Statement of Profit and Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

Current income tax:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act of the respective jurisdiction. The current tax is calculated using tax rates that have been enacted or substantively enacted, at the reporting date.

Deferred tax :

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised for all taxable temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets are to be recovered. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profits will be available against which the deferred tax assets to be recovered.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

Minimum Alternate Tax (MAT) :

MAT credit is recognised as an asset only when and to the extent it is reasonably certain that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

(q) Borrowing Costs:

Borrowing costs, general or specific, that are attributable to the acquisition or construction of qualifying assets is capitalized as part of such assets. A qualifying asset is one that necessarily takes substantial period of time

Corporate Information and Significant Accounting Policies:

to get ready for intended use. All other borrowing costs are charged to the Statement of Profit and Loss.

(r) Contingent Liabilities

Contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability

Notes to the Financial Statements

for the year ended 31st March, 2023

1. PROPERTY, PLANT AND EQUIPMENT:

(₹ In Crs)

F.Y. 2022-23		GROSS BLOCK			ACCUMULATED DEPRECIATION				NET BLOCK	
Particulars	Balance as at 1st April, 2022	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31st March, 2023	Balance as at 1st April, 2022	Depreciation charge for the year	Deduction / Adjustment	Balance as at 31st March, 2023	Balance as at 31st March, 2023	Balance as at 31st March, 2022
(i) Tangible Assets										
Free Hold Land	3.56	-	-	3.56	0.26	-	-	0.26	3.30	3.30
Lease Hold Land	189.74	54.10	11.40	232.44	9.13	3.92	0.14	12.91	219.53	180.61
Buildings	458.30	128.41	0.25	586.46	94.90	30.92	0.25	125.57	460.89	363.40
Plant and Equipment	4,141.96	1,264.48	247.76	5,158.68	1,206.61	258.98	247.43	1,218.16	3,940.52	2,935.35
R&D Assets & Equipments	130.44	29.86	0.86	159.44	23.53	11.66	0.86	34.33	125.11	106.91
Furniture and Fixtures	49.66	18.75	24.12	44.29	31.93	5.67	23.93	13.67	30.62	17.73
Vehicles	31.62	4.69	13.23	23.08	20.87	3.17	13.23	10.81	12.27	10.75
Total (i)	**5,005.28**	**1,500.29**	**297.62**	**6,207.95**	**1,387.23**	**314.32**	**285.84**	**1,415.71**	**4,792.24**	**3,618.05**
(ii) Capital Work-in-Progress									988.73	**1,260.05**
(iii) Right to use Assets										
Buildings	30.25	20.94	-	51.19	13.29	7.60	-	20.89	30.30	16.96
(iv) Intangible Assets										
Technical Knowhow	0.08	-	-	0.08	0.08	-	-	0.08	-	-
Computer Software	0.39	1.47	-	1.86	0.39	-	-	0.39	1.47	-
Total (iv)	**0.47**	**1.47**	**-**	1.94	**0.47**	**-**	**-**	0.47	1.47	**-**
(v) Intangible assets under development									107.24	**42.97**
TOTAL (i+ii+iii+iv+v)	**5,036.00**	**1,522.70**	**297.62**	6,261.08	**1,400.99**	**321.92**	**285.84**	1,437.07	5,919.98	**4,938.03**

Note :- Depreciation to the extent of ₹ 11.90 Crs in respect of assets utilised for creation/generation of intangible assets are appropriately capitalised under applicable intangible assets under development.

Notes to the Financial Statements

for the year ended 31st March, 2023

(₹ In Crs)

F.Y. 2021-22		GROSS BLOCK				ACCUMULATED DEPRECIATION					NET BLOCK	
Particulars	Balance as at 1st April, 2021	Deduction on account of Scheme of Arrangement	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31st March, 2022	Balance as at 1st April, 2021	Deduction on account of Scheme of Arrangement	Depreciation charge for the year	Deduction / Adjustment	Balance as at 31st March, 2022	Balance as at 31st March, 2022	Balance as at 31st March, 2021
(i) Tangible Assets												
Free Hold Land	3.56	-	-	-	3.56	0.26	-	-	-	0.26	3.30	3.30
Lease Hold Land	227.91	56.32	19.32	1.17	189.74	10.57	1.20	0.06	0.30	9.13	180.61	217.34
Buildings	455.36	101.75	105.21	0.52	458.30	109.17	35.35	21.14	0.06	94.90	363.40	346.19
Plant and Equipment	4,034.81	728.48	841.35	5.72	4,141.96	1,263.61	256.54	204.98	5.44	1,206.61	2,935.35	2,771.20
R&D Assets & Equipments	155.09	48.99	24.34	-	130.44	32.92	18.67	9.28	-	23.53	106.91	122.17
Furniture and Fixtures	54.36	10.12	5.42	-	49.66	31.14	6.62	7.41	-	31.93	17.73	23.22
Vehicles	30.74	3.14	4.11	0.09	31.62	19.49	1.82	3.22	0.02	20.87	10.75	11.25
Total (i)	**4,961.83**	**948.80**	**999.75**	**7.50**	**5,005.28**	**1,467.16**	**320.20**	**246.09**	**5.82**	**1,387.23**	**3,618.05**	**3,494.67**
(ii) Capital Work-in-Progress											1,260.05	1,297.91
(iii) Right to use Assets												
Buildings	26.83	4.41	7.83	-	30.25	10.84	2.45	4.90	-	13.29	16.96	15.99
(iv) Intangible Assets												
Process Development	21.97	21.97	-	-	-	21.87	21.92	0.05	-	-	-	0.10
Technical Knowhow	0.08	-	-	-	0.08	0.08	-	-	-	0.08	-	-
Goodwill	6.16	6.16	-	-	-	6.16	6.16	-	-	-	-	-
Computer Software	0.38	0.05	0.06	-	0.39	0.38	-	0.01	-	0.39	-	-
Copyrights and Patents	9.65	9.65	-	-	-	9.65	9.65	-	-	-	-	-
Total (iv)	**38.24**	**37.83**	**0.06**	**-**	**0.47**	**38.14**	**37.73**	**0.06**	**-**	**0.47**	**-**	**0.10**
(v) Intangible assets under development											**42.97**	**-**
TOTAL (i+ii+iii+iv+v)	**5,026.90**	**991.04**	**1,007.64**	**7.50**	**5,036.00**	**1,516.14**	**360.38**	**251.05**	**5.82**	**1,400.99**	**4,938.03**	**4,808.67**

Note :- Depreciation to the extent of ₹ 6.87 Crs in respect of assets utilised for creation/generation of intangible assets are appropriately capitalised under applicable intangible assets under development.

Notes to the Financial Statements

for the year ended 31st March, 2023

(a) Capital-Work-in Progress (CWIP)

Capital Work-In-Progress (CWIP) Ageing Schedule as on March 31, 2023:

(₹ in Crs)

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	407.97	177.22	159.58	243.96	988.73
Projects temporarily suspended	-	-	-	-	-

Capital Work-In-Progress (CWIP) Ageing Schedule as on March 31, 2022:

(₹ in Crs)

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	515.63	367.62	151.75	225.05	1,260.05
Projects temporarily suspended	-	-	-	-	-

(b) Intangible assets under development:

Intangible assets under development aging schedule as on March 31, 2023

(₹ in Crs)

Intangible assets under development	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	64.27	42.97	-	-	107.24
Projects temporarily suspended	-	-	-	-	-

Intangible assets under development aging schedule as on March 31, 2022

(₹ in Crs)

Intangible assets under development	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	42.97	-	-	-	42.97
Projects temporarily suspended	-	-	-	-	-

(c) Notes :

(i) There are no material projects whose completion is overdue as compared to its original plan as at 31st March 2023.

(ii) There were no material projects which have exceeded their original plan cost as at 31st March, 2023.

Notes to the Financial Statements

for the year ended 31st March, 2023

2. NON-CURRENT INVESTMENTS:

(₹ In Crs)

Name of the Company	Face Value (in ₹)	No. of Shares/Units	As at 31st March, 2023	No. of Shares/Units	As at 31st March, 2022
Investments - (Unquoted) in Equity Shares of Subsidiary Companies					
Aarti Corporate Services Limited	10	2,024,680	1.73	2,024,680	1.73
Alchemie (Europe) Limited	£1.00	80,000	0.54	80,000	0.54
Innovative Envirocare Jhagadia Limited	10	350,000	0.35	350,000	0.35
Aarti Polychem Private Limited	10	1,500	0.00	1,500	0.00
Aarti Bharuch Limited	10	250,000	0.25	250,000	0.25
Aarti Spechem Limited	10	250,000	0.25	250,000	0.25
			3.12		3.12
Investments - (Unquoted) in Equity Shares of Other Companies					
Ichalkaranji Janata Sahakari Bank Limited	50	1,000	0.01	1,000	0.01
Damanganga Saha Khand Udyog Mandali Limited	2000	61	0.01	61	0.01
Narmada Clean Tech Limited	10	287,550	0.13	287,550	0.13
U.K.I.P. Co-Op. Society Limited	50	80	0.00	80	0.00
Perfect Enviro Control Systems Limited	10	36,800	0.03	36,800	0.02
Shamrao Vithal Co-op. Bank Limited	10	100	0.00	100	0.00
ReNew Green (GJ Six) Private Limited	10	9,108,000	9.11	NIL	NIL
			9.29		0.17
TOTAL			12.41		3.29

3. DEFERRED TAX ASSETS (NET):

(₹ In Crs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Opening balance for the year	28.67	(210.98)
Deferred Tax Assets		
MAT Credit Entitlement	41.00	207.30
Items allowed for tax purpose on payment	5.85	8.13
Deferred Tax Liabilities		
Pursuant to the Scheme of Arrangement	NIL	54.85
Difference between net book value of depreciable capital assets as per books vis - a- vis written down value as per Tax Laws.	(23.35)	(30.63)
Net Deferred Tax Assets/(Liabilities)	**52.17**	**28.67**

Notes to the Financial Statements

for the year ended 31st March, 2023

4. OTHER NON-CURRENT ASSETS:

(₹ In Crs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Capital Advances (Refer note 34 for Related party Balances)	88.07	105.47
Other Deposits	42.55	49.11
TOTAL	130.62	154.58

5. INVENTORIES:

(₹ In Crs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Raw Materials and Components (incl In-transit stock)	217.29	281.68
Work-in-progress	274.46	232.01
Finished Goods (incl In-transit stock)	336.50	219.56
Stock-in-trade	2.39	8.76
Stores and spares	168.62	136.10
Fuel (incl In-transit stock)	8.08	12.79
Packing Materials	7.73	7.67
TOTAL	1,015.07	898.57

5.1 IN-TRANSIT INVENTORIES:

(₹ In Crs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Raw Materials	68.57	51.58
Finished Goods	48.70	66.64
Fuel	0.24	0.15
TOTAL	117.51	118.37

6. TRADE RECEIVABLES:

(₹ In Crs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Trade Receivables considered good - Unsecured	973.83	1,130.88
TOTAL	973.83	1,130.88

Note: Refer Note 34 for Related Party Balances.

Notes to the Financial Statements

for the year ended 31st March, 2023

Trade Receivables ageing schedule as on March 31, 2023

(₹ in Crs)

Particulars	Outstanding for following periods from due date of payments *					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	477.03	39.05	6.21	-	-	522.29
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-	-
TOTAL	477.03	39.05	6.21	-	-	522.29

Trade Receivables ageing schedule as on March 31, 2022

(₹ in Crs)

Particulars	Outstanding for following periods from due date of payments *					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	346.88	27.30	13.37	-	-	387.55
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-	-
TOTAL	346.88	27.30	13.37	-	-	387.55

*Net of Provisions

Notes to the Financial Statements

for the year ended 31st March, 2023

7. CASH AND CASH EQUIVALENTS:

(₹ In Crs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Cash on hand	0.45	0.47
Bank balance in Current Accounts	160.61	86.98
TOTAL	**161.06**	**87.45**

8. OTHER BANK BALANCES:

(₹ In Crs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Bank balance in Deposit Accounts	31.35	77.70
Earmarked Balances (Unpaid Dividend Accounts)	1.93	2.23
TOTAL	**33.28**	**79.93**

9. OTHER CURRENT FINANCIAL ASSETS:

(₹ In Crs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Balances with Customs, Port Trust, Central Excise, Sales Tax & Goods & Services Tax Authorities	148.92	72.56
Loans & Advances:		
(i) Employees	10.32	9.80
(ii) Related Parties (refer note no. 34)	27.86	334.81
TOTAL	**187.10**	**417.17**

10. CURRENT TAX ASSETS (NET):

(₹ In Crs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Advance Tax and Tax Deducted at Source (Net of Provisions)	55.21	55.13
TOTAL	**55.21**	**55.13**

11. OTHER CURRENT ASSETS:

(₹ In Crs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Others Receivables	10.95	5.50
Prepaid Expenses	26.49	20.72
Subsidy Receivable	11.87	10.39
TOTAL	**49.31**	**36.61**

Note:

In the opinion of the Board, except as otherwise stated, the Current Assets and Loans and Advances have a value on realization at least equal to amounts at which they are stated in the Balance Sheet.

Notes to the Financial Statements

for the year ended 31st March, 2023

12. EQUITY SHARE CAPITAL:

(₹ In Crs)

Particulars	No. of Shares	As at 31st March, 2023	No. of Shares	As at 31st March, 2022
Authorised Share Capital				
Equity Shares of ₹ 5/- each	**600,000,000**	**300.00**	**600,000,000**	**300.00**
Issued, Subscribed & Paid up				
Equity Shares of ₹ 5/- each fully paid up	362,504,035	181.25	362,504,035	181.25
TOTAL		**181.25**		**181.25**

12.1 Reconciliation of the number of Shares outstanding:

(₹ In Crs)

Particulars	No. of Shares outstanding	
	As at 31st March, 2023	As at 31st March, 2022
Equity Shares at the beginning of the year	362,504,035	174,234,474
Add: Shares issued during the year	NIL	188,269,561
Less: Shares buy-back during the year	NIL	NIL
Equity Shares at the end of the year	**362,504,035**	**362,504,035**

12.2 Rights, preferences and restrictions attached to Equity Shares:

The Company has one class of Equity Shares having a par value of ₹ 5 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

12.3 Details of shareholders holding more than 5% shares:

Name of the Shareholders	As at 31st March, 2023		As at 31st March, 2022	
	No. of Shares	% held	No. of Shares	% held
Life Insurance Corporation of India	24,656,272	6.80	17,557,581	4.84

12.4 The details of Equity Shares outstanding during last 5 years:

Particulars	Financial Year				
	2022-23	2021-22	2020-21	2019-20	2018-19
No. of Equity Shares outstanding	**362,504,035**	362,504,035	174,234,474	174,234,474	86,668,647

(Refer Note No. 12.5)

12.5 Note on Issued, Subscribed and Paid up Equity Share Capital:

[a] During the year 2021-22, 1,40,35,087 Shares were issued through Qualified Institutions Placement at the issue price of ₹ 855 per Equity Share (including ₹ 850 towards share premium) to qualified institutional buyers.

[b] During the year 2021-22 17,42,34,474 Shares are issued as Bonus Shares in the ratio of 1:1 Equity Share of ₹ 5 each.

Notes to the Financial Statements

for the year ended 31st March, 2023

[c] During the year 2019-20 8,71,17,237 Shares are issued as Bonus Shares in the ratio of 1:1 Equity Share of ₹ 5 each.

[d] During the year 2019-20, 448,590 Shares were alloted to the shareholders of Nascent Chemical Industries Limited pursuant to the terms of the Scheme of Arrangement approved by the Honorable National Company Law Tribunal (NCLT), Ahmedabad Bench.

[e] During the year 2018-19, 53,68,647 Shares were issued through Qualified Institutions Placement at the issue price of ₹ 1,397 per Equity Share (including ₹ 1,392 towards share premium) to qualified institutional buyers.

12.6 Details of shares held by promoters and promoter group:

(₹ In Crs)

Sr. No.	Promoters Name	As at 31st March, 2023		As at 31st March, 2022		% change during the year
		Number of Shares held	% of Holding	Number of Shares held	% of Holding	
1	Rashesh Chandrakant Gogri	15,337,616	4.23	15,337,616	4.23	0.00
2	Mirik Rajendra Gogri	11,172,384	3.08	11,172,384	3.08	0.00
3	Renil Rajendra Gogri	11,171,008	3.08	11,171,008	3.08	0.00
4	Hetal Gogri Gala	10,462,192	2.89	10,462,192	2.89	0.00
5	Anushakti Enterprise Private Limited	9,970,000	2.75	9,970,000	2.75	0.00
6	Jaya Chandrakant Gogri	9,798,548	2.70	9,898,548	2.73	-0.03
7	Sarla Shantilal Shah	9,668,322	2.67	9,743,322	2.69	-0.02
8	Labdhi Business Trust (Saswat Trusteeship Private Limited)	9,200,000	2.54	9,200,000	2.54	0.00
9	Tulip Family Trust (Gloire Trusteeship Services Private Limited)	6,596,000	1.82	6,596,000	1.82	0.00
10	Orchid Family Trust (Relacion Trusteeship Services Private Limited)	6,596,000	1.82	6,596,000	1.82	0.00
11	Safechem Enterprises Private Limited	5,852,000	1.61	5,852,000	1.61	0.00
12	Rajendra Vallabhaji Gogri	5,703,600	1.57	5,703,600	1.57	0.00
13	Nehal Garewal	3,977,070	1.10	4,489,950	1.24	-0.14
14	Heena Family Private Trust (Barclays Wealth Trustees India Private Limited)	3,335,436	0.92	3,335,436	0.92	0.00
15	Bhavna Family Private Trust (Barclays Wealth Trustees India Private Limited)	3,216,404	0.89	3,216,404	0.89	0.00
16	Nikhil Parimal Desai	3,075,016	0.85	3,075,016	0.85	0.00
17	Jasmine Family Trust (Relacion Trusteeship Services Private Limited)	2,750,000	0.76	2,750,000	0.76	0.00
18	Alchemie Financial Services Limited	2,692,024	0.74	2,692,024	0.74	0.00
19	Lotus Family Trust (Gloire Trusteeship Services Private Limited)	2,498,000	0.69	2,498,000	0.69	0.00
20	Manomaya Business Trust (Alabhya Trusteeship Private Limited)	2,400,000	0.66	2,400,000	0.66	0.00
21	Aarnav Rashesh Gogri	2,200,000	0.61	2,200,000	0.61	0.00
22	Aashay Rashesh Gogri	2,200,000	0.61	2,200,000	0.61	0.00
23	Manisha Rashesh Gogri	2,200,000	0.61	2,200,000	0.61	0.00
24	Bhavna Shah Lalka	2,055,764	0.57	2,055,764	0.57	0.00

Notes to the Financial Statements

for the year ended 31st March, 2023

(₹ In Crs)

Sr. No.	Promoters Name	As at 31st March, 2023		As at 31st March, 2022		% change during the year
		Number of Shares held	% of Holding	Number of Shares held	% of Holding	
25	Arti Rajendra Gogri	1,901,024	0.52	1,901,024	0.52	0.00
26	Parimal Hasmukhlal Desai	1,598,284	0.44	1,598,284	0.44	0.00
27	Ratanben Premji Gogri	1,351,230	0.37	1,351,230	0.37	0.00
28	Heena Bhatia	1,290,352	0.36	1,290,352	0.36	0.00
29	Rajendra Vallabhaji Gogri (HUF) (Karta - Rajendra Vallabhaji Gogri)	1,233,096	0.34	1,233,096	0.34	0.00
30	Shantilal Tejshi Shah HUF (Karta - Nehal Garewal)	1,115,526	0.31	1,115,526	0.31	0.00
31	Alchemie Finserv Private Limited	1,056,420	0.29	1,056,420	0.29	0.00
32	Gogri Finserv Private Limited	1,056,420	0.29	1,056,420	0.29	0.00
33	Mananjay Singh Garewal	1,050,040	0.29	729,678	0.20	0.09
34	Nikhil Holdings Private Limited	708,566	0.20	823,566	0.23	-0.03
35	Indira Madan Dedhia	708,400	0.20	729,678	0.20	-0.01
36	Bhanu Pradip Savla	622,948	0.17	522,948	0.14	0.03
37	Chandrakant Vallabhaji Gogri	622,000	0.17	622,000	0.17	0.00
38	Shreya Suneja	450,000	0.12	450,000	0.12	0.00
39	Monisha Bhatia	364,484	0.10	484,484	0.13	-0.03
40	Gunavanti Navin Shah	346,578	0.10	346,578	0.10	0.00
41	Jayesh Shah	65,666	0.02	65,666	0.02	0.00
42	Dilesh Roadlines Private Limited	33,272	0.01	33,272	0.01	0.00
43	Valiant Organics Limited	30,000	0.01	30,000	0.01	0.00
44	Prasadi Yogesh Banatwala	15,780	0.00	18,280	0.01	0.00
45	Pooja Renil Gogri	1,528	0.00	1,528	0.00	0.00
Total		**159,748,998**	**44.07**	**160,275,294**	**44.21**	**-0.15**

12.7 Dividends:

(₹ In Crs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
(i) Dividend paid during the year		
Final dividend for the year ended 31st March 2022 of ₹ 1.50 (previous year: ₹ 1.50) per fully paid share	54.38	54.38
Interim Dividend for 2022-23 of ₹ 1.00 (previous year: ₹ 2.00) per fully paid share	36.25	72.50
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of dividend of ₹ 1.50 (previous year: ₹1.50) per fully paid share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	54.38	54.38

Notes to the Financial Statements

for the year ended 31st March, 2023

13. OTHER EQUITY:

(₹ In Crs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Capital Reserves		
Opening Balance	9.70	9.70
Addition	NIL	NIL
Deduction	NIL	NIL
Closing Balance	**9.70**	**9.70**
Securities Premium Account		
Opening Balance	1,348.35	696.12
Addition:		
Upon QIP Proceeds	NIL	1,192.98
Deduction:		
Expenses in respect of QIP Issue	NIL	13.31
Utilised for issuance of Bonus Shares	NIL	87.12
Pursuant to the Scheme of Arrangement	NIL	440.32
Closing Balance	**1,348.35**	**1,348.35**
General Reserve		
Opening Balance	380.07	333.20
Addition:		
Transferred from Profit & Loss Account	55.00	129.00
Deduction:		
Pursuant to the Scheme of Arrangement	-	82.13
Other Adjustments	0.17	NIL
Closing Balance	**434.90**	**380.07**
Profit and Loss Account		
Opening Balance	2,578.67	2,297.06
Addition:		
Net Profit/(Loss) for the year	545.77	1,182.05
Deduction:		
Final Dividend paid on Equity Share for the previous year	54.38	54.38
Interim Dividend paid on Equity Share during the year	36.25	72.50
Pursuant to the Scheme of Arrangement	-	644.56
Transferred to General Reserve	55.00	129.00
Closing Balance	**2,978.81**	**2,578.67**
Other Reserves		
Forfeiture Reserve	1.85	1.85
Closing Balance	**1.85**	**1.85**
Other Comprehensive Income		
Opening Balance	1.14	(13.31)
Addition:		
OCI for the year	(35.05)	17.95
Deduction:		
Pursuant to the Scheme of Arrangement	NIL	3.50
Closing Balance	**(33.91)**	**1.14**
TOTAL	**4,739.70**	**4,319.78**

Notes to the Financial Statements

for the year ended 31st March, 2023

14. NON-CURRENT BORROWINGS:

(₹ In Crs)

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	Non-Current	Current	Non-Current	Current
Secured				
(a) ECB/Term loans from Banks/Financial Institutions	629.77	352.25	925.28	359.30
(b) Vehicle Loans from Banks/Financial Institutions	4.94	1.93	4.57	0.64
TOTAL	**634.71**	**354.18**	**929.85**	**359.94**

(₹ In Crs)

Details of Long term loans from Banks / Financial Institutions	Maturity	Terms of repayment	Interest rate p.a.	As at 31st March, 2023	As at 31st March, 2022
Long Term Rupee Loans					
From HSBC Limited	Last instalment due in 2025-26	16 quarterly repayments of ₹ 6.25 crs each	3 Month T-Bill + spread of 191 bps	75.00	106.25
From State Bank of India	Last instalment due in 2023-24	20 quarterly repayments of ₹ 5 crs each	1 year SBI MCLR + spread of 15 bps	19.60	34.71
From Kotak Mahindra Bank Limited	Already paid off	14 quarterly repayments of ₹ 5.36 crs each	Linked to RBI Repo Rate	0.00	10.71
From Kotak Mahindra Bank Limited	Last instalment due in 2025-26	16 quarterly repayments of ₹ 6.25 crs each	Fixed rate of 6.25% p.a.	68.75	93.75
From HDFC Bank Limited	Already paid off	14 quarterly repayments of ₹ 7.14 crs each	Fixed rate of 8.30% p.a.	0.00	4.76
From HDFC Bank Limited	Last instalment due in 2023-24	12 quarterly repayments of ₹ 16.67 crs each	RBI Repo Rate + Spread of 260 bps	16.67	100.00
From Citibank N.A.	Last instalment due in 2025-26	16 quarterly repayments of ₹ 6.25 crs each	3 Month T-Bill + Spread of 268 bps	68.75	93.75
Foreign Curreny Loans (incl ECBs)					
From DBS Bank Limited	Last instalment due in 2023-24	14 quarterly repayments of SGD 1.06 mn each	Fixed rate of 4.1% p.a.	6.46	29.77
From Axis Bank Limited	Last instalment due in 2023-24	18 quarterly repayments of USD 0.65 mn each	Fixed rate of 4.1% p.a.	16.05	34.42
From State Bank of India (ECB1)	Last instalment due in 2024-25	17 quarterly repayments of USD 1.18 mn each	3 months SOFR + spread of 130 bps	67.42	100.74
From Citibank N.A.	Last instalment due in 2025-26	18 quarterly repayments of JPY 60 mn each	3 Month JPY Libor + spread of 50 bps	53.64	65.97
From State Bank of India (ECB2)	Last instalment due in 2025-26	10 quarterly repayments of USD 4 mn each	3 months SOFR + spread of 140 bps	327.04	300.83
From Standard Chartered Bank, U.K.	Already paid off	16 quarterly repayments of USD 0.72 mn each	Fixed rate of 6.25% p.a.	0.00	13.91
From Export Import Bank of India	Last instalment due in 2025-26	14 quarterly stepped up instalment of USD 1 mn - 4.50 mn each	6 months SOFR + spread of 190 bps	262.65	295.00

Notes to the Financial Statements

for the year ended 31st March, 2023

Details of Security

a) The above Outstanding Term Loans/ECBs are secured by way of Pari Passu Hypothecation of the Moveable Plant & Machinery, Machinery Spares, Tools and Accessories and other movables, both present and future (except book debts, inventories and other current assets) wherever situated, excluding those charged exclusively to other Term Lenders/ Specifically excluded.

b) Vehicle loans from Banks/Financial Institutions are secured by way of hypothecation of respective vehicles.

15. LEASE LIABILITIES

(₹ In Crs)

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	Non-Current	Current	Non-Current	Current
Lease Liabilities Account	25.26	8.02	14.91	4.07
TOTAL	**25.26**	**8.02**	**14.91**	**4.07**

The movement in lease liabilities during the ended 31 March,2023 and 31 March,2022 is as follows :

(₹ In Crs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Balance at the begning	18.98	17.73
Additions during the year	25.42	7.83
Deletion during the year	(4.52)	NIL
Pursuant to Scheme of Arrangement	NIL	(2.28)
Finance Cost incurred during the year	2.34	1.45
Payment of Lease Liabilities	(8.94)	(5.75)
Balance at the end	**33.28**	**18.98**

16. OTHER NON CURRENT LIABILITIES

(₹ In Crs)

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	Non-Current	Current	Non-Current	Current
Long Term Advance for Exports Received From Customer	216.68	66.71	223.58	72.00
TOTAL	**216.68**	**66.71**	**223.58**	**72.00**

The Company has received aforesaid advances for export commitments under the long term contracts (contracts with period more than five year) executed by the company with its customers. The advances shall be adjusted against the export sales/ supplies over a period of time, as per the terms of these contracts. Further, as per the terms of said contracts, the Company has issued a Bank Guarantee in favour of the customer as a security for the said advances.

Notes to the Financial Statements

for the year ended 31st March, 2023

17. SHORT-TERM BORROWINGS:

(₹ In Crs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Secured		
Working Capital Loan From Banks	1,481.68	1,223.22
Current maturities of Long-Term Debt (Refer Note 14 (a))	352.25	359.30
Current maturities of Vehicle Loan ((Refer Note 14 (b))	1.93	0.64
Total (A)	**1,835.86**	**1,583.16**
Unsecured		
From Banks	403.41	49.26
Total (B)	**403.41**	**49.26**
TOTAL (A + B)	**2,239.27**	**1,632.42**

(i) Working Capital Loans availed from Scheduled Banks, are secured/to be secured by way of Pari Passu first charge by hypothecation of Raw Materials, Stock-In-Process, Semi-Finished Goods, Finished Goods, Packing Materials and Stores and Spares, Bills Receivables and Book Debts and all other moveable, both present and future. Also by way of hypothecation of all moveable plant & machinery, machinery spares, tools and accessories and other movables, both present and future (except book debts & inventories) wherever situated, ranking second to the charge held by NCDs/ ECB/Other Term Lenders.

(ii) In respect of working capital borrowings from banks quarterly stock statements are submitted to the banks and there are no material discrepencies noted in comparision with the books of accounts.

18. TRADE PAYABLES:

(₹ In Crs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Trade payables due to:		
Micro and Small Enterprises (MSME)	99.32	69.28
Other than Micro and Small Enterprises	317.25	274.44
TOTAL	**416.57**	**343.72**

Note: Refer Note 34 for Related Party Balances.

Trade Payables ageing schedule as on March 31, 2023

(₹ in Crs)

Particulars	Outstanding for following periods from due date of payments				Total
	Less than 1 year	1-2 years	2 -3 years	More than 3 Years	
Micro and Small Enterprises (MSME)	-	-	-	-	-
Other than Micro and Small Enterprises	145.26	5.48	-	-	150.74
Disputed Dues to MSME	-	-	-	-	-
Disputed Dues to Others	-	-	-	-	-
TOTAL	**145.26**	**5.48**	**-**	**-**	**150.74**

Notes to the Financial Statements

for the year ended 31st March, 2023

Trade Payables ageing schedule as on March 31, 2022

(₹ in Crs)

Particulars	Outstanding for following periods from due date of payments				Total
	Less than 1 year	1-2 years	2 -3 years	More than 3 Years	
Micro and Small Enterprises (MSME)	-	-	-	-	-
Other than Micro and Small Enterprises	72.35	1.75	-	-	74.1
Disputed Dues to MSME	-	-	-	-	-
Disputed Dues to Others	-	-	-	-	-
TOTAL	**72.35**	**1.75**	**-**	**-**	**74.10**

There are no Micro and Small Enterprise, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2023. This information as required to be disclosed under the Micro, Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

19. OTHER FINANCIAL LIABILITIES:

(₹ In Crs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Unpaid Dividends	1.93	2.23
TOTAL	**1.93**	**2.23**

20. OTHER CURRENT LIABILITIES:

(₹ In Crs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Long Term Advance for Exports Received From Customer (Current)	66.71	72.00
Other Current Liabilities & Taxes	32.37	76.20
TOTAL	**99.08**	**148.20**

21. SHORT-TERM PROVISIONS:

(₹ In Crs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Provision for Employees' Benefits	27.57	30.30
TOTAL	**27.57**	**30.30**

22. REVENUE FROM OPERATIONS:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Sale of Products & Services	7,100.03	5,925.97
Other Operating Revenues	126.42	893.72
Gross Revenue From Operation	**7,226.45**	**6,819.69**
Less: GST Collected	661.37	779.51
NET REVENUE FROM OPERATIONS	**6,565.08**	**6,040.18**

Notes to the Financial Statements

for the year ended 31st March, 2023

22.1 GEOGRAPHICAL GROSS REVENUE:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Local Sales	3,709.45	3,869.87
Export Sales	3,517.00	2,949.82
TOTAL	**7,226.45**	**6,819.69**

22.2. OTHER OPERATING REVENUES:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Fertilizers Subsidy Received	48.38	55.69
Export Benefits/Incentives Received	29.59	18.69
Contract Shortfall Fees	31.85	173.01
Scrap Sales	16.60	15.07
Termination Fees	NIL	631.25
TOTAL	**126.42**	**893.72**

23. OTHER INCOME:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Profit on Sale of Assets/Investments	0.23	0.56
Other Income	0.19	0.13
TOTAL	**0.42**	**0.69**

24. COST OF MATERIALS CONSUMED:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Consumption of Raw Materials	2,885.75	2,375.02
Consumption of Packing Materials	53.29	44.88
Consumption of Fuel	430.91	298.03
Consumption of Stores & Spares	95.18	114.71
TOTAL	**3,465.13**	**2,832.64**

Notes to the Financial Statements

for the year ended 31st March, 2023

25. CHANGE IN INVENTORY:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Opening Stock		
Finished Goods	228.31	273.40
Work-in-Progress	232.01	237.67
Total (A)	**460.32**	**511.07**
Stock adjustments pursuant to the Scheme of Arrangement		
Finished Goods	NIL	180.57
Work-in-Progress	NIL	67.18
Total (B)	**NIL**	**247.75**
Closing Stock		
Finished Goods	139.77	228.31
Work-in-Progress	274.46	232.01
Total (C)	**414.23**	**460.32**
TOTAL (A-B-C)	**46.09**	**(197.00)**

26. EMPLOYEE BENEFITS:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Salaries, Wages & Bonus	324.69	293.90
Contribution to PF and other Funds	23.90	30.69
Workmen & Staff Welfare Expenses	34.50	28.99
TOTAL	**383.10**	**353.58**

27. FINANCE COST:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Interest Expenses	101.49	66.51
Exchange difference on borrowing costs	54.77	25.40
Lease Liability	2.34	1.45
Other borrowing Costs (includes bank charges, etc.)	7.20	8.19
TOTAL	**165.80**	**101.54**

Notes to the Financial Statements

for the year ended 31st March, 2023

28. OTHER EXPENSES:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Manufacturing Expenses:		
Freight, Cartage & Transport	163.97	130.19
Power	143.41	116.35
Water Charges	16.28	14.32
Processing Charges	88.47	59.42
Other Manufacturing Expenses	188.02	164.92
Repairs & Maintenance	151.35	140.80
Insurance Charges	10.81	9.25
Research & Development Expenses	2.37	6.77
Factory Administrative Expenses	76.39	85.93
Total (A)	**841.06**	**727.94**
Office Administrative Expenses:		
Rent, Rates and Taxes	0.85	1.01
Travelling and Conveyance	4.38	2.87
Auditor's Remuneration	0.41	0.45
Legal & Professional Charges	11.37	18.43
Other Administrative Expenses	12.45	18.12
Total (B)	**29.46**	**40.88**
Selling & Distribution Expenses:		
Advertisement & Sales Promotion	3.57	7.18
Export Freight Expenses	217.72	185.73
Freight and Forwarding Expenses	171.01	137.54
Commission	7.81	8.88
Export Insurance Charges	2.23	1.84
Sample Testing & Analysis Charges	1.87	1.45
Lease Rent Paid	0.08	5.65
Sundry Balance Written Off/(Back)	0.04	(0.02)
Total (C)	**404.33**	**348.25**
Non-Operating Expenses:		
Donations and CSR Expenses	17.12	12.64
Total (D)	**17.12**	**12.64**
TOTAL (A+B+C+D)	**1,291.97**	**1,129.71**

28.1 AUDITOR'S REMUNERATION:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Audit Fees	0.36	0.36
Certification Charges	0.04	0.08
Out of Pocket Expenses	0.01	0.01
TOTAL	**0.41**	**0.45**

Notes to the Financial Statements

for the year ended 31st March, 2023

28.2 CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENSES

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Amount required to be spent as per Section 135 of the Companies Act, 2013	17.66	12.46
Amount approved by the Board to be spent during the year	17.50	12.46
Amount of expenditure incurred during the year on:		
Name of the Projects		
1. Education and Skill Development	8.78	4.09
2. Environment Conservation	1.81	0.79
3. Tribal Welfare & Rural Development	1.36	1.16
4. Healthcare	2.03	1.38
5. Rural Development projects	0.31	0.88
6. Women Empowerment	0.36	-
7. Disaster Relief	-	0.25
8. Women Empowerment	-	1.06
9. Covid Relief & Support	-	3.01
Total CSR Expenses	**14.65**	**12.62**
Brought forward excess spending from previous years	3.62	3.46
Excess spending carried forward to subsequent year	(0.61)	(0.16)
Total eligible CSR Spent for the year	**17.66**	**12.46**

29. RECONCILIATION OF EFFECTIVE TAX RATE:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Profit Before Tax	613.00	1,365.80
Current Year Tax	107.25	239.25
Less: MAT Credit Available	(41.00)	(78.00)
	66.25	**161.25**
Tax Using the Company's Domestic Tax Rate 34.944%	214.21	477.26
Tax effect on deductible and non reversible expenses	(11.35)	(215.36)
Effect of Depreciation under Income Tax	(134.85)	(103.87)
Others Deductible Expenses/ Non Deductible Expenses	(1.77)	3.19
	66.23	**161.22**
Effective Tax Rate	**17.5%**	**17.5%**

30. EARNING PER SHARE (EPS):

(₹ In Crs)

Particulars		For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Net Profit available for Equity Shareholders	(₹ in Crs)	545.77	1,182.05
No. of Equity Shares	(Nos.)	362,504,035	362,504,035
Basic & Diluted EPS	(₹)	15.06	32.61
Basic/Diluted after considering issue of bonus equity shares	(₹)	15.06	32.61
Nominal Value of Equity Share	(₹)	5.00	5.00

30.1 Basic earnings per share has been computed by dividing the profit/loss for the year by the weighted average number of shares outstanding during the year.

Diluted earnings per share has been computed using weighted average number of shares dilutive potential shares, except where the results would be anti-dilutive.

Notes to the Financial Statements

for the year ended 31st March, 2023

31. CONTINGENT LIABILITIES AND COMMITMENTS:

(to the extent not provided for)

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
(i) Contingent Liabilities:		
(a) Claims against the company not acknowledged as Debts	124.62	138.92
(b) Letters of Credit, Bank Guarantees & Bills Discounted	336.81	450.92
	461.43	**589.84**
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	191.39	419.06
	191.39	**419.06**
TOTAL	**652.82**	**1,008.90**

32. Interest received of ₹ 7.26 Crs (Tax Deducted at Source ₹ 0.47 Crs) [previous year ₹ 12.72 Crs (Tax Deducted at Source ₹ 0.60 Crs)] is netted off against interest paid on Working Capital.

33. RESEARCH & DEVELOPMENT ACTIVITES:

(₹ In Crs)

Expenditure	As at 31st March, 2023	As at 31st March, 2022
Revenue Expenditure	2.37	6.77
Total Revenue Expenditure	**2.37**	**6.77**
Capital Expenditure:		
Intangible Assets under Development	64.27	42.97
Plant & Equipment	28.64	23.61
Furniture and Fixtures	1.22	0.39
Total Capital Expenditure	**94.13**	**66.97**

34. RELATED PARTY DISCLOSURE UNDER ACCOUNTING STANDARD (Ind AS: 24):

I Following are the Subsidiaries of the Company

1. Aarti Corporate Services Limited
2. Nascent Chemical Industries Limited (Through it holding Company: Aarti Corporate Services Limited)
3. Shanti Intermediates Private Limited (Through it holding Company: Aarti Corporate Services Limited)
4. Innovative Envirocare Jhagadia Limited
5. Alchemie (Europe) Limited
6. Aarti Polychem Private Limited
7. Aarti Bharuch Limited
8. Aarti Spechem Limited

Notes to the Financial Statements

for the year ended 31st March, 2023

II Following are the Enterprises/Firms over which controlling individuals/Key Management Personnel, of the Company along with their relatives, have significant influence

1. Alchemie Speciality Chemicals Private Limited
2. Alchemie Finechem Private Limited (formerly known as Alchemie Laboratories)
3. Alchemie Gases & Chemicals Private Limited
4. Alchemie Dye Chem Private Limited
5. Aarti Drugs Limited
6. Aarti Pharmalabs Limited
7. Aarti Surfactants Limited
8. Aarti USA Inc.
9. Ganesh Polychem Limited
10. Amulya Techline Engineers (Unit of Dilesh Roadlines Private Limited)
11. Valiant Laboratories Limited
12. Valiant Organics Limited

III Following are the individuals who with their relatives own Directly/indirectly 20% or more voting power in the Company or have significant influence or are Key Management Personnel

1. Shri Rajendra V. Gogri	Director
2. Shri Rashesh C. Gogri	Director
3. Shri Parimal H. Desai	Director
4. Shri Manoj M. Chheda	Director
5. Shri Kirit R. Mehta	Director
6. Shri Renil R. Gogri	Director
7. Smt. Hetal Gogri Gala	Director
8. Shri Narendra J. Salvi	Director
9. Shri Chetan Gandhi	Chief Financial Officer
10. Shri Raj Sarraf	Company Secretary
11. Mirik R. Gogri	Relatives of Director
12. Chandrakant V. Gogri	Relatives of Director
13. Jaya C. Gogri	Relatives of Director
14. Arti R. Gogri	Relatives of Director
15. Manisha R. Gogri	Relatives of Director
16. Pooja R. Gogri	Relatives of Director

Notes to the Financial Statements

for the year ended 31st March, 2023

The following transactions were carried out during the year with the related parties in the ordinary course of business.

(A) Details relating to parties referred to in items I and II above.

(₹ In Crs)

Name of related party	Nature of Transaction	As at 31st March, 2023	As at 31st March, 2022
Alchemie Europe Limited	Purchase of Goods	0.40	1.86
	Sales of Goods & Services	67.19	112.52
Shanti Intermediates Private Limited	Purchase of Goods	9.10	10.16
	Processing charges	6.68	6.54
	Sales of Goods & Services	0.36	0.39
Aarti Corporate Services Limited	Reimbursement of Expenses	0.45	-
	ICD Given	5.00	5.30
	ICD Received Back	0.10	1.00
	Interest Income	0.97	0.62
Aarti Bharuch Limited	Capital Advance	30.97	-
	Sales of Assets	12.52	-
Alchemie Gases & Chemicals Private Limited	Purchase of Goods	0.05	0.12
Alchemie Speciality Chemical Private Limited	Purchase of Goods	3.36	3.02
	Reimbursement of Expenses	0.04	0.04
	Sales of Goods & Services	6.54	22.74
Alchemie Finechem Private Limited	Purchase of Goods	10.64	25.53
	Reimbursement of Expenses	0.04	0.07
	Sales of Goods & Services	26.82	53.69
Aarti Drugs Limited	Sales of Goods & Services	14.74	23.15
	Purchase of Goods	-	0.01
	Reimbursement of Expenses	0.49	0.47
Valiant Organics Limited	Purchase of Goods	147.46	139.36
	Sales of Goods & Services	364.44	405.27
Aarti Surfactants Limited	Purchase of Goods	7.89	10.43
	Sales of Goods & Services	2.73	19.04
	Reimbursement of Expenses	0.11	0.11
Valiant Laboratories Limited	Purchase of Goods	0.24	-
Aarti Pharmalabs Limited	Purchase of Goods	72.20	52.54
	Sales of Goods & Services	132.61	73.69
	Reimbursement of Expenses	0.35	-
Ganesh Polychem Limited	Purchase of Goods	16.45	14.71
	Sales of Goods & Services	132.14	156.18
	Reimbursement of Expenses	0.10	0.15
Aarti USA INC	Sales of Goods & Services	221.74	161.21
Amulya Techline Engineers (Unit of Dilesh Roadlines Private Limited)	Purchase of Assets	3.81	-

Notes to the Financial Statements

for the year ended 31st March, 2023

(₹ In Crs)

Name of related party	Closing Balances	As at 31st March, 2023	As at 31st March, 2022
Alchemie Europe Limited	Trade Receivable	61.60	70.21
	Trade Payable	3.91	3.51
Shanti Intermediates Private Limited	Trade Payable	1.07	1.02
Aarti Corporate Services Limited	Loans/Advances+	6.14	10.16
	Trade Payable	0.45	-
Aarti Bharuch Limited	Capital Advance	43.48	-
Aarti Polychem Private Limited	Loans/Advances	0.02	0.02
Alchemie Gases & Chemicals Private Limited	Trade Payable	0.01	-
Alchemie Speciality Chemical Private Limited	Trade Receivable	6.95	9.77
	Trade Payable	1.31	1.03
Alchemie Finechem Private Limited	Trade Receivable	10.97	15.76
	Trade Payable	0.02	-
Aarti Drugs Limited	Trade Receivable	3.99	6.67
Valiant Organics Limited	Trade Receivable	99.90	107.95
	Trade Payable	-	20.68
Aarti Surfactants Limited	Trade Receivable	0.07	2.92
Aarti Pharmalabs Limited	Trade Payable	4.73	-
	Trade Receivable	-	21.15
	Loans/Advances*	21.71	324.62
Ganesh Polychem Limited	Trade Receivable	3.16	12.55
Aarti USA INC	Trade Receivable	116.99	64.07
Amulya Techline Engineers (Unit of Dilesh Roadlines Private Limited)	Trade Payable	(3.21)	-

+ The Company has given unsecured loan to its wholly owned subsidiary Aarti Corporate Limited. The loan carries an interest rate of 10% p.a. and is repayable on demand.

*Arrising on account of the Scheme of Arrangement.

(B) Details relating to persons referred to in item III above

(₹ In Crs)

	Particulars	Financial Year 2022-23	Financial Year 2021-22
a.	Remuneration including perquisites #	8.74	8.83
b.	Commission to Directors	18.39	44.97
c.	Rent paid	0.98	1.01
d.	Travelling Expenses	0.45	0.25
e.	Telephone Expenses	0.03	0.02
	TOTAL	**28.59**	**55.08**

Value of Perquisites includes non Cash Perquisites of ₹ 0.02 Crs (previous year Rs 0.03 Crs).

Notes to the Financial Statements

for the year ended 31st March, 2023

35. EMPLOYEE BENEFITS:

Defined Benefit Plan

The employees' gratuity fund scheme managed by Life Insurance of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

(₹ In Crs)

	Particulars	Gratuity (funded) 2022-23	Gratuity (funded) 2021-22
a.	**Reconciliation of Opening and Closing balances of Defined Benefit Obligation:**		
	Defined Benefit Obligation at beginning of the Year	38.86	33.16
	Current Service Cost	4.43	4.88
	Interest Cost	1.96	2.18
	Actuarial(Gain)/Loss	(0.36)	0.92
	Liability Transferred Out/Demerger	(10.50)	-
	Benefits Paid	(2.22)	(2.28)
	Defined Benefit Obligation at year end	**32.16**	**38.86**
b.	**Reconciliation of opening and closing balances fair value of plan assets:**		
	Fair value of plan assets at beginning of the year	33.43	26.48
	Expected return of plan assets	1.63	1.74
	Assets Transferred In/Acquisitions	(9.79)	-
	Return on Plan Assets, Excluding Interest Income	0.63	1.55
	Employer Contribution	7.55	5.93
	Benefits Paid	(2.22)	(2.28)
	Fair value of plan assets at year end	31.23	33.42
	Actual return on plan assets	**2.26**	**3.29**
c.	**Reconciliation of Fair Value of Assets and Obligations:**		
	Fair Value of Plan Assets	31.23	33.42
	Present Value of Benefit Obligation	32.16	38.86
	Amount Recognized in Balance Sheet	0.93	5.44
d.	**Expenses recognized during the year:**		
	Current Service Cost	4.43	4.88
	Interest Cost	1.96	2.18
	Expected return on plan assets	(1.63)	(1.74)
	Net Cost	4.76	5.32
e.	**Investment Details:**		
	L.I.C Group Gratuity (Cash Accumulation) Policy	100% Invested	100% Invested
f.	**Actuarial assumptions:**		
	Mortality Table (L.I.C.)	2006-08 (Ultimate)	2006-08 (Ultimate)
	Discount rate (per annum)	6.90%	6.57%
	Expected rate of return on plan assets (per annum)	6.90%	6.57%
	Rate of escalation in Salary (per annum)	5.00%	5.00%

Note:

The estimate of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion, other relevant factor's including supply and demand in the employment market. The above information is certified by the actuary.

Leave Encashment:

Leave Encashment liability amounting to ₹ 19.51 Crs (previous year ₹ 21.97 Crs) has been provided in the Books of Accounts.

Notes to the Financial Statements

for the year ended 31st March, 2023

36. DERIVATIVES & FORWARD CONTRACT INSTRUMENTS:

(A) The Company uses Forward Exchange Contract to hedge against its Foreign Exchange exposures relating to underlying transactions and firm commitments. The Company does not enter into any derivatives instruments for Trading or Speculative purposes.

During the Year Company had hedged in aggregate an amount of ₹ 477.65 Crs (previous year ₹ 255.13 Crs) out of its annual trade related operations (Exports & Imports) aggregating to ₹ 4,677.10 Crs (previous year ₹ 2,840.96 Crs).

The Company had hedged its currency risks to the tune of ₹ 66.70 Crs (previous year ₹ 123.20 Crs), in respect of its long term Foreign Currency Loans/Borrowings. Relating to the same, the Company had also swapped its floating interest rate borrowing of ₹ 370.69 Crs (previous year ₹ 556.53 Crs) into a fixed rate loan through an interest rate swap.

(B) Net foreign exchange gain arriving out of export and import activities of the Company of ₹ 48.67 Crs (previous year gain of ₹ 11.80 Crs) is included in Profit & Loss Account.

Company had entered into forward contracts to hedge its medium and long term exports contracts. Mark to Market loss on such contracts to the tune of ₹ 0.59 Crs (including loss of ₹ 0.84 Crs for contracts of more than one year) is recognised in the Profit & Loss Account. Company had further provided for Revaluation loss on long term borrowing (ECBs) to the extent of ₹ 54.77 Crs as at 31st March, 2023 and have recognised the same in the Profit & Loss Account.

37. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART II OF SCHEDULE III TO THE COMPANIES ACT, 2013.

(₹ In Crs)

	Particulars	Financial Year 2022-23	Financial Year 2021-22
(A)	**Details of Raw Material Consumption :**		
	Benzene	849.08	715.25
	Aniline	685.32	345.55
	Concentrated Nitric Acid (C.N.A.)	316.48	222.61
	Others	1,034.86	1,091.62
	TOTAL	**2,885.75**	**2,375.03**
(B)	**Value and percentage of Raw Materials and Stores and Spares consumed:**		
	Raw Materials:		
	Indigenous	1,929.94	1,903.19
		66.88%	80.13%
	Imported	955.81	471.84
		33.12%	19.87%
	TOTAL	**2,885.75**	**2,375.03**
		100.00%	**100.00%**
	Stores and Spares:		
	Indigenous	93.80	112.75
		98.55%	98.29%
	Imported	1.38	1.96
		1.45%	1.71%
	TOTAL	**95.18**	**114.71**
		100.00%	**100.00%**

Notes to the Financial Statements

for the year ended 31st March, 2023

(₹ In Crs)

	Particulars	Financial Year 2022-23	Financial Year 2021-22
	Fuel:		
	Indigenous	409.83	295.49
		95.11%	99.15%
	Imported	21.08	2.54
		4.89%	0.85%
	TOTAL	**430.91**	**298.03**
		100.00%	**100.00%**
(C)	**C.I.F. Value of Imports:**		
	Capital Goods	5.02	35.71
	Raw Materials	1,198.61	634.09
	Stores and Spares	4.35	2.40
	Fuel	62.91	60.50
	TOTAL	**1,270.89**	**732.70**
(D)	**Expenditure in Foreign Currency:**		
	Commission on Export Sales	3.92	7.62
	Import of Goods for Resale	34.71	1.67
	Other Expenses	88.98	63.09
	TOTAL	**127.61**	**72.38**
(E)	**Earnings in Foreign Currency:**		
	F.O.B. Value of Export Sales	3,182.57	1,915.47

38. FAIR VALUE MEASUREMENTS:

Financial instuments by category

(₹ In Crs)

Particulars	As at 31st March, 2023			As at 31st March, 2022		
	Carrying Amount	Level 1	Level 2	Carrying Amount	Level 1	Level 2
Financial Assets						
At Amortised Cost:						
Investments	12.38			3.27		
Trade Receivables	973.83			1,130.88		
Cash and Cash Equivalents	161.06			87.45		
Bank Balances other than above	33.28			79.93		
Other Financial Assets	187.10			417.17		
At FVTOCI:						
Investments	0.03		0.03	0.02		0.02
Financial Liabilities						
At Amortised Cost:						
Borrowings	2,873.98			2,562.27		
Trade Payables	33.28			18.98		
Other Non Current Liabilities	416.57			343.72		
Other Current Financial Liabilities	1.93			2.23		

The financial instruments are categorized into two levels based on the inputs used to arrive at fair value measurements as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities; and

Level 2: Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Notes to the Financial Statements

for the year ended 31st March, 2023

39. CAPITAL MANAGEMENT:

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net Debt is calculated as loans and borrowings less cash & marketable securities.

(₹ In Crs)

Particulars	31st March 2023	31st March 2022
Gross Debts	2,873.98	2,562.27
Less: Cash and Marketable Securities	(194.34)	(167.38)
Net Debt (A)	**2,679.64**	**2,394.89**
Total Equity (B)	**4,920.95**	**4,501.03**
Net Gearing ratio (A/B)	**0.54**	**0.53**

40. FINANCIAL RISK MANAGEMENT:

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, market risk and liquidity risk. The Company's senior management oversees the management of these risks.

I. Credit Risk

The company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities (deposits with banks and other financial instruments).

Credit risk is the risk that a customer or counterparty to a financial instrument fails to perform or pay the amounts due causing financial loss to the company. Credit risk arises from company's activities in investments, dealing in derivatives and outstanding receivables from customers.

The company has a prudent and conservative process for managing its credit risk arising in the course of its business activities. Sales made to customers on credit are generally secured through Letters of Credit, Bank Guarantees, Parent Company Guarantees, advance payments and factoring & forfaiting without recourse to AIL.

Credit Risk Management

To manage the credit risk, the Company follows an adequate credit control policy and also has an external credit insurance cover with ECGC policy wherein the customers are required to make an advance payment before procurement of goods. Thus, the requirement of assessing the impairment loss on trade receivables does not arise, since the collectability risk is mitigated.

Bank balances are held with only high rated banks and majority of other security deposits are placed majorly with government/statutory agencies.

Notes to the Financial Statements

for the year ended 31st March, 2023

II. Liquidity Risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. For the Company, liquidity risk arises from obligations on account of financial liabilities such as trade payables and other financial liabilities.

(a) Liquidity Risk Management

The Company's corporate treasury department is responsible for liquidity and funding as well as settlement. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

As at 31st March 2023

Maturities of non-derivative financial liabilities

(₹ In Crs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade Payables	416.57	-	-	416.57
Other Financial Liabilities	2,315.93	876.65	-	3,192.58
Total	**2,732.50**	**876.65**	**-**	**3,609.15**

As at 31st March 2022

Maturities of non-derivative financial liabilities

(₹ In Crs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade Payables	343.72	-	-	343.72
Other Financial Liabilities	1,710.72	1,168.34	-	2,879.06
Total	**2,054.44**	**1,168.34**	**-**	**3,222.78**

III. Market Risk

Foreign Currency Risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities in exports and imports which is majorly in US dollars.

Hence, to combat the foreign currency exposure, the Company follows a policy wherein the net sales are hedged by forward Contract.

Commodity Price Risk

The Company has a risk management framework aimed at prudently managing the risk arising from the volatility in commodity prices and freight costs.

The Company's commodity risk is managed centrally through well-established trading operations and control processes. In accordance with the risk management policy, the Company enters into various transactions using derivatives and uses Over the Counter (OTC) as well as Exchange Traded Futures, Options and Swap contracts to hedge its commodity and freight exposure.

Notes to the Financial Statements

for the year ended 31st March, 2023

41. RATIO ANALYSIS:

(₹ In Crs)

Particulars	Numerator	Denominator	31st March 2023	31st March 2022	% Variance
Current Ratio	Total Current Assets	Total Current Liabilities	1.01	1.25	-19.07%
Debt-Equity Ratio	Total Debt	Total Equity	0.58	0.57	2.59%
Debt Service Coverage Ratio [a]	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	"Debt service = Interest + Principal repayments of Long Term Borrowings"	1.49	3.43	-56.56%
Return on Equity Ratio [b]	Net Profits after Taxes	Average Total Equity	11.59	29.88	-61.21%
Inventory Turnover Ratio	Cost of Goods Sold	Average Inventory	5.17	4.48	15.33%
Trade Receivables Turnover Ratio	Revenue from Operations	Average Trade Receivable	6.87	6.99	-1.83%
Trade Payables Turnover Ratio [c]	Purchase of materials and stock in trade	Average Trade Payables	9.88	6.56	50.66%
Net Capital Turnover Ratio [d]	Revenue from Operations	"Working capital = Current assets – Current liabilities"	17.00	6.68	154.50%
Net Profit Ratio [b]	Net Profit after Tax	Revenue from Operations	7.55	17.33	-56.43%
Return on Capital Employed [b]	Earnings before Interest and Taxes & Depreciation	Average Capital Employed = Tangible Net Worth + Total Debt	0.14	0.25	-42.28%
Return on Investment [b]	Profit for the year	Total Equity	0.11	0.26	-57.77%

Notes for Ratio:

a. Debt service coverage ratio declined because of lower profits and higher finance costs during the year.

b. Financials with reference to previous year included one time termination income resulting into higher revenue, earnings, profit in previous financial year as a result the ratios in previous year were higher in respect to current financial year.

c. Trade payable Turnover ratio increased primarily due to increase in the pieces of feed stocks.

d. Net Capital turnover ratio increased due to decreased in current assets & increased in current liabilities.

42. Other Disclosures

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(ii) The Company do not have any transactions with companies struck off. under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.

(iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

Notes to the Financial Statements

for the year ended 31st March, 2023

(v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vi) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(vii) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

(viii) **Events after the reporting period**

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are approved by the Board of Directors in case of a company, and, by the corresponding approving authority in case of any other entity for issue. Two types of events can be identified:

(a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and

(b) those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

As on 8th May, 2023 there were no material subsequent events to be recognized or reported that are not already disclosed.

(ix) **Standards Notified But Not Yet Effective**

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, as and when they become effective.

The Ministry of Corporate affairs (MCA) has notified certain amendments to Ind AS, through Companies (Indian Accounting Standards) Amendment Rules, 2023 on 31st March, 2023. The amendments have been made in the following standards:

a. Ind AS 1: Presentation of Financial Statements is amended to replace the term "significant accounting policies" with "material accounting policy information" and providing guidance relating to immaterial transactions, disclosure of entity specific transactions and more

Notes to the Financial Statements

for the year ended 31st March, 2023

b. Ind AS 8: Accounting Policies, Changes in Accounting Estimates and Errors to include the definition of accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty."

c. Ind AS 12: Income Taxes relating to initial recognition exemption of deferred tax related to assets and liabilities arising from a single transaction.

d. Other Amendments in Ind AS 102 – Share based Payments, Ind AS 103 – Business Combinations, Ind AS 109 – Financial Instruments, Ind AS 115 – Revenue from Contracts with Customers which are mainly editorial in nature in order to provide better clarification of the respective Ind AS's.

e. These amendments shall come into force with effect from April 01, 2023. The Company is assessing the potential effect of the amendments on its financial statements. The Company will adopt these amendments, if applicable, from applicability date.

(x) **Scheme of Arrangement**

Where the Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013, the company shall disclose that the effect of such Scheme of Arrangements have been accounted for in the books of account of the Company 'in accordance with the Scheme' and 'in accordance with accounting standards' and any deviation in this regard shall be explained.

43. The figures of previous year have been regrouped and rearranged wherever necessary.

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

For and on behalf of the Board

Tejas Parikh
Partner
M.No. 123215

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

Rashesh C. Gogri
Vice Chairman and
Managing Director
DIN: 00066291

Chetan Gandhi
Chief Financial Officer
ICAI M.No. 111481

Raj Sarraf
Company Secretary
ICSI M.No. A15526

Place: Mumbai
Date: 8th May, 2023

Independent Auditors' Report

TO THE MEMBERS OF AARTI INDUSTRIES LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated financial statements of Aarti Industries Limited (the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise Consolidated Balance Sheet as at 31 March 2023, the Consolidated Statement of Profit and Loss (including the statement on Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year ended on that date and notes to the consolidated financial statements (including summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023 and its consolidated profit, and consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	Accuracy, Completeness, and disclosure with reference to Ind AS-16 of Property, Plant and Equipment (including Capital Work-in-Progress The carrying value of property, plant and equipment (including capital work in progress) as on 31 March 2023 of ₹ 5,818 crores (as on 31 March 2022 of ₹ 4,881 crores) includes ₹ 1,536.54 crores capitalised /transferred from capital work in progress during the year (₹ 999.78 crores for FY 2022).	Our audit procedures, amongst others, include the following – a) Obtaining an understanding of operating effectiveness of management's internal control over capital expenditure. b) We assessed Company's process regarding maintenance of records, valuation and accounting of transactions pertaining to Property, Plant and Equipment including Capital Work in Progress with reference to Indian Accounting Standard 16: Property, Plant and Equipment.

Independent Auditors' Report

Sr. No.	Key Audit Matter	Auditor's Response
	Cost Recognition of Property, Plant and Equipment as specified in IndAS 16 is based on completion of asset construction activities and management assessment and judgement that the asset is capable of operating in the manner intended. The asset capitalisation is the outcome of various procurements, approvals from operations experts in the Company and judgements by the management and therefore, required significant audit attention. Refer Note 1: Property, Plant and Equipment in Notes to the consolidated financial statements.	c) We have reviewed management judgment pertaining to estimation of useful life and depreciation of the Property, Plant and Equipment. d) We have verified the capitalization of borrowing cost incurred on qualifying asset in accordance with the Indian Accounting Standard 23: Borrowing Costs. e) Ensuring adequacy of disclosures in the consolidated financial statements. f) We have relied upon verification of property, plant and equipment carried out by independent valuers for some of the plant locations of the Holding Company.

Information Other than the Consolidated Financial Statements and Auditor's Report thereon

The Holding Company's Board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility and Sustainability Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained during our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Independent Auditors' Report

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors of the companies included in the Group are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated Ind AS financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical

Independent Auditors' Report

requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

I. Comparative Audited Consolidated Financial Results

a) The comparative audited consolidated financial statements for the year ended 31 March 2022 (before giving effect to scheme of arrangement) were audited by erstwhile statutory auditors, Kirtane & Pandit, LLP (FRN: 105215W/W100057), Chartered Accountants whose audit report dated 27 May 2022 had expressed an unmodified opinion on consolidated financial statements.

II. Effect of Scheme of Arrangement

a) The Scheme of Arrangement for the demerger of Pharma Business Undertaking from Aarti Industries Limited ("the Holding Company" or "the demerged company") to its wholly owned subsidiary Aarti Pharmalabs Limited ("the resulting company") between the two companies and their respective shareholders under Sections 230 to 232 of the Companies Act, 2013 ('Act') and all other applicable provisions of the Companies Act, 2013 ("the Scheme") was approved by Honourable National Company Law Tribunal (NCLT), Ahmedabad Bench on 21 September 2022. Accordingly, all the assets and liabilities pertaining to the Pharma Business Undertaking, including supporting manufacturing units, employees, cash and cash equivalents and investments (including investments in subsidiaries and joint ventures), as defined in the Scheme, stand transferred and vested into the resulting company from its Appointed Date i.e. from 1 July 2021. Pursuant to demerger, investments in subsidiaries, namely, Aarti USA, Inc, Aarti Pharmachem Limited and investment in joint controlled entity namely, Ganesh Polychem Limited was transferred Aarti Pharmalabs Limited. Further investment in Aarti Pharmalabs Limited (earlier known as Aarti Organics Limited) is cancelled and as a result no longer remains subsidiary of the Holding Company.

b) Pending receipt of the NCLT Order approving scheme of arrangement, consolidated financial statements/results of the Holding Company (before giving effect to scheme of arrangement) for the year ended 31 March 2022 and quarter ended 30 June 2022 were approved by the Board of Directors in their meeting held on 27 May 2022 and 10 August 2022 and audited by erstwhile statutory auditors (refer para I above). Subsequently, consolidated financial statements for the year ended 31 March 2022 were approved by the shareholders in the general meeting held on 26 September 2022.

c) In annual general meeting held on 26 September 2022, we, Gokhale & Sathe, Chartered Accountants (FRN: 103264W) were appointed as statutory auditors of the Company in place of Kirtane & Pandit, LLP, Chartered Accountants (retiring auditors). Considering this management approached us to perform agreed upon procedures on consolidated financial results prepared to give effect to scheme of arrangement.

d) Accordingly, we have performed agreed upon procedures as per Standard on Related Services (SRS) 4400, "Engagements to Perform Agreed-upon Procedures regarding Financial Information", issued by the Institute of Chartered Accountants of India and we report that as follows:

- recasted consolidated financial statements / results prepared by the management of the Holding Company for year ended 31 March 2022 and 30 June 2022 is as per accounting treatment and information mentioned in the scheme.
- It is drawn from consolidated financial statements of Holding Company prepared and audited by erstwhile statutory auditors as mentioned above paras.
- It is extracted from the books of accounts maintained by the Holding Company having records/information maintained for pharma business and speciality chemical business.

III. Financial Results of Subsidiaries not audited by us.

We did not audit the financial statements/financial information of 6 subsidiaries, whose financial statements/financial information reflect total assets of ₹ 47.77 crores as at 31 March 2023, total revenues of ₹ 143.06 crores , total net loss after tax of ₹ 2.30 crores and net cash flows amounting to ₹ 0.75 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of Sub-Sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the Management.

Our opinion is not modified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to Consolidated Financial Statements of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

Independent Auditors' Report

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Consolidated Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer note 30(i)(a) to the consolidated financial statements.

ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor, Education and Protection Fund by the Holding Company and its subsidiary companies.

iv. (a) The Management of the Holding Company and its subsidiaries which are companies incorporated in India, whose Financial Statements have been audited under the Act, have represented that, to the best of its knowledge and belief, other than disclosed in note no 37(v) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The respective Management of the Holding Company and its subsidiaries which are companies incorporated in India, whose Financial Statements have been audited under the Act, have represented, that, to the best of its knowledge and belief, other than disclosed in note no 37(vi) to the consolidated financial statements, no funds have been received by the Holding Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Holding Company and its subsidiaries which are companies incorporated in India, whose Financial Statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. As stated in note no 12.7 to the consolidated financial statements

(a) The final dividend proposed in the previous year, declared and paid by the Holding Company during the year is in accordance with Section 123 of the Act, as applicable.

b) The Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

vi. In respect of Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, since proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable for the Holding Company and its subsidiaries incorporated in India, only w.e.f. 1 April 2023, reporting under this clause is not applicable.

2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/"CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its subsidiaries included in the consolidated financial statements, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

For **Gokhale & Sathe**
Chartered Accountants
FRN: - 103264W

Tejas Parikh
Partner
Membership No. 123215
UDIN: - 23123215BGQLCF3853

Place: - Mumbai
Date: - 8 May 2023

Independent Auditors' Report

Annexure 'A' to the Independent Auditor's Report

Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Aarti Industries Limited of even date)

Report on the Internal Financial Controls under Clause (i) of subsection 3 of Section 143 of the Companies Act, 2013 (the "Act")

Opinion

We have audited internal financial controls with reference to consolidated financial statements of Aarti Industries Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (together referred to as "the Group") as of 31 March 2023 in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors, as referred to in the Other Matters paragraph, the Holding Company and its subsidiaries, which are incorporated in India, have, in all material respects, an adequate internal financial and such internal financial controls with reference to consolidated financial statements were operating effectively as at 31 March 2023,based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Managements' Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiaries are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Holding Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements include obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that

1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Group's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Consolidated Financial Statements to future periods are subject to the risk that the internal financial control with reference to Consolidated Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act, on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements in so far as it relates to financial statements of subsidiary companies, to the extent applicable, is based on the corresponding reports of the auditors of such company.

Our opinion is not modified in respect of this matter.

For Gokhale & Sathe
Chartered Accountants
FRN: - 103264W

Tejas Parikh
Partner
Membership No. 123215
UDIN: - 23123215BGQLCF3853

Place: - Mumbai
Date: - 8 May 2023

Consolidated Balance Sheet

as at 31st March, 2023

(₹ In Crs)

Particulars	Note No.	As at 31st March, 2023	As at 31st March, 2022
ASSETS			
Non-Current Assets			
Property Plant and Equipment	1	4,829.18	3,577.70
Capital Work-in-Progress	1	988.98	1,303.02
Right to use Assets	1	30.30	16.95
Intangible Assets	1	1.47	-
Intangible Assets under Development	1	107.24	42.97
Financial Assets:			
Investments	2	17.17	28.29
Deferred Tax Assets (Net & incl of MAT Credit)	3	52.78	27.74
Other Non-Current Assets	4	94.50	155.19
Total Non-Current Assets		**6,121.62**	**5,151.86**
Current Assets			
Inventories	5	1,031.05	934.12
Financial Assets			
i) Trade Receivables	6	940.49	1,091.52
ii) Cash and Cash Equivalents	7	167.45	93.63
iii) Bank Balances other than (ii) above	8	33.28	79.93
iv) Others Current Financial Assets	9	180.91	407.30
Current Tax Assets (Net)	10	55.48	55.42
Other Current Assets	11	50.62	36.91
Total Current Assets		**2,459.28**	**2,698.83**
TOTAL ASSETS		**8,580.90**	**7,850.69**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	12	181.25	181.25
Other Equity	13	4,738.83	4,334.73
Non Controlling Interest		0.72	0.72
Total Equity		**4,920.80**	**4,516.70**
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
i) Borrowings	14	634.71	929.85
ii) Lease Liabilities	15	25.26	14.91
Other Non-Current Liabilities	16	216.81	223.58
Total Non-Current Liabilities		**876.78**	**1,168.34**
Current Liabilities			
Financial Liabilities			
i) Borrowings	17	2,239.32	1,638.12
ii) Lease Liabilities	15	8.02	4.07
iii) Trade Payables due to:	18		
Micro and Small Enterprise		99.32	69.28
Other than Micro and Small Enterprise		305.61	275.57
iv) Other Financial Liabilities	19	1.93	2.23
Other Current Liabilities	20	99.26	144.70
Provisions	21	29.86	31.68
Total Current Liabilities		**2,783.32**	**2,165.65**
Total Liabilities		**3,660.10**	**3,333.99**
TOTAL EQUITY AND LIBILITIES		**8,580.90**	**7,850.69**
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1-38		

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

Tejas Parikh
Partner
M.No. 123215

Place: Mumbai
Date: 8th May, 2023

For and on behalf of the Board

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

Rashesh C. Gogri
Vice Chairman and
Managing Director
DIN: 00066291

Chetan Gandhi
Chief Financial Officer
ICAI M.No. 111481

Raj Sarraf
Company Secretary
ICSI M.No. A15526

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2023

(₹ In Crs)

Particulars	Note No.	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
REVENUE			
Gross Revenue from Operations	**22**	7,282.62	6,871.05
Less: GST Collected		664.04	785.54
Net Revenue from Operations		6,618.58	6,085.51
Other Income	23	0.86	0.77
Total Income		**6,619.44**	**6,086.28**
EXPENSES			
Cost of Materials Consumed (Incl. Packing Material Fuel Stores & Spares)	24	3,462.03	2,794.06
Purchases of Stock-in-Trade		313.94	270.88
Changes in Inventories of Finished Goods Work-in-progress and Stock-in-Trade	25	65.70	(210.49)
Employee Benefits Expenses	26	385.33	356.96
Finance Costs	27	168.28	102.33
Depreciation and Amortisation Expenses	1	310.45	246.40
Other Expenses	28	1,302.61	1,153.99
Total Expenses		**6,008.34**	**4,714.13**
PROFIT BEFORE TAX		**611.10**	**1,372.15**
TAX EXPENSES			
Current Year Tax		107.35	240.80
Earlier Year Tax		(16.52)	0.01
MAT Credit Entitlement		(40.92)	(77.01)
Deferred Tax		15.96	22.45
Total Tax Expenses		**65.87**	**186.25**
PROFIT AFTER TAX BEFORE NON CONTROLLING INTEREST AND SHARE OF PROFIT/(LOSS) OF ASSOCIATES		**545.23**	**1,185.90**
Profit attributable to Non Controlling Interest		-	(0.23)
Share of Profit/(Loss) of Associates		-	-
Profit/(Loss) for the period		**545.23**	**1,185.67**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to Statement of Profit and Loss			
Change in fair value of equity instruments		(14.69)	(2.39)
Change in fair value of long term advances		(21.65)	9.34
Change in fair value of Foreign currency hedge		(13.41)	8.27
Total Other comprehensive income		(49.75)	15.22
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**495.48**	**1,200.89**
Earnings Per Equity Share (EPS) (in ₹)	29		
Basic/Diluted		15.04	32.71
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1-38		

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

Tejas Parikh
Partner
M.No. 123215

Place: Mumbai
Date: 8th May, 2023

For and on behalf of the Board

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

Rashesh C. Gogri
Vice Chairman and
Managing Director
DIN: 00066291

Chetan Gandhi
Chief Financial Officer
ICAI M.No. 111481

Raj Sarraf
Company Secretary
ICSI M.No. A15526

Consolidated Statement of Changes in Equity

for the year ended 31st March, 2023

A. EQUITY SHARE CAPITAL

(₹ in Crs)

As at 1st April 2021	**87.12**
Changes in equity share capital during the year 2020-21	94.13
As at 31st March 2022	**181.25**
Changes in equity share capital during the year 2022-23	NIL
As at 31st March 2023	**181.25**

B. OTHER EQUITY

(₹ in Crs)

Particulars	Other Equity								Other Comprehensive Income	Total Other Equity
	Reserves and Surplus									
	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	General Reserve	Forfeiture Reserve	Share Application Pending Allotment	RBI Reserve U/s 45(IC)	Retained Earnings		
Balance as at 1st April 2021	**13.33**	**0.71**	**697.70**	**346.30**	**1.85**	**-**	**3.70**	**2,388.06**	**(3.41)**	**3,448.24**
Transfer to Other Reserves from Retained Earnings	-	-	-	129.00	-	-	-	(129.00)	-	
Consolidation Adjustment	(3.63)	(0.71)	-	-	-	-	-	-	-	(4.34)
Dividend Paid	-	-	-	-	-	-	-	(126.88)	-	(126.88)
Pursuant to the Scheme of Arrangement	-	-	(441.47)	(94.80)	-	-	-	(736.30)	(3.50)	(1,276.07)
Utilised for issuance of Bonus shares	-	-	(87.12)	-	-	-	-	-	-	(87.12)
Upon QIP Proceeds (net of Expenses)	-	-	1,179.67	-	-	-	-	-	-	1,179.67
Foreign Exchange Difference on Translation	-	-	-	-	-	-	-	0.33	-	0.33
Profit for the Period	-	-	-	-	-	-	-	1,185.67	-	1,185.67
Other Comprehensive Income	-	-	-	-	-	-	-	-	15.22	15.22
As at 31st March 2022	**9.70**	**-**	**1,348.78**	**380.50**	**1.85**	**-**	**3.70**	**2,581.88**	**8.31**	**4,334.72**

Consolidated Statement of Changes in Equity

for the year ended 31st March, 2023

(₹ in Crs)

Particulars	Other Equity								Other Comprehensive Income	Total Other Equity
	Reserves and Surplus									
	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	General Reserve	Forfeiture Reserve	Share Application Pending Allotment	RBI Reserve U/s 45(IC)	Retained Earnings		
Transfer to Other Reserves from Retained Earnings	-	-	-	55.00	-	-	-	(55.00)	-	-
Other Adjustments	-	-	-	(0.17)	-	0.02	-	-	-	(0.15)
Dividend Paid	-	-	-	-	-	-	-	(90.63)	-	(90.63)
Intergroup Dividend	-	-	-	-	-	-	-	-	-	-
Foreign Exchange Difference on Translation	-	-	-	-	-	-	-	(0.61)	-	(0.61)
Profit for the Period	-	-	-	-	-	-	-	545.23	-	545.23
Other Comprehensive Income	-	-	-	-	-	-	-	-	(49.75)	(49.75)
Balance as at 31st March 2023	**9.70**	**-**	**1,348.78**	**435.33**	**1.85**	**0.02**	**3.70**	**2,980.87**	**(41.44)**	**4,738.81**

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

Tejas Parikh
Partner
M.No. 123215

Place: Mumbai
Date: 8th May, 2023

For and on behalf of the Board

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

Rashesh C. Gogri
Vice Chairman and
Managing Director
DIN: 00066291

Chetan Gandhi
Chief Financial Officer
ICAI M.No. 111481

Raj Sarraf
Company Secretary
ICSI M.No. A15526

Consolidated Cash Flow Statement

for the year ended 31st March, 2023

(` In Crs)

Sr. No.	Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
A.	**Cash Flow from Operating Activities:**		
	Net Profit before Tax and Exceptional/Extraordinary Items	611.10	1,372.14
	Adjustments for:		
	Finance Costs	168.28	102.33
	Depreciation and Amortisation Expenses	310.45	246.40
	Consolidated Adjustment	(0.61)	(0.33)
		1,089.22	**1,720.54**
	Profit on Sale of Assets/Investments	(0.23)	(0.56)
	Operating Profit before Working Capital Changes	**1,088.93**	**1,719.93**
	Movement in Working Capital		
	(Increase)/Decrease in Trade and Other Receivables	421.99	(498.05)
	Increase/(Decrease) in Trade Payables and Other Current Liabilities	(13.31)	(37.73)
	(Increase)/Decrease in Inventories	(96.92)	(419.66)
	Cash Generated from Operations	**1,400.69**	**764.49**
	Direct Taxes Paid (Net of Refund)	(90.89)	(245.84)
	Net Cash Flow from Operating Activities (A)	**1,309.80**	**518.65**
B.	**Cash Flow from Investing Activities:**		
	Addition to Property, Plant & Equipments, Capital WIP & Intangible assets	(1,326.30)	(1,165.42)
	Sale/Written off of Property, Plant & Equipment and other Fixed Assets	-	0.42
	(Increase)/Decrease in Other Investments	(3.54)	(5.00)
	Profit on Sale of Investment	-	0.52
	Lease Rent Income	0.06	0.05
	Net Cash Flow from Investing Activities (B)	**(1,329.78)**	**(1,169.43)**
C.	**Cash Flow from Financing Activities:**		
	Proceeds/(Repayment) of Long-Term Borrowings	(300.90)	(594.54)
	Proceeds/(Repayment) of Other Borrowings	606.96	49.08
	Finance Costs	(168.28)	(102.33)
	Increase in Equity by QIP (Net of Expenses)	-	1,186.69
	Dividend Paid	(90.63)	(126.88)
	Net Cash Flow from Financing Activities (C)	**47.15**	**412.02**
	Net Increase/(Decrease) in Cash and Bank Balances (A+B+C)	**27.17**	**(238.76)**
	Cash and Bank Balances (Opening Balance)	173.56	412.32
	Cash and Bank Balances (Closing Balance)	200.73	173.56

Notes:

(i) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Ind AS-7 on the Statement of Cash Flow as notified under Companies (Indian Accounting Standard) Rules, 2015 as amended.

(ii) Cash and Cash Equivalent comprised of Cash and Cash Equivalents and Other Bank Balances as per Balance Sheet. (Refer Note 7 & 8)

Consolidated Cash Flow Statement

for the year ended 31st March, 2023

(iii) Changes in liabilities arising from financing activities:

Particulars	1st April 2022	Cash flow	Foreign exchange movement	31st March 2023
Current Borrowings	1,278.18	590.17	16.79	1,885.14
Non - current Borrowings (including current portion of Long term Debt)	1,289.79	(355.67)	54.77	988.89
Total	**2,567.97**	**234.50**	**71.56**	**2,874.03**

Particulars	1st April 2021	Cash flow	Foreign exchange movement	31st March 2022
Current Borrowings	1,224.07	52.53	1.58	1,278.18
Non - current Borrowings (including current portion of Long term Debt)	1,619.77	(355.38)	25.40	1,289.79
Total	**2,843.84**	**(302.85)**	**26.98**	**2,567.97**

(iv) Amounts of the previous year have been regrouped and rearranged wherever necessary.

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

Tejas Parikh
Partner
M.No. 123215

Place: Mumbai
Date: 8th May, 2023

For and on behalf of the Board

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

Rashesh C. Gogri
Vice Chairman and
Managing Director
DIN: 00066291

Chetan Gandhi
Chief Financial Officer
ICAI M.No. 111481

Raj Sarraf
Company Secretary
ICSI M.No. A15526

Corporate Information and Significant Accounting Policies:

Corporate Information

The Consolidated Financial Statements comprise financial statements of Aarti Industries Limited ("The Company" or "the Parent") and subsidiaries (collectively referred to as "the Group") for the year ended 31st March 2023.

Aarti Industries Limited ("The Company") is a public limited company incorporated in India under provisions of Companies Act, 2013. The equity shares of the Company are listed on Bombay Stock Exchange Ltd (BSE) and National Stock Exchange of India Ltd (NSE). The registered office of the Company is located at Plot No. 801,801/23 G.I.D.C. Estate, Phase III, Vapi, Dist. Valsad Gujarat 396 195 India. The Company is engaged in manufacturing and dealing in Speciality Chemicals and intermediates.

The Financial Statements were approved for issue in accordance with a resolution passed in Board Meeting held on 8 May, 2023.

Explainatory Note on the Composite Scheme of Arrangement

The Scheme of Arrangement for the demerger of Pharma Business Undertaking from Aarti Industries Limited ("the Company" or "the demerged company") into its wholly owned subsidiary Aarti Pharmalabs Limited ("the resulting company"), ("the Scheme") was approved by Honourable National Company Law Tribunal (NCLT), Ahmedabad Bench on 21 September, 2022 (and became effective upon filing of the same with ROC, Gujarat on 17 October, 2022). Accordingly, all the assets and liabilities pertaining to the Pharma Business Undertaking, including supporting manufacturing units, employees, cash and cash equivalents and investments (including investments in subsidiaries and joint ventures), as defined in the Scheme, stand transferred and vested into the resulting company from its Appointed Date i.e. from 1 July, 2021.

Pursuant to the approval of the said scheme and scheme becoming effective, the Company has recasted historical audited financials from the Appointed date of 1st July 2021 to carry out the changes arising due to adoption of the scheme of arrangement. Hence the audited financials in respect of the previous year ended 31 March,2022, have been suitably recasted so as to give effect to the scheme of arrangement.

Significant Accounting Policies

This note provides a list of the significant accounting policies adopted by the Group in preparation of these Consolidated Financial Statements. The Consolidated Financial Statements are for the Group consisting of the Company and its subsidiary companies.

(A) BACKGROUND:

Name of the Subsidiary		Country of Incorporation	Proportion of Ownership Interest (%)
Indian Subsidiary:			
(i)	Aarti Corporate Services Limited	India	100.00%
(ii)	Nascent Chemical Industries Limited (Through its holding Company: Aarti Corporate Services Limited)	India	50.49%
(iii)	Shanti Intermediates Private Limited (Through its holding Company: Aarti Corporate Services Limited)	India	100.00%
(iv)	Innovative Envirocare Jhagadia Limited	India	100.00%
(v)	Aarti Polychem Private Limited	India	100.00%
(vi)	Aarti Bharuch Limited	India	100.00%
(vii)	Aarti Spechem Limited	India	100.00%
Foreign Subsidiary:			
(viii)	Alchemie (Europe) Limited	United Kingdom	88.89%

Corporate Information and Significant Accounting Policies:

(B) BASIS OF PREPARATION AND PRESENTATION:

Significant Accounting policies and Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosures and a guide to better understanding of the consolidated position of the Companies. Recognizing this purpose the Company has disclosed only such Policies and Notes from the individual financial statements which fairly present the needed disclosures.

The Consolidated Financial Statements of the Group have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and relevant provisions of the Companies Act, 2013 including presentation and disclosure requirements of Division II of Schedule III of the Act as amended from time to time.

The consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis as per the provisions of the Companies Act, 2013 ("the Act"), except for:

Financial instruments – measured at fair value;

Assets held for sale – measured at fair value less cost of sale;

Plan assets under defined benefit plans – measured at fair value

Liability for cash settled - measured at fair value

In addition, the carrying values of recognised assets and liabilities, designated as hedged items in fair value hedges that would otherwise be carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

In addition, the consolidated financial statements are presented in INR which is also the Company's functional currency and all values are rounded to the nearest crore except when otherwise indicated.

(C) PRINCIPLES OF CONSOLIDATION:

(i) The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standard (Ind AS) 110 - Consolidated Financial Statements.

(ii) The Consolidated Financial Statements are prepared using the Financial Statements of the Parent Company and Subsidiary Companies drawn up to the same reporting date i.e 31st March 2023.

Subsidiary Companies are all the entities over which the Group has control. Subsidiary companies are consolidated on the date on which control is transferred to the Group.The Group re assesses whether or not it controls an investee if facts and circumstances indicate that there are one or more changes to elements of control described above.

(iii) In case of Foreign Subsidiary revenue items are consolidated at the average rate prevailing during the period. All Assets (except Fixed Assets) and liabilities are converted at the rates prevailing at the end of the year. In case of Fixed Assets the same is consolidated at the rate applicable in the year of acquisition of the said assets. Any exchange difference arising on consolidation is recognised as Translation difference in Reserves & Surplus.

(iv) **Process of Consolidation**

a) Combine like items of assets, liabilities, other equity,income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

Corporate Information and Significant Accounting Policies:

c) Eliminate in full intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the form of subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in the statement of profit and loss.

(v) Non Controlling Interest in net profits of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance sheet separately.

(vi) As far as possible the consolidated financial statements have been prepared using uniform Accounting Policies for like transactions and other events in similar circumstances. Differences in Accounting Policies if any will be disclosed separately.

(D) BASIS OF MEASUREMENT

The financial statements of the company are prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis as per the provisions of the Companies Act, 2013 ("the Act"), except for:

Financial instruments – measured at fair value;

Plan assets under defined benefit plans – measured at fair value

In addition, the carrying values of recognised assets and liabilities, designated as hedged items in fair value hedges that would otherwise be carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

(E) SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS ASSUMPTIONS:

The preparation of the consolidated financial statements in conformity with Ind AS requires the management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates according to the nature of the assumption and other circumstances. This note provides an overview of the areas where there is a higher degree of judgment or complexity. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation

The following are areas involving critical estimates and judgments:

Judgements:

Leases

Evaluation of recoverability of deferred tax assets, and estimation of income tax payable and income tax expense in relation to an uncertain tax position Provisions and Contingencies

Estimates:

Impairment

Accounting for Defined benefit plans

Useful lives of property, plant and equipment and intangible assets

Fair Valuation of Financial instruments

Valuation of inventories

Corporate Information and Significant Accounting Policies:

(F) CURRENT AND NON-CURRENT CLASSIFICATION:

The Company presents assets and liabilities in the Balance sheet based on current/non-current classification, an asset is treated as current when it is:

Expected to be realized or intended to be sold or consumed in normal operating cycle, or

Held primarily for the purpose of trading, or

Expected to be realized within twelve months after the reporting period, or

Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

A liability is treated as current when it is:

(i) Expected to be settled in normal operating cycle, or

(ii) Held primarily for the purpose of trading, or

(iii) Due to be settled within twelve months after the reporting period, or

(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other assets and liabilities are classified as non-current assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(G) PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND DEPRECIATION/ AMORTIZATION:

1. Property, Plant and Equipment (PPE)

PPEs held for use in the production, supply or administrative purposes, are stated in the balance sheet at cost less applicable accumulated depreciation/amortisation and accumulated impairment losses (if any).

The cost of PPE comprises its purchase price (including the costs of materials / components) net of any trade discounts and rebates,any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs and such other incidental costs that may be associated with acquisition or creation of the asset ready for its intended use.

An item or part of PPE is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit & Loss as and when the asset is derecognized.

PPE which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress". Capital Work-in-Progress represents expenditure incurred on capital assets that are under construction/erection or are pending to be commercialized and put to use. The same is carried at cost which is determined in the same manner as for any PPE.

2. Intangible Assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed,if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets. Intangible development costs are capitalised as and when technical and commercial

Corporate Information and Significant Accounting Policies:

feasibility of the asset is demonstrated and future economic benefits are probable.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

3. Depreciation/Amortization

Pursuant to the notification of Schedule II of the Companies Act, 2013, the management has reassessed and changed based on technical estimates, wherever necessary, the useful lives to compute depreciation, to confirm to the requirements of the Companies Act, 2013. The useful life for various class of assets is as follows:

Leasehold Land	Over the remaining tenure of lease
Building	Over a period of 19 - 31 years
Residential Quarters	Over a period of 30 years
Plant & Equipments	Over its useful life as technically assessed, i.e over a period of 9 - 19 years, based on the type of processes and equipments installed
Computers	Over a period of 2.5 years
Office Equipment	Over a period of 5 years
Furniture and Fixtures	Over a period of 10 years
Vehicles	Over a period of 7 years
Intangible assets (including Product / Process Development)	- Over a period of 5-7 years, except for those where the finite periods are provided for

4. Impairment

The Company assesses at each reporting that the carrying amounts of its property, plant and equipment, intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of net selling price of an asset or its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

(H) RESEARCH AND DEVELOPMENT:

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- development costs can be measured reliably;
- the product or process is technically and commercially feasible;
- future economic benefits are probable; and
- the company intends to, and has sufficient resources to complete development and to use or sell the asset.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

Corporate Information and Significant Accounting Policies:

(I) INTANGIBLE ASSETS UNDER DEVELOPMENT:

Expenditure incurred on acquisition/development of intangible assets which are not ready for their intended use at balance sheet date are disclosed under intangible assets under development.

(J) VALUATION OF INVENTORIES:

Inventories have been valued on the following basis:

Raw Materials, Packing Material, Stores and Spares and Traded goods	- At cost on weighted Average basis Or net realisable value whichever is lower. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
Work-in-Process	- At cost plus appropriate allocation of overheads or net realisable value whichever is lower.
Finished Goods	- At cost plus appropriate allocation of overheads or net realizable value, whichever is lower.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Provisions are made for obsolete and non-moving inventories. Unserviceable and scrap items, when determined, are valued at estimated net realisable value.

(K) REVENUE RECOGNITION:

Ind AS 115 applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. It also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

(i) Sale of goods:

Revenue from sale of goods is recognised when control of the products being sold is transferred to our customer and when there are no longer any unfulfilled obligations. Income from services rendered is recognised based on agreements/ arrangements with the customers as the service is performed and there are no unfulfilled obligations.

The Company recognizes net revenue from goods sold and services rendered at Transaction Price which is the amount of consideration the Company expects to be entitled to in exchange for transferring promised goods or services to a customer, excluding the amounts collected on behalf of a third party. The Transaction price is net of discounts, sales incentives, rebates granted, returns, sales taxes, GST and duties and any other recoverable taxes.

Generally, In case of domestic sales, performance obligations are satisfied when the goods are dispatched or delivery is handed over to transporter, revenue from export of goods is recognized at the time of Bill of lading or airway bill or any other similar document evidencing delivery thereof.

(ii) Interest Income:

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Corporate Information and Significant Accounting Policies:

(iii) Dividend income:

Revenue is recognized when the Company's right to receive the dividend is established, which is generally when shareholders approve the dividend.

(iv) Export benefits:

Export incentives are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

(v) Subsidy received:

Subsidy from the Department of Fertilizers is recognised, based on the eligible quantities supplied by the Company, at the rates as notified/announced by the Government of India.

(L) FINANCIAL INSTRUMENTS:

Recognition and initial measurement

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. However, Trade receivables that do not contain a significant financing component are measured at transaction price. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in the Statement of Profit and Loss. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Classification and Subsequent Measurement of Financial Assets:

The Company classifies financial assets, subsequently at amortised cost, Fair Value through Other Comprehensive Income ("FVTOCI") or Fair Value through Profit or Loss ("FVTPL") on the basis of following:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

(a) Financial Assets measured at Amortised Cost:

A Financial Asset is measured at amortised Cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding.

(b) Financial Assets measured at Fair Value Through Other Comprehensive Income (FVTOCI):

A Financial Asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling Financial Assets and the contractual terms of the Financial Asset give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding.

(c) Financial Assets measured at Fair Value Through Profit or Loss (FVTPL):

FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as at FVTPL.

Classification and Subsequent Measurement of Financial Liabilities:

(a) Financial liabilities measured at Fair Value Through Profit or Loss (FVTPL):

Financial liabilities are classified as FVTPL when the financial liability is held for trading or is a derivative (except for effective hedge) or are designated upon initial recognition as FVTPL. Gains or Losses, including any interest expense on liabilities held for trading are recognised in the Statement of Profit and Loss.

Corporate Information and Significant Accounting Policies:

(b) Other Financial liabilities:

Other financial liabilities (including loans and borrowings, bank overdrafts and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and amounts paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost on initial recognition.

Interest expense (based on the effective interest method), foreign exchange gains and losses, and any gain or loss on derecognition is recognised in the Statement of Profit and Loss.

For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Debt and Equity Instruments:

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

Equity Investments:

All equity investments (excluding the investments in Subsidiaries) in the scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Investments in subsidiaries:

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

De-recognition of Financial Instruments:

The Company derecognises a Financial Asset when the contractual rights to the cash flows from the Financial Asset expire or it transfers the Financial Asset and the transfer qualifies for de-recognition under Ind AS 109. In cases where Company has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Company continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Company also recognizes an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

A Financial liability (or a part of a financial liability) is derecognised from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

Corporate Information and Significant Accounting Policies:

The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

Impairment of Financial Assets:

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of all Financial Assets subsequent to initial recognition other than financial assets measured at fair value through profit and loss (FVTPL). The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward-looking estimates are analysed. For other financial assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk since its initial recognition. If there is significant increase in credit risk since its initial recognition full lifetime ECL is used. The impairment losses and reversals are recognised in Statement of Profit and Loss.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

Offsetting of Financial Instruments:

Financial assets and financial liabilities are offset and presented on net basis in the balance sheet when there is a legally enforceable right to set-off the recognised amounts and it is intended to either settle them on net basis or to realise the asset and settle the liability simultaneously.

Fair Value of Financial Instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted market prices, where applicable. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

Financial instruments by category are separately disclosed indicating carrying value and fair value of financial assets and liabilities. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

Derivative Financial Instruments:

Derivative financial instruments such as forward contracts, option contracts and cross currency swaps, to hedge its foreign currency risks are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value with changes in fair value recognised in the Statement of Profit and Loss in the period when they arise.

Cash flow hedge

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

The company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR).

The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the INR cash flows of highly probable forecast transactions. The company risk management policy is to hedge forecasted foreign currency sales for the subsequent 12 to 36 months. As per the risk management policy, foreign exchange forward contracts are taken to hedge forecasted sales.

The spot component of forward contracts is determined with reference to relevant spot market exchange rates.

Corporate Information and Significant Accounting Policies:

The differential between the contracted forward rate and the spot market exchange rate is defined as the forward points.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in statement of profit and loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to statement of profit and loss.

(M) CASH AND CASH EQUIVALENTS:

For the purpose of presentation in the Balance sheet, Cash and Cash equivalents comprises cash at bank and on hand and other short-term, highly liquid investments with an original maturity (or with an option to or can be readily converted or liquidated into cash) of three months or less, which are subject to an insignificant risk of changes in value. Cash and Cash Equivalents consist of balances with banks which are unrestricted for withdrawals and usages.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash at bank and on hand and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(N) PROVISIONS:

Provisions are recognized when the Company has a present obligation (legal and constructive) as a result of a past event, for which it is probable that a Cash Outflow will be required and a reliable estimate can be made of the amount of the obligation.

(O) LEASE:

The Company has adopted Ind AS 116. It has resulted into recognition of Lease Assets Right to Use with a corresponding Lease Liability in the Balance Sheet.

The Company, as a lessee, recognises a right to use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right to use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right to use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

For short-term and low value leases, the Company recognises the lease payments as an operating expense.

Corporate Information and Significant Accounting Policies:

(P) EMPLOYEE BENEFITS :

(a) Employee benefits:

All employee benefits such as salaries, wages, short-term compensated absences, expected cost of bonus, etc. are recognised in the period in which the employee renders the related services.

(b) Post-employment benefits:

(i) Defined Contribution Plan:

The Company makes defined contributions to Employee Provident Fund, Employee Pension Fund, Employee Deposit Linked Insurance, and Superannuation Schemes. The contribution paid/payable under these schemes is recognised during the period in which the employee renders the related services which are recognised in the Statement of Profit and Loss on accrual basis during the period in which the employee renders the services.

(ii) Defined Benefit Plan

The gratuity liability of the company is funded through a Group Gratuity Scheme with Life Insurance Corporation of India (LIC) under which the annual contribution is paid to LIC. The Company's liability under Payment of Gratuity Act is determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities where the terms of government securities are consistent with the estimated terms of the defined benefit obligations at the Balance Sheet date. The Company recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability / (asset) are recognized in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

(Q) FOREIGN CURRENCY TRANSACTIONS:

Items included in the Standalone Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates (functional currency). The Standalone Financial Statements of the Company are presented in Indian currency (₹), which is also the functional currency of the Company.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate as applicable in the period of such transaction. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each reporting period are appropriately dealt in the financial statements in accordance with the applicable Indian Accounting standards.

(R) INCOME TAXES:

Income tax expense comprises of current tax expense and deferred tax expenses.

Current and deferred taxes are recognized in Statement of Profit and Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

Current income tax:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act of the respective jurisdiction. The current tax is calculated using tax rates that have been enacted or substantively enacted, at the reporting date.

Deferred tax :

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Corporate Information and Significant Accounting Policies:

Deferred tax liabilities are recognised for all taxable temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised for all taxable temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets are to be recovered. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profits will be available against which the deferred tax assets to be recovered.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

Minimum Alternate Tax (MAT) :

MAT credit is recognised as an asset only when and to the extent it is reasonably certain that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

(S) BORROWING COSTS:

Borrowing costs, general or specific, that are attributable to the acquisition or construction of qualifying assets is capitalized as part of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to the Statement of Profit and Loss.

(T) CONTINGENT LIABILITIES

Contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

1. PROPERTY, PLANT AND EQUIPMENT:

(₹ In Crs)

F.Y. 2022-23		GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	Particulars	Balance as at 1st April, 2022	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31st March, 2023	Balance as at 1st April, 2022	Depreciation charge for the year	Deduction / Adjustment	Balance as at 31st March, 2023	Balance as at 31st March, 2023	Balance as at 31st March, 2022
(i)	**Tangible Assets**										
	Free Hold Land	3.59	-	-	3.59	0.26	-	-	0.26	3.33	3.33
	Lease Hold Land	190.14	90.28	11.40	269.02	9.19	4.11	0.14	13.16	255.86	180.95
	Buildings	458.71	128.41	0.25	586.87	95.23	30.93	0.25	125.91	460.96	363.48
	Plant and Equipment	4,149.03	1,264.55	247.76	5,165.82	1,212.00	259.23	246.12	1,225.11	3,940.71	2,937.03
	R&D Assets & Equipments	130.44	29.86	0.86	159.44	23.53	11.66	0.86	34.33	125.11	106.91
	Furniture and Fixtures	50.68	18.75	24.12	45.31	32.54	5.76	23.94	14.36	30.95	18.14
	Vehicles	33.43	4.69	15.03	23.09	22.61	3.24	15.02	10.83	12.26	10.82
	Total (i)	**5,016.02**	**1,536.54**	**299.42**	**6,253.14**	**1,395.36**	**314.93**	**286.33**	**1,423.96**	**4,829.18**	**3,577.69**
(ii)	**Capital Work-in-Progress**									988.98	1,303.02
(iii)	**Right to use Assets**										
	Buildings	30.25	20.94	-	51.19	13.29	7.60	-	20.89	30.30	16.96
(iv)	**Intangible Assets**										
	Technical Knowhow	0.08	-	-	0.08	0.08	-	-	0.08	-	-
	Computer Software	0.38	1.47	-	1.85	0.38	0.00	-	0.38	1.47	-
	Goodwill on Consolidation	1.24	-	1.24	-	1.24	-	1.24	-	-	-
	Total (iv)	**1.70**	**1.47**	**1.24**	**1.93**	**1.70**	**0.00**	**1.24**	**0.46**	**1.47**	**-**
(v)	**Intangible assets under development**									107.24	42.97
	TOTAL (i+ii+iii+iv+v)	**5,047.97**	**1,558.95**	**300.66**	**6,306.26**	**1,410.35**	**322.53**	**287.57**	**1,445.31**	**5,849.93**	**3,637.62**

Note :- Depreciation to the extent of ₹ 12.08 Crs in respect of assets utilised for creation/generation of intangible assets are appropriately capitalised under applicable intangible assets under development.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

(₹ In Crs)

F.Y. 2021-22		GROSS BLOCK					ACCUMULATED DEPRECIATION					NET BLOCK	
	Particulars	Balance as at 1st April, 2021	Deduction on account of Scheme of Arrangement	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31st March, 2022	Balance as at 1st April, 2021	Deduction on account of Scheme of Arrangement	Depreciation charge for the year	Deduction / Adjustment	Balance as at 31st March, 2022	Balance as at 31st March, 2022	Balance as at 31st March, 2021
(i)	**Tangible Assets**												
	Free Hold Land	3.59	-	-	-	3.59	0.26	-	-	-	0.26	3.33	3.33
	Lease Hold Land	232.97	60.98	19.32	1.17	190.14	11.22	1.79	0.06	0.30	9.19	180.95	223.07
	Buildings	459.40	105.38	105.21	0.52	458.71	110.24	36.10	21.15	0.06	95.23	363.48	347.40
	Plant and Equipment	4,147.04	833.66	841.37	5.72	4,149.03	1,303.11	292.54	206.87	5.44	1,212.00	2,937.03	2,844.82
	R&D Assets & Equipments	155.09	48.99	24.34	-	130.44	32.92	18.67	9.28	-	23.53	106.91	122.17
	Furniture and Fixtures	55.87	10.62	5.43	-	50.68	31.98	6.95	7.51	-	32.54	18.14	23.45
	Vehicles	34.49	5.08	4.11	0.09	33.43	22.25	3.06	3.44	0.02	22.61	10.82	12.24
	Total (i)	**5,088.45**	**1,064.71**	**999.78**	**7.50**	**5,016.02**	**1,511.98**	**359.11**	**248.31**	**5.82**	**1,395.36**	**3,577.69**	**3,576.48**
(ii)	**Capital Work-in-Progress**											1,303.02	1,297.91
(iii)	**Right to use Assets**												
	Buildings	26.83	4.41	7.83	-	30.25	10.84	2.45	4.90	-	13.29	16.96	15.99
(iv)	**Intangible Assets**												
	Process Development	21.97	21.97	-	-	-	21.87	21.92	0.05	-	-	-	0.10
	Technical Knowhow	0.08	-	-	-	0.08	0.08	-	-	-	0.08	-	-
	Goodwill	6.16	6.16	-	-	-	6.16	6.16	-	-	-	-	-
	Computer Software	0.38	0.05	0.05	-	0.38	0.38	0.00	0.00	-	0.38	-	-
	Copyrights and Patents	9.65	9.65	-	-	-	9.65	9.65	-	-	-	-	-
	Goodwill on Consolidation	1.24	-	-	-	1.24	1.24	-	-	-	1.24	-	-
	Total (iv)	**39.48**	**37.83**	**0.05**	**-**	**1.70**	**39.38**	**37.73**	**0.05**	**-**	**1.70**	**-**	**0.10**
(v)	**Intangible assets under development**											42.97	0.00
	TOTAL (i+ii+iii+iv+v)	**5,154.76**	**1,106.95**	**1,007.66**	**7.50**	**5,047.97**	**1,562.20**	**399.29**	**253.26**	**5.82**	**1,410.35**	**3,637.62**	**3,592.57**

Note :- Depreciation to the extent of ₹ 6.87 crs in repsect of assets utilised for creation/generation of intangible assets are appropriately capitalised under applicable intangible assets under development.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

(a) Capital-Work-in Progress (CWIP)

Capital Work-In-Progress (CWIP) Ageing Schedule as on March 31, 2023:

(₹ in Crs)

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	408.22	177.22	159.58	243.96	**988.98**
Projects temporarily suspended	-	-	-	-	-

Capital Work-In-Progress (CWIP) Ageing Schedule as on March 31, 2022:

(₹ in Crs)

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	558.60	367.62	151.75	225.05	**1,303.02**
Projects temporarily suspended	-	-	-	-	-

(b) Intangible assets under development:

Intangible assets under development aging schedule as on March 31, 2023

(₹ in Crs)

Intangible assets under development	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	64.27	42.97	-	-	**107.24**
Projects temporarily suspended	-	-	-	-	-

Intangible assets under development aging schedule as on March 31, 2022

(₹ in Crs)

Intangible assets under development	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	42.97	-	-	-	**42.97**
Projects temporarily suspended	-	-	-	-	-

(c) Notes :

(i) There are no material projects whose completion is overdue as compared to its original plan as at 31st March 2023.

(ii) There were no material projects which have exceeded their original plan cost as at 31st March, 2023.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

2. NON-CURRENT INVESTMENTS:

(₹ In Crs)

Name of the Company	Face Value (in ₹)	No. of Shares/Units	As at 31st March, 2023	No. of Shares/Units	As at 31st March, 2022
Investments - (Unquoted) in Equity Shares of Other Companies					
Ichalkaranji Janata Sahakari Bank Limited	50	1,020	0.01	1,020	0.01
Damanganga Saha Khand Udyog Mandali Limited	2,000	61	0.01	61	0.01
Narmada Clean Tech Limited	10	287,550	0.13	287,550	0.13
U.K.I.P. Co-Op. Soc. Limited	50	80	0.00	80	0.00
SBPP Bank Limited	100	783	0.01	783	0.01
Deltecs Infotech Private Limited	10	858	0.26	858	0.13
Bewakoof Brands Private Limited	10	NIL	NIL	4,033	5.37
Valiant Organic Limited	10	99,412	4.14	99,412	9.16
Polygomma Industries Private Limited	10	533,358	0.00	533,358	0.00
Numbermask Digital Private Limited	10	1,125	0.00	1,125	0.00
Trans Retail Ventures Private Limited	10	28,796	0.01	28,796	0.01
Aarti Biotech Limited	10	421,700	0.13	421,700	0.13
Aarti Intermediates Private Limited	10	22,125	0.00	22,125	0.00
ReNew Green (GJ Six) Private Limited	10	9,108,000	9.11	NIL	NIL
Perfect Enviro Control Systems Limited	10	380,640	0.28	380,640	0.25
Shamrao Vithal Co-op. Bank Limited	10	100	0.00	100	0.00
			14.09		**15.21**
Investments - (Unquoted) Convertible Pref. Shares					
Deltecs Infotech Private Limited	10	750,000	0.26	750,000	0.26
Valiant Oraganics Limited	10	2,614	0.00	2,614	0.00
			0.26		**0.26**
Investments - (Unquoted) in Warrant Certificate					
Deltecs Infotech Private Limited		93	0.00	93	0.00
			0.00		**0.00**
Investments - (Unquoted) in Unsecured Convertible Debentures					
Bewakoof Brands Private Limited	100	NIL	NIL	1,513	10.00
Polygomma Industries Private Limited	100	282,448	2.82	282,448	2.82
			2.82		**12.82**
TOTAL			**17.17**		**28.29**

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

3. DEFERRED TAX ASSETS (NET):

(₹ In Crs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Opening balance for the year	27.74	(233.94)
Deferred Tax Assets		
MAT Credit Entitlement	41.00	207.30
Items allowed for tax purpose on payment	-	8.13
Deferred Tax Liabilities		
Persuant to the Scheme of Arrangement	-	81.19
Difference between net book value of depreciable capital assets as per books vis - a- vis written down value as per Tax Laws.	(15.96)	(34.94)
Net Deferred Tax Assets/(Liabilities)	**52.78**	**27.74**

4. OTHER NON-CURRENT ASSETS:

(₹ In Crs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Capital Advances	51.71	105.54
Other Deposits	42.79	49.65
TOTAL	**94.50**	**155.19**

5. INVENTORIES:

(₹ In Crs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Raw Materials and Components	217.34	281.72
Work-in-progress	274.46	232.01
Finished Goods	354.06	236.32
Stock-in-trade	0.76	27.52
Stores and spares	168.62	136.09
Fuel	8.08	12.79
Packing Materials	7.73	7.67
TOTAL	**1,031.05**	**934.12**

6. TRADE RECEIVABLES:

(₹ In Crs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Unsecured considered good	940.49	1,091.52
TOTAL	**940.49**	**1,091.52**

Note: Refer Note 31 for Related Party Balances

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

Trade Receivables ageing schedule as on March 31, 2023

(₹ in Crs)

Particulars	Outstanding for following periods from due date of payments *					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 Years	
(i) Undisputed Trade receivables – considered good	477.03	39.05	6.21	-	-	522.29
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-	-
TOTAL	**477.03**	**39.05**	**6.21**	**-**	**-**	**522.29**

Trade Receivables ageing schedule as on March 31, 2022

(₹ in Crs)

Particulars	Outstanding for following periods from due date of payments *					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 Years	
(i) Undisputed Trade receivables – considered good	346.88	27.30	13.37	-	-	387.55
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-	-
TOTAL	**346.88**	**27.30**	**13.37**	**-**	**-**	**387.55**

*Net of Provisions

7. CASH AND CASH EQUIVALENTS:

(₹ In Crs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Cash on hand	0.49	0.51
Bank balance in Current Accounts	166.96	93.12
	167.45	**93.63**

8. OTHER BANK BALANCES

(₹ In Crs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Bank balance in Deposit Accounts	31.35	77.70
Earmarked Balances (Unpaid Dividend Accounts)	1.93	2.23
TOTAL	**33.28**	**79.93**

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

9 OTHER CURRENT FINANCIAL ASSETS:

(₹ In Crs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Balances with Customs Port Trust Central Excise Sales Tax and Goods & Services Tax Authorities	149.03	72.57
Loans Given to:		
i) Employees	10.33	9.82
ii) Others	-	324.91
iii) Related Parties	21.55	-
TOTAL	180.91	407.30

10. CURRENT TAX ASSETS (NET):

(₹ In Crs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Advance Tax and Tax Deducted at Source (Net of Provisions)	55.48	55.42
TOTAL	55.48	55.42

11 OTHER CURRENT ASSETS:

(₹ In Crs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Others Receivables	12.25	5.80
Prepaid Expenses	26.50	20.72
Subsidy Receivable	11.87	10.39
TOTAL	50.62	36.91

12. EQUITY SHARE CAPITAL:

(₹ In Crs)

Particulars	No. of Shares	As at 31st March, 2023	No. of Shares	As at 31st March, 2022
Authorised Share Capital				
Equity Shares of ₹ 5/- each	600,000,000	300.00	600,000,000	300.00
Issued, Subscribed & Paid up				
Equity Shares of ₹ 5/- each fully paid up	362,504,035	181.25	362,504,035	181.25
TOTAL		181.25		181.25

12.1 Reconciliation of the number of Shares outstanding:

(₹ In Crs)

Particulars	No. of Shares outstanding	
	As at 31st March, 2023	As at 31st March, 2022
Equity Shares at the beginning of the year	362,504,035	174,234,474
Add: Shares issued during the year	NIL	188,269,561
Less: Shares buy-back during the year	NIL	NIL
Equity Shares at the end of the year	362,504,035	362,504,035

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

12.2 Rights, preferences and restrictions attached to shares Equity shares:

The Company has one class of equity shares having a par value of ₹ 5 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

12.3 Details of shareholders holding more than 5% shares:

Name of the Shareholders	As at 31st March, 2023		As at 31st March, 2022	
	No. of Shares	% held	No. of Shares	% held
Life Insurance Corporation of India	24,656,272	6.80	17,557,581	4.84

12.4 The details of Equity Shares outstanding during last 5 years:

Particulars	Financial Year				
	2022-23	2021-22	2020-21	2019-20	2018-19
No. of Equity Shares outstanding	362,504,035	362,504,035	174,234,474	174,234,474	86,668,647

(Refer Note No. 12.5)

12.5 Note on Issued, Subscribed and Paid up Equity Share Capital:

[a] During the year 2021-22, 14,035,087 Shares were issued through Qualified Institutions Placement at the issue price of ₹ 855 per Equity Share (including ₹ 850 towards share premium) to qualified institutional buyers.

[b] During the year 2021-22 174,234,474 shares are issued as Bonus Shares in the ratio of 1:1 equity share of ₹ 5 each.

[c] During the year 2019-20 87,117,237 shares are issued as Bonus Shares in the ratio of 1:1 equity share of ₹ 5 each.

[d] During the year 2019-20, 448,590 Shares were alloted to the shareholders of Nascent Chemical Industries Limited pursuant to the terms of the Scheme of Arrangement approved by the Honorable National Company Law Tribunal (NCLT), Ahmedabad Bench.

[e] During the year 2018-19, 53,68,647 Shares were issued through Qualified Institutions Placement at the issue price of ₹ 1,397 per Equity Share (including ₹ 1,392 towards share premium) to qualified institutional buyers.

12.6 Details of shares held by promoters and promoter group

(₹ In Crs)

Sr. No.	Promoters Name	As at 31st March, 2023		As at 31st March, 2022		% change during the year
		Number of Shares held	% of Holding	Number of Shares held	% of Holding	
1	Rashesh Chandrakant Gogri	15,337,616	4.23	15,337,616	4.23	0.00
2	Mirik Rajendra Gogri	11,172,384	3.08	11,172,384	3.08	0.00
3	Renil Rajendra Gogri	11,171,008	3.08	11,171,008	3.08	0.00
4	Hetal Gogri Gala	10,462,192	2.89	10,462,192	2.89	0.00
5	Anushakti Enterprise Private Limited	9,970,000	2.75	9,970,000	2.75	0.00
6	Jaya Chandrakant Gogri	9,798,548	2.70	9,898,548	2.73	-0.03
7	Sarla Shantilal Shah	9,668,322	2.67	9,743,322	2.69	-0.02
8	Labdhi Business Trust (Saswat Trusteeship Private Limited)	9,200,000	2.54	9,200,000	2.54	0.00
9	Tulip Family Trust (Gloire Trusteeship Services Private Limited)	6,596,000	1.82	6,596,000	1.82	0.00

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

(₹ In Crs)

Sr. No.	Promoters Name	As at 31st March, 2023 Number of Shares held	As at 31st March, 2023 % of Holding	As at 31st March, 2022 Number of Shares held	As at 31st March, 2022 % of Holding	% change during the year
10	Orchid Family Trust (Relacion Trusteeship Services Private Limited)	6,596,000	1.82	6,596,000	1.82	0.00
11	Safechem Enterprises Private Limited	5,852,000	1.61	5,852,000	1.61	0.00
12	Rajendra Vallabhaji Gogri	5,703,600	1.57	5,703,600	1.57	0.00
13	Nehal Garewal	3,977,070	1.10	4,489,950	1.24	-0.14
14	Heena Family Private Trust (Barclays Wealth Trustees India Private Limited)	3,335,436	0.92	3,335,436	0.92	0.00
15	Bhavna Family Private Trust (Barclays Wealth Trustees India Private Limited)	3,216,404	0.89	3,216,404	0.89	0.00
16	Nikhil Parimal Desai	3,075,016	0.85	3,075,016	0.85	0.00
17	Jasmine Family Trust (Relacion Trusteeship Services Private Limited)	2,750,000	0.76	2,750,000	0.76	0.00
18	Alchemie Financial Services Limited	2,692,024	0.74	2,692,024	0.74	0.00
19	Lotus Family Trust (Gloire Trusteeship Services Private Limited)	2,498,000	0.69	2,498,000	0.69	0.00
20	Manomaya Business Trust (Alabhya Trusteeship Private Limited)	2,400,000	0.66	2,400,000	0.66	0.00
21	Aarnav Rashesh Gogri	2,200,000	0.61	2,200,000	0.61	0.00
22	Aashay Rashesh Gogri	2,200,000	0.61	2,200,000	0.61	0.00
23	Manisha Rashesh Gogri	2,200,000	0.61	2,200,000	0.61	0.00
24	Bhavna Shah Lalka	2,055,764	0.57	2,055,764	0.57	0.00
25	Arti Rajendra Gogri	1,901,024	0.52	1,901,024	0.52	0.00
26	Parimal Hasmukhlal Desai	1,598,284	0.44	1,598,284	0.44	0.00
27	Ratanben Premji Gogri	1,351,230	0.37	1,351,230	0.37	0.00
28	Heena Bhatia	1,290,352	0.36	1,290,352	0.36	0.00
29	Rajendra Vallabhaji Gogri (HUF) (Karta - Rajendra Vallabhaji Gogri)	1,233,096	0.34	1,233,096	0.34	0.00
30	Shantilal Tejshi Shah HUF (Karta - Nehal Garewal)	1,115,526	0.31	1,115,526	0.31	0.00
31	Alchemie Finserv Private Limited	1,056,420	0.29	1,056,420	0.29	0.00
32	Gogri Finserv Private Limited	1,056,420	0.29	1,056,420	0.29	0.00
33	Mananjay Singh Garewal	1,050,040	0.29	729,678	0.20	0.09
34	Nikhil Holdings Private Limited	708,566	0.20	823,566	0.23	-0.03
35	Indira Madan Dedhia	708,400	0.20	729,678	0.20	-0.01
36	Bhanu Pradip Savla	622,948	0.17	522,948	0.14	0.03
37	Chandrakant Vallabhaji Gogri	622,000	0.17	622,000	0.17	0.00
38	Shreya Suneja	450,000	0.12	450,000	0.12	0.00
39	Monisha Bhatia	364,484	0.10	484,484	0.13	-0.03
40	Gunavanti Navin Shah	346,578	0.10	346,578	0.10	0.00
41	Jayesh Shah	65,666	0.02	65,666	0.02	0.00
42	Dilesh Roadlines Private Limited	33,272	0.01	33,272	0.01	0.00
43	Valiant Organics Limited	30,000	0.01	30,000	0.01	0.00
44	Prasadi Yogesh Banatwala	15,780	0.00	18,280	0.01	0.00
45	Pooja Renil Gogri	1,528	0.00	1,528	0.00	0.00
Total		**159,748,998**	**44.07**	**160,275,294**	**44.21**	**-0.15**

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

12.7 Dividends

	Particulars	31st March 2023	31st March 2022
(i)	**Dividend paid during the year**		
	Final dividend for the year ended 31st March 2022 of ₹ 1.50 (previous year: of ₹ 1.50) per fully paid share	54.38	54.38
	Interim Dividend for 2022-23 of ₹ 1.00 (previous year: of ₹ 2.00) per fully paid share	36.25	72.50
(ii)	**Dividends not recognised at the end of the reporting period**		
	In addition to the above dividends, since year end the directors have recommended the payment of dividend of ₹ 1.50 (previous year: ₹1.50) per fully paid share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	54.38	54.38

13. OTHER EQUITY:

(₹ In Crs)

	Particulars	For the Year Ended 31st Mar 2023	For the Year Ended 31st Mar 2022
a.	**Capital Reserves**		
	Opening Balance	9.70	13.33
	Addition:		
	Deduction:	-	3.63
	Closing Balance	**9.70**	**9.70**
b.	**Capital Redemption Reserve**		
	Opening Balance	-	0.71
	Addition:	-	-
	Deduction: Pursuant to the Scheme of Arrangement	-	0.71
	Closing Balance	**-**	**-**
c.	**Securities Premium Account**		
	Opening Balance	1,348.78	697.70
	Addition: Upon QIP Proceeds	-	1,192.98
	Deduction:	-	-
	Pursuant to the Scheme of Arrangement	-	441.47
	Expenses in respect of QIP issue	-	13.31
	Utilised for issuance of Bonus Shares	-	87.12
	Closing Balance	**1,348.78**	**1,348.78**
e.	**RBI Reserve U/s 45 (IC)**		
	Opening Balance	3.70	3.70
	Addition	-	-
	Deduction	-	-
	Closing Balance	**3.70**	**3.70**
f.	**General Reserve**		
	Opening Balance	380.50	346.30
	Addition:		
	Transferred from Profit & Loss Account	55.00	129.00
	Deduction:	-	-
	Pursuant to the Scheme of Arrangement	-	94.80
	Other Adjustment	0.17	-
	Closing Balance	**435.33**	**380.50**

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

(₹ In Crs)

	Particulars	For the Year Ended 31st Mar 2023	For the Year Ended 31st Mar 2022
g.	**Profit and Loss Account**		
	Opening balance	2,581.89	2,388.06
	Addition:	-	-
	Net Profit/(Loss) for the year	545.23	1,185.67
	Deduction:	-	-
	Final Dividend Paid on Equity Shares	54.38	54.38
	Interim Dividend paid on Equity Share for the year	36.25	72.50
	Foreign Exchange Differnce on Translation	0.61	0.33
	Pursuant to the Scheme of Arrangement	-	736.30
	Transferred to Reserves	55.00	129.00
	Closing Balance	**2,980.88**	**2,581.88**
h.	**Other Reserves**		
	Share Application Pending	0.02	-
	Forfeiture Reserve	1.85	1.85
	Closing Balance	**1.87**	**1.85**
i.	**Other Comprehensive Income**		
	Opening Balance	8.32	(3.41)
	Pursuant to the Scheme of Arrangement	-	(3.49)
	OCI for the year	(49.75)	15.22
	Closing Balance	**(41.43)**	**8.32**
	TOTAL	**4,738.83**	**4,334.73**

14. NON-CURRENT BORROWINGS:

(₹ In Crs)

Particulars	For the Year Ended 31st Mar 2023		For the Year Ended 31st Mar 2022	
	Non-Current	Current	Non-Current	Current
Secured				
(a) ECB/Term loans from Banks/Financial Institutions	629.77	352.25	925.28	359.30
(b) Vehicle Loans from Banks/Financial Institutions	4.94	1.93	4.57	0.64
TOTAL	**634.71**	**354.18**	**929.85**	**359.94**

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

Details of Long term loans from Banks / Financial Institutions	Maturity	Terms of repayment	Interest rate p.a.	As at 31st March, 2023	As at 31st March, 2022
Long Term Rupee Loans					
From HSBC Limited	Last instalment due in 2025-26	16 quarterly repayments of Rs 6.25 crs each	3 Month T-Bill + spread of 191 bps	75.00	106.25
From State Bank of India	Last instalment due in 2023-24	20 quarterly repayments of Rs 5 crs each	1 year SBI MCLR + spread of 15 bps	19.60	34.71
From Kotak Mahindra Bank Limited	Already paid off	14 quarterly repayments of Rs 5.36 crs each	Linked to RBI Repo Rate	0.00	10.71
From Kotak Mahindra Bank Limited	Last instalment due in 2025-26	16 quarterly repayments of Rs 6.25 crs each	Fixed rate of 6.25% p.a.	68.75	93.75
From HDFC Bank Limited	Already paid off	14 quarterly repayments of Rs 7.14 crs each	Fixed rate of 8.30% p.a.	0.00	4.76
From HDFC Bank Limited	Last instalment due in 2023-24	12 quarterly repayments of Rs 16.67 crs each	RBI Repo Rate + Spread of 260 bps	16.67	100.00
From Citibank N.A.	Last instalment due in 2025-26	16 quarterly repayments of Rs 6.25 crs each	3 Month T-Bill + Spread of 268 bps	68.75	93.75
Foreign Curreny Loans (incl ECBs)					
From DBS Bank Limited	Last instalment due in 2023-24	14 quarterly repayments of SGD 1.06 mn each	Fixed rate of 4.1% p.a.	6.46	29.77
From Axis Bank Limited	Last instalment due in 2023-24	18 quarterly repayments of USD 0.65 mn each	Fixed rate of 4.1% p.a.	16.05	34.42
From State Bank of India (ECB1)	Last instalment due in 2024-25	17 quarterly repayments of USD 1.18 mn each	3 months SOFR + spread of 130 bps	67.42	100.74
From Citibank N.A.	Last instalment due in 2025-26	18 quarterly repayments of JPY 60 mn each	3 Month JPY Libor + spread of 50 bps	53.64	65.97
From State Bank of India (ECB2)	Last instalment due in 2025-26	10 quarterly repayments of USD 4 mn each	3 months SOFR + spread of 140 bps	327.04	300.83
From Standard Chartered Bank, U.K.	Already paid off	16 quarterly repayments of USD 0.72 mn each	Fixed rate of 6.25% p.a.	0.00	13.91
From Export Import Bank of India	Last instalment due in 2025-26	14 quarterly stepped up instalment of USD 1 mn - 4.50 mn each	6 months SOFR + spread of 190 bps	262.65	295.00

Details of Security

a) The above Outstanding Term Loans/ECBs are secured by way of Pari Passu Hypothecation of the Moveable Plant & Machinery, Machinery Spares, Tools and Accessories and other movables, both present and future (except book debts, inventories and other current assets) wherever situated, excluding those charged exclusively to other Term Lenders/ Specifically excluded.

b) Vehicle loans from Banks/Financial Institutions are secured by way of hypothecation of respective vehicles.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

15. LEASE LIABILITIES:

(₹ In Crs)

Particulars	For the Year Ended 31st Mar 2023		For the Year Ended 31st Mar 2022	
	Non-Current	Current	Non-Current	Current
Lease Liabilities Account	25.26	8.02	14.91	4.07
	25.26	8.02	14.91	4.07

The moment in lease liabilities during the ended 31 March,2023 and 31 March,2022 is as follows :

(₹ In Crs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Balance at the begning	18.98	17.73
Additions during the year	25.42	7.83
Deletion during the year	(4.52)	-
Pursuant to Scheme of Arrangement	-	(2.28)
Finance cost incurred during the year	2.34	1.45
Payment of Lease Liabilities	(8.94)	(5.75)
Balance at the end	**33.28**	**18.98**

16. OTHER NON CURRENT LIABILITIES:

(₹ In Crs)

Particulars	For the Year Ended 31st Mar 2023		For the Year Ended 31st Mar 2022	
	Non-Current	Current	Non-Current	Current
Long Term Advances for Exports received from Customer	216.68	66.71	223.58	72.00
Provision for Gratuity	0.13	-	-	0.00
TOTAL	**216.81**	**66.71**	**223.58**	**72.00**

The Company has received aforesaid advances for export commitments under the long term contracts (contracts with period more than five year) executed by the company with its customers. The advances shall be adjusted against the export sales/ supplies over a period of time, as per the terms of these contracts. Further, as per the terms of said contracts, the Company has issued a Bank Guarantee in favour of the customer as a security for the said advances.

17. SHORT-TERM BORROWINGS:

(₹ In Crs)

Particulars	For the Year Ended 31st Mar 2023	For the Year Ended 31st Mar 2022
Secured		
Working Capital Loan From Banks	1,481.68	1,227.29
Current maturities of Long-Term Debt (Refer Note 14 (a))	352.25	359.30
Current maturities of Vehicle Loan ((Refer Note 14 (b))	1.93	0.64
Total (A)	**1,835.86**	**1,587.23**
Unsecured		
From Banks	403.41	49.26
From Other	0.05	1.63
Total (B)	**403.46**	**50.89**
TOTAL (A + B)	**2,239.32**	**1,638.12**

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

18. TRADE PAYABLES:

(₹ In Crs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Trade payables due to:		
Micro and Small Enterprises (MSME)	99.32	69.28
Other than Micro and Small Enterprises	305.61	275.57
TOTAL	**404.93**	**344.85**

Note: Refer Note 31 for Related Party Balances

Trade Payables ageing schedule as on March 31, 2023

(₹ in Crs)

Particulars	Outstanding for following periods from due date of payments				Total
	Less than 1 year	1-2 years	2 -3 years	More than 3 Years	
Micro and Small Enterprises (MSME)	-	-	-	-	-
Other than Micro and Small Enterprises	145.26	5.48	-	-	150.74
Disputed Dues to MSME	-	-	-	-	-
Disputed Dues to Others	-	-	-	-	-
TOTAL	**145.26**	**5.48**	**-**	**-**	**150.74**

Trade Payables ageing schedule as on March 31, 2022

(₹ in Crs)

Particulars	Outstanding for following periods from due date of payments				Total
	Less than 1 year	1-2 years	2 -3 years	More than 3 Years	
Micro and Small Enterprises (MSME)	-	-	-	-	-
Other than Micro and Small Enterprises	72.35	1.75	-	-	74.10
Disputed Dues to MSME	-	-	-	-	-
Disputed Dues to Others	-	-	-	-	-
TOTAL	**72.35**	**1.75**	**-**	**-**	**74.10**

There are no Micro and Small Enterprise, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2023. This information as required to be disclosed under the Micro, Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

19. OTHER FINANCIAL LIABILITIES:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Unpaid Dividends	1.93	2.23
TOTAL	**1.93**	**2.23**

Notes to the Consolidated Financial Statements
for the year ended 31st March, 2023

20. OTHER CURRENT LIABILITIES:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Advance for Exports Received from Customer (Current)	66.71	72.00
Interest accrued but not due on borrowings	-	0.28
Other Current Liabilities & Taxes	32.55	72.42
TOTAL	**99.26**	**144.70**

21. SHORT-TERM PROVISIONS:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Provision for:		
Employees' Benefits	27.76	30.60
Others	2.10	1.08
TOTAL	**29.86**	**31.68**

22. REVENUE FROM OPERATIONS:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Sale of Products & Services	7,156.20	5,976.73
Other Operating Revenues	126.42	894.32
GROSS REVENUE OPERATIONS	**7,282.62**	**6,871.05**
Less: GST Collected	664.04	785.54
NET REVENUE OPERATIONS	**6,618.58**	**6,085.51**

22.1 GEOGRAPHICAL GROSS REVENUE:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Local Revenue	3,709.62	3,864.05
Export Revenue	3,573.00	3,007.00
TOTAL	**7,282.62**	**6,871.05**

22.2 OTHER OPERATING REVENUES:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Fertilizers Subsidy Received	48.38	55.69
Export Benefits/Incentives	29.59	19.19
Scrap Sales	16.60	15.17
Contract Shortfall Fees	31.85	173.01
Termination Fees	-	631.25
TOTAL	**126.42**	**894.32**

Notes to the Consolidated Financial Statements
for the year ended 31st March, 2023

23. OTHER INCOME:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Dividend Received	0.05	-
Profit on Sale of Assets/Investment	0.23	0.58
Lease Rent Income	0.38	0.05
Other Income	0.20	0.14
TOTAL	**0.86**	**0.77**

24. COST OF MATERIALS CONSUMED:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Consumption of Raw Materials	2,881.60	2,328.75
Consumption of Packing Materials	53.29	45.27
Consumption of Fuel	430.91	303.33
Consumption of Stores & Spares	96.23	116.71
TOTAL	**3,462.03**	**2,794.06**

25. CHANGE IN INVENTORY:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Opening Stock		
Finished Goods	267.47	172.02
Work-in-Progress	232.01	178.10
Total (A)	**499.48**	**350.12**
Closing Stock		
Finished Goods	159.32	325.07
Work-in-Progress	274.46	235.54
Total (B)	**433.78**	**560.61**
TOTAL (A-B)	**65.70**	**(210.49)**

26. EMPLOYEE BENEFITS:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Salaries Wages & Bonus	326.61	294.82
Contribution to PF and other Funds	24.08	32.93
Workmen & Staff Welfare Expenses	34.64	29.21
TOTAL	**385.33**	**356.96**

Notes to the Consolidated Financial Statements
for the year ended 31st March, 2023

27. FINANCE COST:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Interest Expenses	103.96	67.18
Exchange difference on borrowing costs	54.77	25.40
Lease Liability	2.34	1.45
Other borrowing Costs (includes bank charges, etc.)	7.21	8.30
TOTAL	**168.28**	**102.33**

28. OTHER EXPENSES:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Manufacturing Expenses:		
Freight Cartage & Transport	176.60	149.48
Power	144.52	117.38
Water Charges	16.31	14.51
Processing Charges	80.72	52.88
Other Manufacturing Expenses	193.81	168.50
Repairs & Maintenance	151.36	142.23
Insurance Charges	10.81	9.51
Research & Development Expenses	2.37	6.77
Factory Administrative Expenses	76.45	86.02
Total (A)	**852.95**	**747.28**
Office Administrative Expenses:		
Rent Rates and Taxes	1.03	1.73
Travelling and Conveyance	4.38	2.93
Auditor's Remuneration	0.52	0.56
Legal & Professional Charges	11.42	18.64
Other Administrative Expenses	10.74	18.22
Total (B)	**28.09**	**42.08**
Selling & Distribution Expenses:		
Advertisement & Sales Promotion	3.57	7.18
Export Freight Expenses	217.72	187.83
Freight and Forwarding Expenses	171.01	138.86
Commission	7.93	9.04
Export Insurance Charges	2.23	1.84
Sample Testing & Analysis Charges	1.87	1.45
Lease Rent Paid	0.08	5.65
Other Expenses	-	0.06
Sundry Balance Written Off/(Back)	0.04	0.08
Total (C)	**404.45**	**351.99**
Non-Operating Expenses:		
Donations and CSR Expenses	17.12	12.64
Total (D)	**17.12**	**12.64**
TOTAL (A+B+C+D)	**1,302.61**	**1,153.99**

Notes to the Consolidated Financial Statements
for the year ended 31st March, 2023

28.1 AUDITOR'S REMUNERATION:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Audit Fees	0.36	0.36
Certification Charges	0.04	0.08
Out of Pocket Expenses	-	0.01
TOTAL	**0.40**	**0.45**

29. EARNING PER SHARE (EPS):

(₹ In Crs)

Particulars		For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Net Profit after Tax	(₹ in Crs)	545.22	1,185.90
Profit attributable to Minority Interest	(₹ in Crs)	0.00	(0.23)
Share of Profit/(Loss) of Associates	(₹ in Crs)	NIL	NIL
Net Profit After Consolidation avaliable for Equity Shareholders	(₹ in Crs)	545.22	1,185.67
No. of Equity Shares	(Nos.)	362,504,035	362,504,035
Basic & Diluted EPS	(₹)	15.04	32.71
Nominal Value of Equity Share	(₹)	5.00	5.00

29.1 Basic earnings per share has been computed by dividing the profit/loss for the year by the weighted average number of shares outstanding during the year.

Partly paid shares are inculed as fully paid equivalents according to the fraction paid up.

Diluted earnings per share has been computed using weighted average number of shares dilutive potential shares except where the results would be anti-dilutive.

30. CONTINGENT LIABILITIES AND COMMITMENTS:

(to the extent not provided for)

(₹ In Crs)

Particulars	As at 31st March 2023	As at 31st March 2022
(i) Contingent Liabilities:		
(a) Claims against the company not acknowledged as Debts	124.62	138.92
(b) Letters of Credit Bank Guarantees & Bills Discounted	336.81	450.92
	461.43	**589.84**
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances	191.39	419.06
	191.39	**419.06**
TOTAL	**652.82**	**1,008.90**

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

31. RELATED PARTY DISCLOSURE UNDER ACCOUNTING STANDARD (Ind AS: 24):

Following are the Enterprises/Firms over which controlling individuals/Key Management Personnel, of the Company along with their relatives, have significant influence

1. Alchemie Speciality Chemicals Private Limited
2. Alchemie Finechem Private Limited (formerly known as Alchemie Laboratories)
3. Alchemie Gases & Chemicals Private Limited
4. Alchemie Dye Chem Private Limited
5. Aarti Drugs Limited
6. Aarti Pharmalabs Limited
7. Aarti Surfactants Limited
8. Aarti USA Inc.
9. Ganesh Polychem Limited
10. Amulya Techline Engineers (Unit of Dilesh Roadlines Private Limited)
11. Valiant Laboratories Limited
12. Valiant Organics Limited

Following are the individuals who with their relatives own Directly/indirectly 20% or more voting power in the Company or have significant influence or are Key Management Personnel

1.	Shri Rajendra V. Gogri	Director
2.	Shri Rashesh C. Gogri	Director
3.	Shri Parimal H. Desai	Director
4.	Shri Manoj M. Chheda	Director
5.	Shri Kirit R. Mehta	Director
6.	Shri Renil R. Gogri	Director
7.	Smt. Hetal Gogri Gala	Director
8.	Shri Narendra J. Salvi	Director
9.	Shri Chetan Gandhi	Chief Financial Officer
10.	Shri Raj Sarraf	Company Secretary
11.	Mirik R. Gogri	Relatives of Director
12.	Chandrakant V. Gogri	Relatives of Director
13.	Jaya C. Gogri	Relatives of Director
14.	Arti R. Gogri	Relatives of Director
15.	Manisha R. Gogri	Relatives of Director
16.	Pooja R. Gogri	Relatives of Director

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

The following transactions were carried out during the year with the related parties in the ordinary course of business

(A) Details relating to parties referred to in items I above.

(₹ In Crs)

Name of related party	Nature of Transactions	As at 31st March, 2023	As at 31st March, 2022
Alchemie Gases & Chemicals Private Limited	Purchase of Goods	0.05	0.12
Alchemie Speciality Chemical Private Limited	Purchase of Goods	3.36	3.02
	Reimbursement of Expenses	0.04	0.04
	Sales of Goods & Services	6.54	22.74
Alchemie Finechem Private Limited	Purchase of Goods	10.64	25.53
	Reimbursement of Expenses	0.04	0.07
	Sales of Goods & Services	26.82	53.69
Aarti Drugs Limited	Sales of Goods & Services	14.74	23.15
	Purchase of Goods	-	0.01
	Reimbursement of Expenses	0.49	0.47
Valiant Organics Limited	Purchase of Goods	147.46	139.36
	Sales of Goods & Services	364.44	405.27
Aarti Surfactants Limited	Purchase of Goods	7.89	10.43
	Sales of Goods & Services	2.73	19.04
	Reimbursement of Expenses	0.11	0.11
Valiant Laboratories Limited	Purchase of Goods	0.24	-
Aarti Pharmalabs Limited	Purchase of Goods	72.20	52.54
	Sales of Goods & Services	132.61	73.69
	Reimbursement of Expenses	0.35	-
Ganesh Polychem Limited	Purchase of Goods	16.45	14.71
	Sales of Goods & Services	132.14	156.18
	Reimbursement of Expenses	0.10	0.15
Aarti USA INC	Sales of Goods & Services	221.74	161.21
Amulya Techline Engineers (Unit of Dilesh Roadlines Private Limited)	Purchase of Assets	3.81	-

(₹ In Crs)

Name of related party	Closing Balances	As at 31st March, 2023	As at 31st March, 2022
Alchemie Gases & Chemicals Private Limited	Trade Payable	0.01	-
Alchemie Speciality Chemical Private Limited	Trade Receivable	6.95	9.77
	Trade Payable	1.31	1.03
Alchemie Finechem Private Limited	Trade Receivable	10.97	15.76
	Trade Payable	0.02	-
Aarti Drugs Limited	Trade Receivable	3.99	6.67
Valiant Organics Limited	Trade Receivable	99.9	107.95
	Trade Payable	-	20.68
Aarti Surfactants Limited	Trade Receivable	0.07	2.92
Aarti Pharmalabs Limited	Trade Payable	4.73	-
	Trade Receivable	-	21.15
	Loans/Advances*	21.71	324.62
Ganesh Polychem Limited	Trade Receivable	3.16	12.55
Aarti USA INC	Trade Receivable	116.99	64.07
Amulya Techline Engineers (Unit of Dilesh Roadlines Private Limited)	Trade Payable	(3.21)	-

* Arrising on account of Pursuant to the Scheme of Arrangement.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

(B) Details relating to persons referred to in item III above

(₹ In Crs)

	Particulars	Financial Year 2022-23	Financial Year 2021-22
a.	Remuneration including perquisites #	8.74	8.83
b.	Commission to Directors	18.39	44.97
c.	Rent paid	0.98	1.01
d.	Travelling Expenses	0.45	0.25
e.	Telephone Expenses	0.03	0.02
	TOTAL	**28.59**	**55.08**

Value of Perquisites includes non Cash Perquisites of ₹ 0.02 Crs (previous year Rs 0.03 Crs).

32. Additional Information as required under Schedule III to the Companies Act 2013 of enterprises consolidated as Subsidiary/Associates.

Name of Enterprise	Net Assets (i.e. Total Assets minus total liabilities)		Share in Profit or Loss	
	As % of Consolidated net assets	(Amt in Crs)	As % of Consolidated Profit or Loss	(Amt in Crs)
Parent				
Aarti Industries Limited	100.00%	4,920.97	100.10%	545.78
Subsidiaries				
Alchemie (Europe) Limited	-0.03%	-1.47	-0.48%	-2.63
Aarti Corporate Services Limited	0.34%	16.87	-0.13%	-0.69
Innovative Envirocare Jhagadia Limited	0.00%	0.16	0.00%	-0.01
Nascent Chemical Industries Limited	0.00%	-	0.00%	-
Shanti Intermediates Private Limited	0.02%	1.04	0.09%	0.48
Aarti Polychem Private Limited	0.00%	-	0.00%	-
Aarti Bharuch Limited	0.00%	0.21	0.00%	-0.01
Aarti Spechem Limited	0.00%		0.00%	
Non Controlling Interest in all Subsidiaries	0.00%	-	0.00%	-
Inter Company Elimination & Consolidation Adjustment	-0.35%	-16.98	0.42%	2.30
TOTAL	**100.00%**	**4,920.80**	**100.00%**	**545.22**

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

33. FAIR VALUE MEASUREMENTS:

Financial instuments by category

(₹ In Crs)

Particulars	As at 31st March, 2023			As at 31st March, 2022		
	Carrying Amount	Level 1	Level 2	Carrying Amount	Level 1	Level 2
Financial Assets						
At Amortised Cost:						
Investments	12.75	-	-	13.51	-	-
Trade Receivables	940.49	-	-	1,091.52	-	-
Cash and Cash Equivalents	167.45	-	-	93.63	-	-
Other Bank Balances	33.28			79.93		
Other Financial Assets	180.91	-	-	407.30	-	-
At FVTOCI						
Investments	4.42	4.14	0.28	14.78	9.16	5.62
Financial Liabilities						
At Amortised Cost						
Borrowings	2,874.03	-	-	2,567.97	-	-
Lease Liabilities	33.28			18.98		
Trade Payables	404.93	-	-	344.84	-	-
Other Current Financial Liabilities	1.93	-	-	2.23	-	-

The financial instruments are categorized into two levels based on the inputs used to arrive at fair value measurements as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities; and

Level 2: Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly.

34. CAPITAL MANAGEMENT:

For the purpose of the Company's capital management capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure the Company may adjust the dividend payment to shareholders return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio which is net debt divided by total capital plus net debt. Net Debt is calculated as loans and borrowings less cash & marketable securities.

(₹ In Crs)

Particulars	31st March 2023	31st March 2022
Gross Debts	2,874.03	2,567.97
Less: Cash and Marketable Securities	171.59	102.79
Net Debt (A)	**2,702.44**	**2,465.18**
Total Equity (B)	**4,920.80**	**4,516.69**
Net Gearing ratio (A/B)	**0.55**	**0.55**

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

35. FINANCIAL RISK MANAGEMENT:

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans trade and other receivables and cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk market risk and liquidity risk. The Company's senior management oversees the management of these risks.

I. Credit Risk

The company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities (deposits with banks and other financial instruments).

Credit risk is the risk that a customer or counterparty to a financial instrument fails to perform or pay the amounts due causing financial loss to the company. Credit risk arises from company's activities in investments dealing in derivatives and outstanding receivables from customers.

The company has a prudent and conservative process for managing its credit risk arising in the course of its business activities. Sales made to customers on credit are generally secured through Letters of Credit Bank Guarantees Parent Company Guarantees advance payments and factoring & forfaiting without recourse to AIL.

Credit risk management

To manage the credit risk the Company follows an adequate credit control policy and also has an external credit insurance cover with ECGC policy wherein the customers are required to make an advance payment before procurement of goods. Thus the requirement of assessing the impairment loss on trade receivables does not arise since the collectability risk is mitigated.

Bank balances are held with only high rated banks and majority of other security deposits are placed majorly with government/statutory agencies.

II. Liquidity Risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. For the Company liquidity risk arises from obligations on account of financial liabilities such as trade payables and other financial liabilities.

(a) Liquidity Risk Management

The Company's corporate treasury department is responsible for liquidity and funding as well as settlement. In addition processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

As at 31st March 2023

Maturities of non-derivative financial liabilities

(₹ In Crs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	404.93	-	-	404.93
Other financial liabilities	2,315.98	876.65	-	3,192.63
Total	**2,720.91**	**876.65**	**-**	**3,597.56**

As at 31st March 2022

Maturities of non-derivative financial liabilities

(₹ In Crs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	344.84	-	-	344.84
Other financial liabilities	1,716.42	1,168.34	-	2,884.76
Total	**2,061.26**	**1,168.34**	**-**	**3,229.60**

III. Market risk

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities in exports and imports which is majorly in US dollars.

Hence to combat the foreign currency exposure the Company follows a policy wherein the net sales are hedged by forward Contract.

Commodity Price Risk

The Company has a risk management framework aimed at prudently managing the risk arising from the volatility in commodity prices and freight costs.

The Company's commodity risk is managed centrally through well-established trading operations and control processes. In accordance with the risk management policy the Company enters into various transactions using derivatives and uses Over the Counter (OTC) as well as Exchange Traded Futures Options and Swap contracts to hedge its commodity and freight exposure.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

36. RATIO ANALYSIS:

(₹ In Crs)

Particulars	Numerator	Denominator	31st March 2023	31st March 2022	% Variance
Current Ratio	Total Current Assets	Total Current Liabilities	1.01	1.25	-19.20%
Debt-Equity Ratio	Total Debt	Total Equity	0.58	0.57	1.75%
Debt Service Coverage Ratio[(a)]	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	"Debt service = Interest + Principal repayments of Long Term Borrowings"	1.48	3.45	-57.10%
Return on Equity Ratio [(b)]	Net Profits after Taxes	Average Total Equity	11.55	29.53	-60.87%
Inventory Turnover Ratio	Cost of Goods Sold	Average Inventory	5.10	4.35	17.24%
Trade Receivables Turnover Ratio	Revenue from Operations	Average Trade Receivable	7.17	7.29	-1.65%
Trade Payables Turnover Ratio [(c)]	Purchase of materials and stock in trade	Average Trade Payables	10.07	6.65	51.36%
Net Capital Turnover Ratio [(d)]	Revenue from Operations	Working capital = Current assets – Current liabilities	17.43	6.82	155.72%
Net Profit Ratio [(b)]	Net Profit after Tax	Revenue from Operations	7.49	17.26	-56.60%
Return on Capital Employed[(b)]	Earnings before Interest and Taxes & Depreciation	Average Capital Employed = Tangible Net Worth + Total Debt	14.65	25.60	-42.78%
Return on Investment [(b)]	Profit for the year	Total Equity	11.08	26.26	-57.80%

Notes for Ratio:

a. Debt service coverage ratio declined because of lower profits and higher finance costs during the year.

b. Financials with reference to previous year included one time termination income resulting into higher revenue, earnings, profit in previous financial year as a result the ratios in previous year were higher in respect to current financial year.

c. Trade payable Turnover ratio increased primarily due to increase in the pieces of feed stocks.

d. Net Capital turnover ratio increased due to decreased in current assets & increased in current liabilities.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

37. OTHER DISCLOSURES:

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(ii) The Company do not have any transactions with companies struck off. under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.

(iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vi) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(vii) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

(viii) **Events after the reporting period**

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are approved by the Board of Directors in case of a company, and, by the corresponding approving authority in case of any other entity for issue. Two types of events can be identified:

(a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and

(b) those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

As on 8th May, 2023 there were no material subsequent events to be recognized or reported that are not already disclosed.

(ix) **Standards Notified But Not Yet Effective**

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, as and when they become effective.

The Ministry of Corporate affairs (MCA) has notified certain amendments to Ind AS, through Companies (Indian Accounting Standards) Amendment Rules, 2023 on 31st March, 2023. The amendments have been made in the following standards:

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

a. Ind AS 1: Presentation of Financial Statements is amended to replace the term “significant accounting policies” with “material accounting policy information” and providing guidance relating to immaterial transactions, disclosure of entity specific transactions and more

b. Ind AS 8: Accounting Policies, Changes in Accounting Estimates and Errors to include the definition of accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty.

c. Ind AS 12: Income Taxes relating to initial recognition exemption of deferred tax related to assets and liabilities arising from a single transaction.

d. Other Amendments in Ind AS 102 – Share based Payments, Ind AS 103 – Business Combinations, Ind AS 109 – Financial Instruments, Ind AS 115 – Revenue from Contracts with Customers which are mainly editorial in nature in order to provide better clarification of the respective Ind AS’s.

e. These amendments shall come into force with effect from April 01, 2023. The Company is assessing the potential effect of the amendments on its financial statements. The Company will adopt these amendments, if applicable, from applicability date.

(x) **Scheme of Arrangement**

Where the Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013, the company shall disclose that the effect of such Scheme of Arrangements have been accounted for in the books of account of the Company ‘in accordance with the Scheme’ and ‘in accordance with accounting standards’ and any deviation in this regard shall be explained.

38. The figures of previous year have been regrouped and rearranged wherever necessary.

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

For and on behalf of the Board

Tejas Parikh
Partner
M.No. 123215

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

Rashesh C. Gogri
Vice Chairman and
Managing Director
DIN: 00066291

Chetan Gandhi
Chief Financial Officer
ICAI M.No. 111481

Raj Sarraf
Company Secretary
ICSI M.No. A15526

Place: Mumbai
Date: 8th May, 2023

AARTI INDUSTRIES

CIN: L24110GJ1984PLC007301
Regd. Off.: Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi, Dist. Valsad, Gujarat - 396 195
Website: - www.aarti-industries.com; **Email: -** investorrelations@aarti-industries.com
Telephone: - 0260-2400059, 2400366, **Fax: -** 0260-2401322

Notice of Annual General Meeting

Notice is hereby given that the 40th Annual General Meeting of the Members of **AARTI INDUSTRIES LIMITED** will be held on **Friday**, the **4th day of August, 2023,** 11:00 a.m. (IST), through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”), to transact the following businesses;

ORDINARY BUSINESS;

1. To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements for the financial year ended March 31, 2023 together with the Reports of the Board of Directors’ and the Auditors’ thereon.

2. To declare the final dividend @ 30% i.e. ₹ 1.50/- (Rupee One and Fifty Paise only) per Equity share for the financial year ended March 31, 2023.

3. To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

   “RESOLVED THAT pursuant to the provisions of Section 152 of Companies Act, 2013 read with Companies (Appointment and Qualifications of Directors) Rules, 2014 and subject to other applicable provisions of Companies Act, 2013, (including any statutory modifications or re-enactment thereof, for the time being in force), and the rules framed thereunder, Shri Ajay Kumar Gupta (DIN: 08619902), who was appointed in accordance with the recommendation of Nomination and Remuneration Committee and the Board of Directors, as an Additional Director in the category of Executive Director of the Company with effect from June 29, 2023 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013, be and is hereby appointed as a Director of the Company, liable to retire by rotation, in place of Shri Kirit R Mehta [DIN: 00051703], who retires by rotation in this Annual General Meeting and has not offered himself for re-appointment as a Director of the Company.

   RESOLVED FURTHER THAT the Executive Directors and Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

4. To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

   “RESOLVED THAT Shri Narendra J Salvi [DIN: 00299202], who was appointed as a Director of the Company liable to retire by rotation, retires in this Annual General Meeting as he has not offered himself for re-appointment as a Director of the Company and that the vacancy so caused not be filled up.”

SPECIAL BUSINESS:

5. **To approve appointment of Prof. Aniruddha Pandit (DIN: 02471158) as an Independent Director of the Company** for a period of 5 (five) years commencing from June 29, 2023 up to June 28, 2028, and to consider and if thought fit, to pass the following resolution as a **Special Resolution**:

   “RESOLVED THAT pursuant to Section 149, 150, 152, 160 and other applicable provisions of Companies Act, 2013 (‘Act’) and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and such other Rules framed under the Act, read with Schedule IV of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulation’) (including any statutory amendments or modifications or re-enactment thereof and rules made thereunder, for the time being in force), in accordance with the recommendation of Nomination and Remuneration Committee and the Board of Directors, Prof. Aniruddha Pandit (DIN: 02471158), who was appointed as an Additional Director in the category of Independent Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a period of 5 (five) years with effect from June 29, 2023 up to June 28, 2028, in terms of Section 161(1) of the Act and who meets the criteria for Independence as provided in Section 149(6) of the Act along with the rules framed thereunder and Regulation 16(1)(b) of the Listing Regulations and and who has submitted a declaration to that effect.

RESOLVED FURTHER THAT the Executive Directors & Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. **To approve appointment of Shri Shekhar Khanolkar (DIN: 02202839) as an Independent Director of the Company** for a period of 5 (five) years commencing from June 29, 2023 up to June 28, 2028, and to consider and if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to Section 149, 150, 152, 160 and other applicable provisions of Companies Act, 2013 ('Act') and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and such other Rules framed under the Act, read with Schedule IV of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulation') (including any statutory amendments or modifications or re-enactment thereof and rules made thereunder, for the time being in force), in accordance with the recommendation of Nomination and Remuneration Committee and the Board of Directors, Shri Shekhar Khanolkar (DIN: 02202839), who was appointed as an Additional Director in the category of Independent Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a period of 5 (five) years with effect from June 29, 2023 up to June 28, 2028, in terms of Section 161(1) of the Act and who meets the criteria for Independence as provided in Section 149(6) of the Act along with the Rules framed thereunder and Regulation 16(1)(b) of the Listing Regulations and who has submitted a declaration to that effect.

RESOLVED FURTHER THAT the Executive Directors & Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

7. **To approve appointment of Shri Ajay Kumar Gupta (DIN: 08619902) as an Executive Director of the Company:**

To appoint Shri Ajay Kumar Gupta (DIN: 08619902) as an Executive Director of the Company with effect from June 29, 2023, and to consider and if thought fit, to pass the following resolution as a Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of sections 196, 197, 198 and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Schedule V of the Companies Act, 2013, approval of the Company be and is hereby accorded to the appointment of Shri Ajay Kumar Gupta (DIN: 08619902), as an Executive Director of the Company effective from June 29, 2023, upon terms and conditions including remuneration payable to him as set out in the Explanatory Statement annexed to the Notice convening this meeting, with liberty to the Board to alter and vary the terms and conditions of the said appointment including remuneration in such manner as may be agreed between the Board and Shri Ajay Kumar Gupta.

RESOLVED FURTHER THAT Shri Ajay Kumar Gupta, Executive Director be entrusted with such powers to perform such duties as may from time to time be delegated / entrusted to him subject to the supervision, direction and control of the Board.

RESOLVED FURTHER THAT the existing Executive Directors & Key Managerial Personnel of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient, to give effect to the aforesaid resolution."

8. **To approve revision in terms & conditions of appointment of Chairman & Managing Director Shri Rajendra Vallabhaji Gogri (DIN:00061003):**

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to provisions of sections 197, 198 and all other applicable provisions, if any, read with Schedule V of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and in accordance with the recommendation of nomination and remuneration committee of the Board, and subject to other approvals, if any, the consent of the Company be and is hereby given on revision in the terms of appointment (Remuneration) of Chairman & Managing Director Shri Rajendra Vallabhaji Gogri for the Financial Year 2023-24 onwards and an authority be and is hereby delegated in favour of the Board of Directors to consider yearly revisions based upon the recommendation of the Nomination and Remuneration Committee of the Board within overall ceiling as prescribed below with effect from April 1, 2023 and till the continuation of fresh tenure untill June 30, 2028;

Salary (₹ .. Lakhs pa)		Tenure		Other Terms & Conditions
FY24	@Ceiling upto FY28	Present	Fresh	
112	200	July 1, 2018 to June 30, 2023	July 1, 2023 to June 30, 2028	In accordance with the approval of the Shareholders given in 39th Annual General Meeting and agreement executed with the Company, other terms and conditions shall remain unchanged, except for the yearly revision in remuneration, for which the Board is empowered to consider revision in yearly salary for FY25•FY28. based upon the recommendation of the NRC and within overall ceiling as prescribed

RESOLVED FURTHER THAT the Nomination and Remuneration Committee of the Board of Directors of the Company be and is hereby authorised to determine the manner and the extent to which the Commission shall be paid to Shri Rajendra Vallabhaji Gogri, from the overall limit up to 3% of the Net Profit as calculated in accordance with the provisions of section 198 of the Companies Act, 2013, that can be paid cumulatively to all the Executive Directors in addition to Salary payable to them.

RESOLVED FURTHER THAT the Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

9. **To approve revision in terms and conditions of appointment of Vice-Chairman and Managing Director Shri Rashesh Chandrakant Gogri (DIN:00066291),**

To consider and if thought fit, to pass w ith o r the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to provisions of sections 197, 198 and all other applicable provisions, if any, read with Schedule V of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and in accordance with the recommendation of Board , nomination and remuneration committee of the Board, and subject to other approvals, if any, the consent of the Company be and is hereby given on revision in the terms of appointment (Remuneration) of Vice - Chairman and Managing Director Shri Rashesh Chandrakant Gogri for the Financial Year 2023-24 onwards and an authority be and is hereby delegated in favour of the Board of Directors to consider yearly revisions based upon the recommendation of the Nomination and Remuneration Committee of the Board within overall ceiling as prescribed below with effect from April 1, 2023;

Salary (₹ .. Lakhs pa)		Tenure	Other Terms & Conditions
FY24	@Ceiling upto FY28		
112	200	June 8, 2022 to June 7, 2027	In accordance with the approval of the Shareholders given in 38th Annual General Meeting and agreement executed with the Company, other terms and conditions shall remain unchanged

RESOLVED FURTHER THAT the Nomination and Remuneration Committee of the Board of Directors of the Company be and is hereby authorised to determine the manner and the extent to which the Commission shall be paid to Shri Rashesh Chandrakant Gogri, from the overall limit up to 3% of the Net Profit as calculated in accordance with the provisions of section 198 of the Companies Act, 2013, that can be paid cumulatively to all the Executive Directors in addition to Salary payable to them.

RESOLVED FURTHER THAT the Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

10. **To approve revision in terms and conditions of appointment of Executive Director Shri Parimal Hasmukhlal Desai (DIN:00009272);**

To consider and if thought fit, to pass the following resolution as a **Special Resolution:**

"**RESOLVED THAT** pursuant to provisions of sections 197, 198 and all other applicable provisions, if any, read with Schedule V of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and in accordance with the recommendation of nomination and remuneration committee of the Board and subject to other approvals, if any, the consent of the Company be and is hereby given on revision in the terms of appointment (Remuneration) of Executive Director Shri Parimal Hasmukhlal Desai for the Financial Year 2023-24 onwards and an authority be and is hereby delegated in favour of the Board of Directors to consider yearly revisions based upon the recommendation of the Nomination and Remuneration Committee of the Board within overall ceiling as prescribed below with effect from April 1, 2023;

Salary (₹ .. Lakhs pa)		
FY24	**@Ceiling upto FY28**	
97	175	@ Board is empowered to consider revision in yearly salary for FY25-FY28, based upon the recommendation of the NRC and within overall ceiling as prescribed in the table hereinabove.

RESOLVED FURTHER THAT the Nomination and Remuneration Committee of the Board of Directors of the Company be and is hereby authorised to determine the manner and the extent to which the Commission shall be paid to Shri Parimal Hasmukhlal Desai, from the overall limit up to 3% of the Net Profit as calculated in accordance with the provisions of section 198 of the Companies Act, 2013, that can be paid cumulatively to all the Executive Directors in addition to Salary payable to them.

RESOLVED FURTHER THAT except the change as stated herein above, other terms & conditions shall remain unchanged.

RESOLVED FURTHER THAT the Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

11. **To approve revision in terms and conditions of appointment of Executive Director Shri Manoj Mulji Chheda (DIN:00022699);**

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to provisions of sections 197, 198 and all other applicable provisions, if any, read with Schedule V of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and in accordance with the recommendation of nomination and remuneration committee of the Board and subject to other approvals, if any, the consent of the Company be and is hereby given on revision in the terms of appointment (Remuneration) of Executive Director Shri Manoj Mulji Chheda for the Financial Year 2023-24 onwards and an authority be and is hereby delegated in favour of the Board of Directors to consider yearly revisions based upon the recommendation of the Nomination and Remuneration Committee of the Board within overall ceiling as prescribed below with effect from April 1, 2023;

Salary (₹ .. Lakhs pa)		
FY24	**@Ceiling upto FY28**	
97	175	@ Board is empowered to consider revision in yearly salary for FY25-FY28, based upon the recommendation of the NRC and within overall ceiling as prescribed in the table hereinabove.

RESOLVED FURTHER THAT the Nomination and Remuneration Committee of the Board of Directors of the Company be and is hereby authorised to determine the manner and the extent to which the Commission shall be paid to Shri Manoj Mulji Chheda, from the overall limit up to 3% of the Net Profit as calculated in accordance with the provisions of section 198 of the Companies Act, 2013, that can be paid cumulatively to all the Executive Directors in addition to Salary payable to them.

RESOLVED FURTHER THAT except the change as stated herein above, other terms & conditions shall remain unchanged.

RESOLVED FURTHER THAT the Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

12. **To approve revision in terms and conditions of appointment of Executive Director Shri Renil Rajendra Gogri (DIN:01582147);**

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

"**RESOLVED THAT** pursuant to provisions of sections 197, 198 and all other applicable provisions, if any, read with Schedule V of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and in accordance with the recommendation of nomination and remuneration committee of the Board and subject to other approvals, if any, the consent of the Company be and is hereby given on revision in the terms of appointment (Remuneration) of Executive Director Shri Renil Rajendra Gogri for the Financial Year 2023-24 onwards and an authority be and is hereby delegated in favour of the Board of Directors to consider yearly revisions based upon the recommendation of the Nomination and Remuneration Committee of the Board within overall ceiling as prescribed below with effect from April 1, 2023;

Salary (₹ .. Lakhs pa)		
FY24	**@Ceiling upto FY28**	
81	150	@ Board is empowered to consider revision in yearly salary for FY25-FY28, based upon the recommendation of the NRC and within overall ceiling as prescribed in the table hereinabove.

RESOLVED FURTHER THAT the Nomination and Remuneration Committee of the Board of Directors of the Company be and is hereby authorised to determine the manner and the extent to which the Commission shall be paid to Shri Renil Rajendra Gogri, from the overall limit up to 3% of the Net Profit as calculated in accordance with the provisions of section 198 of the Companies Act, 2013, that can be paid cumulatively to all the Executive Directors in addition to Salary payable to them.

RESOLVED FURTHER THAT except the change as stated herein above, other terms & conditions shall remain unchanged.

RESOLVED FURTHER THAT the Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

13. **To approve revision in terms and conditions of appointment of Executive Director Shri Kirit Ratilal Mehta (DIN: 00051703), for a period from April 1, 2023 till the date of this meeting:**

To consider and if thought fit, to pass the following resolution as a **Special Resolution:**

"**RESOLVED THAT** pursuant to provisions of sections 197, 198 and all other applicable provisions, if any, read with Schedule V of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and in accordance with the recommendation of nomination and remuneration committee of the Board and subject to other approvals, if any, the consent of the Company be and is hereby given on revision in the terms of appointment (Remuneration) of Executive Director Shri Kirit Ratilal Mehta for a period from April 1, 2023 till the date of this meeting as under;

Salary (₹ .. Lakhs pa)	**Profit Related Commission** Upto 3% of the Net Profit of immediate preceeding Financial Year calculated in accordance with the provisions of Section 198 of the Companies Act 2013 and to be paid cumulatively to all the Executive Directors
FY24	Payable
69	For a period from April 1. 2023 till the date of this 40th Annual General Meeting.

RESOLVED FURTHER THAT the Nomination and Remuneration Committee of the Board of Directors of the Company be and is hereby authorised to determine the manner in which Commission, up to 3% of the Net Profit as calculated in accordance with the provisions of section 198 of the Companies Act, 2013, that can be paid cumulatively to all the Executive Directors in addition to Salary payable to them.

RESOLVED FURTHER THAT except the change as stated herein above, other terms & conditions shall remain unchanged.

RESOLVED FURTHER THAT the Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

14. To approve Commission payable to Non-Executive Directors:

To consider and if thought fit, to passthe following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 197, 198 and all other applicable provisions of the Companies Act, 2013 ('Act') and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulation') (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof for the time being in force), all the Non-Executive Directors of the Company (i.e. Directors other than Managing Director and/or Executive Directors), collectively be paid remuneration by way of commission, in addition to the sitting fees for attending the meetings of the Board of Directors or Committees thereof, not exceeding in aggregate maximum up to 0.5% of the net profits of the Company in each financial year as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors ("Board") and computed in the manner laid down in Section 198 of the Act, (including any statutory modification(s) or re-enactment thereof) and be allocated in a manner and based upon the criteria as set out by the Nomination and Remuneration Committee of the Board, every year.

RESOLVED FURTHER THAT the existing Executive Directors & Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

15. To approve the remuneration of the Cost Auditors for the Financial Year 2023-24:

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to Section 148 and other applicable provisions if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors), Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration of ₹ 4,00,000/- (Rupees Four Lakh only) per annum plus Tax as applicable and reimbursement of out of pocket expenses to be paid to Smt. Ketki D. Visariya, Cost Accountant (Membership Number: 16028), being the Cost Auditor appointed by the Board of Directors of the Company to conduct audit of the cost records and related books maintained by the Company in respect of Organic and Inorganic Chemicals and Fertilisers for the Financial Year 2023-24 be and is hereby approved.

RESOLVED FURTHER THAT the Executive Directors & Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

16. To approve re-classification from 'Promoter / Promoter Group' Category to 'Public' Category of the Company:

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment thereof for the time being in force) and other applicable provisions, and subject to necessary approvals from the Stock Exchanges and other appropriate statutory authorities as may be necessary, the consent of the members be and is hereby accorded to reclassify the following person(s) (hereinafter individually and jointly referred to as the 'applicants') from "Promoter / Promoter Group" category to "Public" category:

Name of the Promoter/ Promoter Group		Number of Shares Held	% of Shares Held
First Holder	Second Holder		
Mananjay Singh Garewal	-	6,50,040	0.18
Mananjay Singh Garewal	Nehal Garewal	4,00,000	0.11
Shreya Suneja	-	4,50,000	0.12
Monisha Bhatia	-	3,64,484	0.10
Total		**18,64,524**	**0.51**

RESOLVED FURTHER THAT Shri Rajendra Vallabhaji Gogri, Chairman and Managing Director, Shri Rashesh Chandrakant Gogri, Vice Chairman and Managing Director and Shri Raj Sarraf, Company Secretary of the Company, be and are hereby severally authorised to intimate, and make necessary application to the Stock Exchanges within the permitted time, and to do all such acts and deeds as may be necessary to give effect to this resolution."

Registered Office:
Plot Nos. 801, 801/23
GIDC Estate, Phase III, Vapi,
Dist. Valsad, Gujarat - 396195

June 28, 2023

By order of the Board

Raj Sarraf
Company Secretary
ICSI M. NO. A15526

NOTES

1. In terms of General Circular Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 5, 2020 and subsequent circulars issued in this regard, the latest being 10/2022 dated December 28, 2022 (collectively referred to as 'MCA Circulars') issued by the Ministry of Corporate Affairs ('MCA'), the Annual General Meeting ('AGM') is being held through Video Conferencing ('VC') facility / Other Audio Visual Means ('OAVM') without the physical presence of the Members at a common venue. In compliance with the applicable provisions of the Companies Act, 2013 ('the Act'), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and the MCA Circulars, the AGM of the Company is being held through VC/OAVM on Friday, 4th August, 2023 at 11:00 a.m. (IST).

2. In accordance with the provisions of the Act, read with the Rules made thereunder and General Circular No. 10/2022 dated 28th December, 2022, other Circulars issued by the Ministry of Corporate Affairs ("MCA") from time to time, and Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5th January, 2023 issued by SEBI ("the Circulars"), companies are allowed to hold AGM through video conference/other audio visual means ("VC/OAVM") upto 30th September, 2023, without the physical presence of members. The AGM of the Company is being held through VC/OAVM, and video recording and transcript of the same shall be made available on the website of the Company. National Securities Depository Limited ("NSDL") will be providing facilities for voting through remote e-voting, for participation in the AGM through VC/OAVM and e-voting during the AGM.

3. In terms of the MCA Circulars, the physical attendance of Members has been dispensed with and there is no requirement of appointment of proxies. Accordingly, the facility for appointment of proxies by the Members will not be available for the Annual General Meeting and hence the Proxy Form and Attendance Slip are not annexed to this Notice. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

4. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) attending the meeting through VC / OAVM are required to send a scanned copy (PDF/ JPG Format) of its Board or governing body Resolution/ Authorisation etc., authorising its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/ Authorisation shall be sent to the Scrutiniser by email through its registered email address to sunil@sunildedhia.com with a copy marked to evoting@nsdl.co.in.

5. As per Regulation 40 of Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019 except in case of request received for transmission or transposition and relodged transfers of securities. Further, SEBI vide its circular no. SEBI/ HO/MIRSD/RTAMB/CIR/P/2020/236 dated December 2, 2020 had fixed March 31, 2021 as the cut-off date for re-lodgement of transfer deeds and the shares that are re-lodged for transfer shall be issued only in demat mode. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, mobile/ phone numbers, PAN, mandates, nominations and bank details etc., to their Depository Participants ("DPs") in case shares are held by them in electronic form and to the M/s. Link Intime India Private Limited in Form ISR-1, in case shares are held by them in physical form. Members can contact the Company or Company's Registrars and Transfer Agents, M/s. Link Intime India Private Limited for assistance in this regard. Members may also refer to Frequently Asked Questions ("FAQs") on Company's website www.aarti-industries.com.

6. The Company is concerned about the environment. We request you to update your email address with your Depository Participants to enable us to send you communications via email. The Members who have not registered their e-mail addresses, so far, are requested to register their email addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members, who hold shares in physical form are requested to provide their email addresses to the M/s. Link Intime India Private Limited sending an e-mail at rnt.helpdesk@linkintime.co.in or to the Company at investorrelations@aarti-industries.com.

7. As per the provisions of Section 72 of the Act, the facility for making nominations is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13.

The said form can be downloaded from the Company's website www.aarti-industries.com. Members are requested to submit the said details to their DP in case the shares are held by them in electronic form and to M/s. Link Intime India Private Limited, in case the shares are held in physical form. Further, if Members desire to opt out/ cancel the nomination and to record a fresh nomination, are requested to submit Form ISR-3 (in case of shares held in physical form) or SH-14 (in case of shares held in electronic mode.

8. SEBI has mandated listed companies to issue securities in dematerialized form only, while processing service requests for issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/ exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates / folios; and transmission and transposition. In this regard, members are requested to make requests in Form ISR – 4. It may be noted that the service request can be processed only, if the respective folio is KYC Compliant.

9. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or M/s. Link Intime India Private Limited, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.

10. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote during the AGM.

11. In compliance with the MCA Circulars and SEBI Circular, Notice of the AGM along with the Annual Report 2022-23 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories.

12. The Company has fixed **Friday, July 28, 2023** as the 'Record Date' for determining entitlement of members to Final Dividend for the financial year ended March 31, 2023, if approved at the AGM.

13. If the Final Dividend, as recommended by the Board of Directors, is approved at the AGM, payment of such Dividend subject to deduction of tax at source will be made within statutory timeline of 30 days as under:

    a) To all Beneficial Owners in respect of shares held in dematerialized form as per the data made available by the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL"), collectively "Depositories", as at the close of business hours on **Friday, July 28, 2023**;

    b) To all Members in respect of shares held in physical form after giving effect to valid transmission or transposition requests lodged with the Company as at the close of business hours on **Friday, July 28, 2023.**

14. The Company has transferred unclaimed amounts of Final Dividend for the year 2014-15, 1st Interim Dividend and 2nd Interim Dividend for the year 2015-2016 to the Investor Education and Protection Fund as required under Sections 124 and 125 of the Companies Act, 2013.

15. The Company has uploaded the information in respect of the Unclaimed Dividends, on the website of the IEPF viz. www.iepf.gov.in and under "Investors Section" on the Website of the Company viz. www.aarti-industries.com.

16. The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 contain provisions for transfer of all shares in respect of which dividend has not been paid and claimed by the shareholders for seven consecutive years or more in the name of Demat Account of the Investor Education and Protection Fund (IEPF) Authority. The Company has communicated individually, to the concerned shareholders whose shares are liable to be transferred to the Demat Account of IEPF Authority under the said rules and also notice for the same was published in Financial Express in (English) edition and (Gujarati) edition published from Ahmedabad for taking appropriate action(s). The Company has uploaded full details of such shareholders and shares due for transfer to Demat Account of IEPF Authority on its website at www.aarti-industries.com under "Investors Section."

17. Attention of the members is invited to the provisions of Section 124(6) of the Companies Act, 2013 with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 amended from time to time ("IEPF Rules"), which inter alia requires the Company to transfer the equity shares, on which the dividend has remained unpaid and unclaimed for a continuous period of seven years, to IEPF. The said Shares, once transferred to IEPF can be claimed after following due procedure prescribed under the IEPF Rules.

18. To register email address for all future correspondence and update the bank account details, please follow the below process:

Physical Holding	Send a request to M/s. Link Intime India Private Limited at rnt.helpdesk@linkintime.co.in: To register e-mail address, please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN and AADHAR (self-attested scanned copy of both PAN card and Aadhar card) To update bank account details, please send the following additional documents/information followed by the hard copies: a) Name of the bank and branch address b) Type of bank account i.e., savings or current c) Bank account no. allotted after implementation of core banking solutions d) 9-digit MICR code no., and e) 11-digit-digit IFSC code f) Original cancelled cheque bearing the name of the first shareholder, failing which a copy of the bank passbook / statement attested by bank
Demat Holding	Please contact your DP and follow the process advised by your DP

19. Since the AGM will be held through VC / OAVM, the Route Map does not form part of the Notice. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business at item nos. 5 to 16 above is annexed hereto and forms part of the Notice.

20. Members may note that the Notice and Annual Report 2022-23 will also be available on the Company's website www.aarti-industries.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL, www.evoting.nsdl.com.

21. All documents referred to in the accompanying notice and the explanatory statements are open for inspection by the members at the registered office of the Company on all working days during 11:00 AM to 1:00 PM. Members can request the same by sending an email to investorrelations@aarti- industries.com till the date of the AGM.

22. Members seeking any information with regards to Financial Statements or any matters to be placed at the AGM, are requested to write to the Company on or August 3, 2023 through email at investorrelations@aarti-industries.com. The same will be replied by the Company suitably.

23. Pursuant to Finance Act, 2020, dividend income is taxable in the hands of shareholders effective April 01, 2020 and the Company is required to deduct tax at source from dividend paid to the Members at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and the amendments thereof. In general, to enable compliance with TDS requirements, Members are requested to complete and / or update their Residential status, PAN, Category with their depository participants ('DPs') or in case shares are held in physical form, with the Company / Registrars and Transfer Agents ('RTA') by sending documents through email on or before July 28, 2023.

24. **Voting through Electronic Means:**

    Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (LODR) Regulations, 2015 (as amended) and in terms of SEBI vide circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020 in relation to e-voting Facility provided by Listed Entities, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorised e-voting agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by NSDL.

The Members, whose names appear in the Register of Members /list of Beneficial Owners as on **Friday, July 28, 2023** are entitled to vote on the resolutions, set forth in this Notice. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the 'cut-off date' of **Friday, July 28, 2023**. Any person holding shares in physical form and non- individual shareholders, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut- off date i.e. **Friday, July 28, 2023** may obtain the login ID and password by sending a request at rnt. helpdesk@linkintime. co.in and/ or evoting@nsdl.co.in. However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.

In case of Individual Shareholders holding securities in demat mode and who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date may follow steps mentioned below under "Login method for remote e-voting and joining virtual meeting for Individual shareholders holding securities in demat mode."

CS Sunil M. Dedhia, Practising Company Secretary (ICSI M. No. F3483) has been appointed as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner.

The Scrutiniser shall, immediately after the conclusion of voting at the Meeting, count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting and at the meeting in the presence of at least two witnesses not in the employment of the Company. Scrutiniser shall within 2 working days of conclusion of the meeting submit a consolidated scrutiniser report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing.

The results along with the Scrutinisers Report shall be placed on the website of the Company and on the website of NSDL and shall be communicated to BSE Limited and National Stock Exchange of India Limited.

I. THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-

The remote e-voting period begins on **Tuesday, August 1, 2023 at 9:00 a.m. (IST)** and ends on **Thursday, August 3, 2023 at 5:00 p.m. (IST).** During this period, Members holding shares either in physical form or in dematerialized form, as on **Friday, July 28, 2023 i.e. cut-off date**, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter.

Those members who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.

The instructions for shareholders voting electronically are as under:

Step 1: Log-in to NSDL e-voting system at www.evoting.nsdl.com

Step 2: Cast your vote electronically on the NSDL e-voting system.

Details on Step 1: is mentioned below:

I) Login method for remote e-voting and joining virtual meetings for Individual shareholders holding securities in demat mode.

Pursuant to SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on "e-voting facility provided by Listed Companies", e-voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts / websites of Depositories / DPs in order to increase the efficiency of the voting process. Individual demat account holders would be able to cast their vote without having to register again with the e-voting service provider ("ESP") thereby not only facilitating seamless authentication but also ease and convenience of participating in the e-voting process.

Shareholders are advised to update their mobile number and e-mail ID with their DPs in order to access e-voting facility individual Shareholders holding securities in demat mode with NSDL.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	1. Existing IDeAS user can visit the e-Services website of NSDL viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "**Beneficial Owner**" icon under "**Login**" which is available under '**IDeAS**' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-voting services under Value added services. Click on "**Access to e-voting**" under e-voting services and you will be able to see e-voting page. Click on company name or **e-voting service provider i.e. NSDL** and you will be re-directed to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/ IdeasDirectReg.jsp 3. Visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/ OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on company name or **e-voting service provider i.e. NSDL** and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting. 4. Shareholders/Members can also download NSDL Mobile App **"NSDL Speede"** facility by scanning the QR code mentioned below for seamless voting experience. NSDL Mobile App is available on App Store Google Play
Individual Shareholders holding securities in demat mode with CDSL	1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-voting **service provider i.e. NSDL.** Click on NSDL to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/ myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-voting is in progress.

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on company name or e-voting service provider i.e. NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website. Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at https://evoting.nsdl.com/ or call at toll free no.: 1800 1020 990 and 1800 224430
Individual Shareholders holding securities	Members facing any technical issue in login can contact CDSL helpdesk
in demat mode with CDSL	by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

II) Login Method for e-voting and joining virtual meetings for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to the NSDL e-voting website?

1. Visit the e-voting website of NSDL. Open a web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at eservices.nsdl.com with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in a demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:

   a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

   b) If you are using the NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   c) How to retrieve your 'initial password'?

      (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

      (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

   a) Click on "Forgot User Details/ Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on the NSDL e-voting system and join the General Meeting on the NSDL e-voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.

2. Select "EVEN" of the company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining a virtual meeting, you need to click on the "VC/OAVM" link placed under "Join Meeting".

3. Now you are ready for e-Voting as the Voting page opens.

4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

5. Upon confirmation, the message "Vote cast successfully" will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

I General Guidelines for shareholders

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or can contact NSDL on www.evoting.nsdl.com or contact Further, please find below details of NSDL officials for queries.

Mr. Amit Vishal, Senior Manager, NSDL, 022-2499 4360 or email at amitv@nsdl.co.in

Ms. Pallavi Mhatre, Manager, NSDL, 022-2499 4545 or email at pallavid@nsdl.co.in

II. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Members will be able to attend the AGM through VC / OAVM at www.evoting.nsdl.com by using their remote e-voting login credentials and selecting the EVEN for Company’s AGM. The link for VC/OAVM will be available in shareholder/ members login where the EVEN of the Company will be displayed.

2. Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice. Further Members can also use the OTP based login for logging into the e-voting system of NSDL.

3. Members are encouraged to join the AGM through Laptops for better experience. Further Members will be required to allow Camera and use the Internet with a good speed to avoid any disturbance during the meeting.

4. Members connecting from mobile devices or tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

5. The Members can join the AGM in the VC/ OAVM mode 5 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/ OAVM will be made available for 1000 members on a first come first served basis. This will not include Large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional. Investors, Directors, Key Managerial Personnel, Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

6. Members who need assistance before or during the AGM, can contact NSDL on evoting.nsdl. com/ 1800-222- 990.

7. Members who would like to express their views or ask questions during the meeting may register themselves as a speaker by sending their request from their registered email ID mentioning their name, demat account number/ folio number, PAN, mobile number at investorrelations@aarti-industries.com at least 5 days before the date of AGM. Those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

8. Members can raise questions at the AGM through a chat box and they are requested to frame their questions precisely. Once the Member clicks the link for VC/ OAVM in shareholder/members login where the EVEN of Company will be displayed, Members will be able to view AGM VC/OAVM proceedings along with the chat box. The questions raised by the Members will be replied to by the Company suitably.

III. THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

1. The procedure for e-voting on the day of the AGM is the same as the instructions mentioned above for remote e-voting.

2. Only those Members, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.

3. Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to investorrelations@aartiindustries.com.

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to investorrelations@aarti-industries.com.

3. Alternatively members may send an email request to www.evoting.nsdl.com for obtaining User ID and Password by providing the details mentioned in Point (1) or (2) as the case may be.

4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-voting facility.

Registered Office:	By order of the Board
Plot Nos. 801, 801/23	
GIDC Estate, Phase III, Vapi,	Raj Sarraf
Dist. Valsad, Gujarat - 396195	**Company Secretary**
	ICSI M. NO. A15526

June 28, 2023

Annexure to the Notice

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Item No. 5

The Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee and pursuant to the provisions of Section 161(1) of the Companies Act, 2013 ("the Act") read with the Articles of Association of the Company, approved the appointment of Prof. Aniruddha B. Pandit (DIN: 02471158) as an Additional Director, in the category of Independent Director of the Company for a period of 5 (five) years with effect from June 29, 2023 subject to approval of the Members.

Prof. Aniruddha B. Pandit presently is a Vice Chancellor, Institute of Chemical Technology, India; Vice President, INAE (Academic, Professional, and International Affairs) and President, Asia Oceania Sonochemical Society Board. He has been teaching mainly Environmental Engineering and Process Safety, Chemical Project Economics, Design of Multiphase Reactors, Project Engineering & Economics, Separation Processes, and is a recognized Research Guide for 60+ Ph.D. as well as 100+ Masters' Students. He has authored hundreds of International Research Publications, Citations, H-Index and secured many National and International Patents, Awards and Recognitions.

Prof. Aniruddha B. Pandit is independent of management and possesses appropriate skills, experience and knowledge. The Company has received a declaration from him that he meets the criteria of independence as prescribed under Section 149 (6) of the Act and under Regulation 16 of the Listing Regulations.

He has confirmed that he is neither disqualified from being appointed as a Director in terms of Section 164 of the Act nor debarred from holding office as a Director of the Company by virtue of any SEBI Order or any other such authority and given his consent to act as a Director. The Board of Directors have taken on record the declaration and confirmation submitted by Prof. Aniruddha B. Pandit.

Considering the extensive knowledge, experience and recommendation of the Nomination and Remuneration Committee and the Board of Directors, the appointment of Prof. Aniruddha B. Pandit as an Independent Director would be in the interest of the Company and hence your Directors recommend the proposal for your approval as a **Special Resolution**.

A copy of letter of appointment proposed to be issued to Prof. Aniruddha B. Pandit as an Independent Director setting out the terms and conditions thereof is available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on all working days between 11:00 am to 1:00 pm to the date of this AGM.

None of the Directors other than Prof. Aniruddha B. Pandit and Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution. The relatives of Prof. Aniruddha B. Pandit may be deemed to be interested in the said resolution, to the extent of their respective shareholding, if any, in the Company.

Item No. 6

The Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee and pursuant to the provisions of Section 161(1) of the Companies Act, 2013 ("the Act") read with the Articles of Association of the Company, approved the appointment of Shri Shekhar Khanolkar (DIN: 02202839) as an Additional Director, in the category of Independent Director of the Company for a period of 5 (five) years with effect from June 29, 2023 subject to approval of the Members.

Shri Shekhar Khanolkar with his Engineering and Management Background, brings about 30 years of extensive experience with American, European multinationals and with Indian business houses. Worked at senior levels within multinational companies with their global professional management leading business operations and strategy. At the same time managed companies and relationships with members of family boards with the same dexterity. He has been an active member of Indian Chemical Council (ICC) and Indian Chemicals News. He has been a part of the executive committee of ICC working closely with Indian chemical industry counterparts and Govt officials.

Shri Shekhar Khanolkar is independent of management and possesses appropriate skills, experience and knowledge. The Company has received a declaration from him that he meets the criteria of independence as prescribed under Section 149 (6) of the Act and under Regulation 16 of the Listing Regulations.

He has confirmed that he is neither disqualified from being appointed as a Director in terms of Section 164 of the Act nor debarred from holding office as a Director of the company, by virtue of any SEBI Order or any other such authority and given his consent to act as a Director. The Board of Directors have taken on record the declaration and confirmation submitted by Shri Shekhar Khanolkar.

Considering the extensive knowledge and experience of legal as well as his educational background, appointment of Shri Shekhar Khanolkar as an Independent Director is in the interest of the Company and hence your Directors recommend the proposal for your approval as a **Special Resolution.**

Copy of the letter for appointment proposed to be issued to Shri Shekhar Khanolkar as an Independent Director setting out the terms and conditions thereof is available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on all working days between 11:00 am to 1:00 pm to the date of this AGM.

None of the Directors other than Shri Shekhar Khanolkar and Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution. The relatives of Shri Shekhar Khanolkar may be deemed to be interested in the said resolution, to the extent of their respective shareholding, if any, in the Company.

Item No. 7

The Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee and pursuant to the provisions of Section 161(1) of the Companies Act, 2013 ("the Act") read with the Articles of Association of the Company, approved the appointment of Shri Ajay Kumar Gupta (DIN: 08619902) as an Additional Director and also as Executive Director of the Company effective from June 29, 2023 and shall hold office up to the date of the ensuing AGM and is eligible to be appointed as a Director of the Company.

The Board in its meeting held on June 28, 2023, on the recommendation of the Nomination and Remuneration Committee had appointed Shri Ajay Kumar Gupta as an Additional Director and also as Executive Director of the Company effective from June 29, 2023. Pursuant to the provisions of Section 161 of the Act, Shri Ajay Kumar Gupta shall hold office up to the date of the ensuing AGM and is eligible to be appointed as a Director of the Company.

Shri Ajay Kumar Gupta is an accomplished professional with three and a half decades of industry experience in India and overseas. Worked in senior leadership roles for more than a decade in some of the world's largest petrochemical manufacturing companies like IPCL, Reliance industries limited and leading globally acclaimed chemicals & specialty chemical manufacturing companies like Grasim industries and Jubilant life sciences. Worked on an overseas assignment with M/S Toyo engineering corporation for an EPC project and successfully concluded the flawless pre-commissioning & commissioning in record time for the world's largest petrochemicals complex of SABIC in KSA.

Hands-on experience in all the key functions of manufacturing i.e. operations, technical services, project commissioning & Sustainability including HSEF, compliance, risk studies and its management. Accredited twice the chairman award for "work excellence" during the formative years as an engineering professional. Trained audit team leader (ATL) for Integrated management systems (IMS) and Process Safety.

Spearheaded the initiative on Executive coaching program for building effectiveness in leadership as program director & coach. Delivered and chaired sessions on safety risk management at various national and international forums including the prestigious CCPS. Provided leadership on behalf of industry associations CII, GDMA, ICC for representing industries at various forums. Skilled in manufacturing strategy formulation as well developing & implementation of the best in class manufacturing practices through world class business processes and systems.

Presently working with the Company for around five years and currently heading the responsibilities of manufacturing across all the locations which includes Operations, Maintenance, Process, Safety, Environment, Sustainability, Quality, Manufacturing procurement, Manufacturing strategy & excellence and other key functions including the brown field projects as Chief Manufacturing Officer (CMO).

The Nomination and Remuneration Committee and the Board has considered and approved the appointment of Shri Ajay Kumar Gupta and recommends his appointment as Executive Director of the Company effective from June 29, 2023 and shall be liable to retire by rotation. For the Financial Year 2023-24, his remuneration will remain unchanged, as under, as he continues to get under his present working responsibilities;

Category	Total Amount (₹ pa)
Fixed CTC	2,47,38,400
Target Variable Pay	43,65,600
Total CTC	2,91,04,000
PSOP Grant Value	76,00,000
Target CTC with PSOP Grant Value	3,67,04,000

The office of Shri Ajay Kumar Gupta shall be liable to retire by rotation. Your Directors recommend the said Resolution for your approval as an Ordinary Resolution. Except for Shri Ajay Kumar Gupta, none of the Directors, Key Managerial

Personnel of the Company or their relatives are in any way concerned or interested, financially or otherwise, in the said resolution.

Item No. 8

Shri Rajendra Vallabhaji Gogri has been the Director of the Company since June 9, 1989. He has been acting as the Managing Director since July 1, 1998 and appointed as the Chairman of the Company with effect from August 16, 2012. The members in their 39th Annual General Meeting of the Company have approved the re-appointment of Shri Rajendra Vallabhaji Gogri as Managing Director for a period of 5 years effective from July 1, 2023.

Pursuant to provisions of sections 197, 198 and all other applicable provisions, if any, read with Schedule V of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and in accordance with the recommendation of nomination and remuneration committee, the Board of Directors in its meeting held on May 8, 2023 approved and recommended for consideration by the members, a revision in the remuneration of Chairman and Managing Director Shri Rajendra Vallabhaji Gogri for the Financial Year 2023-24 onwards and also sought an authority in favour of the Board of Directors to consider yearly revisions within overall ceiling as prescribed below with effect from April 1, 2023;

Salary (₹ .. Lakhs pa)		Tenure		Other Terms & Conditions
FY24	@Ceiling upto FY28	Present	Fresh	
112	200	July 1, 2018 to June 30, 2023	July 1, 2023 to June 30, 2028	In accordance with the approval of the Shareholders given in 39th Annual General Meeting and agreement executed with the Company, other terms and conditions shall remain unchanged, except for the yearly revision in remuneration, for which the Board is empowered to consider revision in yearly salary for FY25-FY28. based upon the recommendation of the NRC and within overall ceiling as prescribed

Except as stated herein above, the other terms and conditions of the re-appointment as approved by the members in their 39th Annual General Meeting shall remain unchanged.

Being one of the Promoters of the Company, the compensation payable to Shri Rajendra Vallabhaji Gogri during his tenure, is likely to exceed the threshold prescribed under regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, therefore Your Directors recommend the said resolution for your approval as a **Special Resolution**.

Shri Rajendra Vallabhaji Gogri and Shri Renil Rajendra Gogri, are interested in the resolution. The other relatives of Shri Rajendra Vallabhaji Gogri may be deemed to be interested in the said resolution, to the extent of their respective shareholding, if any, in the Company.

Save and except the above, none of the Directors and Key Managerial Personnel of the Company or their relatives is, in any way concerned or interested, financially or otherwise, in the said resolution.

Item No. 9

Shri Rashesh Chandrakant Gogri has been the Director of the Company since June 9, 1997. He has been acting as the Vice Chairman and Managing Director since August 16, 2012. The members in their 38th Annual General Meeting of the Company have approved the re-appointment of Shri Rashesh Chandrakant Gogri as Managing Director for a period of 5 years effective from June 9, 2022.

Pursuant to provisions of sections 197, 198 and all other applicable provisions, if any, read with Schedule V of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and in accordance with the recommendation of nomination and remuneration committee, the Board of Directors in its meeting held on May 8, 2023 recommended for consideration by the members, a revision in the remuneration of Vice Chairman and Managing Director Shri Rashesh Chandrakant Gogri for the Financial Year 2023-24 and also sought an authority in favour of the Board of Directors to consider yearly revisions within overall ceiling as prescribed below with effect from April 1, 2023;

Salary (₹ .. Lakhs pa)		Tenure	Other Terms & Conditions
FY24	@Ceiling upto FY28		
112	200	June 8, 2022 to June 7, 2027	In accordance with the approval of the Shareholders given in 38th Annual General Meeting and agreement executed with the Company, other terms and conditions shall remain unchanged

Except as stated herein above, the other terms and conditions of the re-appointment as approved by the members in their 38th Annual General Meeting shall remain unchanged.

Being one of the member of Promoter Group of the Company, the compensation payable to Shri Rashesh Chandrakant Gogri during his tenure, is likely to exceed the threshold prescribed under regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, therefore Your Directors recommend the said resolution for your approval as a **Special Resolution**.

Shri Rashesh Chandrakant Gogri and Smt. Hetal Gogri Gala, are interested in the resolution. The other relatives of Shri Rashesh Chandrakant Gogri may be deemed to be interested in the said resolution, to the extent of their respective shareholding, if any, in the Company.

Save and except the above, none of the Directors and Key Managerial Personnel of the Company or their relatives is, in any way concerned or interested, financially or otherwise, in the said resolution.

Item No. 10

Shri Parimal Hasmukhlal Desai has been Director of the Company since incorporation i.e. September 28, 1984. He holds a bachelor degree in Chemical Engineering from ICT, Mumbai and has nearly four decades of experience in Chemical Industry.

Pursuant to provisions of sections 197, 198 and all other applicable provisions, if any, read with Schedule V of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and in accordance with the recommendation of nomination and remuneration committee, the Board of Directors in its meeting held on May 8, 2023 recommended for consideration by the members, a revision in the remuneration of Shri Parimal Hasmukhlal Desai for the Financial Year 2023-24 and also sought an authority in favour of the Board of Directors to consider yearly revisions within overall ceiling as prescribed below with effect from April 1, 2023;

Salary (₹ .. Lakhs pa)		
FY24	@Ceiling upto FY28	
97	175	@ Board is empowered to consider revision in yearly salary for FY25-FY28, based upon the recommendation of the NRC and within overall ceiling as prescribed in the table hereinabove.

Except as stated herein above, the other terms and conditions of the re-appointment as approved by the members in their 38th Annual General Meeting shall remain unchanged.

Being one of the Promoter of the Company, the compensation payable to Shri Parimal Hasmukhlal Desai during his tenure, is likely to exceed the threshold prescribed under regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, therefore Your Directors recommend the said resolution for your approval as a **Special Resolution**.

The relatives of Shri Parimal Hasmukhlal Desai may be deemed to be interested in the said resolution, to the extent of their respective shareholding, if any, in the Company.

Save and except the above, none of the Directors and Key Managerial Personnel of the Company or their relatives is, in any way concerned or interested, financially or otherwise, in the said resolution.

Item No. 11

Shri Manoj Mulji Chheda has been Director of the Company since November 25, 1993. He holds a bachelor degree in Commerce and has nearly three decades of experience in Chemical Industry.

Pursuant to provisions of sections 197, 198 and all other applicable provisions, if any, read with Schedule V of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and in accordance with the recommendation of nomination and remuneration committee, the Board of Directors in its meeting held on May 8, 2023 recommended for consideration by the members, a revision in the remuneration of Shri Manoj Mulji Chheda for the Financial Year 2023-24 and also sought an authority in favour of the Board of Directors to consider yearly revisions within overall ceiling as prescribed below with effect from April 1, 2023;

Salary (₹ .. Lakhs pa)		
FY24	@Ceiling upto FY28	
97	175	@ Board is empowered to consider revision in yearly salary for FY25-FY28, based upon the recommendation of the NRC and within overall ceiling as prescribed in the table hereinabove.

Except as stated herein above, the other terms and conditions of his re-appointment as approved by the members in their 39th Annual General Meeting shall remain unchanged.

Your Directors recommend the said resolution for your approval as an **Ordinary Resolution**.

The relatives of Shri Manoj Mulji Chheda may be deemed to be interested in the said resolution, to the extent of their respective shareholding, if any, in the Company.

Save and except the above, none of the Directors and Key Managerial Personnel of the Company or their relatives is, in any way concerned or interested, financially or otherwise, in the said resolution.

Item No. 12

Shri Renil Rajendra Gogri has been the Director of the Company since August 16, 2012. He holds a bachelor degree in Engineering from IIT, Mumbai and has over a decade of experience in Chemical Industry.

Pursuant to provisions of sections 197, 198 and all other applicable provisions, if any, read with Schedule V of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and in accordance with the recommendation of nomination and remuneration committee, the Board of Directors in its meeting held on May 8, 2023 recommended for consideration by the members, a revision in the remuneration of Executive Director Shri Renil Rajendra Gogri for the Financial Year 2023-24 and also sought an authority in favour of the Board of Directors to consider yearly revisions within overall ceiling as prescribed below with effect from April 1, 2023;

Salary (₹ .. Lakhs pa)		
FY24	@Ceiling upto FY28	
81	150	@ Board is empowered to consider revision in yearly salary for FY25-FY28, based upon the recommendation of the NRC and within overall ceiling as prescribed in the table hereinabove.

Except as stated herein above, the other terms and conditions of the re-appointment as approved by the members in their 39th Annual General Meeting shall remain unchanged.

Being one of the member of Promoter Group of the Company, the compensation payable to Shri Renil Rajendra Gogri during his tenure, is likely to exceed the threshold prescribed under regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, therefore Your Directors recommend the said resolution for your approval as a **Special Resolution**.

Shri Renil Rajendra Gogri and Shri Rajendra Vallabhaji Gogri are interested in the resolution. The other relatives of Shri Renil Rajendra Gogri may be deemed to be interested in the said resolution, to the extent of their respective shareholding, if any, in the Company.

Save and except the above, none of the Directors and Key Managerial Personnel of the Company or their relatives is, in any way concerned or interested, financially or otherwise, in the said resolution.

Item No. 13

Shri Kirit Ratilal Mehta has been the Director of the Company since September 18, 2000. His office was liable to retire by rotation in this Annual General Meeting. Vide letter dated June 21, 2023 he conveyed intention to retire and requested the Board not to consider his office for re-appointment due to health related reasons. The Board has recorded appreciation of his contribution to the Company.

Pursuant to provisions of sections 197, 198 and all other applicable provisions, if any, read with Schedule V of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and in accordance with the recommendation of nomination and remuneration committee, the Board of Directors in its meeting held on May 8, 2023 recommended for consideration by the members, a revision in the remuneration of all the Executive Directors including Shri Kirit Ratilal Mehta for the Financial Year 2023-24. Since he expressed his inability to continue, the Board recommend revision in his salary for a period from April 1, 2023 till the date of this Annual General Meeting as under;

Salary (₹ .. Lakhs pa)	**Profit Related Commission** Upto 3% of the Net Profit of immediate preceeding Financial Year calculated in accordance with the provisions of Section 198 of the Companies Act 2013 and to be paid cumulatively to all the Executive Directors
FY24	Payable
69	For a period from April 1. 2023 till the date of this 40th Annual General Meeting.

Pursuant to section 196 of the Companies Act, 2013, having attained age of 70, his appointment along with the terms of appointment is subject to approval by the Shareholders. Your Directors recommend the said resolution for your approval as a **Special Resolution**.

Shri Kirit Ratilal Mehta and his relatives to the extent of their respective shareholding, if any, may be deemed to be interested in the said resolution.

Save and except the above, none of the Directors and Key Managerial Personnel of the Company or their relatives is, in any way concerned or interested, financially or otherwise, in the said resolution.

Item No. 14

In view of sections 197 and 198, and other relevant provisions of the Companies Act, 2013, Regulation 17(6) of the Listing Regulations, and taking into account the roles and responsibilities of the Directors, it is proposed that the remuneration by way of commission to be paid, collectively to all the Non-Executive Directors of the Company, at a sum not exceeding 0.5 % per annum of the Net Profits of the Company, as prescribed under section 197 of the Companies Act, 2013 and wherein the 'Net Profits' shall be computed in the manner laid down in section 198 of the Companies Act, 2013, for each relevant financial year, with effect from April 1, 2024;

The quantum of remuneration payable to each of the Non-Executive Directors shall be fixed and decided by the Nomination and Remuneration Committee, and considering attendance, type of meeting, preparations required, etc.

This remuneration shall be in addition to the sitting fees payable to the Non-Executive Directors for attending the meetings of the Board of Directors or Committees thereof or for any other purpose whatsoever,as may be decided by the Board, and reimbursement of expenses for participation in the Board and other meetings.

Approval of the Members is sought by way of a **Special Resolution** under the applicable provisions of the Companies Act, 2013, and the Listing Regulations for payment of remuneration by way of commission to the Non-Executive Directors as set out in the Resolution at Item No. 14 of the Notice.

None of the other Directors except the Non-Executive Directors and Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

Item No. 15

Pursuant to Section 148 of the Companies Act, 2013 and Rule 4 of the Companies (Audit and Auditors) Rules, 2014, read with Companies (Cost Records and Audit) Rules, 2014, a proposal for appointment of Cost Auditor to audit the Cost records for the financial year 2023-24 was recommended by the Audit Committee to the Board. The Board thereby reappointed Smt. Ketki Damji Visariya (Membership Number 16028) Cost Accountant, as Cost Auditor at the Board Meeting held on May 8, 2023 at a remuneration of ₹ 4,00,000/- per annum plus taxes as applicable. Smt. Ketki Damji Visariya has confirmed her eligibility for appointment as Cost Auditor.

As per Rule 14 of Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditors is to be approved by the Shareholders. Hence this resolution is put for the consideration of the shareholders.

Your Directors recommend the said resolution for your approval as an **Ordinary Resolution**.

None of the Directors and Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution.

Item No. 16

Regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations, 2015"), as amended from time to time, has provided a regulatory mechanism for reclassification of Promoters as Public Shareholder subject to fulfilment of conditions provided therein.

The Company had received a letter from all the applicants mentioned in the resolution requesting reclassification from the category of "Promoters / Promoter Group" to "Public Category".

In view of application received from the applicants mentioned in the resolution and in consideration with the proper compliance of Regulation 31A of the Listing Regulations, the Board of Directors of the Company at its meeting held on May 8, 2023, has considered and approved the application of reclassification from Promoter / Promoter Group Category subject to approval by the members, Stock Exchange or any other regulatory body as may require.

The applicants have confirmed that they comply with the requirements of Regulation 31A(3)(b) of the SEBI Listing Regulations, 2015 as below:

a. They do not hold more than ten percent of the total -voting rights in the Company;

b. They do not exercise control over the affairs of the Company whether directly or indirectly;

c. They do not have any Special Rights with respect to the Company through Formal or Informal Agreements including through any Shareholder Agreements;

d. They are not represented on the Board of Directors (including not having a nominee Director) of the Company;

e. They do not act as a Key Managerial Personnel in the Company;

f. They are not a 'wilful defaulter' as per the Reserve Bank of India Guidelines;

g. They are not a fugitive economic offender;

Further, applicants have confirmed that subsequent to reclassification, they would continue to comply with the requirements as mentioned in Regulation 31A(4) of the SEBI Listing Regulations, 2015.

Further, as per Rule 19A of the Securities Contacts (Regulation) Rules, 1957, the public shareholding as on date of the notice fulfils the minimum public shareholding requirement of at least 25% shareholding and the proposed reclassification is not intended to increase the Public Shareholding to achieve compliance with the minimum public shareholding requirement.

Your Directors recommend the passing of the Resolution as an **Ordinary Resolution**.

None of the Directors /Key Managerial Personnel or their relatives are in any way concerned or interested in the resolutions set out in the notice.

Your Directors recommend the resolutions set out in the notice for your approval.

Registered Office:
Plot Nos. 801, 801/23
GIDC Estate, Phase III, Vapi,
Dist. Valsad, Gujarat - 396195

June 28, 2023

By order of the Board

Raj Sarraf
Company Secretary
ICSI M. NO. A15526

Annexure A

Name of the Director	Prof. Aniruddha Pandit	Shri Shekhar Khanolkar
Director Identification Number (DIN)	02471158	02202839
Date of Birth	December 7, 1957	July 20, 1968
Age (In years)	65 years	55 years
Date of appointment on the Board	June 29, 2023	June 29, 2023
Qualifications	Ph.D. (Tech. Chemical Engineering), (UDCT Mumbai) (1984) B. Tech. (Chem.), Institute of Technology, Banaras Hindu University (1975-1980) (F.T.W.A.S., F.N.A., F.N.A.E., F.N.A.Sc., F.I.A.Sc., F.M.A.Sc.)	B.E. (Petroleum and Petrochemical Engineering) University of Pune (1985-89), M.M.S. (Marketing) University of Mumbai (1990-92), Advance Management Programme (Managing Change) by Harvard Business School, Boston, USA. (2010)
Experience and expertise in specific functional area	Prof. Aniruddha B. Pandit is presently a Vice Chancellor, Institute of Chemical Technology, India, Vice President, INAE (Academic, Professional, and International Affairs) and President, Asia Oceania Sonochemical Society Board. He has been teaching mainly Environmental Engineering and Process Safety, Chemical Project Economics, Design of Multiphase Reactors, Project Engineering & Economics, Separation Processes, and is a recognized Research Guide for 60+ Ph.D. as well as 100+ Master's Students. He has authored hundreds of International Research Publications, Citations, H-Index and secured many National and International Patents, Awards and Recognitions.	Mr. Shekhar S. Khanolkar has a career spanning 30 years with American, European multinationals and with Indian business houses and worked at senior levels in Companies like Cyanamid India Limited, Cetex Petrochemicals, RPG Enterprises. He was a Management Council Member at BASF India as Chief Executive for South Asia for seven years. He was also Executive Director and Managing Director of Navin Fluorine International Limited for eleven years. He has functional expertise in production, sales, marketing, business development, product management, vendor development, strategy conceptualization and delivery of multiple projects, P&L, cross border acquisition.
Remuneration last drawn (including sitting fees, if any)	None	
Remuneration proposed to be paid	Prof. Aniruddha Pandit being a Non-Executive Independent Director shall be paid sitting fees , profit related commission, if any, and reimbursement of Expenses for attending Meetings	Shri Shekhar Khanolkar being a Non-Executive Independent Director shall be paid sitting fees , profit related commission, if any, and reimbursement of Expenses for attending Meetings
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	None	None
Number of Meetings of the Board attended during the year	None	None
Directorships held in other Companies	1. Scopgenx Private Limited 2. Revolteq Technologies Private Limited 3. ICT-Nice Venture Incubator and Foundation 4. HyCa Technologies Private Limited	1. SPC Life Sciences Limited
Memberships/ Chairmanships of Committees of other Companies	None	None

Name of the Director	Prof. Aniruddha Pandit	Shri Shekhar Khanolkar
No. of Shares held in the Company	None	702
Names of Listed Companies from which the Director has resigned in the past three years	None	None

Name of the Director	Shri Ajay Kumar Gupta
Director Identification Number (DIN)	08619902
Date of Birth	January 4, 1964
Age (In years)	59 years
Date of appointment on the Board	June 29, 2023
Qualifications	Bachelor's degree in Chemical Engineering from Harcourt Butler Technical University, Kanpur
Experience and expertise in specific functional area	Mr. Ajay Kumar Gupta is presently the Chief Manufacturing Officer of Aarti Industries Limited and heading the manufacturing across the chemical segment. He has been leading strategy formulation and implementation of business processes. He is also responsible for all brownfield projects across all manufacturing locations. He has over three and half decades of experience in chemical, petrochemical and speciality chemicals in all domains of manufacturing and projects, having worked in senior leadership roles in Companies like IPCL, Reliance Industries Limited, Grasim Industries Limited and Jubilant Life Sciences Limited.
Remuneration last drawn (including sitting fees, if any)	₹ 3,67,04,000/-
Remuneration proposed to be paid	₹ 3,67,04,000/-
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	None
Number of Meetings of the Board attended during the year	None
Directorships held in other Companies	1. Aarti Bharuch Limited 2. Aarti Spechem Limited 3. Augene Chemical Private Limited
Memberships/ Chairmanships of Committees of other Companies	None
No. of Shares held in the Company	400
Names of Listed Companies from which the Director has resigned in the past three years	None

AARTI INDUSTRIES

BSE - 524208 | NSE - AARTIIND | CIN - L24110GJ1984PLC007301

Registered Office
Plot Nos. 801, 801/23, G.I.D.C. Estate,
Phase - III, Vapi - 396 195,
Dist. Valsad - Gujarat
Website: www.aarti-industries.com

Corporate Office
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Mulund - Goregaon Link Road,
L.B.S. Marg, Mulund (West),
Mumbai – 400 080, Maharashtra