AARTI PHARMALABS LIMITED
(Formerly Known As Aarti Organics Limited)

Annexure 9

7 SEP 2021

Annexure IV

The financial details and capital evolution of the ~~transferee~~/resulting and ~~transferor~~/demerged Company for the previous 3 years as per the audited statement of Accounts:

To,
The General Manager,
Department of Corporate Services,
BSE Limited,
P.J. Towers, Dalal Street,
Mumbai – 400 001.

Sub: Application under Regulation 37 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the proposed Scheme of Arrangement under Sections 230 to 232 of the Companies Act, 2013 ("Scheme"), between the Aarti Industries Limited ("AIL" / Demerged Company) and Aarti Pharmalabs Limited (Formerly Known as Aarti Organics Limited) ("APL" / Resulting Company) and their respective Shareholders.

Dear Sir,

Name of the Company: Aarti Pharmalabs Limited(Resulting Company)

(Rs. in Crores)

	As per last Audited Quarter Ended	As per last Audited Financial Year	1 year prior to the last Audited Financial Year	2 years prior to the last Audited Financial Year
	June 30,2021	2020-21	2019-20	2018-19
Equity Paid up Capital	0.25	0.25	0.25	Not Applicable since Date of Incorporation of Company is November 22,2019
Reserves and surplus	-	-	-	
Carry forward losses	(0.025)	(0.023)	(0.019)	
Net Worth	0.225	0.227	0.231	
Miscellaneous Expenditure	-	-	-	
Secured Loans	-	-	-	
Unsecured Loans	-	-	-	
Fixed Assets	-	-	-	
Income from Operations	-	-	-	
Total Income	-	-	-	

AARTI PHARMALABS LIMITED MUMBAI

AARTI PHARMALABS LIMITED
(Formerly Known As Aarti Organics Limited)

Total Expenditure	(0.002)	(0.005)	(0.019)	
Profit before Tax	(0.002)	(0.005)	(0.019)	
Profit after Tax	(0.002)	(0.005)	(0.019)	
Cash profit/Loss	(0.002)	(0.005)	(0.019)	
EPS	(0.08)	(0.18)	(0.75)	
Book value	8.99	9.07	9.25	

For Aarti Pharmalabs Limited
(Formerly known as Aarti Organics Limited)

Nikhil Natu
Company Secretary
(ICSI M. No. A27738)

AARTI PHARMALABS LIMITED MUMBAI

Place: Mumbai

AARTI INDUSTRIES LIMITED

7 SEP 2021

Annexure IV

The financial details and capital evolution of the ~~transferee~~/resulting and ~~transferor~~/demerged companies for the previous 3 years as per the audited statement of Accounts:

To,
The General Manager,
Department of Corporate Services,
BSE Limited,
P.J. Towers, Dalal Street,
Mumbai – 400 001.

Sub: Application under Regulation 37 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the proposed Scheme of Arrangement under Sections 230 to 232 of the Companies Act, 2013 ("Scheme"), between the Aarti Industries Limited ("AIL" / Demerged Company) and Aarti Pharmalabs Limited (Formerly Known as Aarti Organics Limited) ("APL" / Resulting Company) and their respective Shareholders.

Name of the Company: Aarti Industries Limited(Demerged Company)

(Rs. in Crores)

	As per last Audited Quarter Ended	As per last Audited Financial Year	1 year prior to the last Audited Financial Year	2 years prior to the last Audited Financial Year
	June 30,2021	2020-21	2019-20	2018-19
Equity Paid up Capital	181.25	87.12	87.12	43.45
Reserves and surplus	4579.95	3324.62	2814.70	2517.08
Carry forward losses	-	-	-	-
Net Worth	4761.20	3411.74	2901.82	2560.63
Net Worth (Excluding OCI)	4777.53	3425.05	2955.11	2557.98
Miscellaneous Expenditure	-	-	-	
Secured Loans *	2850.49	2761.56	2049.45	2296.48
Unsecured Loans	102.74	76.09	23.20	69.23
Fixed Assets	5031.08	4808.68	3719.29	2774.04
Income from Operations	1496.78	4807.82	4408.19	4547.82

AARTI INDUSTRIES LIMITED

AARTI INDUSTRIES LIMITED

Total Income	1314.04	4318.66	4004.92	4029.72
Total Expenditure	1112.29	3686.66	3359.06	3438.67
Profit before Tax	201.75	632.00	645.86	591.05
Profit after Tax	162.50	513.50	523.36	481.28
Cash profit	229.34	731.81	696.00	632.31
EPS Reported	4.48 *	29.47	30.04	29.55
EPS ** (After Effect of Bonus)	4.48 *	14.74	15.02	14.775
Book value Reported	131	195.81	166.55	295.45
Book Value after Bonus	131	97.91	83.27	147.73

* Secured Loans Includes Current and Noncurrent portion of Bank Borrowings as per audited financial statements

** Pursuant to the approval of shareholders in their Extra Ordinary General Meeting held on June 14, 2021, the Company has issued 17,42,34,474 fresh equity shares of Rs. 5 /- each as Bonus shares in proportion of 1:1 (i.e. one bonus share for every one equity share held as at record date i.e. June 23, 2021). Consequently, Earnings per share & Book value per share for the Previous years reported have been adjusted to give effect to the aforesaid issue of bonus shares.

For Aarti Industries Limited

Raj Sarraf
Company Secretary
(ICSI M. No. A15526)

AARTI INDUSTRIES LIMITED

Place: Mumbai

KIRTANE & PANDIT LLP

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Aarti Industries Limited

Opinion

We have audited the accompanying standalone Financial Statements of Aarti Industries Limited ("the Company"), which comprise the Balance Sheet as at June 30, 2021, and the statement of Profit and Loss, (statement of changes in equity) for the period then ended, and notes to 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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at June 30, 2021, and profit, changes in equity for the period ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. 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 together with the ethical requirements that are relevant to our audit of the standalone Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("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, (changes in equity) of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

KIRTANE & PANDIT LLP FRN 105215W W100005 Chartered Accountants

AARTI INDUSTRIES LIMITED

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.

Auditor's 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 could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Financial Statements.

As a part of an audit in accordance with SA's, 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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.

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.

KIRTANE & PANDIT LLP FRN 105215W W100055 Chartered Accountants

AARTI INDUSTRIES LIMITED

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.

For Kirtane & Pandit LLP,
Chartered Accountants
Firm's Registration No. 105215W/W100057

KIRTANE & PANDIT LLP FRN 105215W/ W100057 Chartered Accountants

Milind Bhave
Partner
M. No. 047973

UDIN: 21047973AAAADR1555

Place: Mumbai.
Date: August 26,2021

AARTI INDUSTRIES LIMITED

AARTI INDUSTRIES LIMITED

Balance Sheet as at 30th June, 2021

(Rs. in Crs)

Particulars	Note No.	As at 30st June, 2021	As at 31st March, 2021
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	1	3,527.65	3,510.67
Capital Work-in-Progress	1	1,503.32	1,297.91
Intangible Assets	1	0.10	0.10
Financial Assets			
Investments	2	36.26	36.26
Other Non-Current Assets	3	305.95	317.14
Total Non-Current Assets		5,373.28	5,162.08
Current Assets			
Inventories	4	1,043.92	901.46
Financial Assets			
Trade Receivables	5	789.90	819.08
Cash and Cash Equivalents	6	1,581.62	405.99
Others Current Financial Assets	7	241.32	187.20
Other Current Assets	8	40.82	37.92
Total Current Assets		3,697.58	2,351.65
TOTAL ASSETS		9,070.86	7,513.73
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	9	181.25	87.12
Other Equity	10	4,579.95	3,324.62
Total Equity		4,761.20	3,411.74
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	11	1,217.62	1,268.05
Other Non Current Liabilities	12	233.86	224.41
Deferred Tax Liabilities (Net)	13	214.98	210.98
Total Non-Current Liabilities		1,666.46	1,703.44
Current Liabilities			
Financial Liabilities			
Borrowings	14	1,389.33	1,219.29
Trade Payables due to:			
Micro and Small Enterprise		NIL	NIL
Other than Micro and Small Enterprise		618.33	584.64
Other Current Liabilities	15	567.26	557.58
Provisions	16	68.28	37.04
Total Current Liabilities		2,643.20	2,398.55
Total Liabilities		4,309.66	4,101.99
TOTAL EQUITY AND LIBILITIES		9,070.86	7,513.73

As per our report of even date
For **Kirtane & Pandit LLP**
Chartered Accountants
FRN: 105215W/W100057

Milind Bhave
Partner
M.No. 047973

KIRTANE & PANDIT LLP FRN 105215W/W100057 Chartered Accountants

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

Place: Mumbai
Date: August 26, 2021

19 AUG 2021

AARTI INDUSTRIES LIMITED

Statement of Profit and Loss for the Quarter ended 30th June, 2021

(Rs. in Crs)

Particulars	Note No.	For the Quarter Ended 30th June, 2021	For the Year Ended 31st March, 2021
REVENUE			
Revenue from Operations	17	1,496.78	4,807.82
Less: GST Collected		182.75	491.11
Net Revenue from Operations		1,314.03	4,316.71
Other Income	18	0.01	1.95
Total Revenue		1,314.04	4,318.66
EXPENSES			
Cost of Materials Consumed (Incl. Packing Material, Fuel, Stores & Spares)	19	699.06	1,922.84
Purchases of Stock-in-Trade		41.21	185.79
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	20	(113.68)	(65.41)
Employee Benefits Expense	21	97.47	358.28
Finance Costs	22	38.10	86.16
Depreciation and Amortisation Expenses	1	66.84	218.31
Other Expenses	23	283.29	980.69
Total Expenses		1,112.29	3,686.66
PROFIT BEFORE TAX		201.75	632.00
TAX EXPENSES			
Current Year Tax		35.25	110.00
MAT Credit Entitlement		0.00	(13.50)
Deferred Tax		4.00	22.00
Total Tax Expenses		39.25	118.50
PROFIT AFTER TAX		162.50	513.50
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to Statement of Profit and Loss			
Fair Value of Various Qualifing Items		(3.02)	39.97
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		159.48	553.47
Earnings Per Equity Share (EPS) (in Rs)			
Basic		4.48	29.47
Diluted		4.66	29.47
Earnings Per Equity Share (EPS) (in Rs) (after adjusting historic EPS numbers for Bonus issue of June 2021)			
Basic		4.48	14.74
Diluted		4.66	14.74

As per our report of even date
For **Kirtane & Pandit LLP**
Chartered Accountants
FRN: 105215W/W100057

Milind Bhave
Partner
M.No. 047973

KIRTANE & PANDIT LLP FRN 105215W/W100057 Chartered Accountants

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

AARTI INDUSTRIES LTD MUMBAI

Chetan Gandhi
Chief Financial Officer
ICAI M.No. 111481

Raj Sarraf
Company Secretary
ICSI M.No. A15526

Place: Mumbai
Date: August 26, 2021

19 AUG 2021

1. PROPERTY, PLANT AND EQUIPMENT:

(Rs in Crs)

F.Y. 2021-22	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
Particulars	Balance as at 1st April, 2021	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 30th Jun, 2021	Balance as at 1st April, 2021	Depreciation charge for the year	Deduction/ Adjustment	Balance as at 30th Jun, 2021	Balance as at 30th June, 2021	Balance as at 31st March, 2021
(i) Tangible Assets										
Free hold Land	3.57	-	-	3.57	0.26	-	-	0.26	3.31	3.31
Lease Hold Land	229.25	16.96	-	246.21	10.60	0.06	-	10.66	235.55	218.65
Lease Assets Right to Used	26.83	-	-	26.83	10.84	1.32	-	12.16	14.67	15.99
Buildings	453.57	0.74	-	454.31	109.14	5.90	-	115.04	339.27	344.43
Plant and Equipment	4,035.33	66.74	5.54	4,096.53	1,263.25	56.18	5.30	1,314.13	2,782.40	2,772.08
R & D Assets	155.09	0.35	-	155.44	32.92	0.81	-	35.62	119.82	122.17
Furniture and Fixtures	54.31	0.96	-	55.27	31.54	1.89	-	33.43	21.84	22.77
Vehicles	30.75	0.15	-	30.90	19.48	0.62	-	20.10	10.80	11.27
Total (i)	4,988.70	85.90	5.54	5,069.06	1,478.03	66.78	5.30	1,541.40	3,527.65	3,510.67
(ii) Intangible Assets										
Process Development	21.96	0.05	-	22.01	21.86	0.05	-	21.91	0.10	0.10
Technical Knowhow	0.08	-	-	0.08	0.08	-	-	0.08	NIL	NIL
Goodwill	6.16	-	-	6.16	6.16	-	-	6.16	NIL	NIL
Computer Software	0.38	-	-	0.38	0.38	-	-	0.38	NIL	NIL
Copyrights and Patents	9.65	-	-	9.65	9.65	-	-	9.65	NIL	NIL
Total (ii)	38.23	0.05	NIL	38.28	38.13	0.05	NIL	38.18	0.10	0.10
TOTAL (i+ii)	5,026.93	85.95	5.54	5,107.34	1,516.16	66.83	5.30	1,579.58	3,527.75	3,510.77
(iii) Capital Work-in-Progress									1,503.32	1,297.91

F.Y. 2020-21	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
Particulars	Balance as at 1st April, 2020	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31st March, 2021	Balance as at 1st April, 2020	Depreciation charge for the year	Deduction/ Adjustment	Balance as at 31st March, 2021	Balance as at 31st March, 2021	Balance as at 31st March, 2020
(i) Tangible Assets										
Free hold Land	3.57	-	-	3.57	0.26	-	-	0.26	3.31	3.31
Lease Hold Land	148.23	81.02	-	229.25	8.70	1.90	-	10.60	218.65	139.53
Lease Assets Right to Used	25.35	1.48	-	26.83	5.11	5.73	-	10.84	15.99	20.24
Buildings	325.70	127.87	-	453.57	89.64	19.50	-	109.14	344.43	236.06
Plant and Equipment	2,865.95	1,169.38	-	4,035.33	1,090.03	173.23	-	1,263.25	2,772.08	1,775.92
R & D Assets	123.51	31.58	-	155.09	23.28	9.64	-	32.92	122.17	100.23
Furniture and Fixtures	41.14	13.17	-	54.31	25.84	5.71	-	31.54	22.77	15.30
Vehicles	27.95	3.02	0.22	30.75	17.41	2.19	0.12	19.48	11.27	10.54
Total (i)	3,561.40	1,427.52	0.22	4,988.70	1,260.27	217.90	0.12	1,478.03	3,510.67	2,301.13
(ii) Intangible Assets										
Process Development	21.96	-	-	21.96	21.46	0.40	-	21.86	0.10	0.50
Technical Knowhow	0.08	-	-	0.08	0.08	-	-	0.08	NIL	NIL
Goodwill	6.16	-	-	6.16	6.16	-	-	6.16	NIL	NIL
Computer Software	0.38	-	-	0.38	0.38	-	-	0.38	NIL	NIL
Copyrights and Patents	9.65	-	-	9.65	9.65	-	-	9.65	NIL	NIL
Total (ii)	38.23	NIL	NIL	38.23	37.73	0.40	NIL	38.13	0.10	0.50
TOTAL (i+ii)	3,599.63	1,427.52	0.22	5,026.93	1,298.00	218.30	0.12	1,516.16	3,510.77	2,301.63
(iii) Capital Work-in-Progress									1,297.91	1,417.65

AARTI INDUSTRIES LIMITED

2. NON-CURRENT INVESTMENTS:

(Rs. in Crs)

Name of the Company	No. of Shares/Units	As at 30th June, 2021	No. of Shares/Units	As at 31st March, 2021
Investments - (Unquoted) in Equity Shares of Subsidiary Companies				
Aarti Corporate Services Limited	2,024,680	1.73	2,024,680	1.73
Alchemie (Europe) Limited	80,000	0.54	80,000	0.54
Innovative Envirocare Jhagadia Limited	350,000	0.35	350,000	0.35
Aarti USA Inc.	10,000,000	0.66	10,000,000	0.66
Aarti Polychem Private Limited	1,500	0.00	1,500	0.00
Aarti Organics Limited	50,000	0.25	50,000	0.25
Aarti Bharuch Limited	50,000	0.25	50,000	0.25
Aarti Pharmachem Limited	50,000	0.25	50,000	0.25
Aarti Spechem Limited	50,000	0.25	50,000	0.25
		4.28		4.28
Investments - (Unquoted) in Equity Shares of Joint Control/Associates Companies				
Ganesh Polychem Limited *	3,098,257	12.61	3,098,257	12.61
		12.61		12.61
Investments - (Unquoted) in Equity Shares of Other Companies				
Ichalkaranji Janata Sahakari Bank Limited	1,020	0.01	1,020	0.01
Damanganga Saha Khand Udyog Mandali Limited	61	0.01	61	0.01
Narmada Clean Tech Limited	287,550	0.13	287,550	0.13
Dilesh Roadlines Private Limited	464,550	3.25	464,550	3.25
U.K.I.P. Co-Op. Society Limited	80	0.00	80	0.00
Perfect Enviro Control Systems Limited	36,800	0.02	36,800	0.02
Aarti Ventures Limited	917,000	7.40	917,000	7.40
Tarapur Environment Protection Society	32,489	0.62	32,489	0.62
Derma Touch Inc.	125,000	4.26	125,000	4.26
Shamrao Vithal Co-op. Bank Limited	100	0.00	100	0.00
		15.70		15.70
Investments - (Unquoted) in Limited Liability Partnership				
Aarti Udyog Limited Liability Partnership	NA	3.67	NA	3.67
		3.67		3.67
TOTAL		36.26		36.26

*During the March 2021 quarter a subsidiary viz Ganesh Polychem Limited ceased to be a subsidiary and became a jointly controlled entity w.e.f. March 17, 2021.

AARTI INDUSTRIES LIMITED

(Rs in Crs)

Particulars	As at 30th June, 2021	As at 31st March, 2021
3. OTHER NON-CURRENT ASSETS:		
Capital Advances	**91.82**	91.50
Other Deposits	**49.31**	46.58
Advance Tax and Tax Deducted at Source (Net of Provisions)	**164.82**	179.06
TOTAL	**305.95**	317.14
4. INVENTORIES:		
Raw Materials and Components (incl In-transit stock)	**299.70**	276.63
Work-in-progress	**294.63**	236.57
Finished Goods (incl In-transit stock)	**279.48**	273.40
Stock-in-trade	**50.65**	4.57
Stores and spares	**103.28**	90.94
Fuel (incl In-transit stock)	**10.17**	13.70
Packing Materials	**6.01**	5.65
TOTAL	**1,043.92**	901.46
5. TRADE RECEIVABLES:		
Unsecured and considered good	**789.90**	819.08
TOTAL	**789.90**	819.08
6. CASH AND CASH EQUIVALENTS:		
Cash on hand	**0.60**	0.56
Bank balance in Current Accounts	**1,289.07**	18.57
Bank balance in Deposit Accounts	**261.56**	331.77
Cash Equivalants investment in highly Liquid Funds	**28.37**	53.04
Earmarked Balances (Unpaid Dividend Accounts)	**2.02**	2.05
TOTAL	**1,581.62**	405.99
7. OTHER CURRENT FINANCIAL ASSETS:		
Goods & Services Tax Authorities	**166.28**	166.19
Loans & Advances:		
(i) Employees	**11.50**	8.36
(ii) Others	**58.11**	7.22
(iii) Related Parties	**5.43**	5.43
TOTAL	**241.32**	187.20
8. OTHER CURRENT ASSETS:		
Others Receivables	**10.93**	10.17
Prepaid Expenses	**24.02**	21.99
Subsidy Receivable	**5.87**	5.76
TOTAL	**40.82**	37.92

AARTI INDUSTRIES LIMITED

9. EQUITY SHARE CAPITAL:

(Rs in Crs)

Particulars	No. of Shares	As at 30th June, 2021	No. of Shares	As at 31st March, 2021
Authorised Share Capital				
Equity Shares of ` 5/- each	**230,150,320**	**300.00**	230,150,320	115.08
Issued, Subscribed & Paid up				
Equity Shares of ` 5/- each fully paid up	**362,504,035**	**181.25**	174,234,474	87.12
TOTAL		**181.25**		87.12

9.1 Reconciliation of the number of Shares outstanding as on 30.06. 2021:

Particulars	No. of Shares outstanding	
	As at 30th June, 2021	As at 31st March, 2021
Equity Shares at the beginning of the year	**174,234,474**	86,668,647
Add: Shares issued during the year	**188,269,561**	87,565,827
Less: Shares buy-back during the year	**NIL**	NIL
Equity Shares at the end of the year	**362,504,035**	174,234,474

9.2 The details of Equity Shares outstanding during last 5 years:

Particulars	Financial Year				
	2021-22	2020-21	2019-20	2018-19	2017-18
No. of Equity Shares outstanding	**362,504,035**	174,234,474	174,234,474	86,668,647	81,300,000

9.3 Note on Issued, Subscribed and Paid up Equity Share Capital:

[a] During the year 2021-22, 17,42,34,474 shares are issued as Bonus Shares in the ratio of 1:1 equity share of Rs. 5 each.

[b] During the year 2021-22, 1,40,35,087 Shares were issued through Qualified Institutions Placement at the issue price of Rs. 855 per Equity Share (including Rs. 850 towards share premium) to qualified institutional buyers.

[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 Rs. 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 Rs. 1,397 per Equity Share (including Rs. 1,392 towards share premium) to qualified institutional buyers.

[f] During the year 2017-18, 820,383 Shares were brought back at a premium of Rs. 1,195/-.

AARTI INDUSTRIES LIMITED

10. OTHER EQUITY:

(Rs in Crs)

Particulars	As at 30th June, 2021	As at 31st March, 2021
a. Capital Reserves		
Opening Balance	**9.70**	9.70
Addition:		
Deduction	**NIL**	NIL
Closing Balance	**9.70**	9.70
b. Securities Premium Account		
Opening Balance	**696.12**	696.12
Addition:	**1,192.98**	NIL
Deduction:		
QIP Expenses	**10.02**	NIL
Bonus Shares Issued	**87.12**	NIL
Closing Balance	**1,791.96**	696.12
c. Debenture Redemption Reserve		
Opening Balance	**NIL**	80.00
Addition	**NIL**	NIL
Deduction	**NIL**	80.00
Closing Balance	**NIL**	NIL
d. General Reserve		
Opening Balance	**333.20**	201.70
Addition:		
Transferred from Debenture Redumption Reserve	**NIL**	80.00
Transferred from Profit & Loss Account	**NIL**	51.50
Deduction:	**NIL**	NIL
Closing Balance	**333.20**	333.20
e. Profit and Loss Account		
Opening balance	**2,297.05**	1,878.61
Addition:		
Net Profit/(Loss) for the year	**162.50**	513.50
Deduction:		
Final Dividend paid on Equity Share for the previous year	**NIL**	17.42
Interim Dividend paid on Equity Share for the year	**NIL**	26.14
Transferred to General Reserve	**NIL**	51.50
Closing Balance	**2,459.55**	2,297.05
f. Other Reserves		
Forfeiture Reserve	**1.85**	1.85
Closing Balance	**1.85**	1.85
g. Other Comprehensive Income		
Opening Balance	**(13.30)**	(53.28)
OCI for the year	**(3.02)**	39.97
Closing Balance	**(16.32)**	(13.30)
TOTAL	**4,579.95**	3,324.62

AARTI INDUSTRIES LIMITED

11. NON-CURRENT BORROWINGS:

(Rs in Crs)

Particulars	As at 30th June, 2021		As at 31st March, 2021	
	Non-Current	**Current**	Non-Current	Current
Secured				
(b) ECB/Term loans from Banks/Financial Institutions	**1,214.92**	**348.99**	1,265.09	348.99
(c) Vehicle Loans from Banks/Financial Institutions	**2.70**	**1.33**	2.96	1.33
TOTAL	**1,217.62**	**350.32**	1,268.05	350.32

(Rs in Crs)

Particulars	As at 30th June, 2021		As at 31st March, 2021	
	Non-Current	**Current**	Non-Current	Current
12. OTHER NON CURRENT LIABILITIES				
Long Term Advance for Exports Received From Customer	**221.94**	**190.01**	211.29	190.01
Lease Liabilities Account	**11.92**	**4.61**	13.12	4.61
TOTAL	**233.86**	**194.62**	224.41	194.62

AARTI INDUSTRIES LIMITED

(Rs in Crs)

Particulars	As at 30th June, 2021	As at 31st March, 2021
13. DEFERRED TAX LIABILITIES (NET):		
Deferred Tax Liabilities	**210.98**	188.98
Difference between net book value of depreciable capital assets as per books vis - a- vis written down value as per Tax Laws.	**4.00**	27.06
Deferred Tax Assets		
Items allowed for tax purpose on payment	**0.00**	(5.06)
Deferred Tax Liabilities (Net)	**214.98**	210.98
14. SHORT-TERM BORROWINGS:		
Secured		
Working Capital Loan From Banks	**1,286.59**	1,143.20
	1,286.59	1,143.20
Unsecured		
From Banks	**102.74**	76.09
	102.74	76.09
TOTAL	**1,389.33**	1,219.29

(Rs in Crs)

Particulars	As at 30th June, 2021	As at 31st March, 2021
15. OTHER CURRENT LIABILITIES:		
Current maturities of Long-Term Debt	**348.99**	348.99
Current maturities of Vehicle Loan	**1.33**	1.33
Long Term Advance for Exports Received From Customer - Current	**190.01**	190.01
Lease Liabilities Account	**4.61**	4.61
Unpaid Dividends	**2.02**	2.05
Other Current Liabilities & Taxes	**20.30**	10.60
TOTAL	**567.26**	557.58
16. SHORT-TERM PROVISIONS:		
Provision for		
Employees' Benefits	**68.28**	37.04
TOTAL	**68.28**	37.04

AARTI INDUSTRIES LIMITED

(Rs in Crs)

Particulars	For the Quarter Ended 30th June, 2021	For the Year Ended 31st March, 2021
17. REVENUE FROM OPERATIONS:		
Sale of Products & Services	**1,449.26**	4,609.96
Other Operating Revenues	**47.52**	197.86
GROSS REVENUE FROM OPERATIONS	**1,496.78**	4,807.82
Less: GST Collected	182.75	491.11
NET REVENUE FROM OPERATIONS	**1,314.03**	4,316.71
17.2. OTHER OPERATING REVENUES:		
Fertilizers Subsidy Received	**7.15**	20.24
Export Benefits/Incentives Received	**5.19**	19.05
Contract Shortfall Fees	**32.00**	147.24
Scrap Sales	**3.18**	11.32
TOTAL	**47.52**	197.86
18. OTHER INCOME:		
Dividend Income	-	1.55
Profit on Sale of Assets/Investments	-	0.34
Other Income	**0.01**	0.06
TOTAL	**0.01**	1.95
19. COST OF MATERIALS CONSUMED:		
Consumption of Raw Materials	**603.32**	1,644.06
Consumption of Packing Materials	**12.36**	40.56
Consumption of Fuel	**60.24**	135.61
Consumption of Stores & Spares	**23.14**	102.61
TOTAL	**699.06**	1,922.84

AARTI INDUSTRIES LIMITED

(Rs in Crs)

Particulars	For the Quarter Ended 30th June, 2021	For the Year Ended 31st March, 2021
20. CHANGE IN INVENTORY:		
Opening Stock		
Finished Goods	**273.40**	252.79
Work-in-Progress	**237.67**	192.87
Total (A)	**511.07**	445.66
Closing Stock		
Finished Goods	**330.13**	273.40
Work-in-Progress	**294.63**	237.67
Total (B)	**624.76**	511.07
TOTAL (A-B)	**(113.68)**	(65.41)
21. EMPLOYEE BENEFITS:		
Salaries, Wages & Bonus	**82.19**	302.09
Contribution to PF and other Funds	**7.95**	25.96
Workmen & Staff Welfare Expenses	**7.32**	30.23
TOTAL	**97.47**	358.28
22. FINANCE COST:		
Interest on NCD's	**-**	2.55
Other Interest Expenses	**35.87**	74.36
Other Borrowing Costs	**2.23**	9.25
TOTAL	**38.10**	86.16

AARTI INDUSTRIES LIMITED

(Rs in Crs)

Particulars	For the Quarter Ended 30th June, 2021	For the Year Ended 31st March, 2021
23. OTHER EXPENSES:		
Manufacturing Expenses:		
Freight, Cartage & Transport	**33.85**	104.12
Power	**36.64**	131.37
Water Charges	**4.01**	12.57
Processing Charges	**13.72**	53.77
Other Manufacturing Expenses	**45.55**	157.88
Repairs & Maintenance	**32.05**	109.99
Insurance Charges	**2.55**	9.71
Research & Development Expenses	**3.14**	55.10
Factory Administrative Expenses	**20.25**	69.55
Total (A)	**191.76**	704.04
Office Administrative Expenses:		
Rent, Rates and Taxes	**0.40**	0.98
Travelling and Conveyance	**0.57**	2.89
Auditor's Remuneration	**0.09**	0.33
Legal & Professional Charges	**4.27**	18.01
Postage, Telegraph & Telephone/ Printing & Stationery	**0.26**	0.90
Other Administrative Expenses	**4.27**	13.97
Total (B)	**9.85**	37.08
Selling & Distribution Expenses:		
Advertisement & Sales Promotion	**0.77**	3.75
Export Freight Expenses	**33.84**	84.92
Freight and Forwarding Expenses	**36.79**	106.60
Commission	**3.12**	15.31
Export Insurance Charges	**0.42**	1.95
Sample Testing & Analysis Charges	**0.41**	1.44
Lease Rent Paid	**2.74**	10.97
Sundry Balance Written Off/(Back)	**-0.06**	2.58
Total (C)	**78.03**	225.79
Non-Operating Expenses:		
Donations and CSR Expenses	**3.65**	13.78
Total (D)	**3.65**	13.78
TOTAL (A+B+C+D)	**283.29**	980.69

23.1 AUDITOR'S REMUNERATION:		
Audit Fees	**0.08**	0.30
Certification Charges	**0.01**	0.03
TOTAL	**0.09**	0.33

AARTI INDUSTRIES LIMITED

Jatin Vora
B.Com., F.C.A.

Jatin Vora & Associates
Chartered Accountants
Address:
203, Chheda Bhavan, 98, Surat Street,
Masjid (East), Mumbai - 400 009.
Tel: 022 – 4006 1063
Email: cajitvora@gmail.com

INDEPENDENT AUDITORS' REPORT ON THE AUDIT OF THE QUARTERLY STANDALONE FINANCIAL RESULTS.

To
The Board of Directors of
Aarti Organics Limited

Opinion

We have audited the accompanying statement of financial results of **Aarti Organics Limited ("the Company")** for the quarter ended 30th June, 2021 ("the statement"), being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended ("the listing regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

i) is presented in accordance with requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended; and
ii) gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards and other accounting principles generally accepted in India of the loss and other financial information for the quarter ended 30th June, 2021.

Basis of Opinion

We conducted our audit in accordance with the standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Results 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 together with the ethical requirements that are relevant to our audit of the financial results under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management Responsibilities for the Standalone Financial Results

These quarterly financial results have been prepared on the basis of the interim financial statements. The Company's Board of Directors are responsible for the preparation of these financial results that give a true and fair view of the net loss and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Accounting standard 25, 'Interim Financial Reporting' prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.

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AARTI PHARMALABS LIMITED MUMBAI

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments 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 financial result that give true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial results, the Board of Directors are 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 the Board of Directors 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 Results

Our objectives are to obtain reasonable assurance about whether the standalone financial results 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 consider 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 standalone financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial results, 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the 'Board of Directors' 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 financial results 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 results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.

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.

For **Jatin Vora & Associates**
Chartered Accountants
Registration No. 118024W

Jatin Sundarji Vora

Digitally signed by Jatin Sundarji Vora
DN: c=IN, o=Personal, title=0963, pseudonym=c85965339384b01073f857e9370c0cfFAfc9045349dd2d2436fd26115c242343ba, postalCode=400031, st=Maharashtra, serialNumber=d4a07d81dfbcd44b903fe2af4632f50fd119ecf44f26a5366592bb8f14bedf677, cn=Jatin Sundarji Vora
Date: 2021.07.26 12:48:20 +05'30'

Jatin Vora
Proprietor
Membership No. 103866
UDIN: 21103866AAAAJA5580

Place: Mumbai
Date: 26th July, 2021.

AARTI ORGANICS LIMITED
Balance Sheet as at 30th June, 2021

(Amount in Rs)

Particulars	Note No.	As at 30th June, 2021	As at 30th June, 2020	As at 31st March, 2021
ASSETS				
Non-Current Assets				
Property, Plant and Equipment		NIL	NIL	NIL
Capital Work-in-Progress		NIL	NIL	NIL
Intangible Assets		NIL	NIL	NIL
Financial Assets				
Investments		NIL	NIL	NIL
Other Non-Current Assets		NIL	NIL	NIL
Total Non-Current Assets		NIL	NIL	NIL
Current Assets				
Inventories		NIL	NIL	NIL
Financial Assets				
Trade Receivables		NIL	NIL	NIL
Cash and Cash Equivalents	1	2,500,000	2,500,000	2,500,000
Others Current Financial Assets		NIL	NIL	NIL
Other Current Assets		NIL	NIL	NIL
Total Current Assets		2,500,000	2,500,000	2,500,000
TOTAL ASSETS		2,500,000	2,500,000	2,500,000
EQUITY AND LIABILITIES				
EQUITY				
Equity Share Capital	2	2,500,000	2,500,000	2,500,000
Other Equity	3	(253,111)	(198,751)	(232,711)
Total Equity		2,246,889	2,301,249	2,267,289
LIABILITIES				
Non-Current Liabilities				
Financial Liabilities				
Borrowings		NIL	NIL	NIL
Other Financial Liabilities	4	186,751	186,751	186,751
Deferred Tax Liabilities (Net)		NIL	NIL	NIL
Total Non-Current Liabilities		186,751	186,751	186,751
Current Liabilities				
Financial Liabilities				
Borrowings		NIL	NIL	NIL
Trade Payables Due to:				
Micro and Small Entereprises		NIL	NIL	NIL
Other Than Micro and Small Entereprises		61,360	NIL	25,960
Other Current Liabilities	5	5,000	12,000	20,000
Provisions		NIL	NIL	NIL
Total Current Liabilities		66,360	12,000	45,960
Total Liabilities		253,111	198,751	232,711
TOTAL EQUITY AND LIBILITIES		2,500,000	2,500,000	2,500,000
Summary of Significant Accounting Policies and other Explanatory Information	1-6			

As per our report of even date
For Jatin Vora & Associates
Chartered Accountants
FRN No. : 118024W

Jatin S. Vora
Proprietor
Membership No. : 103866
UDIN:21103866AAAAJA5580

For and on behalf of the Board

Shyam Dhekekar
Director
DIN: 08620002

Chetan Gandhi
Director
DIN: 06843850

AARTI ORGANICS LIMITED

Statement of Profit and Loss for the period ended 30th June, 2021

(Amount in Rs)

Particulars	Note No.	For the Period Ended 30th June, 2021	For the Period Ended 30th June, 2020	For the Year Ended 31st March, 2021
REVENUE				
Revenue from Operations		NIL	NIL	NIL
Other Income		NIL	NIL	NIL
Total Revenue		NIL	NIL	NIL
EXPENSES				
Cost of Materials Consumed (Incl. Packing Material, Fuel, Stores & Spares)		NIL	NIL	NIL
Purchases of Stock-in-Trade		NIL	NIL	NIL
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade		NIL	NIL	NIL
Employee Benefits Expense		NIL	NIL	NIL
Finance Costs		NIL	NIL	NIL
Depreciation and Amortisation Expenses		NIL	NIL	NIL
Other Expenses	6	20,400	12,000	45,960
Total Expenses		20,400	12,000	45,960
PROFIT BEFORE TAX		(20,400)	(12,000)	(45,960)
TAX EXPENSES				
Current Year Tax		NIL	NIL	NIL
Deferred Tax		NIL	NIL	NIL
Total Tax Expenses		NIL	NIL	NIL
PROFIT AFTER TAX		(20,400)	(12,000)	(45,960)
OTHER COMPREHENSIVE INCOME		NIL	NIL	NIL
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(20,400)	(12,000)	(45,960)
Earnings Per Equity Share (EPS) (in Rs)				
Basic/Diluted		(0.08)	(0.05)	(0.18)
Summary of Significant Accounting Policies and other Explanatory Information	1-6			

As per our report of even date
For Jatin Vora & Associates
Chartered Accountants
FRN No. : 118024W

Jatin S. Vora
Proprietor
Membership No. : 103866
Udin : 21103866AAAAJA5580

Place: Mumbai
Date: 26th July, 2021

For and on behalf of the Board

Shyam Dhekekar
Director
DIN: 08620002

Chetan Gandhi
Director
DIN: 06843850

Year 2021-2022

1 CASH AND CASH EQUIVALENTS:

(Amount in Rs)

Particulars	As at 30th June, 2021	As at 30th June, 2020	As at 31st March, 2021
Cash on hand	NIL	NIL	NIL
Bank Balance in Current Account	2,500,000	2,500,000	2,500,000
TOTAL	2,500,000	2,500,000	2,500,000

2 EQUITY SHARE CAPITAL:

(Amount in Rs)

Particulars	No. of Shares	As at 30th June, 2021	No. of Shares	As at 30th June, 2020	No. of Shares	As at 31st March, 2021
Authorised Share Capital						
Equity Shares of 10/- each	500,000	5,000,000	500,000	5,000,000	250,000	2,500,000
Issued, Subscribed & Paid up						
Equity Shares of 10/- each fully paid up	250,000	2,500,000	250,000	2,500,000	250,000	2,500,000
TOTAL	250,000	2,500,000	250,000	2,500,000	250,000	2,500,000

Reconciliation of the number of Shares outstanding as on 30th June, 2021:

Particulars	No. of Shares outstanding		
	As at 30th June, 2021	As at 30th June, 2020	As at 31st March, 2021
Equity Shares at the beginning of the year	250,000	250,000	NIL
Equity Shares issued during the year	NIL	NIL	250,000
Equity Shares at the end of the year	250,000	250,000	250,000

Details of shareholders holding more than 5% shares:

Name of the Shareholders	As at 30th June, 2021		As at 30th June, 2020		As at 31st March, 2021	
	No. of Shares	% held	No. of Shares	% held	No. of Shares	% held
Aarti Industries Limited	250,000	100	250,000	100	250,000	100

The details of Equity Shares outstanding during last 5 years:

Particulars	Financial Year				
	2021-22	2020-21	2019-20	2018-19	2017-18
No. of Equity Shares outstanding	250,000	250,000	250,000	NA	NA

JATIN VORA & ASSOCIATES CHARTERED ACCOUNTANTS JATIN VORA Membership No. 103866

AARTI ORGANICS LTD VAPI

AARTI ORGANICS LIMITED

Year 2021-2022

3 OTHER EQUITY:

(Amount in Rs)

Particulars	As at 30th June, 2021	As at 30th June, 2020	As at 31st March, 2021
Profit and Loss Account			
Opening balance	**(232,711)**	(186,751)	(186,751)
Addition:			
Net Profit/(Loss) for the year	**(20,400)**	**(12,000)**	(45,960)
Closing Balance	**(253,111)**	(198,751)	(232,711)

(Amount in Rs)

Particulars	As at 30th June, 2021	As at 30th June, 2020	As at 31st March, 2021
4 OTHER FINANCIAL LIABILITIES:			
Loans & Advances from Related Parties	**186,751**	186,751	186,751
TOTAL	**186,751**	186,751	186,751

(Amount in Rs)

Particulars	As at 30th June, 2021	As at 30th June, 2020	As at 31st March, 2021
5 OTHER CURRENT LIABILITIES:			
Other Current Liabilities & Provisions	**5,000**	12,000	20,000
TOTAL	**5,000**	12,000	20,000

(Amount in Rs)

Particulars	For the Period Ended 30th June, 2021	For the Period Ended 30th June, 2020	For the Year Ended 31st March, 2021
6 OTHER EXPENSES:			
Office Administrative Expenses:			
Misc. Expenses/Charges	**5,400**	NIL	3,960
Legal & Professional Fees	**10,000**	NIL	NIL
Auditor Remuneration	**5,000**	12,000	42,000
Total	**20,400**	12,000	45,960
AUDITOR'S REMUNERATION:			
Audit Fees	**5,000**	12,000	32,000
Other Fees	**NIL**	NIL	10,000
TOTAL	**5,000**	12,000	42,000

JAYIN VORA & ASSOCIATES CHARTERED ACCOUNTANTS JAYIN VORA Membership No. 103566

AARTI ORGANICS LIMITED VAPI

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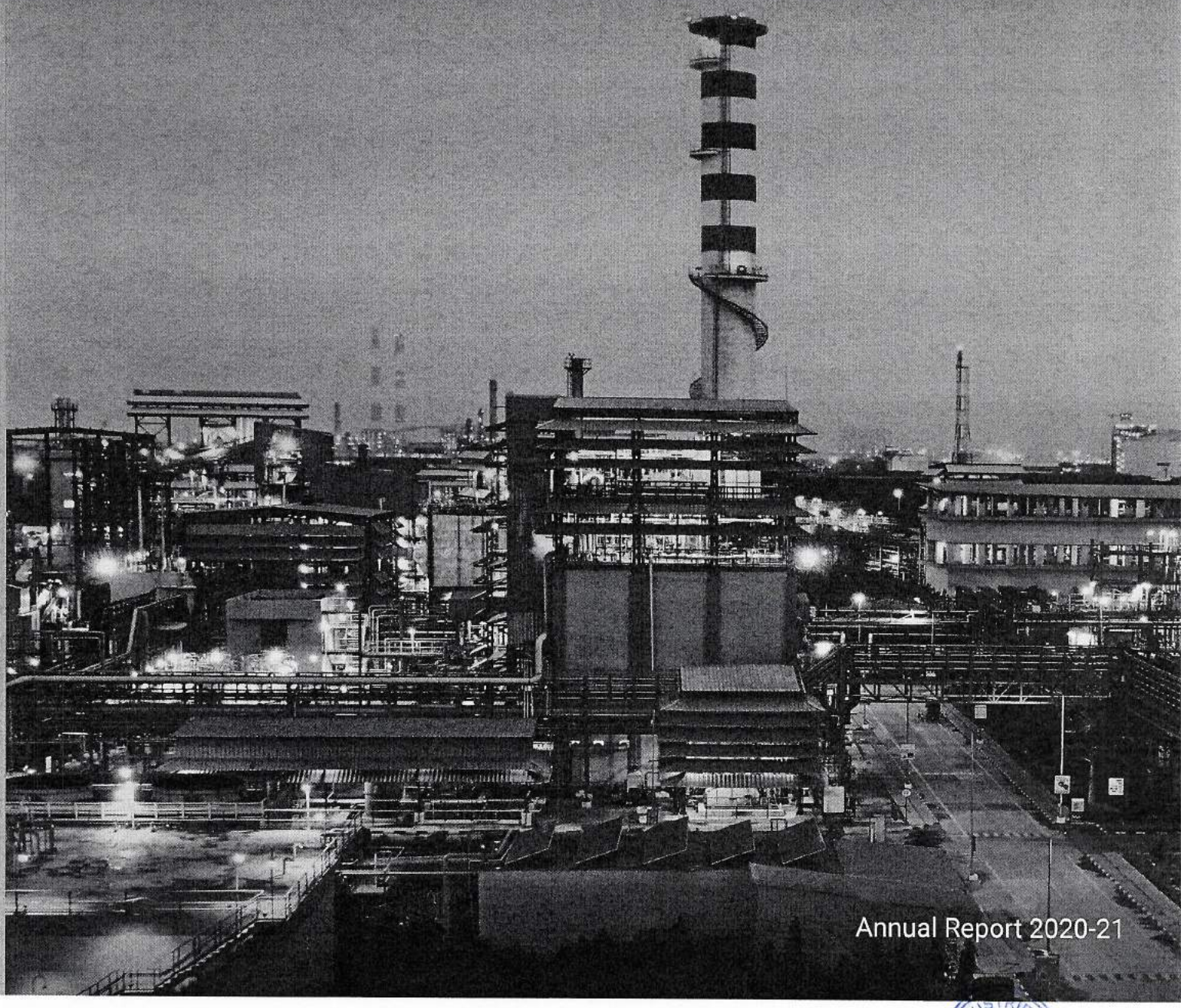
AARTI PHARMALABS LIMITED MUMBAI

AARTI INDUSTRIES

Stronger through Challenges
Steadier on Course



Annual Report 2020-21

AARTI INDUSTRIES LIMITED

In loving memory of

Shri Ramdas M. Gandhi

An Independent Director, mentor and guide of Aarti Industries Limited,
who inspired us throughout his life's journey

(March 14, 1933 to July 16, 2021)

Shri Ramdas M. Gandhi was a visionary leader, a reputable advocate and a seasoned solicitor with years of experience in his field. He was known for his discipline as well as for his kind-heartedness. Shri Ramdas M. Gandhi was one of the senior-most members of the Board, who mentored other members during his three-decade-long stay at Aarti Group.

He led us on the path of governance, ethics, transparency and integrity. He was the key driver in bringing about a corporate culture and addressing the needs of changing corporate and commercial laws. Known for his passion towards work even in such elderliness, Shri Ramdas M. Gandhi's contribution towards the success of the Aarti Group is beyond evaluation.

He shall remain with us always.
May his soul rest in peace.

Sustainable and inclusive growth have been our core objective since inception, which is also reflected in our values of care, integrity and excellence.

Read more on **page 26**

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Know more about Aarti Industries

https://www.aarti-industries.com

Stronger through Challenges Steadier on Course

Adapting, responding, and reinforcing our values in testing times are a reflection of resilience. Driven by these values and commitment, we, at Aarti Industries, braved our way through the volatile environment by adapting and creating a sustainable and responsible business framework driven by the determination, commitment, and courage of our employees to emerge stronger.

We have proved our innate resilience in our journey from being a local manufacturer of Intermediates to emerging as a global partner of choice for over 1,100 global and domestic marquee customers.

The pandemic of FY 2020-21 created new opportunities for us to grow. With global supply chains disrupted, there was a greater emphasis on locally manufactured products. There is also a growing preference among global corporations to shift their manufacturing base away from China, a preference that can only further strengthen India's position as a preferred manufacturing destination for global companies. With our industry expertise, years of experience, proven excellence and innovation skills, we are well placed to make the most of the emerging opportunities within the country and beyond.

With our State-of-the-Art facilities, strong R&D capabilities, emphasis on sustainable manufacturing, cost efficiency and skilled manpower, we are uniquely positioned to make full use of the new vistas opening up before us.

In fact, our strategic investments in the latest technologies, well-considered capacity expansion and consistent innovation focus are preparing us for the journey ahead. We have not only emerged stronger from the challenges faced in the past year, but steadier and more secure on the course, waiting to leapfrog into our next phase of exponential growth.

Key Performance Highlights of FY 2020-21

Financial

₹5,023 Cr

Revenue

₹982 Cr

EBITDA

₹524 Cr

Profit After Tax

₹1,311 Cr

Capex Spent

0.8

Net Debt/Equity

All comparison on Y-o-Y basis (i.e. versus FY 2019-20)

COVID response

Fighting the pandemic in unison

FY 2020-21 was a challenging year that tested the endurance of individuals and the resilience of businesses. At AIL, we did our utmost to support our employees, customers and larger society through multiple initiatives that extended from ramping up our production of intermediates and creating supportive medical infrastructure to making it possible for children to continue education online.

₹10.79 Cr

Amount spent on COVID-relief efforts

6,90,000+

Lives touched by COVID care initiatives

COVID-19 relief measures undertaken by AIL

For the Community

Contribution to relief funds

We considered it our duty to join the efforts of the Government of India and other state authorities to mitigate the impact of COVID-19. We contributed a total of ₹5.25 crores to various government funds, which also motivated our employees to contribute an amount of ₹80 Lakhs to the PM-CARES Fund.

Relief funds supported by AIL

Donated to

Maharashtra State Disaster Management	PM-CARES Fund
Gujarat State Disaster Management Authority	District Disaster Mitigation

Supporting non-profit organisation

We contributed ₹3.06 crores to several NGOs, including KVO Jain Mahajan and other NGO Trusts to help vulnerable communities. Our focused efforts were directed at the following segments:

- Those who had lost their jobs during the pandemic
- Livelihood generation for the elderly
- Financial assistance to small businesses

Distribution of ration kits

During the pandemic, we contributed ₹23 Lakhs to NGOs for distributing ration kits to 4,130 families across various locations in Bharuch, Kutch, Vapi districts of Gujarat. Among the NGOs we worked with in other parts of India were Bhansali Trust (Bodhgaya District, Bihar), Seva Bharti (Bhagalpur, Bihar) and Shri Radha Foundation (Mumbai).

Supporting COVID-19 treatment

Through our partner organisations, we set up dedicated COVID care centres, which helped in the treatment of more than 200 patients at various locations. Among them was the care centre at Vapi, set up in association with Rotary Club, which had 75 beds. We pledged immediate financial support of ₹21 Lakhs, together with an assurance of contributing around ₹15 Lakhs per month for beds, furniture and medical equipment including high flow nasal oxygen machine, ECG machine, portable X-ray machine, defibrillator, suction machine, monitors etc. The centre offered treatment at subsidised cost and had mediclaim facility. We also supported the 312-bed Shrimant Fatehsinhrao Gaekwad Hospital, located at Vatrak, Sabarkantha with materials such as PPE kits, sanitisers, etc.

COVID Response

We donated medical equipments at various locations:

- 325 oxygen cylinders to South Mumbai's Jumbo COVID-19 facility developed at Richardson & Cruddas Hospital
- 1,000 PPE kits to Seven Hills Hospital, Mumbai
- Two ventilators to the Government of Bihar
- Set up oxygen pipeline for an isolation centre in Boisar, Maharashtra
- Setup oxygen generation in Mumbai

We also procured about 500 rapid antigen test kits for the Rotary COVID centre at Vapi and other government institutions. We provided financial assistance to the PCPIR Hospital at Dahej for the fight against COVID-19.

Other assistance

Apart from providing medical facilities, we reached out across various locations to ensure assistance to people in need. Among the initiatives were the following:

Help in continuing education

In the salt pans of Mundra, Kutch, where many labourers went without their pay, we provided financial assistance to the families of children studying in YMC Salt Pan Worker's Children School, YMC Fisherman's Children School and Vallabh Vidyalaya. Online classes were conducted in some places to help children continue their education. The initiative benefited 1,240 families.

Dhan Vallabh Bhojanalaya

A social organisation run by AIL, Dhan Vallabh Bhojanalaya provided food to nearly 3,000 people daily, including doctors, police officers and government officials during the lockdown.

Community Survey

We assisted a team from a primary healthcare centre to conduct a survey for 12 days among 3,000+ people.

Neev Shikshan Sanstha

Through this organisation, we made arrangement for remote learning sessions for school children.

For our Employees

Taking care of the health and well-being of our people was one of our prime focus areas during the pandemic. We ensured that all the government guidelines were complied with. Additionally, we placed restrictions on outstation travel. Regular thermal screening, social distancing, use of sanitisers, masks and PPE kit (where required), office sanitisation, health check-up of all employees were carried out. Toolbox Talk was instituted to communicate with employees. We also undertook vaccination drive for our employees and set up quarantine centres for their care. More than 97% of our employees have also been vaccinated. At the same time, we ensured they had access to medicines and ambulance facilities. We created a 24-hour dedicated COVID help desk to attend to any emergency and create awareness on mental health.

For our Customers

We are a customer-centric organisation and customers remained at the heart of our initiatives during the pandemic as well. Among the many initiatives we undertook to ensure their well-being were the following:

Proactive engagement
We sent out written communication to all our customers explaining the situation at our HO, manufacturing sites as well as supply chain. Initially, we sent weekly updates, and followed it up with more spaced-out communication once the situation improved.

Strengthening the connect
We conducted video calls with all our major customers to update them on our situation, as well as steps taken to have best-in-class safety and health practices instituted to restart production after the lockdown ended.

Sharing of best practices
For our customer-partners who had smaller factories or teams, our Safety, Health and Environment (SH&E) teams shared best practices for a safe restart of operations and ways to take care of the health of employees and contractors post-resumption of operations.

Virtual summits
We requested the postponement of scheduled exhibitions in China and Europe to next year while conducting regular conversation on issues related to the industry through virtual meetings with industry leaders and our partners. Our Managing Director, Mr. Rajendra Gogri, has been a speaker at various events over the last few months, advising peers as a thought leader on how best to respond to the rapid changes caused by the pandemic.

Credit facility
We extended credit support, either with number of credit days or credit limits, for customers and distributors who required financial support.

Hydroxychloroquine manufacture
When Hydroxychloroquine (HCQ) was in demand, we ramped up the production capacity of the intermediates required for HCQ production to supply these on time.

Corporate Identity

Consistent Outperformer

Established in 1984 by first generation technocrats, Aarti Industries Limited (AIL) is today a leading Indian manufacturer of speciality chemicals and pharmaceuticals with a global footprint across 60 countries. The Company globally holds first to fourth position for 75% of its portfolio, and is a 'partner Wof choice' for various major global and domestic customers.

Over the past three decades, AIL has emerged as a global partner of choice with 250 + products for over 400+ international and 700+ domestic customers across the world with a major presence in USA, Europe, Japan, China and India.

Vision

To emerge as a 'Global partner of choice' for leading consumers of speciality chemicals and intermediates.

Mission

Delighted stakeholders

Values

Care
We care for our people, our customers, our suppliers, and our community. Care for our people is reflected in our people policies, programs and developmental efforts.

Integrity
We strive to maintain the highest ethical and moral standards. We honour our commitments towards our people, co-workers, partners, community and society.

Excellence
We continuously raise the bar for our performance standards in safety, productivity and employee and customer satisfaction. We encourage innovative ideas and creativity by promoting a learning culture.

Quick facts

200+
Products

4
R&D facilities

700+
Indian customers

400+
Global customers

20
Manufacturing plants

16
Zero Liquid Discharge plants

2
USFDA approved units

3
WHO/GMP approved units

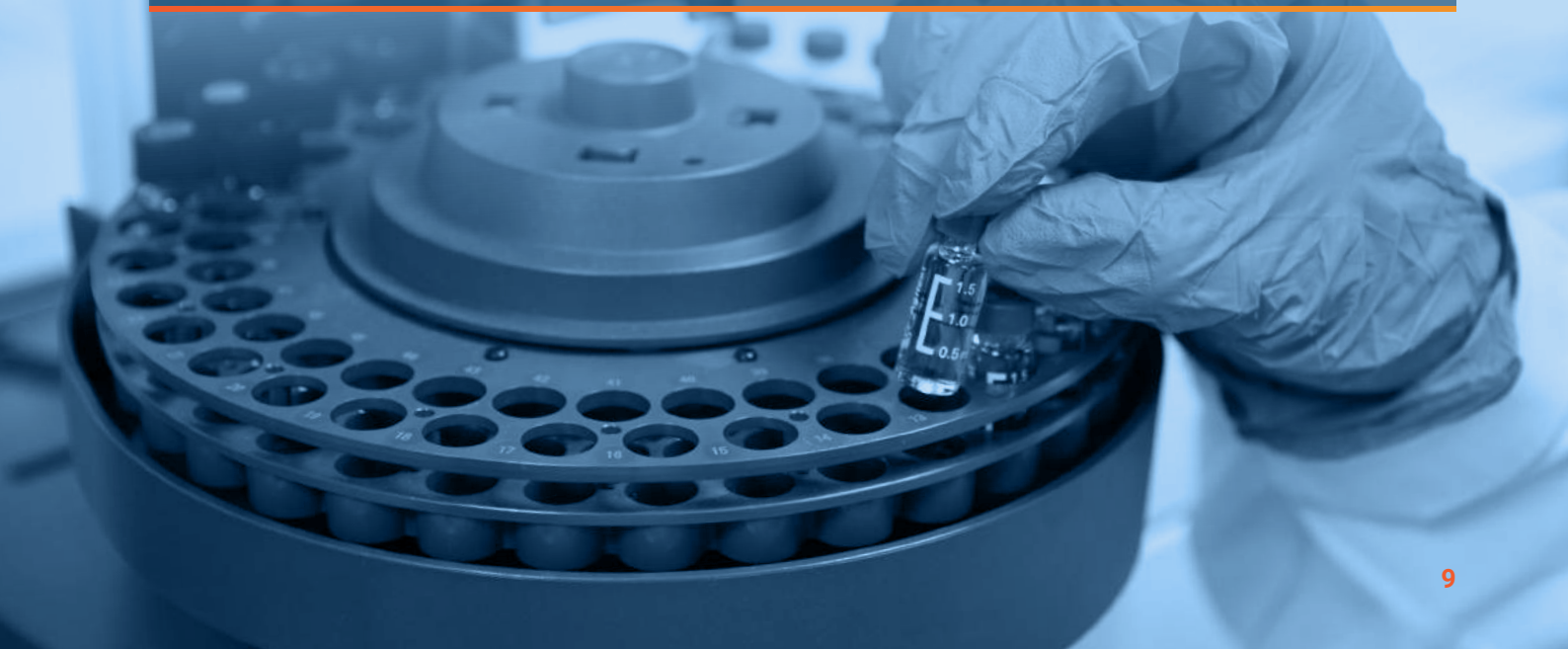
The Company serves leading consumers of speciality chemicals and intermediates for pharmaceuticals, agrochemicals, polymers, pigments, printing ink, dyes, fuel additives, aromatics, surfactants and various other speciality chemicals, across the globe.

We use our proven expertise in process chemistry, innovation capabilities and engineering excellence to produce solutions that cater to numerous downstream industries. Being one of the global leader in the manufacturing of benzene-based chemical products, we have a diversified product mix that includes other backward integrated derivatives which are widely used in agrochemicals, pharmaceuticals, polymer additives, fuel additives, FMCG, and other sectors. Our cost optimisation, attractive value addition, focus on sustainable production, and strict quality control have made us a global partner to marquee brands both within the country and across world markets. We dedicate this achievement to our people, whose relentless efforts have enabled us to reach where we are today.

While servicing our clients in over 60 global markets, we remain committed to our responsibilities as a corporate citizen. We create our products sustainably, ensuring minimal impact on the environment and maintain the highest health and safety standards for our people. We are equally committed to the welfare of our communities, where we operate. Our community initiatives empower people from the underprivileged sections, helping them lead better lives, through our focused interventions in education, skill development, environment, water conservation, tribal welfare, animal husbandry and healthcare. Effective Board insights and governance best practices ensure the efficiency of the business and, thereby, our ability to create sustained value for our stakeholders.

End use applications of our products

- Agrochemicals
- Pharmaceuticals
- Polymers and additives
- Fuel additives
- FMCG
- Dyes and pigments
- Printing inks
- Other speciality chemicals



Key Differentiators

Our Enabling Features

At AIL, our inherent strengths and capabilities enable us to drive growth even during the toughest of times. Our performance in FY 2020-21, despite the challenges, is a testimony to this fact.

Global player in benzene-based derivatives with integrated operations

- Leadership position in key products and processes
- Integrated operations across product chain of benzene and toluene
- Ability to effectively use co-products and generate value-added products

Well-diversified across multiple dimensions

- Diversification provides significant de-risking
- Multi-product, multi-customer, multi-geographies and multi-end-user industry

Pharma – significant growth with diversification across products and geographies

- Pharma segment has seen significant growth over the last five year
- India's API market (both domestic and exports) is expected to witness strong growth

Strong return profile despite significant capex

- Expanded capacities and diversified into new products while maintaining return profile
- New capacities are being ramped up to provide operating leverage

Thrust on sustainability

- Significant capex done in health, safety, environment and power, providing long term benefits
- Recognised by global agencies such as Ecovadis and Responsible Care

Strong focus on R&D and process innovation

- 4 R&D units focused on speciality chemicals and Pharma
- Focus on downstream products through processes like high value chlorination, hydrogenation, ammonolysis

Well placed to benefit from industry tailwinds

- Significant opportunity for exports arising from environmental related shutdowns in China
- Structural drivers in place for a robust domestic demand growth and import substitution

Milestones

Continuous Learning Journey

We started in 1984 with just two products and one manufacturing unit. Today, our diversified product portfolio is used in multiple industries in India and exported to 60+ countries across the world. We have scaled up rapidly through select partnerships with global players to enhance our manufacturing excellence, R&D capabilities and product variety.

1984

- Incorporated Aarti Organics Private Limited

1986

- Commenced a 1,200 Tonnes Per Annum (TPA) unit for Nitro Chloro Benzenes (NCB) in Sarigram, Gujarat

1990

- Set up the first large-scale organic plant in Vapi – a 4,500 TPA unit for NCB

2001

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

2005-08

- Expanded the NCB and sulphuric acid capacity
- Set up a large-scale speciality chemical unit in Kutch
- Received US FDA approval for an Active Pharmaceutical Ingredient (API) unit in Tarapur

2011

- Upgraded the hydrogenation unit from batch to continuous
- Received US FDA approval for the custom synthesis division at Vapi
- Commenced bulk shipment for global markets

2016

- Commissioned an ethylation facility at Dahej SEZ (ethylene gas via pipeline)
- Expanded the NCB capacity from 57 KTPA to 75 KTPA

2017

- Commenced functioning of the calcium chloride facility
- Started operations at co-generation and solar power plants

2018

- Commissioned the Nitro Toluene plant
- Signed two large multi-year contracts with global players
- Manufacturing facility being set up at Dahej SEZ

2019

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

2020

- Operationalised Aarti Research and Technology Centre (ARTC) at Mahape, Navi Mumbai
- Commissioned two units at Dahej SEZ for high-value speciality chemicals

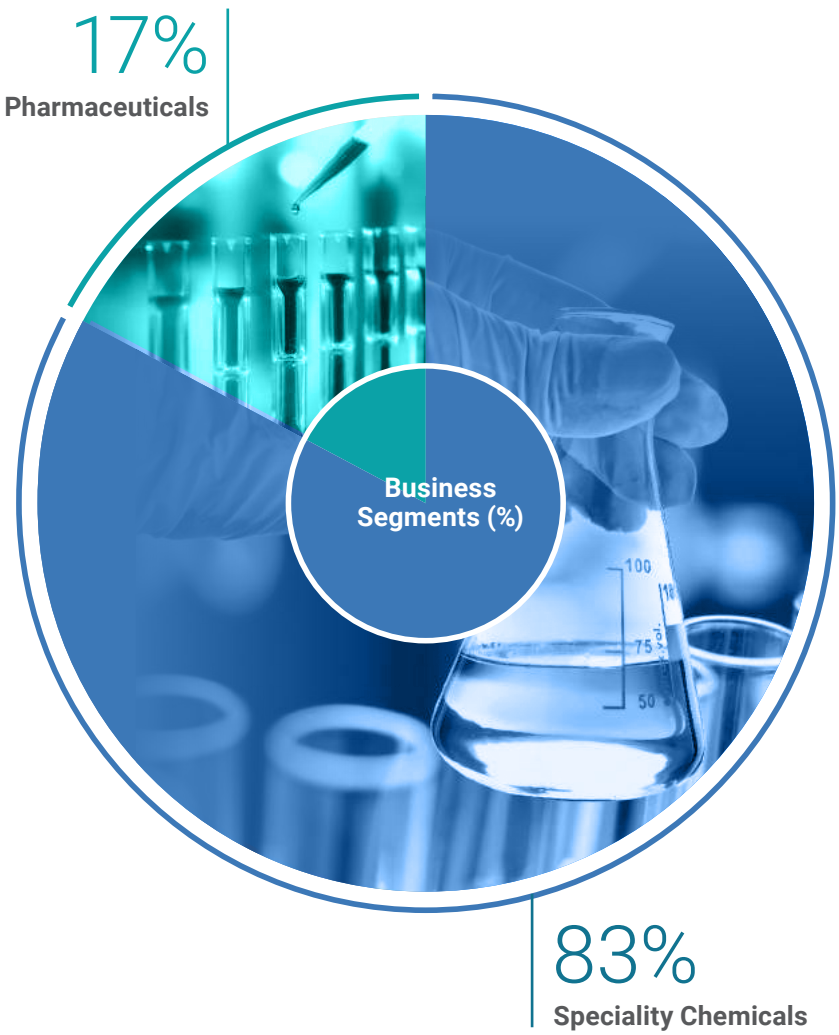
2021

- Operationalised Phase 2 Unit at Dahej SEZ for agrochemical intermediates
- Operationalised New Chlorination Unit at Jhagadia, capacity enhanced to 175 KTPA

Business Portfolio

Varied Products, Integrated Value Chain

In both speciality chemicals and pharmaceuticals, our well-diversified portfolio and our low dependence on individual products help us steer through business cycles and market dips. Diverse markets and varied set of customers ensure sustained profitability. We are stepping up the production of speciality products and high value APIs & intermediates to make use of the emerging opportunities in the market.



Speciality Chemicals

At AIL, speciality chemicals make up our core business segment, contributing maximum to the revenue. We use feedstock materials such as benzene, toluene, nitric acid, chlorine, methanol, aniline, sulphur etc., along with a wide range of reactions to service leading chemical companies around the globe.

In FY 2020-21, 83% revenue in the business was generated by customers with whom we have had a relationship for over five years. We also enjoy a diversified customer base, with the largest customer contributing to less than 5% of the sales.

₹4,151 Cr

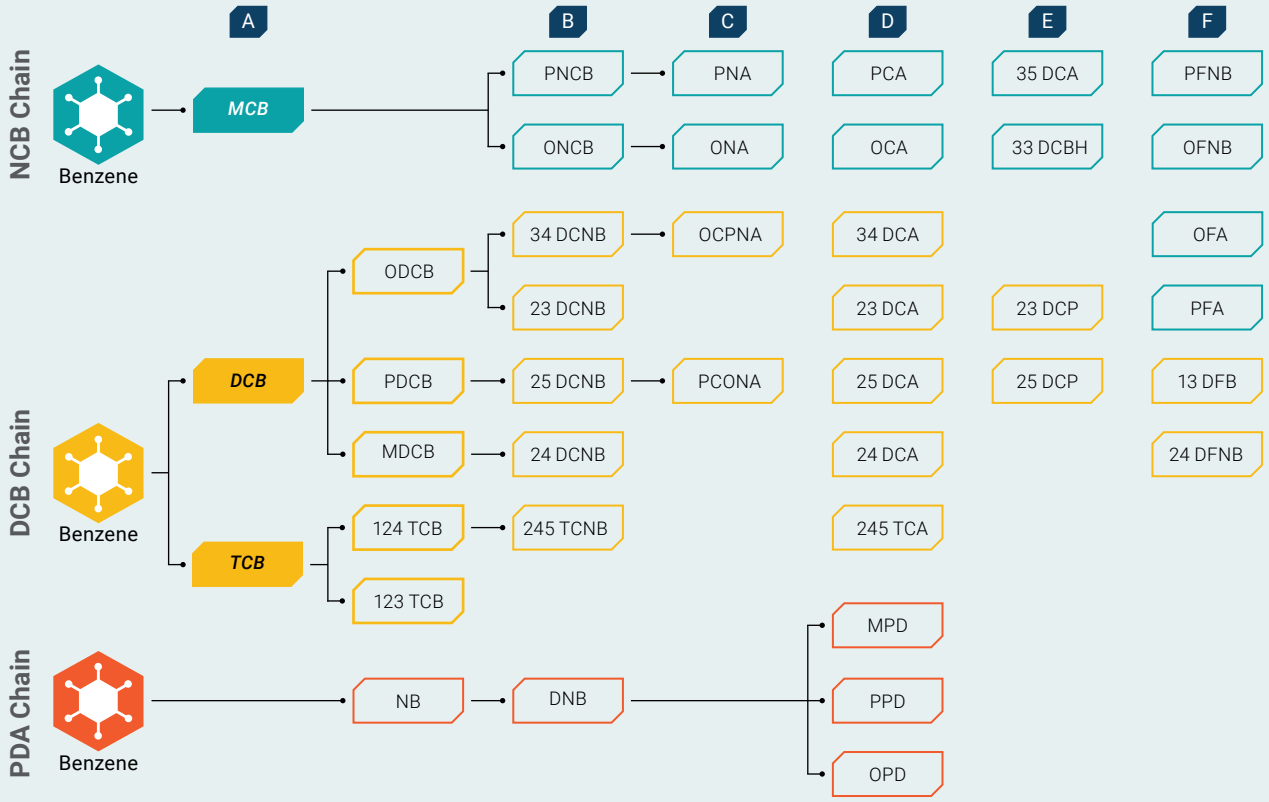
Revenue generated by Speciality Chemicals segment

₹753 Cr

EBIT for Speciality Chemicals segment

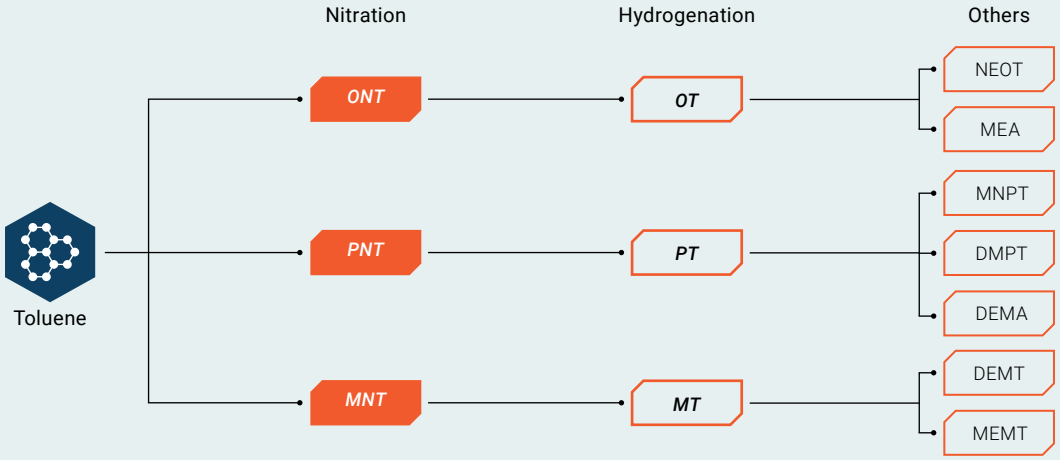
Product Profile

Benzene Value Chain



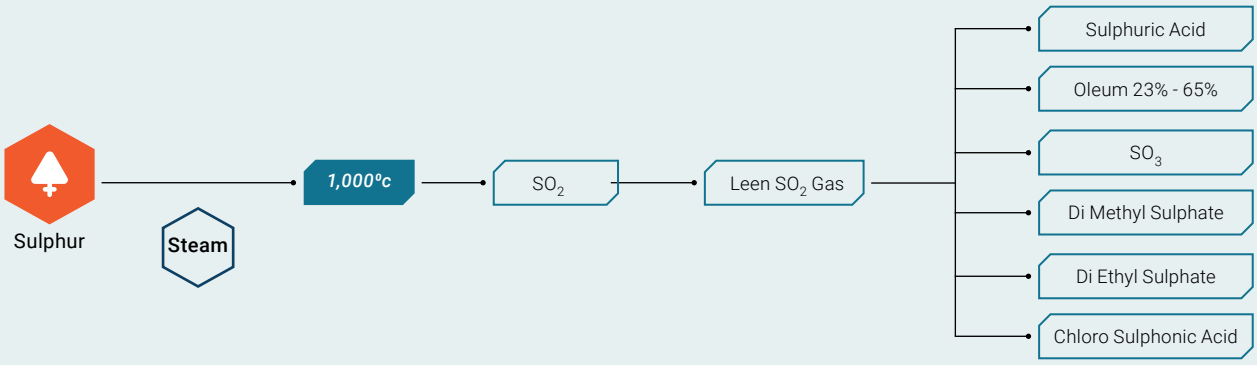
- A Chlorination (Ranked among top 3 globally)
- B Nitration (Ranked among top 3 globally)
- C Ammonolysis (Ranked among top 2 globally)
- D Hydrogenation (Ranked among top 2 globally)
- E Others
- F Halex chemistry (Only player in India)

Toluene Value Chain



Business Portfolio

Sulphuric Acid Value Chain



Other Speciality Chemicals

- Single Super Phosphate (SSP)
- Export-grade calcium chloride granules (for oil exploration and de-icing)
- Fuel additives
- Phthalates

Business Highlights FY 2020-21

- Return of demand from established markets drove improved performance
- Operationalised Phase 2 Unit at Dahej SEZ for agrochemical intermediates
- Operationalised New Chlorination Unit at Jhagadia

End Usage

Agrochemicals for pesticides, insecticides, herbicides, etc.

Polymers and additives for aircraft, automobiles, bullet-proof jackets, electronics, etc.

Pharmaceutical products

Fuel additives, rubber chemicals, resins, etc.

Dye, pigment, paint and printing ink

In FMCG products

AIL's Competitive Advantages

Among
Top 3
Nitro Chloro Benzenes (NCB) manufacturers globally

Among
Top 3
Di-Chloro Benzenes (DCB) manufacturers globally

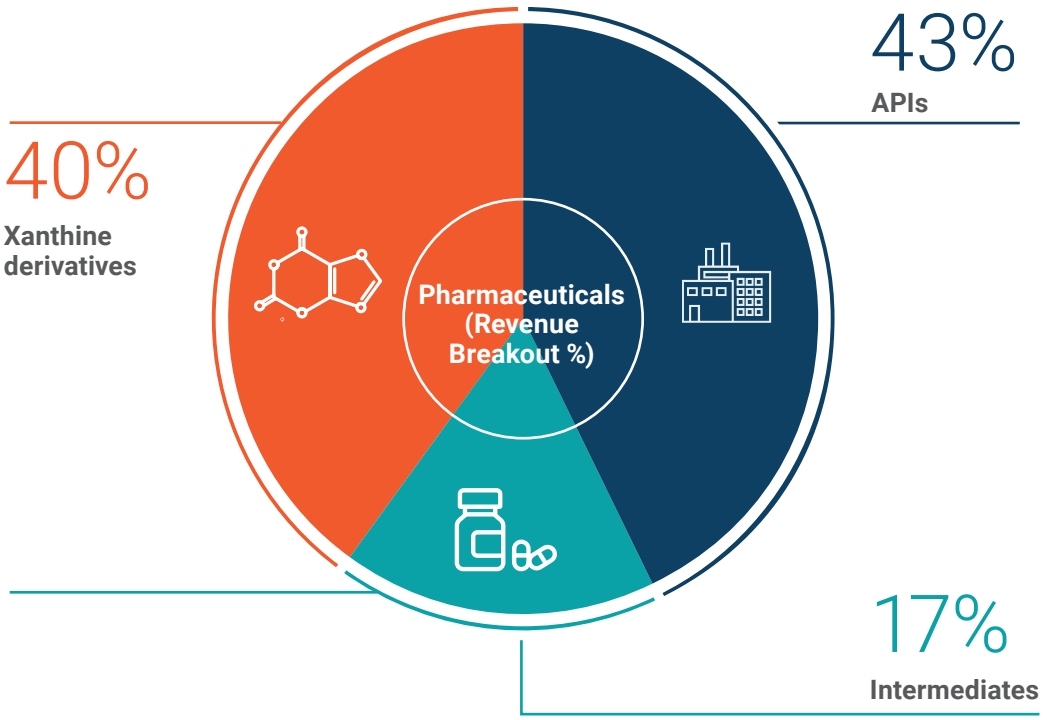
The
Only
manufacturer in India for Nitro Fluoro Aromatics (via Halex chemistry)

Pharmaceuticals

Our expertise lies in manufacturing APIs, intermediates and xanthene derivatives for pharmaceuticals, food and beverage industry. Our cost, quality leadership and backward integration for most APIs manufactured provide us an edge over our peers and enable us to hold on to a leading position in the developed markets of US, EU and Japan.

Our Custom Synthesis division helps us to manufacture pharmaceutical intermediates to meet specific customer requirements in the Indian and international markets.

Pharmaceuticals Segment at AIL



Quick Facts

2 US FDA approved facilities	3 WHO/GMP facilities	2 R&D facilities	38 US DMF approvals
20 CEP (1 under assessment)	48 APIs commercialised till date	52 Patents filed (13 Awarded)	

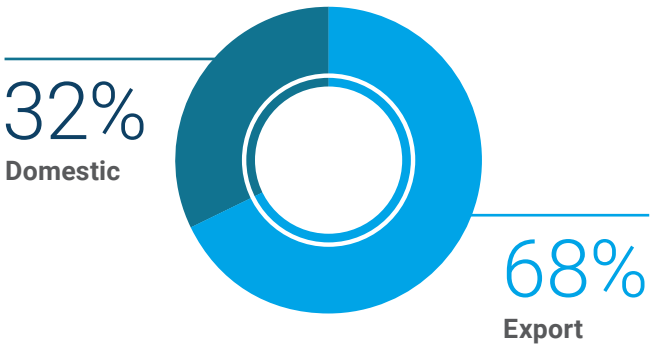
Business Portfolio

API

What are APIs?

APIs (Active Pharmaceutical Ingredients) are chemicals used in manufacturing pharmaceutical drugs. APIs are biologically present in the drug and are responsible for the effects that a drug produces. Any drug is made up of two components – API (which is the main ingredient) and excipient. The excipient is the inactive substance of the drug and acts as a carrier of the API.

API Revenue Breakup (FY 2020-21)



Anti-hypertensive

- Ramipril
- Quinapril
- Benazepril
- Perindopril
- Tert-butylamine
- Perindopril Arginine
- Ranolazine

Anti-asthmatic

- Budesonide
- Bambuterol
- R-Salbutamol Sulphate
- Levalbuterol
- Salmeterol Xinafoate
- Ipratropium Bromide
- Ciclesonide
- Fluticasone Propionate
- Fluticasone Furoate
- Mometasone Furoate Monohydrate
- Formoterol Fumarate
- Motelukast Sodium

Anti-cancer

- Bicalutamide
- Ifosfamide
- Ifosfamide Sterile
- Cyclophosphamide
- Cyclophosphamide Sterile
- Mesna
- Mercaptopurine
- Azathioprine

Anti-thalassaemic

- Deferiprone
- Deferasirox

Central Nervous System (CNS) Agents

- Venlafaxine
- Quetiapine Fumarate
- Bupropion

Skin Care

- Mometasone Furoate
- Desonide
- Adapalene

Ophthalmologic

- Loteprednol Etabonate
- Olopatadine

Decongestant

- Phenylephrine

Analgesic

- Diflusinal

Calcimimetic

- Cinacalcet

AIL's Competitive Advantages

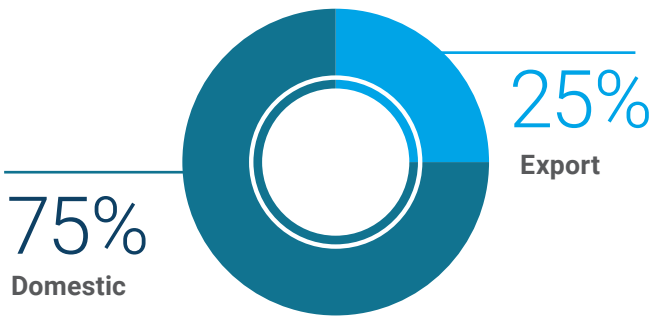
- **Backward integrated intermediates for most APIs**
- **Exports to lucrative regulated markets – US, EU and Japan – contribute to over 60%* of total exports**
- **Distinct advantage of having dedicated US, Japan and EU approvals for cortico steroids and anti- cancer products**
- **Exclusive sterile block for oncology APIs**

Intermediates

What are Intermediates?

A pharmaceutical intermediate is a chemical compound that forms the building block of the API. Every reaction in the production process of an API consists of different pharmaceutical intermediates. They are used in the production of bulk drugs and for research and development purpose by various pharma and biopharma companies

Intermediates Revenue Breakup (FY 2020-21)



APIs of Intermediates Manufactured

- Abemaciclib
- Acalabrutinib
- Afatinib
- Apalutamide
- Apixaban
- Bazedoxifene
- Bosutinib
- Canagliflozin
- Duloxetine
- Eluxadoline
- Enzalutamide
- Epagliflozin
- Ertugliflozin
- Fluoxetine
- Fumarate
- Hydrochloride
- Ibrutinib
- Idelalisib
- Ivabradine
- Lacosamide
- Lumacaftor
- Montelukast
- Moxifloxacin
- Neratinib
- Osimertinib
- Palbociclik
- Perindopril
- Quetiapine
- Quinapril
- Ramipril
- Ranolazine
- Ribociclib
- Rotigotine
- Teneligliptin
- Ter-Butylamine
- Tofacitinib
- Vardenafil
- Venetoclax
- Venlafaxine

AIL's Competitive Advantages

- **Contract research and manufacturing services (CRAMs) activity focused on Intermediates**
- **Working with several innovators on API Intermediates opportunities**
- **US FDA approved manufacturing facility for upcoming generic APIs**

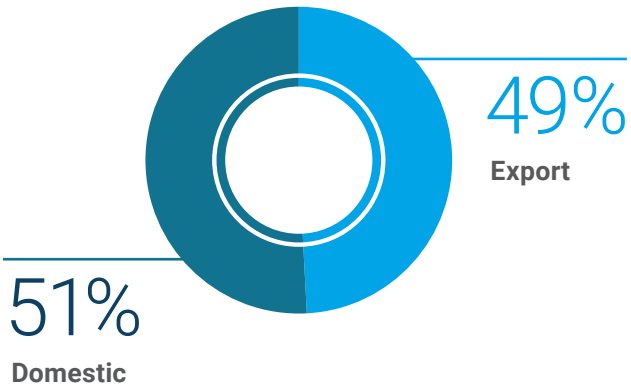
Business Portfolio

Xanthine Derivatives

What are Xanthine Derivatives?

Xanthine derivatives are synthetic compounds that resemble natural occurring xanthines such as caffeine, theobromine, etc. Xanthines are commonly used for their effects as mild stimulants and as bronchodilates, notably in the treatment of asthama or influenza symptoms. Xanthines also act to increase the alertness in the central nervous system and stimulate responses. Hence, these are also commonly used in various beverages and energy drinks.

Revenue Breakup (FY 2020-21)



Xanthine Derivatives Manufactured

- Caffeine Anhydrous
- Theophylline
- Aminophylline
- Acephylline Piperazine
- Theobromine

AIL's Competitive Advantages

- Two dedicated plants
- Key certifications – Star Kosher; HACCP; GMP in manufacturing and testing

End Usage

- APIs and intermediates for innovators and generic companies for varied applications such as anti-cancer, anti-asthma, anti-hypertensive drugs, oncology therapies, etc.
- Xanthine derivatives for applications in beverages, and for nutraceutical and other pharma applications

Services

Our Contract Research and Manufacturing Services (CRAMS) constitute leading, cost-competitive and quality manufacturing hubs for many global pharma companies. The business consists mainly of two activities:

Contract Research Opportunities (CROs)

- Advanced intermediates for APIs
- Process development
- Validation batches for intermediates
- Commercial production
- Contract manufacturing services in dedicated anti-cancer block for Phase-1 to final drug substance and regulatory support and quality assurance
- European Union Goods Manufacturing Practice (GMP) documentation

Contract Manufacturing Opportunities (CMOs)

- Advanced intermediates for Phase-0 to Phase-III molecules
- Development of raw materials and advanced intermediates for innovators and generic API companies
- Process development and optimisation
- Analytical method development
- Various generic APIs and intermediates

Business Highlights FY 2020-21

- Pharma business during the reporting year grew at highest ever levels historically, with revenue growing by 15% and EBIT by 50% Y-o-Y
- Continued throughput from regulated markets, value-added products and growing pipeline of new Intermediates
- Structural improvements based on operating initiatives
- Revenue growth is expected to sustain as additional capacities for APIs and Intermediates are about to get operationalised in the coming quarters

Marquee Customers

Partners in our Progress

Our cost and quality leadership, together with our emphasis on best practices on health and safety, form our unique value proposition. We also ensure that the entire life cycle of our products is sustainable. These factors, together with our rich product mix, make us the preferred partner of top companies throughout the world.

USPs across Both our Business Segments

Speciality Chemicals

- Backward integration
- Cost-efficient operations
- Isomer (co-product) balance
- Effluent management
- By-product management
- Handling hazardous materials
- Robust and sustainable operations

Pharmaceuticals

- US Food and Drug Administration (FDA) and EU GMP (European Union Goods Manufacturing Practice) accreditation
- Backward integration
- Dedicated and fully-integrated, world-class manufacturing facilities for xanthine derivatives
- Intellectual Property Rights (IPR) support for global markets
- Customised process development, scale-up and exclusive manufacturing

Customers Across Diverse Industries

Pigments, Paints, Printing Inks and Dyes

BASF We create chemistry

colourtex

CLARIANT

Atul

ARCHROMA LIFE ENHANCED

SunChemical a member of the DIC group

SUDARSHAN

hubergroup

Polymers and Additives

BASF We create chemistry
sojitz
SOLVAY asking more from chemistry®
TEIJIN
TORAY Innovation by Chemistry
DUPONT
sabic
DIC

Agro Intermediates and Fertilisers

BASF We create chemistry
BAYER
syngenta
UPL
GHARDA CHEMICALS LIMITED
FMC
MAKHTESHIM AGAN
Coromandel

Pharmaceuticals

SANOFI
Cipla
LUPIN
SUN PHARMA
TEVA PHARMACEUTICALS LTD
Dr.Reddy's
SANDOZ
Zydus dedicated to life

Others

3M
Dabur
innospec specialty chemicals
Nouryon

Geographical Expanse

Growing our Footprint

We manufacture and export world-class speciality chemicals and pharmaceutical products across 60 countries worldwide. These products are manufactured at 20 State-of-the-Art facilities, strategically located across western India, in close proximity to major ports, and are ably supported by our four R&D facilities.

Our Facilities

Head Office/ Corporate Office

- Mumbai

Project and Engineering Office

- Baroda

Chemicals

- Vapi
- Jhagadia
- Dahej
- Kutch
- Tarapur

Pharmaceuticals

- Tarapur
- Dombivali
- Vapi

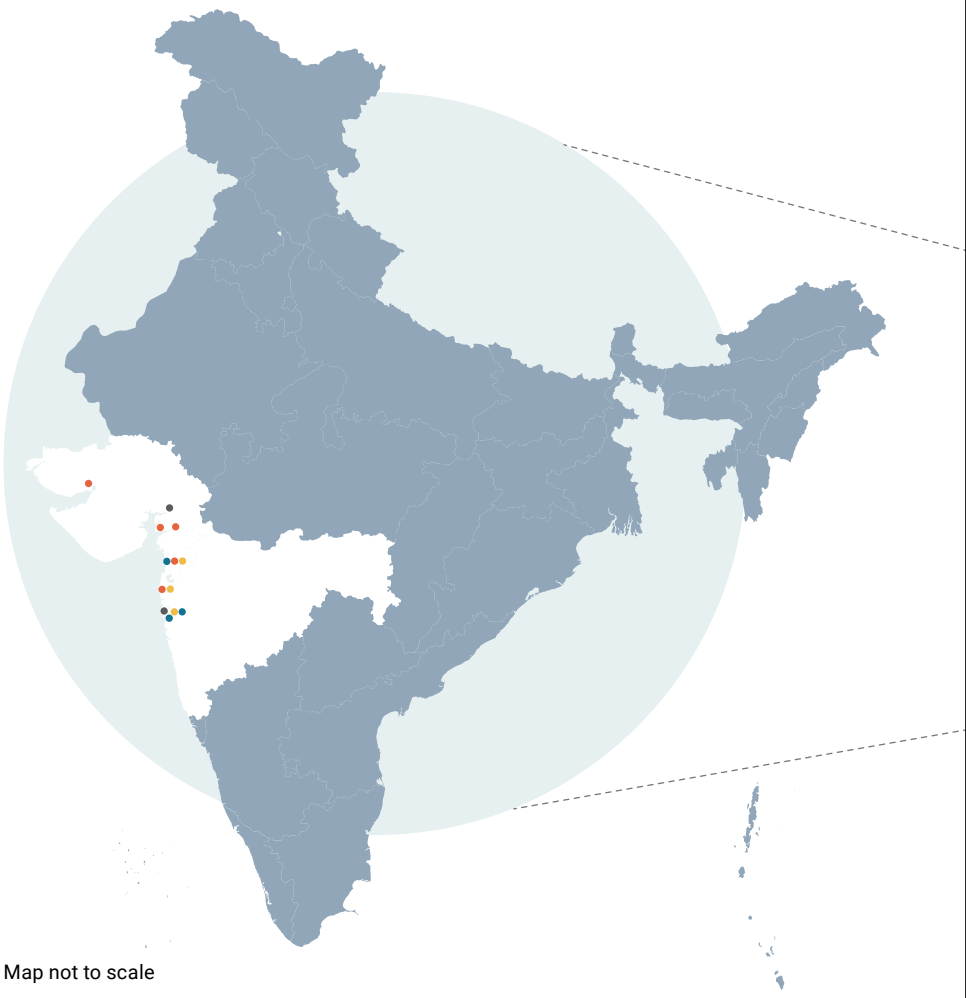
R&D Centres

Chemicals

- Vapi, Navi Mumbai

Pharmaceuticals

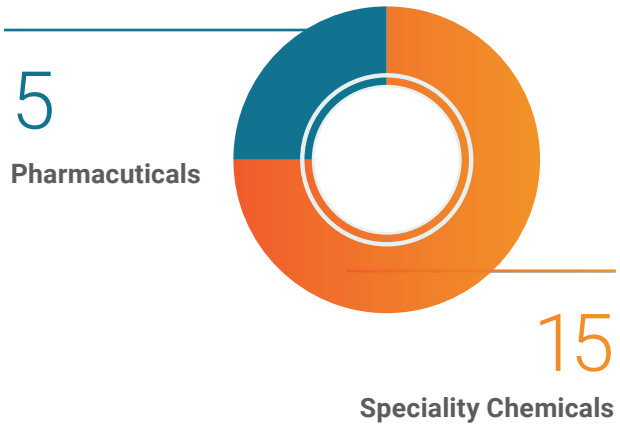
- Vapi, Dombivali



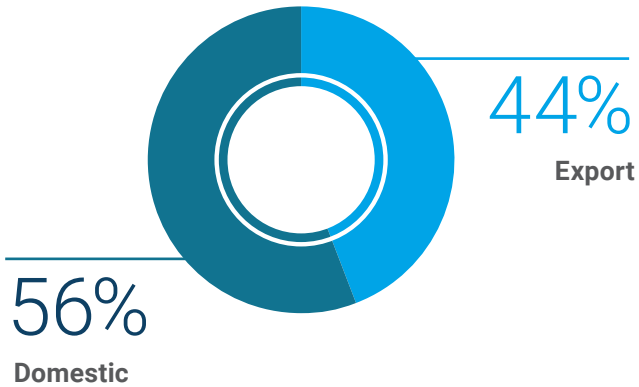
Map not to scale

Segment Breakup

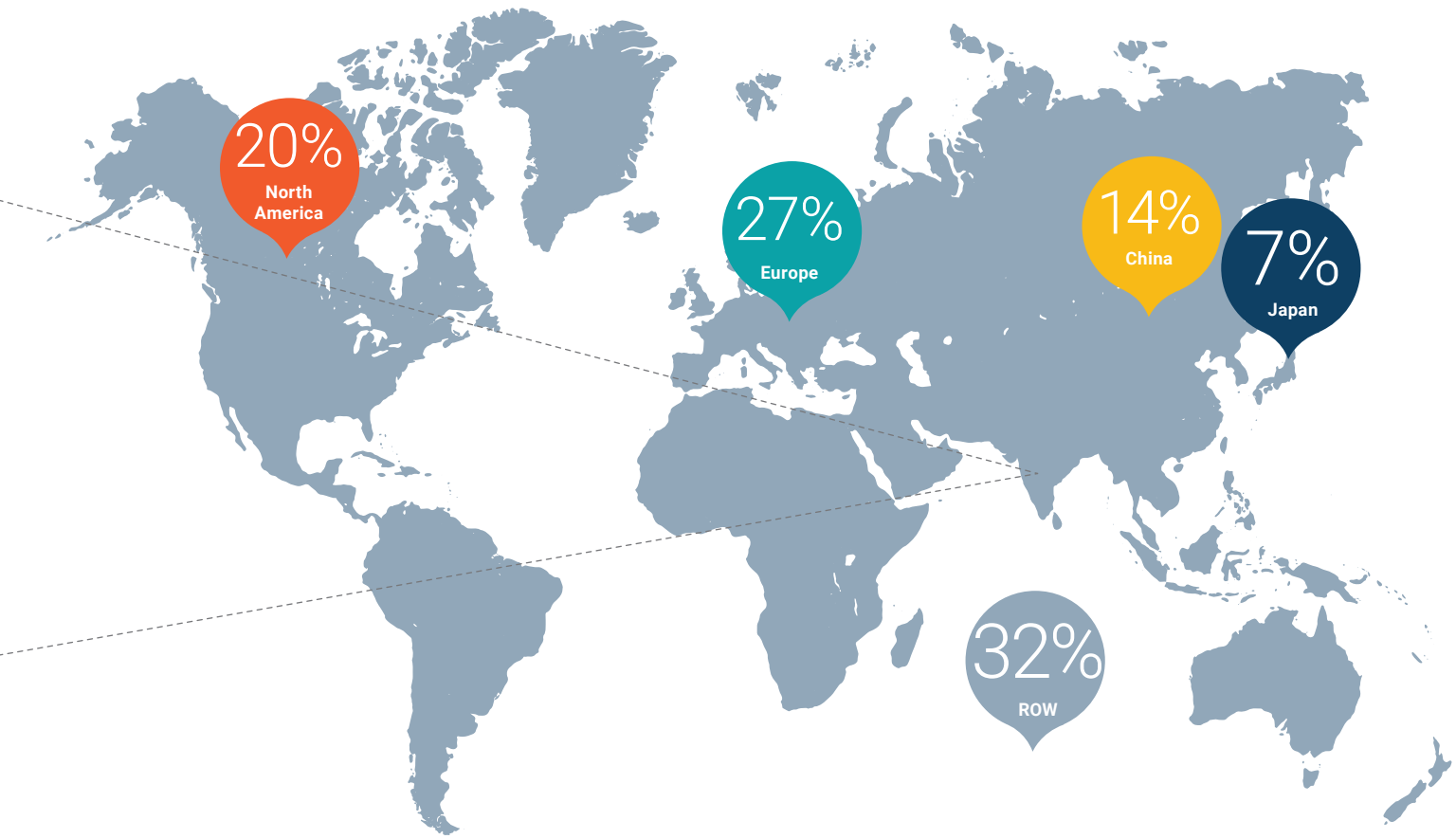
Number of Manufacturing Plants



Revenue Distribution



Distribution of Export Revenue



Chairman's Statement

Dedicated to Grow Sustainably

Dear Shareholders,

It has been a year of unprecedented challenges and I fervently hope that you and your family are keeping well. Millions of lives have been lost during the year and livelihoods affected. Both the global as well as the Indian economy have borne the brunt of this loss, slipping into a temporary recession in H1 FY 2020-21. Some green shoots became visible from Q3 of the year. However, the second wave of COVID-19 turned out to be more devastating than the first, leading to intermittent lockdowns in several states and disruptions along the supply chain. It was not before sometime around June 2021 that the number of COVID cases began to decline and the pace of vaccination in India picked up. I personally believe that the worst is behind us, and we are poised to witness a steady growth from here onwards as the rate of infection further comes down and we are able to build herd immunity as more and more people get vaccinated.

Sustainable and inclusive growth have been our core objectives since inception, which is also reflected in our values of care, integrity and excellence.

Taking Care of our People

We, at Aarti industries, are committed to 'Care' for our people, environment, society and other stakeholders. Committed to 'Care', we provided medical and financial assistance to COVID-affected employees, including contractual staff, and their family members. We identified healthcare facilities near our locations to ensure easy access to medical help for our employees and workmen. Currently 97% of our employees have been vaccinated. Other initiatives included setting up of a dedicated COVID care centre in collaboration with our NGO partner at Vapi, distribution of COVID-19 essentials such as medical equipments, PPT kits, sanitisers and oxygen cylinder etc. Additionally, we distributed foodgrain to daily-wage earners in the nearby communities. With these focused initiatives, we touched more than 45,000 lives.

Performance Review

I am happy to report that despite the challenging external environment during FY 2020-21, AIL demonstrated phenomenal resilience. While our gross revenues grew by over 8% Y-o-Y to ₹5,023 crores, our exports witnessed a spike of over 11% Y-o-Y to ₹2,186 crores. EBIDTA grew marginally at ₹982 crores. During the year, a notice of termination in respect of one of our long-term contracts was given by a customer due to change in the customer's strategy. Our pharma business continued to see both growth and margin expansion on the back of better operating leverage from higher volumes and our focus on regulated markets and value-added products.

We are committed to our strategic expansion plans and are on track to grow our capacities. We have a robust pipeline of new products under development and are focusing on enhancing the share of value-added products in our portfolio to gain more prominence in the global market. With continued investments in R&D, focus on sustainable production and improvement of our internal competencies in line with global best practices, I am sure we will ensure long-term growth for the Company. In fact, despite the challenges this year, we invested over ₹1,300 crores in capex, 14% more than last year. We also supported our people, by enabling work-from-home and providing necessary medical support to them and their families. We remained committed to employees by giving them

job assurance and salaries on time even in tough times. We, in fact, recruited people, strengthening our teams, including our R&D team. We solidified the foundation for our exponential growth in the future.

Another significant aspect of our operations during the year was the initiation of commercial operations at our expanded Jhagadia and Dahej facilities. We also acquired over 100 acres of land in Gujarat for the expansion of our Speciality Chemicals and Pharmaceuticals segments. We are expecting to have 1.7x-2x growth in our profitability by FY 2023-24 and 3x-4x growth by FY 2026-27.

Growth in Chemicals

As global corporations seek to diversify their supply chain to decrease dependence on China, a significant opportunity awaits India. Competitive advantages due to recent reduction in corporate taxes, 100% FDI in the chemicals sector, the Petroleum, Chemicals and Petrochemicals Investment Region (PCPIR) scheme, PLI for various downstream industries and other schemes promoting 'Make in India', significant improvement in ease of doing business in India are all positive factors that favour local manufacturers.

The scenario for speciality chemicals is even better, with the Indian speciality chemicals market poised to grow at a CAGR (2020-25) of 10-12%, as against the global estimate of 3-4%. India occupies 4% of the global share of speciality chemicals and the per capita consumption levels of speciality chemicals is far below the global average, which provide significant headroom for AIL's growth in the speciality chemicals segment in India.

The increasing pace of urbanisation, a growing young population with a disposable income will translate into a growing demand for end-user industries such as food processing, personal care and home care. This will add to the growth in the speciality chemicals sector. Although the global chemicals industry is facing uncertain conditions, the China plus one strategy of global enterprises, higher domestic and export demand, import substitution on the back of government strategies such as 'Make in India' and 'vocal for local' and enhanced budgetary allocations augur well for the Indian chemicals sector. We believe that our sustained investments in technology and R&D will equip us to meet this increased demand.

Burgeoning Pharmaceuticals Market

The Indian pharma firms enjoy a solid reputation globally and supply over 20% of the total global generics by value. Over 40% of the US drug market by volumes is served by Indian pharmaceutical players. With the largest number of USFDA-approved plants in the world, the Indian pharmaceutical industry is expected to play a more significant role in the global trade. At AIL, our investments in R&D, our integrated value chain and scalability are expected to go a long way in helping us maintain our competitive advantage. Additionally, government support for domestic manufacturing, with more thrust on import substitution will lead to Indian pharmaceutical players capturing a bigger share of the global pharmaceutical market. At AIL, our pharmaceutical segment is growing at a CAGR (2017-21) of 20%. At the same time, we are also consistently growing our EBIT margins (24% in FY 2020-21). Going forward, we are committed to unlocking growth opportunities in this segment with continued investments and focused efforts on R&D in developing new products.

Our ESG Focus

Sustainable and inclusive growth have been our core objective since inception, which is also reflected in our values of care, integrity and excellence. We are committed to ensuring the safety of our employees through regular process audits, higher use of automation and other safety initiatives. We are ensuring sustainability at every stage of our production process through the use of cutting-edge technologies, our state-of-the-art ZLD manufacturing facilities, greater use of renewable and waste resources for energy and compliance with global norms, which have boosted investor and customer confidence in our capabilities. We recently received the prestigious Gold Ecovadis Medal, which places AIL in the league of the top 5% sustainable enterprises in the world. For its sustained efforts, AIL was conferred with FICCI Company of the Year award 2021 and is also a proud recipient of the Responsible Care logo awarded by the Indian Chemical Council. Our community welfare measures through focused interventions and best practices in governance ensure growth across the three bottom lines of people, planet and profit.

Outlook

At AIL, we are playing a significant role in India's development as a manufacturing hub for quality chemicals and pharmaceuticals. In the coming years, I believe, we will be able to further strengthen our position and play a more integral role as a cost and quality leader on the basis of our inherent strengths.

I take this opportunity to thank my fellow Board members, the senior management of the Company and our people, including our contractual staff, who have worked relentlessly to ensure AIL's success. I thank all our stakeholders, especially our valued shareholders, for reposing their faith in our capabilities. Together, let us continue this exciting journey, unlocking value all the way through sustainable means.

Regards

Rajendra V. Gogri
Chairman & Managing Director

Key Performance Indicators

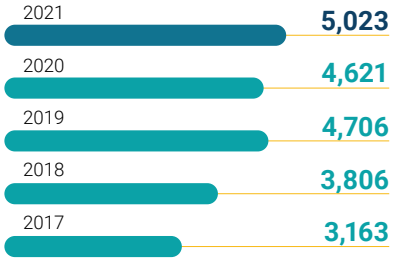
Demonstrating Sustained Resilience

FY 2020-21 was a year which brought its own challenges given the global health crisis and the resultant economic slowdown. At AIL, though our business was impacted initially, we ensured that we closed the year with high topline performance, setting a good base for growth in FY 2021-22.

Profit and Loss Metrics

Gross Turnover
(₹ in crores)

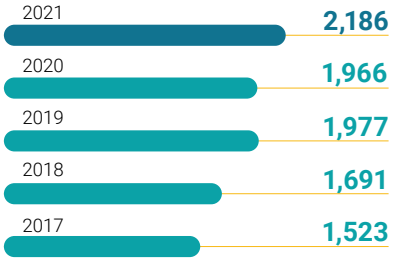
5,023



9% 12%

Revenue from Export
(₹ in crores)

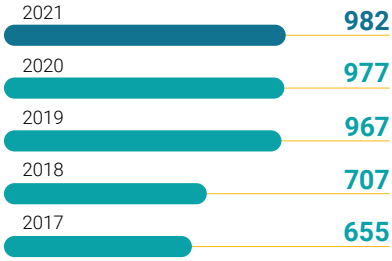
2,186



11% 9%

Operating EBITDA
(₹ in crores)

982



1% 11%

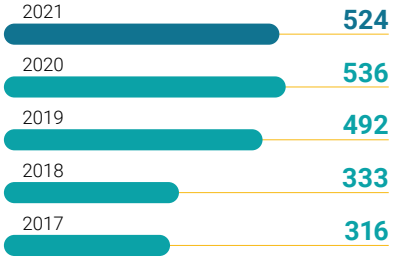
Operating EBITDA Margin
(%)

19.5

170 bps

Profit After Tax
(₹ in crores)

524



2% 13%

Earnings Per Share
(₹)

30.04

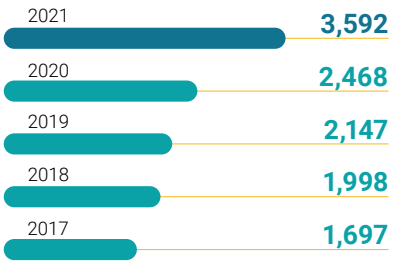
2%

EPS for the year 2020 and 2021 is after considering the bonus share issue in 2019.

Balance Sheet Metrics

Net Fixed Assets
(₹ in crores)

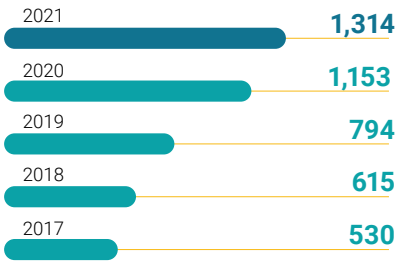
3,592



46% 21%

Capex Spending
(₹ in crores)

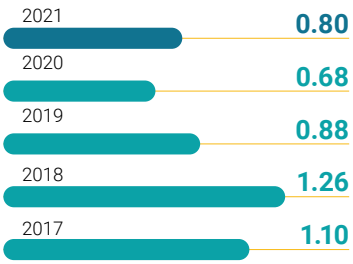
1,314



13% 25%

Debt to Equity Ratio
(x)

0.8

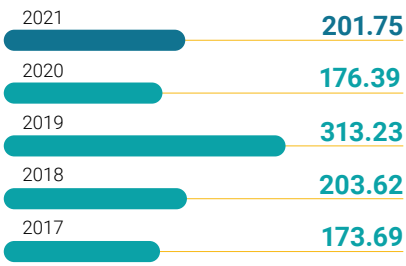


12 bps

Shareholder Metrics

Book Value Per Share
(₹)

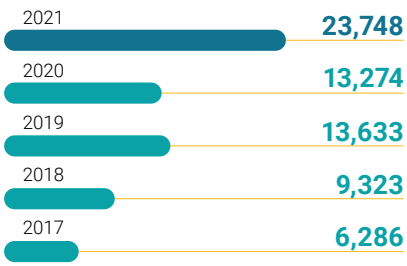
201.75



14%

Market Capitalisation
(₹ in crores)

23,748



79% 39%

Y-o-Y growth
5-year CAGR

Credit Ratings

Bank Loan Facilities

Long-term rating	Short-term rating
AA/Stable	A1+
Crisil Rating	**Crisil Rating**
AA/Stable	A1+
IND	**IND**

India Ratings and Research (Ind-Ra) Rating

Operating Landscape

Our Capabilities, Our Strength

The pandemic has accelerated existing trends in the market and set off new ones. The emphasis on sustainable practices, health and safety and greater technology adoption is in sync with the business practices and quality standards that we abide by. And this places us in an advantageous position to seize the opportunities unfolding in the market.

Speciality Chemicals

The pandemic created a mixed impact on manufacturers of speciality chemicals. As crude prices fell, the cost of raw materials went down for some products. As China was hit by the pandemic, manufacturers in Europe, US and India stepped in to fill the void. The global speciality chemicals market is valued at $740-760 billion in 2020 and a gradual recovery is expected in the market. It is estimated to grow at a CAGR of 3-4% by 2025, to $830-850 billion. The Indian speciality chemicals market is expected to outperform all the other markets by a large share. It is expected the Indian market will grow by 10-12% CAGR by 2025, due to a lower base effect, whereas other markets such as China and North America are expected to grow at a CAGR of 4-6% and 1-3%, respectively*. India is also expected to gain significantly from the China plus one strategy, rapidly adopted by the global majors to diversify their over-dependence on China.

*Source: CRISIL

Megatrends

Focus on health and safety
There is a growing concern among consumers for safety and safeguard of health, both among private players and the government.

Preference for remote or digital sales channels
This trend began before the pandemic, but now more remote and digital channels are driving B2B and B2C interactions amid the new norms.

Increasing automation and digitalisation
Adoption of contactless technologies and digital experiences (e.g., advanced analytics, 5G) has increased. Although the chemical industry is a slow adopter of digital technologies, there is now increasing automation through the use of Artificial Intelligence that is being used in production, marketing and sales and also R&D; real time information and pattern recognition are being used to drive better management of processes and systems.

Emergence of new ecosystems
The breakdown of the value chain during the pandemic is likely to lead to new alliances and new players and a realignment in the supply chain.

More investment to drive sustainability
The growing concerns of climate change and customer consciousness has led to ESG driven investments.

Demand for biocidal and functional materials
The pandemic has created new opportunities for players in the paints and coatings industry as customers insist on healthier, biocidal paints and coatings. Also, bio-based recyclable materials or those that ensure energy conservation.

Virtualisation of the workforce
Organisations are adjusting to remote working and businesses are adopting new business models.

Source: Deloitte and McKinsey studies

Indian Scenario

Strong export presence
Speciality chemicals account for more than 50% of India's total chemical exports, with agrochemicals, dyes and pigments being some of the most exported categories.

Fragmented market
The Indian speciality chemicals space is characterised by fragmented presence of many players, due to the varied applications of the products.

Lower cost of skilled labour
India has the advantage of availability of skilled labour, at almost one third the cost in other countries.

Low R&D spends
Many major players spend <3% of the revenues on R&D activities, as against 6-10% spent by global companies. Only a handful of companies in India develop innovative products, the rest produce generic products.

Strong entry barrier
Barriers to entry such as differentiated business model, vendor registration, customer loyalty and long process of getting product registration/approval act as high barriers to entry for new players and sustain the competitive edge of the existing players.

Higher domestic demand
Higher consumption-led growth due to rising nuclearisation and improved consumption standards, raise the demand for premium products and thus drive the demand for speciality chemicals.

AIL's Response

Despite the challenges induced by the pandemic, the overall scenario is favourable for the Company. India is likely to emerge as a preferred destination for customers trying to diversify their supply chain and reducing dependency on China. There are also prospects of a huge surge in domestic demand. Currently, India's per capita chemical consumption lags far behind the global averages. The rise in nuclearisation and favourable demographics, leading to higher consumption of all products ranging from white goods to paints, personal care, polymer additives, home care, textiles and adhesives add to our advantage. Our products have wide application in a number of these industries. The growth momentum in the agricultural sector is also likely to benefit the Company. The other positive factor going in favour of the Company is the government support for speciality chemicals industry, with the introduction of mandatory BIS certification to prevent dumping of substandard goods. Also, 100% foreign direct investment has been allowed in the sector, which is likely to lead to new partnerships and more investments in the sector. With our sustained investment in technology, innovation, wide suite of products, strong talent pool and focus on sustainability, we are well placed to make full use of the new opportunities opening up in the sector.

India poised to benefit from the China plus one strategy of global corporations

- Better policy framework and timely implementation have led to improvement in Ease of Doing Business rank from 142 in 2014 to 63 in 2020
- Sharp decrease in corporate tax rate to 25%
- Emphasis on Make in India
- India's plans to set up pharmaceutical parks
- Increased allocation under the National Health Mission, PM Atmanirbhar Swasth Bharat Yojana and Ministry of AYUSH. The Union Budget 2021-22 has allocated ₹ 2,663 crores for research
- Indian pharma players are looking to move up the value chain with better quality, advanced products with increased R&D spending
- India has access to highly skilled labour, available at low cost, as compared to China
- Additionally, easy availability of raw materials, access to port facilities, 100% FDI, better legal regulatory framework and stronger IP protection are the major factors making India a preferred partner for global companies

Operating Landscape

Pharmaceuticals

The Indian domestic pharmaceuticals market is valued at $42 billion in 2021 and is likely to reach $65 billion by 2024 and to $120-130 billion by 2030. India's drugs and pharmaceuticals exports stood at $24.44 billion in FY 2020-21. India is the largest provider of generic drugs globally. The country supplies over 50% of the global demand for various vaccines, 40% of generic demand in the US and 25% of all medicine in the UK. Globally, India ranks 3rd in terms of pharmaceutical production by volume and 14th by value. The Indian Economic Survey 2021 estimates the domestic market to grow 3x in the next decade.

Megatrends

Greater public scrutiny

The pandemic has ensured that the industry will remain in the spotlight, with keen interest in clinical trials, vaccine supply chain and regulatory approval. The public will be interested in access to therapies, responsiveness of the industry to medical needs, and constant innovation.

Convenience of digital

Digital is now central to consumers, service users, patients, and clinicians. There will be greater adoption of advanced technologies in R&D, manufacture, management, distribution and supply. Both healthcare providers and consumers will be pushing towards virtual engagement.

Economic uncertainty and supply chain disruption

The global economic recovery from the pandemic will vary according to regions, government support and the success of vaccination. There will be concerns over resource allocation, as governments count the cost of healthcare. In general, healthcare providers will be under pressure to reduce costs, increase access to their products and services to a greater number of people. The disrupted supply chain will also lead to realignments as customers of generic drugs and APIs look towards countries other than China for reliable and quality drugs.

Source: McKinsey study

Indian Scenario

Low cost of production
R&D focus and low cost of production boost the efficiency of the Indian pharma companies, enabling higher exports.

High exports
Indian generic drug exports account for over 20% of the global drug exports, as per volumes. Indian pharma companies are leveraging this strength with exports to over 200 countries, with US leading the pack.

Increasing FDI inflow
Between April 2020 and December 2020, FDI in the sector went up sharply and stood at $17.75 billion.

Patent expiry
During the next 10 years, approximately 120 drugs are expected to go off-patent. These drugs have an estimated value of $80-250 billion and will open up newer avenues of growth for market participants.

Growing awareness about health insurance
Increasing penetration of non-life insurance including health insurance will drive the expansion of healthcare services and the pharmaceuticals market in India. Another boost to the sector will be the National Health Protection Scheme, a scheme launched in 2018 under Ayushman Bharat.

AIL's Response

These broad trends augur well for established players in the speciality chemicals and pharmaceuticals sectors in the country like us, who can scale according to the available market opportunities. We have been increasing our presence in the fast-growing Pharma segment by going through various inhouse innovations. We have two pharma dedicated R&D facilities with a talent pool of over 200 skilled employees and a full-fledged Analytical Development Lab. Besides, our robust business model, integrated value chains, focus on R&D and innovation and established brand presence will help us in sustaining our business excellence.

Our Capitals

What Enables us to Create Value

At AIL, we make thoughtful use of our resources and value our relationships with our stakeholders. A coordinated interplay of our capitals lead to value-accretive growth.

Financial Capital

It refers to the funds available to create value through production processes, or funds generated by our operations. These include equity, debt, retained earnings, internal accruals and investments, among others. We have a strong balance sheet and focus on efficient capital allocation.

Manufacturing Capital

It pertains to our State-of-the-Art infrastructure for speciality chemicals and pharmaceuticals production, logistics, warehousing, and sales. We manufacture best-in-class products in these facilities, equipped with advanced infrastructure. We regularly upgrade the technology and focus on improving the safety and reliability of our facilities.

Intellectual Capital

Through focused R&D we develop products that are trusted by our clients and we invest in new technologies to create safer, smarter and simpler processes. Our intellectual capital encompasses our knowledge base and includes patents, trademarks, copyrights, technical know-how, formulations and innovative products and processes developed through R&D and other initiatives.

₹5,023 Cr
Revenue

₹524 Cr
PAT

0.8
Debt/Equity

1,500+
Number of employees recruited in the year

Top 3
In 75% of product portfolio

₹5,156 Cr
Gross block of fixed assets

20
Manufacturing units

13
Patents granted

53
Patents applied for

₹87 Cr
R&D expenditure

4
R&D Centres

Human Capital

We depend on the skills, capabilities, experience and dedication of our people to grow our business. We are committed to providing our employees an enabling and diverse work environment, which is both safe and caring. This promotes innovative thinking and motivates them to perform to the best of their abilities. Through trainings and the right development tools, we provide them opportunities to evolve and grow.

7,000+
Employees

8,000+
Contract employees

Social & Relationship Capital

We have mutually beneficial relationships based on trust with our key stakeholders such as investors, customers, vendors, society and government, among others, which play a vital role in our success. We are committed to creating holistic value and driving inclusive and holistic development in our communities.

6.9 Lakhs
Lives touched and enhanced

₹14.16 Cr
CSR expenditure

Natural Capital

This includes natural resources such as air, water, energy, land and biodiversity, which are either utilised by us or impacted by our operations. We aim to achieve 'zero waste to landfill' at most of our production facilities by optimising the use of these resources, reducing energy emissions and consuming raw materials judiciously.

16
Zero Liquid Discharge plants

40%
Water recycled

63,750 tCO_2e
Carbon emission avoided

Business Model

Delivering on our Commitments

Inputs

Financial Capital
- Total equity capital: ₹3,515 crores
- Gross Debt: ₹2,844 crores
- Capex: ₹1,314 crores

Manufactured Capital
- Number of manufacturing units: 20
- Number of co-generation plants: 6

Intellectual Capital
- Numberof R&D facilities: 4
- R&D expenditure: ₹87 crores
- Number of R&D professionals employed: 400

Human Capital
- Total number of Employees: 7,000+
- New Joinees: 1500 +
- Contract Employees: 8000+

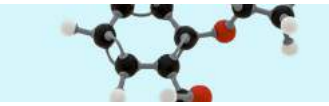
Social & Relationship Capital
- CSR expenditure: ₹14.16 crores
- Supplying to over 1,100 customers across 60+ countries

Natural Capital
- Solar energy installed capacity: 697KW
- Energy: 10.03 GJ/MT of production
- Number of zero liquid discharge plants: 16

Governance

Strategy and resource allocation

Businesses



Speciality Chemicals
- Benzene products
- Toluene products
- Sulphuric Acid products
- Other speciality chemicals

Read more on **page 14**

Pharmaceuticals
- APIs
- Intermediates
- Xanthine derivatives

Read more on **page 17**

Industries Served

- 60% Essentials (Agro, Pharm, FMCG)
- 40% Discretionary (Dyes, Pigments, Printing Inks, Polymer & Additives, Fuel Additives)

Strategic Priorities

- Value chain expansion
- New value chains
- Customer collaboration
- High growth sectors
- Manufacturing outsourcing
- Opportunities in pharmaceuticals

Read more on **page 40**

Performance

Risk management

Prudent utilisation of all the six capitals, a disciplined approach and focused strategies enable us to create sustainable value.

Value created for stakeholders

Outputs

End usage
Speciality chemicals

- Agrochemicals for pesticides, insecticides, herbicides, etc.
- Polymers and additives for aircraft automobiles, bullet-proof jackets, electronics, etc.
- Dyes, pigments, paints and printing inks
- Pharmaceutical products
- Fuel additives, rubber chemicals, resins, etc.
- FMCG products

Pharmaceutical products

- Anti-cancer, anti-asthma, anti-hypertensive drugs, cortico steroids, oncology therapies, etc.
- Beverages, nutraceutical and other pharma applications

Outcomes

Financial Capital
- Revenue: ₹5,023 crores
- EBITDA: ₹982 crores
- PAT: ₹524 crores
- Debt to equity ratio: 0.8
- Market capitalisation: ₹23,748 crores
- EPS: ₹30.03
- DPS: ₹3.00
- Credit rating: AA/Stable
- Foreign exchange earned: ₹20.22 crores

Manufactured Capital
- Worldwide ranking:
  - 3rd in chlorination
  - 4th in nitration
  - 2nd in ammonolysis and hydration

Intellectual Capital
- In-house developed technologies
- Number of patents granted - 13
- Number of patents under review - 40
- USDMF - 38
- CEP - 20

Human Capital

Training manhours: 34

Social and Relationship Capital
- Number of lives touched: 6.90 Lakhs

Natural Capital
- Reduction in CO_2 emissions: 63,750 tCO_2e
- 40% water recycled of the total withdrawn

https://blog.finology.in/business/speciality-chemicals-industry

External environment

Stakeholder Engagement

Learning from Each Other

We at AIL, ensure aligning our strategies with our stakeholders' expectations. Stakeholder engagement thus plays an important role in setting our goals for achieving the desired results.

Stakeholder engagement

Stakeholder	Employees	Investors & Lenders	Customers
Stakeholder priorities	• 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 the Company's growth strategies	• Information on Company's performance • Company's business growth agenda • Transparent disclosures • Good governance practices	• Consistent quality at competitive prices • Timely deliveries • New and innovative products, as per latest market requirements • Easy access to products and services
Relevance for AIL	• Important for business continuity, manufacturing, research and development, sales and marketing and other functions. Their support helps AIL move towards realising its corporate goals.	• Provide financial capital needed to fund the operations. Their trust is important for the continued growth of AIL.	• Customers are one of the most important stakeholders, since they ensure our profitable growth. Their satisfaction and delight are vital for AIL's success.
Engagement initiatives	• Web-based performance management system, reporting, review mechanisms • Quality management and productivity enhancement through regular skill upgradation programmes with general and job-specific, trainings with Aarti Talent Management System • BE SAFE – Proprietary safety initiative • Nirvana – Employee wellness programme • Anahata – Employee assistance programme • Employee engagement with Aarti's Got Talent – platform to share employees' hobbies, Aayam – engaging in meaningful conversations, Arjan – recognition programme and gratitude journal	• Dedicated investor relations department for regular interaction and information dissemination for shareholders • Stakeholders' Relationship Committee to address grievances of investors and shareholders	• Innovative and quality products and services • Prompt response to requirements for new product development, queries and timely resolution of grievances
Platform	• Town-hall meetings • Webcasts • HR portal • Newsletter (Quarterly)	• Stock exchange filings • News releases • General meetings • Detailed financial statements Quarterly results, presentations and Annual Reports • Analysis and investor calls*	• Collation and analysis of customer feedback • Engagement through website, social media • In-house and third party market research surveys, meetings • Brand campaigns

* Frequency from time to time as per requirement

Stakeholder engagement process at AIL

Stakeholder group identification → Determination of priorities for each stakeholder group → Determination of relevance for AIL → Identification and implementation of engagement activities

Government agencies, regulatory bodies and local authorities	Communities and environment	Vendors
• Compliance with rules and regulations • Timely reporting through various compliance-based forms	• 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	• Registration as approved vendor • Exact product specifications • Pricing and favourable terms of payment • Timely clearance • Supporting the MSME ecosystem
• The government agencies and regulatory bodies provide requisite registrations essential to conduct the business smoothly.	• Communities provide us support and social licence to operate, while environment provides us with natural capital.	• Quality raw material availability from registered vendors enable us to produce quality offerings on a timely basis.
• Disclosures and filings for compliance reporting • Meeting authorities for permissions/ approvals	• CSR initiatives • Volunteering initiatives	• Capacity building and sustainability for suppliers
• Reports • Results • Forms and formats • Audits	• Community events and functions	• Surveys by calls, virtual meets, email or in person • Supplier meets

Strategic Priorities

Roadmap for Success

At AIL, we have charted out our strategic priorities to drive our holistic growth. These strategies enable us to play to our inherent strengths and leverage market opportunities while addressing stakeholders' concerns.

Strategies for Growth

Value Chain Expansion

- Scale up of capacities in existing products
- New markets and applications for existing products
- New value-added products in existing value chains
- Improved market position in isomers

New Value Chains

- Extension of process and chemistry expertise to enter new value chains (such as chlorotoluene)
- Addition of new reaction capabilities
- Primarily catering to existing customer base and end industries

Opportunities in Pharmaceuticals

- Scale up capacities in existing products and related applications
- Increase presence in the regulated markets
- Develop and explore more opportunities for innovators for APIs and Intermediates

Customer Collaboration

- Co-development and scale up of new products through customer partnerships
- Multi-product collaboration with customers to deepen relationships
- Contract research opportunities

Manufacturing Outsourcing

- Long-term contract with customers leveraging process expertise, raw material security and India advantage
- Setting up dedicated toll manufacturing facilities

High Growth Sector

- Focus on high growth sectors and emerging mega-trends such as EV, Battery Chemicals, Renewable, Synthetic Foods, etc.

R&D and Innovation to Drive Exponential Growth

At AIL, we have charted out our strategic priorities to drive our holistic growth. These strategies enable us to play to our inherent strengths and leverage market opportunities while addressing stakeholders' concerns.

R&D-focused Growth Initiatives

- **Introducing Chloro Toluenes Value Chain**
- **Newer range of value-added products and Other Speciality Chemicals**
- **Custom manufacturing opportunities**
- **Expansion and introduction of new range of Pharma APIs and Intermediates**
- **Manufacturing Outsourcing / Strategic Alliances**
- **Setting up Universal Multipurpose Plants (UMPP)**

R&D in Speciality Chemicals

Our R&D efforts in speciality chemicals focus on increasing our presence in niche chemistries with low competitive pressures. During March 2020, we operationalised our second speciality chemicals focused R&D facility, equipped with process safety and synthesis labs. Also, we filed our first patent application in this segment during FY 2020-21.

Development over the years

World Class Technology

- Continuous Loop reactor for eco-friendly hydrogenation process
- Continuous crystalliser
- Reconcentration of Sulphuric Acid

Commercial Innovation

- Production of 100% export grade Calcium Chloride Granules from dilute HCL
- Export speciality chemicals in ship load

Process Innovation

- Scrub NOx in Sulphuric Acid from MDCB plant to manufacture commercial grade Nitrosyl Sulphuric Acid
- Directly utilise HCL gas, byproduct of Benzene chlorination, for Chloro Sulphonic Acid (CSA) manufacturing

Strategic Priorities

R&D in Pharmaceuticals

We have been continuously increasing our presence in the fast-growing pharmaceuticals segment through various in-house innovations and intellectual properties. Our Analytical Development Laboratory gives us an edge over our peers. We focus on lifestyle APIs and Intermediates to stay ahead of the curve.

Highlights

Carbohydrate Chemistry

Chryele Chemistry

- Asymmetric Synthesis
- Bio Catalysts
- Chryele Epoxides
- Kinetic Resolution

Coupling Reactions Chemistry

- C-C Coupling
- C-N Coupling

Isomerisation Reactions

Triphosgene Reactions

Steriods Synthesis

Flow Reaction with Phase Transfer Catalyst

Ongoing Capex Projects (targeted completion FY 2022-23)

Planned Capital Expenditure ~₹ 1500 crores

US FDA expansion capacities

- API unit at Tarapur
- Intermediates unit at Vapi

Units for long-term contracts

- 2nd long-term contract unit at Dahej SEZ
- 3rd long-term contract unit at Jhagadia

Other expansions

- Nitro Chloro Benzenes (NCB) capacity expansion at Vapi
- Expansion cum asset upgradation for acid unit at Vapi
- Expansion, asset restoration, sustainability initiatives

Long-term R&D and Capex Strategy to Drive Growth from FY 2024-25 and Beyond

New Chemistries and Value-added Products

40+
Chemical products

50+
Pharmaceutical products

EBIDTA Margin

~ 25% - 30%

Capex

₹2,500-3,000 Cr
for Chemical products

₹350-500 Cr
crores for Pharmaceutical products

Site Development

100 acre+ land
Commencement at Jhagadia

Construction from FY 2021-21 to FY 2023-24

Land acquisition

120 acres+
at Atali, Uttarakhand

Construction from FY 2021-22 to FY 2023-24

Projected Growth

	Turnover	EBIT	PAT
FY 2020-21 performance	₹5,023 Cr	₹753 Cr	₹524 Cr
FY 2023-24 Growth (over FY 2020-21)	1.7x-2.0x	1.7x-2.0x	1.7x-2.0x
FY 2026-27 Growth (over FY 2020-21)	2.5x-3.5x	3x-4x	3x-4x

Pillars of our ESG Strategy

Robust Action Meets Purpose

At AIL, we understand that sustainability and environmental, social and governance (ESG) parameters are key components of long-term value creation and assure business resilience. The pandemic has proved that companies which invest in social and human capital, weave in sustainability into their business operations are able to mobilise talent resources and function under the toughest of circumstances with trust, commitment and innovation. We try to constantly understand how our actions and business strategies are impacting our stakeholders, the environment and larger society, minimise harm and find out ways to leave a positive imprint.

Environment

We care for the nature and operate in an environment-friendly manner, complying with all environmental standards and implementing best-in-class energy, water and waste management solutions

Read more on **page 45** for Environmental initiatives

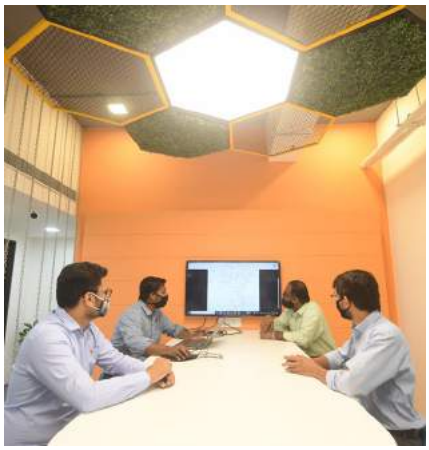
Social

- **Our People** enable us to succeed through their relentless efforts
- **Community** initiatives enable us to give back to society, serve our stakeholders and create conditions that promote inclusive growth

Read more on **page 46** for initiatives related to our people

Read more on **page 50** for Community interventions

Governance



As one of the leading players in the industry, we ensure that we set benchmark practices with regards to good governance, complying with all applicable laws

Read more on **page 54** for Governance

Environmental Initiatives

Our Sustained Framework

At AIL, we believe in sustainable growth. Conservation of natural resources and a commitment to leave a better planet for our future generations are principles echoed by our core values.

Environmental Care at AIL

- 3R: Reduce – Recover – Reuse
- Installation of Ash Handling Systems, Solvent Recovery Systems and Gas Scrubbing Units
- 697 KW of solar power generation capacity
- Swiss Loop Reactor technology for hydrogenation
- Installation of bioreactors, chemical RO's, multiple effect evaporator and incinerator drastically minimised water consumption
- Chilled water generation from chlorine tonners for chilling applications
- Council for Sustainability Management
- Major units audited by TFS (Together for Sustainability) Initiative

Industry Recognition

Gold Standard
Rating by ECOVADIS*

Responsible Care*
Certification

IMS certifications
for major operations

Online compliance management system

* for Speciality Chemicals business

Nurturing Teams

Empowering People, Growing Careers

We believe that passionate and dedicated employees are the biggest enablers of success. During a difficult year our people reaffirmed our belief in them. It was their relentless hard work and perseverance that helped us scale new peaks and overcome the challenges that confronted us.

We are a people first organisation and ensure that we offer our employees an open, inclusive and dynamic work environment, enabling them to fulfil their career aspirations. Amidst the difficulties induced by the pandemic, we persevered to provide them full support while enabling them to continue contributing towards organisational goals.

Our people policies are directed at creating a cohesive space that encourages participation and collaborative work. We invest in our talent pool through structured capacity-building programmes directed at both personal and professional development of our people.

People at AIL

7,000+
Talent pool

400+
Number of Scientiest

97%
Employees vaccinated with a minimum of one dose

Talent Attraction

At AIL, we are preparing for exponential growth, which has led us to create a robust talent pipeline. Our strategy of onboarding industry experts, recruited laterally to bring to the organisation requisite experience, has been our success mantra over the years. We continue to maintain a comprehensive people-first environment, which values merit. Leveraging on the growth opportunities and industry landscape, we onboarded over 1,500 employees this year, including 180 campus recruits.

1,500+
Number of people on boarded during FY 2020-21

Talent Retention

We demonstrated our appreciation and trust in our people by not only extending to them all kinds of support during the pandemic, but also ensuring them job security and full salary. Our employee value proposition of competitive rewards and recognition, learning and development programmes and industry-leading brand values have helped us retain quality personnel and enabled us achieve our goals.

Building a Great Place to Work

To facilitate two-way communication and to address employee queries and concerns, we collaborated with Gallup, a globally recognised analytics and advisory company, to conduct our first Voice Survey for employees. 98% of our employees participated in the survey.

This initiative is a big step in making AIL a 'Great Place to Work'. The survey helped us identify key areas for address. We also developed a cross functional task force, which included managers, to respond to concerns and queries.

Rewards and Recognition

At AIL, we believe in attracting and retaining a best-in-class talent pool. An industry-best rewards and remuneration policy is part of our offering to our employees. The rewards and recognition programme comprises four verticals, which are detailed below:

Compensation Program

Annual Compensation Review
Designed to reward high-performing employees, the evaluation parameters ensure fairness and parity amongst employees

Pay for Performance
Aimed at achieving an alignment between employee performance and rewards, thus creating a meritocratic culture within the organisation

Market Benchmarking
Aimed at ensuring our rewards programme is industry-best

Incentive and Retention Program

Variable Pay
Rewarding high performers during the financial year and enhancing a performance-driven culture

Long-term Incentive
Retention strategy to encourage high performers to continue contributing to our success

Retirement Programme
Designed to ensure a joyous and peaceful post-retirement life, it helps us to honour our employees' long-term association with us. It is inclusive of provident fund, gratuity and leave encashment

Non-Monetary Benefits

Medical Benefits
Medical insurance and hospitalisation benefits extended for families ensure hassle-free treatment in case of any medical conditions

Other Benefits
Includes the provision of Company-owned cars, mobile handsets, loans and Company-provided accommodation to select employees

Navodaya, our internal mobility process, provides employees with an opportunity to choose careers they aspire for and advance within the organisation

Recognition

Arjan, an online recognition programme recognises outstanding achievers within departments/locations
Through **Kalpadrum**, we recognise initiatives at the organisation level

Nurturing Teams

Learning and Development

For any organisation aspiring for long-term growth, it is essential to nuture its workforce through constant learning and encourage development. This has been our constant goal since inception. Encouraging a continuous learning environment enables our employees to realise their strengths and identify areas they need to improve on, which helps them to reach their maximum potential. Our Talent Management Framework focuses on identifying, nurturing and developing the right talent within the organisation. This framework equips them with the knowledge, skills, and ability to contribute more towards our organisational goals and grow in the system.

Aayam: Expanding the Horizon
The Aarti Engaging Leadership Framework is an organisation-wide initiative designed to realise and harness the extraordinary potential of our people. Led by the senior leadership team, it enables a transparent, two-way communication that helps us design and implement a customised leadership approach.

Leadership Development

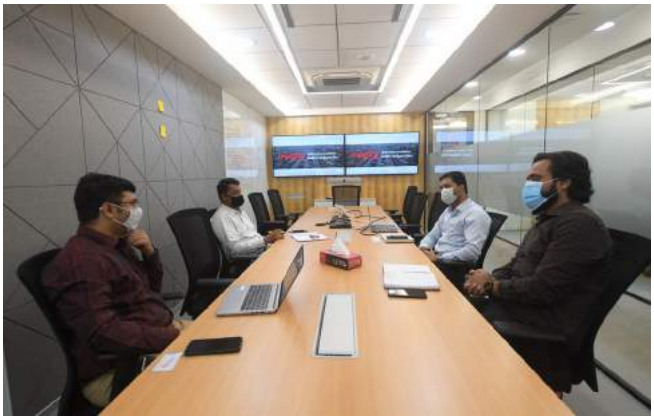
At AIL, we have a structured approach towards leadership development. With an objective to build a strong leadership pipeline, we identify promising talent and groom them for future leadership roles. An in-house development library has been designed to guide and support these employees throughout their development journey.

Gurukul Mentoring Programme
A senior leader mentors a person just a rung lower in the hierarchy. The objective is to create a strong leadership pipeline.

Progressio

Specifically designed for campus-recruited professionals, this is a one-year development programme. New joinees undergo a focused development journey which includes training, mentoring, functional projects, reading assignments and plant visits.

Meraki
A mentorship programme to provide guidance, Meraki supports newly-inducted campus hires.



Gyan Vriddhi

Specifically designed to share tacit knowledge, Gyan Vriddhi is a unique platform for employees to share the knowledge which they have gained through experience.

Aarti Talks
This is a platform where employees can exhibit specific talent and share the rich experiences and learnings from their lives.

Gyan Sandhi
A special knowledge-sharing and book-review session, Gyan Sandhi allows an opportunity for employees to share their learnings from the books they have read.

ATOMS: Aarti's Training Online Management System

An online learning management system, ATOMS enhances employees' learning experiences. A comprehensive dashboard allows users to view the training courses they have been assigned. For managers, it provides details of the training of team members, nominate oneself and team members for any particular course/training and capture the learning history.

Online Quiz Competitions
To encourage the e-learning medium and increased usage of ATOMS, we organise quizzes on a regular basis.

Gyan Vriksh

We have created a physical library for employees and we provide them access to a variety of books from the technical, legal and management domain. Apart from the books, employees also have free access to the Harvard Business Review magazine at Gyan Vriksh.

Unnati: Performance Enhancement
We support our people by communicating performance gaps and providing them opportunities to succeed through appropriate development options and support.

Corporate Social Responsibility

Promoting Inclusive Growth

As a responsible corporate citizen, we ensure that our conduct matches our stature and we are able to enhance the lives of the communities surrounding our facilities and those beyond.

We undertake all our community interventions through Aarti Foundation – our CSR arm. We partner with numerous non-profits to understand local issues and make impactful interventions.

₹14 Cr

CSR expenditure

6.9 Lakhs

Lives benefited

Community Focus Areas

- Education and Skill Development
- Healthcare
- Environment
- Rural Development

Education and Skill Development

Education is a fundamental right and the only guaranteed way to eliminate poverty and bring transformational changes in society. We undertake several initiatives under this chosen target area.

₹1.2 Cr

Expenditure on education and skill development in FY 2020-21

Initiatives

Ongoing CSR Initiatives

7
Schools

2,127
Students benefited

Infrastructure Development Initiatives

Donation to various schools and institutes for setting up new infrastructure and improvement of existing infrastructure

Scholarships and Grants

20
students received scholarships to pursue higher education

Students Benefited by our Intervention in Education

Name of Institution	Type of Initiative	Place	Students benefited	Amount spent (₹ In Lakhs)
Shree Tulshi Vidhya Mandir	Ongoing	Nana Bhadiya, Gujarat	521	35.00
Shree Ram-Krushna Dev Vidhya Sankul	Ongoing	Ratanpar (Khadir) - Gujarat	250	6.49
Vichrta Samuday Samarthan Munch (VSSM)	Ongoing, Hostel Facility	Ahmedabad, Gujarat	224	1.00
Jan Seva & Charitable Trust – Girls Hostel	Ongoing	Sagbara, Gujarat	100	5.00
Jivan Manglya Trust	Computer Training	Satkhol, Uttarakhand	32	10.06
HDD Kanyashala	School Building Construction	Bhachau, Gujarat	800	50.00
Kutch Yuvak Sangh	Scholarships	Gujarat	20	0.50
Other			200	4.80
Yusuf Meherally Centre (COVID-19 related assistance) - Total 1,243 students benefited				
Vallabh Vidyalaya	Ongoing	Mundra, Gujarat	835	10.00
YMC for salt pan workers' children	Ongoing	Bhachau/Gandhidham/Mundra/ Mandvi – Gujarat	312	
YMC for fishermen's children	Ongoing	Bhadreshwar/ Mundra - Gujarat	96	

Corporate Social Responsibility

Healthcare

₹63.58 Lakhs

Expenditure on healthcare initiatives in FY 2020-21

Semi-urban and rural areas lack access to proper medical care. Women and children are particularly vulnerable as they are often deprived of necessary attention. Through sustained initiatives, we have set up State-of-the-Art healthcare facilities, including small dispensaries in Gujarat, Maharashtra, Bihar and Madhya Pradesh to ensure healthcare for those in need.

Initiatives

Jito Hospital, Thane

Medical equipment donated

₹50 Lakhs

expenditure

Blood Donation Camp, Vapi

25th year of organising the blood donation

₹4.58 Lakhs

expenditure

Dental Mobile Van, Dahej and Jhagadia

Associated with an NGO — Asmita Vikas Kendra, for operating two mobile dental vans – one each for Dahej and Jhagadia

₹9.00 Lakhs

expenditure

Environment

At AIL, we believe in operating in harmony with nature. We not only ensure we run sustainable manufacturing operations, but through our community initiatives, we ensure optimal usage of natural resources and their conservation.

₹38.66 Lakhs

Expenditure on environmental initiatives in FY 2020-21

Initiatives

Aartee Horticultural Services Pvt. Ltd.

Associated with AIL for plantation of trees, developing/ maintaining gardens and green spaces in the Gujarat Industrial Development Corporation (GIDC) estate, Vapi, Gujarat

Provide security services to the garden in Vapi

Rural Development

Rural habitations in proximity to each other offer scope of integrated development through the 'cluster model'. By promoting sustainable livelihood and self-reliance among the people of these clusters, many of them tribal, through the formation of cooperatives and culturally appropriate employment opportunities, or strengthening the role of women and youth in decision-making, and promoting social dialogue, and dissemination of good practices, it is possible to transform lives. We have been successful in promoting the development of several clusters through our initiatives. We work in collaboration with local NGOs and organisations to help facilitate change.

₹12.71 Lakhs

Expenditure on rural development initiatives in FY 2020-21

Initiatives

Tribal Integrated Development and Education Trust, Assam

1,800 villages, >8,500 Self-help groups, 1,00,000 women helped

₹6.00 Lakhs

expenditure

Income generation projects such as mushroom farming, agarbatti making, weaving, bamboo craft and tailoring classes

Helping farmers get certified in organic farming

Mental health care treatment for 250 patients

Gram Swarajya Samiti, Maharashtra

Working in rural areas of Maharashtra for the upliftment of communities through livelihood initiatives

₹6.00 Lakhs

expenditure

Tribal Integrated Development and Education Trust, Assam

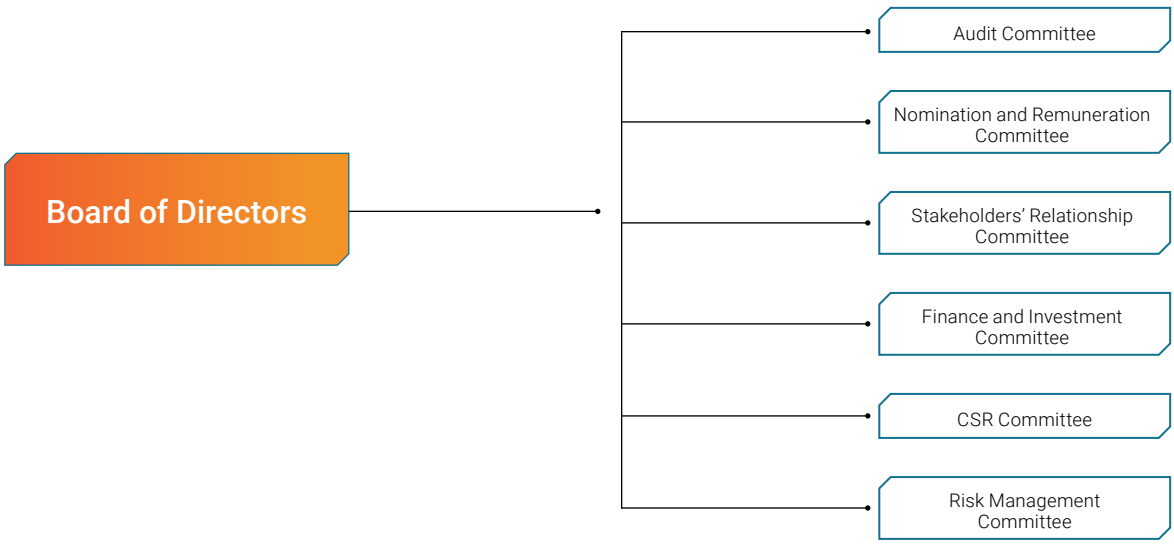
Working for the welfare of the community

₹2.55 Lakhs

expenditure

Robust Governance

Corporate Governance Framework



Code of Conduct

The Code of Conduct (Code) is an internal guide for our Board, the management team and all employees at AIL (collectively referred to as 'our people' in this section). The Code has been crafted to reflect our commitment towards compliance with relevant laws and regulations. The Code applies to every employee, Directors, officers of the Company, suppliers, customers, contract staff, contractors and consultants working on behalf of or for the Company. The Directors and senior management are required to affirm compliance to the Code. A well-structured internal control system and robust governance practices ensure that the Code is adhered to at all levels of the organisation. The Code's provisions promote ethical business conduct while also laying down our anti-corruption and anti-bribery approach. An effective vigil mechanism and whistle blower policy are in place. The Code also lays down measures for the redressal of grievances and disciplinary action for violation of the Code.

Compliance

We have a robust compliance management process at AIL. Our compliance monitoring framework has recently implemented a high-end compliance tool in consultation with an internationally reputed professional agency. This tool enables our teams to effectively monitor compliance with 78 statutes, 101 rules and over 10,000 legal provisions.

Composition of the Board

Our Board of Directors comprise industry veterans with expertise in various fields of business and extensive leadership experience. We ensure that the independence of the Board is maintained and the advice and decisions of the Independent Directors are valued and implemented.

Board Committees

The Board of Directors is assisted in fulfilling its responsibility by the Board Committees which carry out various specialised functions. These Committees oversee and manage the day-to-day governance. They report to the Board on the progress or seek its guidance for any major decisions.

Audit Committee

Composition	Key responsibilities
6 Independent Directors • Shri K.V.S. Shyamsunder • Prof. Ganapati Yadav • Shri P.A. Sethi • *Shri Ramdas Gandhi • Shri Bhavesh Vora • Smt. Priti Savla **3 Non-Independent Directors** • Shri Rajendra Gogri • Shri Rashesh 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

Composition	Key responsibilities
3 Independent Directors • Shri K.V.S. Shyamsunder • Shri P.A. Sethi • *Shri Ramdas Gandhi **1 Non-Independent Director** Shri Rajendra 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 who may be appointed 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

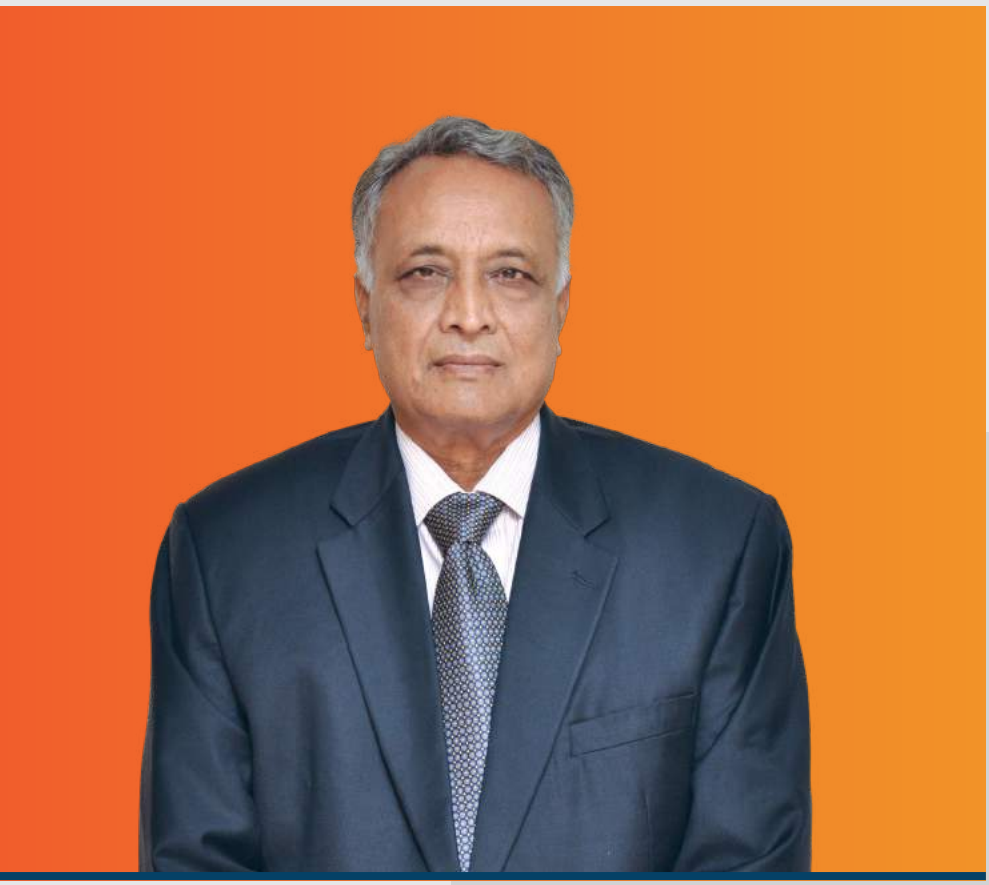
Composition	Key responsibilities
1 Independent Directors • Shri K.V.S. Shyamsunder **4 Non-Independent Director** • Shri Rajendra Gogri • Shri Rashesh Gogri • Shri Manoj Chheda • Smt. Hetal Gogri Gala	• Resolving the grievances of security holders, including complaints related to transfer/transmission 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 & 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

* Late Shri Ramdas Gandhi functioned as Independent Director during the reporting period. His position has been vacated due to his unfortunate demise in July 16, 2021. His guidance on various matters contributed significantly to our successful journey.

Note:

The CSR Committee and Risk Management Committee are duly constituted in accordance with the applicable Rules and Regulations.

Chairman Emeritus



Shri Chandrakant V. Gogri

Shri Chandrakant V. Gogri started Aarti Industries as a small manufacturing unit and helped it become the path-breaking enterprise it is today.

He holds a Chemical Engineering degree from the Institute of Chemical Technology (ICT), formerly known as University Department of Chemical Technology (UDCT). He has vast experience in the areas of projects, operations, process development and marketing in the chemical industry. His business acumen and flair for finance have helped the Aarti Group in its critical phase of growth. He is the Founder Chairman of the Company. He retired as the Chairman on August 16, 2012, and has, on request of the Board, accepted the post of Chairman Emeritus for his valued guidance and expertise.

Shri Chandrakant V. Gogri was awarded the prestigious Lala Shriram National Award for leadership in the chemical industry in the year 2015 and ICC's D.M. Trivedi Lifetime Achievement Award in the year 2019 for his contributions to the Indian chemical industry.

Board of Directors

Steering through Challenges

The Board of Directors at AIL is a diverse mix of highly qualified and experienced veterans from various industries. Together, they drive the formulation of the Company's long-term strategies while considering appropriate measures for risk mitigation.

The Board maintains complete oversight across the various functions of the Company through delegation of responsibility to various committees and ensures the achievement of the Company's set goals and objectives, and thereby its ability to create long-term value for all stakeholders.

Shri Rajendra V. Gogri
Chairman and Managing Director

1 2 3 5 6

Shri Rajendra V. Gogri has been part of the Company since its inception and was appointed as the Managing Director in 1993. He became the Chairman and Managing Director in 2012.

He holds a master's degree in Chemical Engineering from the US and is a rank holder from ICT, Mumbai. He worked along with Shri Chandrakant V. Gogri to help the Company achieve its present stature. In addition to his technical qualification, he has expertise in handling financial and commercial matters. He spearheads the strategic growth initiatives and manages long-term business relationships for the Company.

Shri Rajendra V. Gogri was awarded the prestigious Lala Shriram National Award for Leadership in the Chemical Industry in the year 2020.

Shri Rashesh C. Gogri
Vice Chairman and Managing Director

1 3 5 6

Shri Rashesh C. Gogri was appointed as the Vice Chairman and Managing Director of the Company in 2012. Prior to that, he was the Director of the Company since June 1997.

He holds a Production Engineering degree from Mumbai University. He has played a key role in the growth of various business units of the Company.

He presently handles the commercial aspects and is involved in strategic decision-making in the Chemical segment and also heads the Pharma segment of the Company.

Member

Chairman

1. Audit Committee
2. Nomination and Remuneration Committee
3. Finance and Investment Committee
4. CSR Committee
5. Stakeholders' Relationship Committee
6. Risk Management Committee

Board of Directors

Shri Parimal H. Desai
Executive Director

1 3

Shri Parimal H. Desai has been a Executive Director of the Company since September 1984.

He is a Chemical Engineer from UDCT (ICT), Mumbai. He has more than 34 years of experience in process development and project implementation. He provides guidance to the Company on various technical inputs related to processes, product improvement and technology, and also handles few of the project initiatives of the Company.

Shri Manoj M. Chheda
Executive Director

3 5

Shri Manoj M. Chheda has been a Executive Director of the Company since November 1993.

He is a Commerce graduate from Mumbai University and has over 25 years of experience in the marketing of speciality chemicals.

Smt. Hetal Gogri Gala
Executive Director

3 4 5 6

Smt. Hetal Gogri Gala has been a Executive Director of the Company since November 2001.

She holds a bachelor's degree in Electronics Engineering from Mumbai University and has done her Management Education programme from IIM Ahmedabad. Leveraging her rich experience, she manages the Pharmaceuticals segment and is also involved in supply chain management of the Company.

Shri Renil R. Gogri
Executive Director

3 6

Shri Renil R. Gogri has been appointed as a Executive Director of the Company from August 16, 2012.

He holds a B.Tech (Mechanical) degree from IIT Bombay. He oversees the manufacturing operations, various people and excellence initiatives, adoption of IT advancements, sustainability initiatives and projects for the Speciality Chemicals segment of the Company.

Shri Kirit R. Mehta
Executive Director

4

Shri Kirit R. Mehta has been appointed as a Executive Director of the Company since September 2000.

He is a Commerce graduate and has over 32 years of experience in the industry in the field of corporate affairs management.

Shri Narendra Salvi
Executive Director

6

Shri Narendra Salvi is a Executive Director of the Company from April 1, 2020.

He joined the Company in 2001. Leveraging his 33 years of experience, he oversees the operations, projects, regulatory compliances and sustainability initiatives for the Pharmaceuticals segment of the Company.

Late Shri. Ramdas M. Gandhi*
Independent Director

1 2 4

Shri Ramdas M. Gandhi was an Independent Director of the Company.

He held a master's degree was Law from Mumbai University. He was an advocate and solicitor and has been practising was the Mumbai High Court for more than 55 years. He was a corporate lawyer and had extraordinary experience in commercial and corporate law.

* Shri Ramdas Gandhi functioned as Independent Director during the reporting period. His position has been vacated due to his unfortunate demise in July 16, 2021. His guidance on various matters contributed significantly to our successful journey.

Member | Chairman

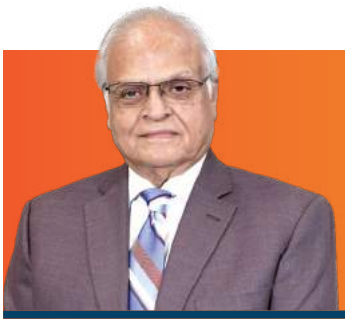
1. Audit Committee
2. Nomination and Remuneration Committee
3. Finance and Investment Committee
4. CSR Committee
5. Stakeholders' Relationship Committee
6. Risk Management Committee

Board of Directors

Shri K.V.S. Shyamsunder
Independent Director

1 5 2 4

He is a commerce graduate and ACA by qualification. A fellow member of The Institute of Chartered Accountants of India, he is a seasoned banker with over 31 years of rich banking experience. He is also a partner in Singrodia Goyal & Co. His expertise lies in corporate and retail banking, risk management, credit rating, reviewing and monitoring system and loan policies.



Shri P.A. Sethi
Independent Director

1 2

Shri P.A. Sethi is a commerce graduate and CAIIB by qualification. He was an Executive Director in Vijaya Bank from March 2003 to October 2004. He has more than 47 years of experience in the banking sector.

Shri Bhavesh R. Vora
Independent Director

1 6

Shri Bhavesh R. Vora is a commerce graduate and ACA by qualification. He is a practising Chartered Accountant, with more than 24 years of experience in the field of stock brokers' audits, compliances, derivatives, futures and options, accounting standards and internal management audit.

Prof. Ganapati D. Yadav
Independent Director

1

Prof. Ganapati D. Yadav held the position of Vice Chancellor of the Institute of Chemical Technology. With numerous honours and distinctions for his contributions to green chemistry and engineering, catalysis science and engineering, chemical reaction engineering, nanotechnology and energy engineering, he has authored over 300 original research papers in 51 cross-disciplinary international peer-reviewed journals.

Smt. Priti P. Savla
Independent Director

1

Smt Priti P. Savla is a practicing Chartered Accountant and a partner in KPB & Associates, a Chartered Accountants firm based in Mumbai and Thane, and has more than 10 years of industry experience. She is a qualified certificate holder in Entrepreneurs' Development Program from the Indian School of Business, Hyderabad.

Dr. Vinay Gopal Nayak
Independent Director

Dr. Vinay Gopal Nayak, a pharmaceutical professional with a technical background, has worked with organisations such as Cipla, Lupin, Watson, Marksans, Alembic and Emcure pharmaceuticals for the past 32 years. He is specialised in the areas of manufacturing, quality, R&D, compliance and regulatory affairs, both for API and formulation manufacturing.

Shri Lalitkumar Shantaram Naik
Independent Director

Shri Lalitkumar Shantaram Naik is a B.Tech, Chemical Engineering, from IIT Kanpur, with a PGDM from IIM Ahmedabad. He has more than 25 years of rich experience in the fields of chemicals and building materials and nutrition and has held leadership positions across many companies.

Member | Chairman

1. Audit Committee
2. Nomination and Remuneration Committee
3. Finance and Investment Committee
4. CSR Committee
5. Stakeholders' Relationship Committee
6. Risk Management Committee

Ten-Year Consolidated Financial Highlights

(₹ in Crs)

Particulars	Financial Year Ended on									
	31.03.2021	31.03.2020	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Income from Operations	5,023	4,621	4,706	3,806	3,163	3,007	2,908	2,632	2,096	1,673
EBIDTA	982	986	967	707	655	578	471	412	365	253
Interest	86	125	183	132	117	117	138	118	95	72
Depreciation	231	185	163	146	123	99	82	89	83	55
Profit before Tax	665	676	622	429	416	363	255	206	187	126
Share of Profit from Associates	NIL	NIL	NIL	NIL	NIL	NIL	14	11	2	14
Profit after Tax	523	536	492	333	316	257	206	162	134	103
Dividend %	50	190	100	20	NA	170	110	90	80	70
Payout	44	105	44	10	1	69	52	42	37	28
Per Share Dividend (in ₹)	2.50	9.50	5.00	1.00	NA	8.50	5.50	4.50	4.00	3.50
Equity Share	87.12	++87.12	+43.33	****40.65	****41.06	***41.66	44.30	44.30	**44.30	*39.56
Reserve & Surplus	3,416	2,892	2,587	1,538	1,321	1,096	972	826	712	551
Networth	3,515	3,073	2,715	1,655	1,426	1,189	1,016	871	756	590
Long term & Short term Borrowings	2,492	1,811	2,106	1,921	1,436	1,233	1,068	949	805	588
Gross Fixed Assets	5,155	3,837	3,362	3,101	2,655	2,081	1,685	1,477	1,237	855
Net Fixed Assets	3,592	2,468	2,147	1,998	1,697	1,246	967	826	674	443
Capital work-in-progress	1,298	1,418	795	436	270	313	193	117	69	54
Investments	64	37	33	47	47	41	139	117	95	94
Net Working Capital	1,287	1,172	2,039	1,272	1,004	950	893	848	798	646
Book Value Per Share (₹)	201.75	176.39	313.23	203.62	173.69	142.75	114.73	98.29	85.36	74.59
EPS (Basic & Diluted) (₹)	30.04	++30.77	+60.39	****40.95	****38.45	***30.83	23.24	18.34	**15.17	*13.45
EBIDTA/Income from Operations	19.6%	21.3%	20.5%	18.6%	20.7%	19.2%	16.2%	15.7%	17.4%	15.1%
Net Profit Margin %	10.4%	11.6%	10.5%	8.7%	10.0%	8.5%	7.1%	6.2%	6.4%	6.2%
Debt/Equity Ratio	0.81	0.68	0.88	1.26	1.10	1.09	1.18	1.20	1.12	1.06
RONW %	15.9%	18.5%	22.5%	21.6%	24.2%	23.3%	21.8%	20.0%	20.0%	18.8%

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

* Based on increased equity post conversion of Preferential warrants.

** Based on increased equity pursuant to Scheme of Arrangement between Aarti Industries Limited with Anushakti Chemicals and Drugs Limited.

*** 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 and share issued under the scheme of arrangement between Aarti Industries Limited and Nascent Chemical Industries Limited.

Corporate Information

Chairman Emeritus
Shri Chandrakant V. Gogri

Chairman & Managing Director
Shri Rajendra V. Gogri

Vice Chairman & Managing Director
Shri Rashesh C. Gogri

Independent Directors
KVS Shyamsunder
Shri P. A. Sethi
Shri Bhavesh R. Vora
Padmashri Prof. Ganapati D. Yadav
Smt. Priti P. Savla
Shri Vinay G. Nayak
Shri Lalitkumar S. Naik

Executive Directors
Shri Parimal H. Desai
Shri Manoj M. Chheda
Smt. Hetal Gogri Gala
Shri Kirit R. Mehta
Shri Renil R. Gogri
Shri Narendra J. Salvi

Chief Financial Officer
Shri Chetan Gandhi

Company Secretary
Shri Raj Sarraf

Statutory Auditors
M/s. Kirtane & Pandit LLP
Chartered Accountant

Seceretarial Auditor
Sunil M. Dedhia & Co.
Company Secretary

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

Banks/Financial Institution
Axis Bank Limited
Bank of Bahrain & Kuwait
Bank of Baroda
Citibank N.A.
DBS Bank India Limited
HDFC Bank Limited
HSBC Limited
IDBI Bank Limited
IndusInd Bank Limited
Kotak Mahindra Bank Limited
Standard Chartered Bank
State Bank of India

Registered Office
Plot Nos. 801, 801/23, G.I.D.C. Estate,
Phase - III, Vapi, Dist. Valsad,
Gujarat - 396 195
Tel No: +91 260-2400059 / 2400366

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

Corporate Identity Number (CIN)
L24110GJ1984PLC007301

Management Discussion and Analysis

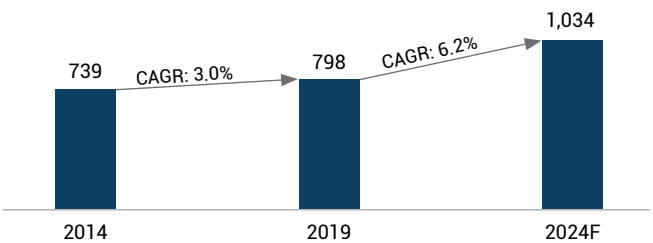
Overview and Outlook

Global Industry Overview

Speciality Chemicals

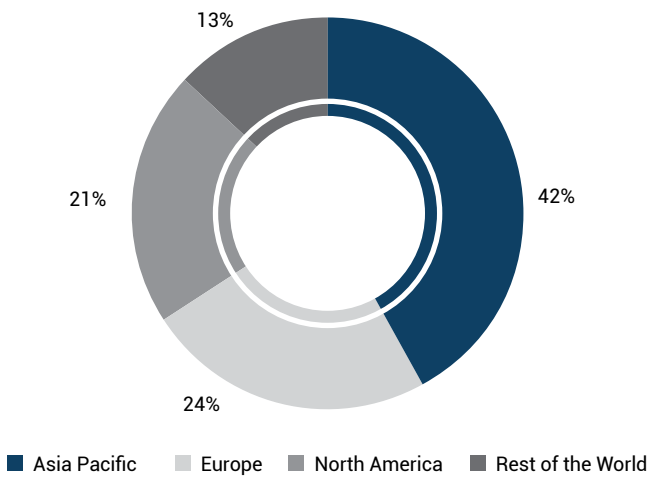
Speciality chemicals are high value, low-volume chemicals produced by a complex, interlinked industry ecosystem. These are classified based on end-user industries. Some specialty chemicals are used in multiple industries. Demand for speciality chemicals is owing to its performance enhancing applications instead of composition. Businesses operating in this sector require deep knowledge and the ability to bring about consistent innovations. The speciality chemicals industry is a mature sector with proven benefits accruing to a wide range of end-use customers. It comprises about 17% of the global chemicals market and is expected to grow at an average of 5.3% between 2019 and 2024, picking up pace on the back of emerging usage applications in a variety of industrial sectors.

Global Specialty Chemicals Market (USD billion)



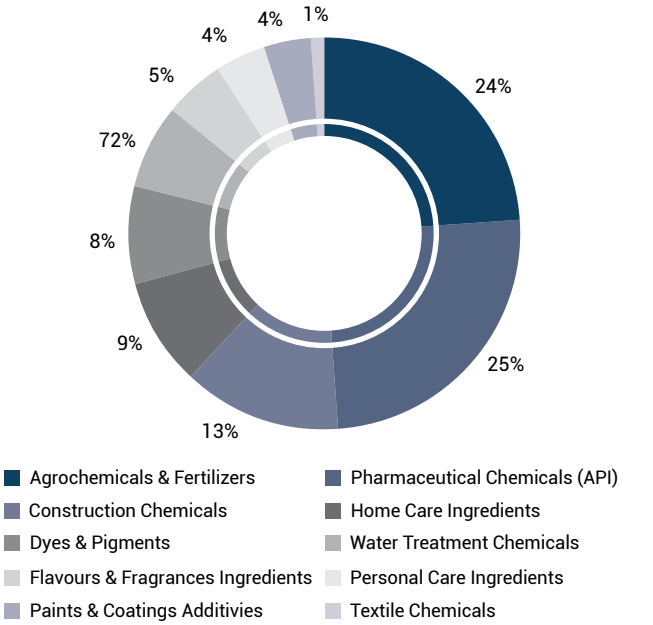
Source: Frost and Sullivan

Global Specialty Chemicals Market by Geography, 2019, Value (USD 798 Bn)



Source: Frost and Sullivan

Global Specialty Chemicals Market by Geography, 2019, Value (USD 798 Bn)

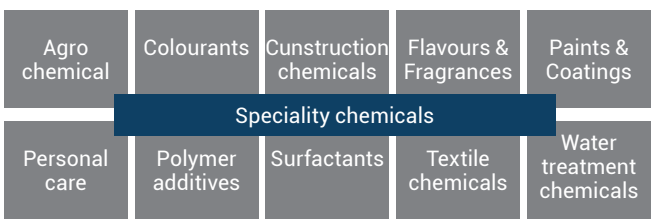


Source: Frost and Sullivan

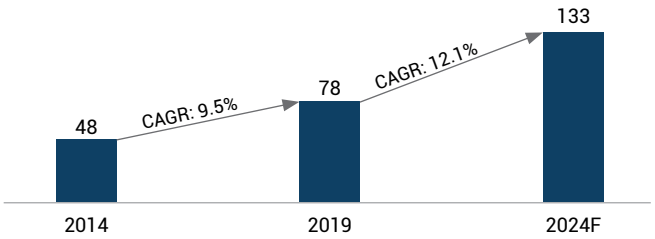
At present, specific areas of usage include:

- Agriculture, requiring fertilizers and crop protection applications
- Electronics, needing agents to produce printed circuit boards and other components
- Housing, which relies on chemicals for construction materials, sealants, coatings, paints and plastics
- Consumer goods, such as perfumes, detergents, paper items and pharmaceuticals

Sub-segments within the Speciality Chemicals sector based on end-usage



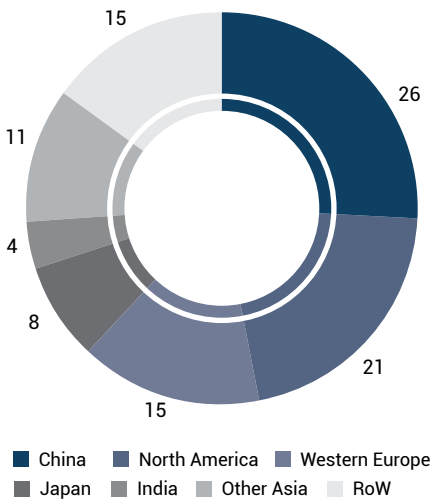
Indian Specialty Chemicals Market (USD billion)



Source: Frost and Sullivan

In CY 2020, the global specialty chemical market declined by 4-6% due to the pandemic, which led to lockdown across major economies. Agrochemicals industry was the least impacted due to lockdown, since the finished products cater to the essential supplies. Other industries within the global specialty chemical market are expected to recover in CY 2021, on the assumption of timely vaccination and reduced resurgence of the virus strains. Between CY 2020 and CY 2025, the global specialty chemicals market is expected to grow at 4-6% CAGR. The growth is expected to be led by sustainable demand in end-user industries. Rapid industrialisation in China and India is expected to continue driving demand for specialty chemicals.

The last two decades have seen a significant shift in the global specialty chemicals industry with developed countries losing their production supremacy (particularly the US) to emerging market nations in Asia. Key facilitators for this shift include stricter environmental norms in western countries and cost advantages enjoyed by emerging markets in in terms of logistics and labour. Further, companies wanted to shift closer to demand centres and optimizing their supply chains. The Asia Pacific (APAC) region, with a share of 48-50%, was the key contributor to the global specialty chemicals market in CY 2020, followed by North America and Western Europe.



Investments in specialty chemicals in the APAC and emerging markets have risen because of a large consumer base and favourable government policies. In addition, the presence of sizeable automotive, construction, electronics, pharmaceuticals and textile markets in China, India, Japan and South Korea contribute significantly to the global chemicals market. China had been a key beneficiary in this shift from developed to emerging markets, gaining the largest share in the domain, due to availability of feedstock, cheap labour, government support, cheap capital, ease of setting up facilities and a sizable end-use market.

China's specialty chemicals market has seen a downturn in recent years due to various factors. Most prominent amongst these are the recent environmental norms introduced by the Chinese government, which have led to shutdown of a number of chemical plants. Some major factors that have contributed to a slowdown in the specialty chemicals market in China includes stringent compliance of environmental norms, rising labour costs, slowing domestic demand, tightening of financial availability, appreciation of Chinese currency, etc. As a result of these, Chinese chemical companies are witnessing a rise in capital expenditure and operational costs, making them less competitive in the export market. In addition to this, the US-China trade war and COVID-19 pandemic have resulted in more companies adopting the "China plus one" strategy to enhance supply chain resilience by diversifying manufacturing capacities to other countries. Most global giants are reducing their dependence on a single country, shifting manufacturing or import sources to other Asian counties. This provides incentives for Indian manufacturers to expand their capacities.

The recent downturn observed in China's specialty chemicals industry is serving as an opportunity for Indian manufacturers, who have now gained a cost advantage over their Chinese counterparts. The changing regulatory and policy environment in China has led global companies to diversify supply risk, thereby improving opportunities for Indian players. Since, India has the requisite scale, technology, skilled labour, intellectual property protection, stronger governance and compliance practices, availability of raw materials and government support, it is best suited to leverage on this opportunity.

Indian specialty chemicals market to witness sharp growth compared with other regions

In terms of region-wise demand, India's specialty chemicals industry is expected to witness growth of 10-12% CAGR between 2020 to 2025, due to rising demand from end-user industries, coupled with tight global supply on account of stringent environmental norms in China. Markets like Americas, Europe and Japan are expected to clock less than 3% CAGR over the next five years, due to industry saturation in these regions.

China's specialty chemicals industry, which saw historical growth rates of ~20% and above until 2013, is expected to witness slower growth, of 4-6% CAGR, between 2020 to 2025, due to various factors like environmental regulations, leading to overall slowdown in the industry.

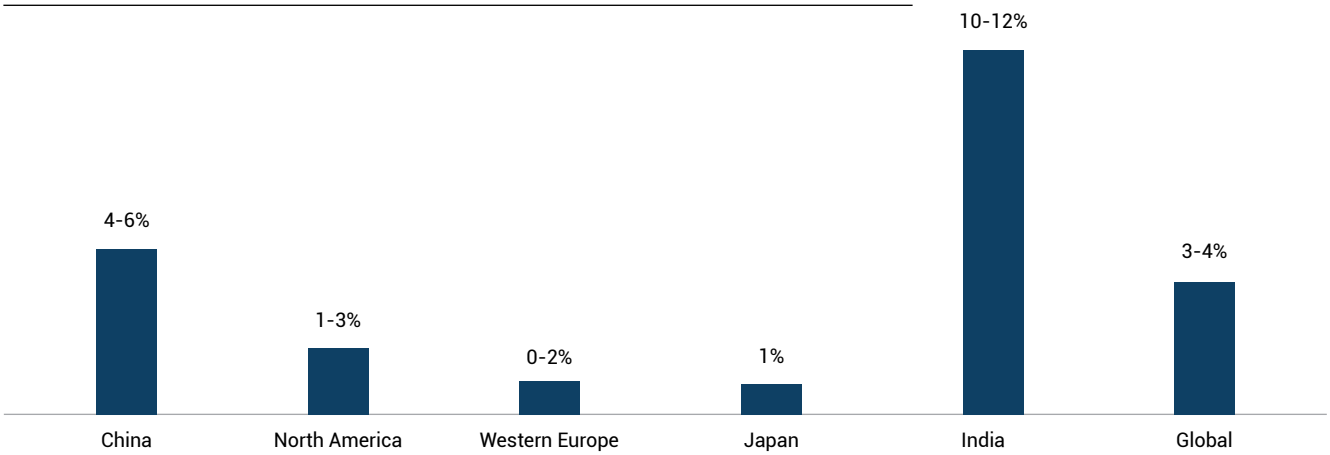
However, while the specialty chemicals market in India is expected to showcase the strongest growth, far exceeding China and rest of the world in percentage terms, it would still translate to lesser growth in absolute terms, considering its smaller share in the global pie. The global market is expected to increase by US$100-120 billion in absolute terms, while the Indian market is expected to grow only US$17-22 billion vis-à-vis the China market, which is expected to expand by US$50-55 billion between 2020 to 2025, despite slower growth.

Overview of Indian specialty chemicals industry

The chemicals industry supports India's agricultural and industrial development. It provides raw materials, intermediates and process chemicals for agro chemicals, detergents and soaps, textiles, paper, paints, pharmaceuticals, varnish, etc.

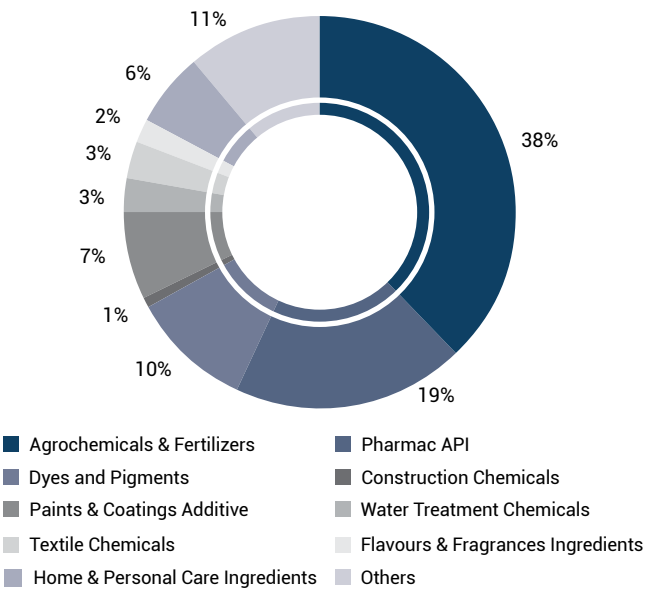
Specialty chemicals segment clocked over 9% CAGR from fiscals 2015 to 2020, driven by an increase in domestic consumption from various end-user industries and rising exports. However, in fiscal 2021, the specialty chemicals segment declined by 5-6% on-year due to a slowdown in economic activity and consequent fall in demand in end-user industries. It is expected that this segment to clock 10-12% CAGR during fiscals 2021 to 2026 driven by rising domestic consumption and exports.

Region-wise expected growth in specialty chemicals (CY 2020-2025 CAGR)



Source: CRISIL Researc

Indian Specialty Chemicals Market,Industries & Applications, 2019, Value (USD 78 Bn)



Source: Frost and Sullivan

Key growth drivers for specialty chemicals industry in India

Increase in consumption intensity

Compared with the developed world, the penetration of specialty chemicals within India's end-user markets is low. The per capita consumption in India is ~USD 23 (in value terms) vis-à-vis global average of USD 100. With increased focus on improving products, usage intensity of specialty chemicals within these end markets will rise in India over the next decade.

Higher end-use demand

With rising GDP, the Indian middle-class could grow to 148 million households by 2030, with consumption quadrupling. Furthermore, India's urban population is expected to increase by 275 million people by 2030. This will result in high consumption-led growth in key end markets and an increased need for better products and services. The performance of end-user industries such as automobiles, textiles, real estate and construction, consumer durables, packaged foods, paints, plastic, cosmetics, oil well drilling, etc. will drive industry's demand.

Government initiatives

Under the 'Make in India' programme, the Government of India has released a Draft National Chemical Policy, aimed at increasing the share of chemicals sector in the country's GDP and increasing competitiveness in the sector. The draft document mentions increased focus on the specialty chemicals segment through implementation of a host of measures

Favourable Global factors

China, which is a major player in commodity chemicals, has seen lower focus on specialty chemicals because of the low-volume and high-value nature of the segment. Additionally, stricter environmental regulations introduced in 2015 have impacted the output of its chemical manufacturing industry. Going forward, these factors are expected to play out in favour of India's specialty chemicals industry, as exports will see an uptrend over the next few years.

Some Key Usage Areas for Speciality Chemicals

Agriculture	Fertilisers	Crop protection Applications		
Electronics	Printed Circuit Boards	Other Components		
Housing	Chemicals for Construction Materials	Sealants, Coatings, Paints and Plastics		
Consumer Goods	Perfumes	Detergents	Paper Products	Pharmaceuticals

Opportunities for India

Consolidation of vendor ecosystems is an emerging theme across global chemicals supply chains, with many products being sourced from countries with robust ecosystems. These trends stem from cutting the need to cut costs, drive volumes and adhere with global environmental regulations. India is well-positioned with a scalable, compliant ecosystem for manufacturing chemicals. This is being accentuated by re-alignment of geopolitical equations, in turn driving foreign trade and creating favourable diversification in global manufacturing from China to countries like India.

With the US-China political equations impacting trade over the last few years, tariffs on Chinese exports to the United States are rising significantly. Thus, manufacturing imports from China to the US are declining and buyers are actively looking for new supply sources across the world. Implementation of stricter environmental protection guidelines impacted Chinese manufactured exports due to clamp downs and disruptions. Rising labour costs and a strong currency have disrupted established supply chain equations for Chinese exports.

India is positioned to benefit from the situation, as an emerging global manufacturing location possessing strong product/process capabilities across a growing number of chemistries. Its robust manufacturing ecosystem is supported by diverse raw materials availability, safety/health/environment compliance is strictly followed, and client relationships have been deepened over the years, supported by a deep culture of R&D as well as strong IP governance. Availability of qualified, cost-competitive people resources and supportive government policies are accelerating India's rise as a sourcing destination that a growing number of global innovators and manufacturing leaders continue to engage with.

The pandemic's aftermath on global economy reflets within businesses, consumer groups, societies and humanity as a whole. It caused businesses to recognise the urgent need to hedge risks attached to global disruptions and create robust business continuity.

Indian Pharmaceuticals Industry:

Pharmaceuticals being an essential commodity, the industry has witnessed a healthy demand. Demand surged with the heightened need for drugs and hygiene products. After the lockdown was lifted across major economies, there was a strong shift of custom pharmaceutical manufacturing from China to South-Asian countries. This is a result of global pharma giants following the China Plus One strategy to reduce their dependency on a single country. Indian pharma companies are likely to benefit from this move and receive a further boost from vaccine manufacturing outsourced to Indian companies. The GoI has also supported the growth of the pharmaceutical sector by introducing production-linked schemes for bulk drug parks. Moreover, the manufacturing/R&D capabilities of Indian players have increased the reliance of global giants on Indian custom manufacturing players.

The Indian pharmaceuticals market is expected to witness steady growth over the next five years between fiscal 2021 to fiscal 2026), driven by vaccine manufacturing, growing opportunities in API manufacturing, shifted focus on specialty drugs and complex molecules by the U.S. market. Demand for the domestic pharmaceuticals market is expected to be driven by the ageing population, increased incidence of NCDs, improved insurance penetration, booming medical tourism, and rising per capita income.

The pharmaceuticals market in India can be divided into:

- Active Pharmaceutical Ingredients (APIs)
- Contract Research and Manufacturing Services (CRAMS)
- Formulations
- Biosimilars

Growth Drivers

- Supply-side drivers
  - Cost advantage

- Availability of skilled workforce
- Major manufacturing hub for generics
- USFDA approved plants constitute 22% of the total approvals
- Increased penetration of chemists

- Demand-side Drivers
  - Increasing incidence of fatal diseases
  - Increased drug accessibility
  - Growing penetration of healthcare
  - Increased incidence of stress-related diseases due to lifestyle changes
  - Availability of better diagnostic facilities
- Policy Support
  - National Health Policy, 2015, focused on increasing
  - Public expenditure on healthcare
  - Reduction in approval time for new facilities
  - Plans to set up new pharmaceutical education and research institutes
  - Price control exemption to drugs manufactured through indigenous R&D under the National Pharmaceuticals Pricing Policy (NPPP) 2012
  - PLI scheme for various Pharma molecules

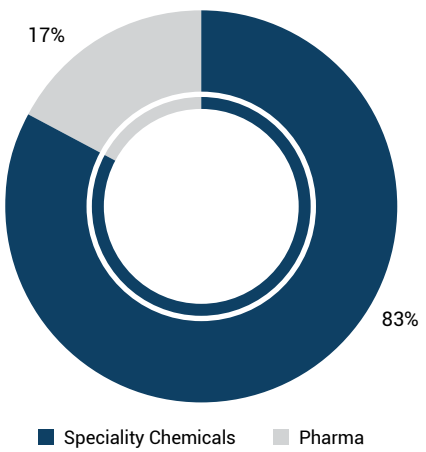
As per the National Account Statistics published by the Ministry of Statistics and Programme Implementation (MoSPI), value added by the pharmaceuticals sector clocked 9% CAGR, from ₹ 0.9 trillion to ₹ 1.3 trillion, between FY 2011-12 to FY 2015-16. The Gross Value Added (GVA) by the pharmaceuticals manufacturing sector remained between 6% and 7% while the total GVA by the pharmaceuticals sector stood at ~1% during the same period.

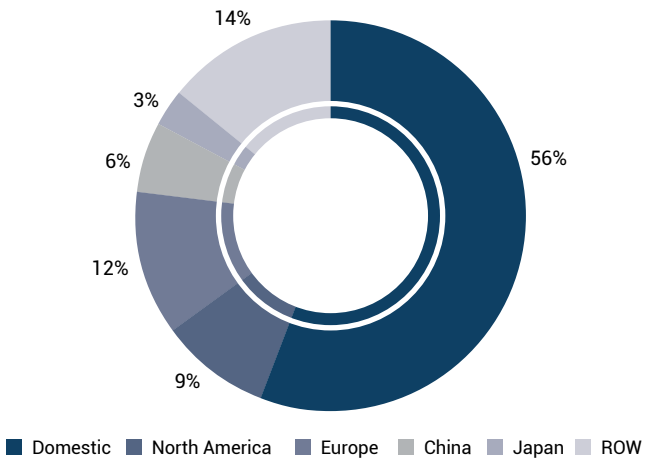
Company Overview

Aarti Industries (AIL) is amongst the most competitive benzene-based, speciality chemical companies in the world. The Company is a rare instance of producing global speciality chemicals that combine process chemistry competence (recipe focus) with scale-up engineering competence (asset utilisation). Over the last decade, AIL transformed from an Indian company servicing global markets to what is fundamentally a global company manufacturing out of India. The Company ranks between #1 and #4 globally for 75% of its portfolio and is a 'Partner of Choice' for diverse major global and domestic customers.

AIL has a de-risked, multi-product, multi-geography, multi-customer and multi-industry portfolio. Its 200+ products are sold to 700+ domestic and 400+ export customers in60 countries across the globe, with major presence in USA, Europe and Japan. Its speciality chemicals and intermediate products find usage in Pharmaceuticals, Agrochemicals, Polymers, Pigments, Printing Inks, Dyes, Fuel additives, Aromatics, FMCG and other industrial sectors. Agrochemicals, Pharmaceuticals and FMCG, which are generally agnostic to economic cycles, contribute 55-60% of AIL's revenue, while other end-user industries, such as Polymers, Pigments, Printing Inks, Dyes, Fuel additives, Aromatics, among others are generally dependent on global and domestic economic cycles – accounting for the remaining 40-45% of revenue. This mix provides steady growth opportunity and stability to the business.

AIL is committed to safety, health and advancing equipment quality with environment polices mapped to global benchmarks, ensuring customer confidence and business sustainability. The Company has 16 Zero Discharge units and a strong focus on Reduce-Reuse-Recover across its 20 manufacturing sites.





Specialty Chemicals Segment

Specialty Chemicals is the major revenue-generating segment for AIL, contributing approximately 83% of sales in FY 2020-21. The Company has integrated operations across the benzene, sulphur and toluene product chains.

Business Performance

The pandemic resulted in substantial economic impact globally. After the initial impact in the first quarter, the company the Company recorded quarter-on-quarter progress in its financial performance. This is owing to improved business outlook and visibility on key products across clients and markets following the shutdowns and disruptions in the first half of the year.

Of the Company's revenues, 60% is driven by demand from essential or non-discretionary industries, such as agrochemicals, pharmaceuticals and FMCG. Demand in the agrochemicals sector scaled up following the disruption caused by adverse weather conditions in the U.S. during FY 2020-21. Similarly, demand across other essential sectors expanded throughout the course of the year after the weakness seen in earlier months.

The other 40% stems from discretionary automobile, construction, fuel additive, textile, paints, electronic and aerospace products, which remained challenging due to the crisis.

Long-term supply contracts: The Company has previously entered three multi-year contracts with large global companies for the supply of chemical intermediates. In June 2020, soon after the launch of production for the first long-term contract for an agrochemical intermediate product supply, the Company received a termination notice from the customer, owing to a change in the customer's strategy from manufacturing to outsourcing the active ingredients. As per the contracted terms, the company has received 20 Mn as the shortfall fees from the customer in FY2020-21.

The Company sustained strong momentum on both operating and financial parameters, as a result of improving business visibility. There was strong turnaround in demand from regular markets, especially in India, driven by turnaround in established business relationships. In the first half of the fiscal year, weakness in the core segment called for seeking discretionary demand opportunities and exploring new markets, resulting in weaker margins. Subsequent improvement in mainstream segments allowed growing revenues and margin expansions, with performance enhancement in the pharma segment driven by higher utilisation of capacities.

In the context of the prevailing operating circumstances during one of the most challenging phases we have witnessed so far, the company reported a marginal growth in EBDITA. The impact to bottom line was also not significant.

Segment Performance – Specialty Chemicals

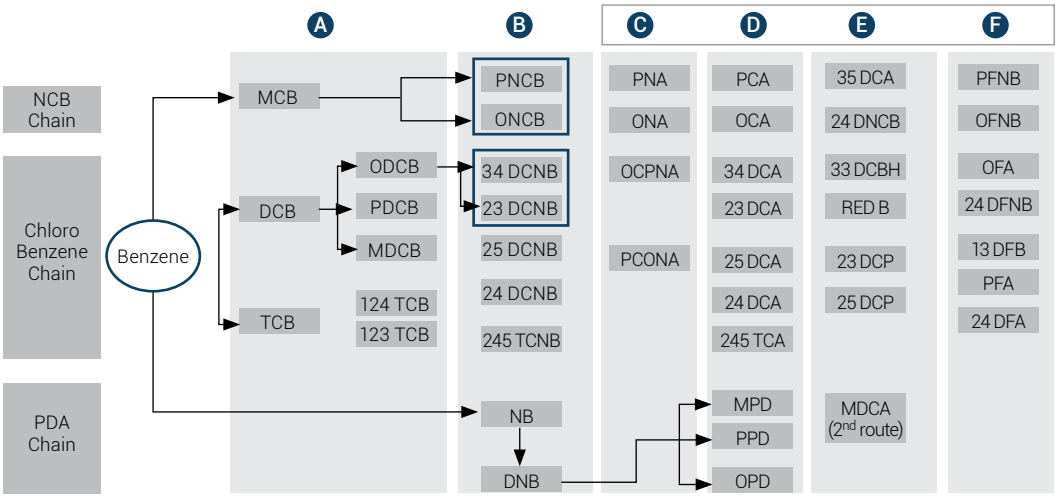
Specialty Chemicals (₹ cr)	FY21	FY20	FY19	FY18	FY17
Sales	4151	3865	3980	2985	2569
% of total sales	83%	84%	84%	78%	81%
Export	1764	1630	1625	1409	1294
% of segment sales	42%	42%	41%	47%	50%
Segment EBIT	753	814	820	581	566
EBIT %	18%	21%	21%	19%	22%

After being significantly impacted in the first half, the demand for speciality chemicals commenced to rebound strongly. Also we had witnessed increase in the raw-material prices and logistics costs, which has been passed on to the customers. As a result, the revenues grew by over 7% YoY to ₹ 4151 crores. On account of commissioning of two projects, the depreciation saw an increase in the later part of the year. On account of the demand curtailment in respect of the discretionary end-uses and due to factors mentioned above, the EBIT for the segment was lower by about 7% to ₹ 753 crs. Strategically, our focus remains on increasing the contribution from value-added chemistries within our portfolio – gaining prominence within the development programs of a large number of global innovators.

2nd & the 3rd long term contract commissioning had been impacted due to challenges of Covid-19 and is expected to be commissioned in the second half of FY21-22.

Management Discussion and Analysis

Benzene product chain



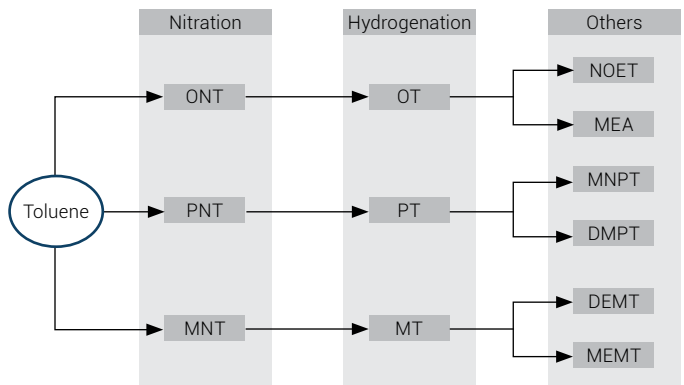
- Integrated operations across product chain of Benzene and Toluene
- Co-products/Isomer balancing
- Optimizing product mix
- Ability to meet stringent specification
- "A" and "B" account for 27% of the Speciality chemicals revenue
- Focus on growth oriented products
- Diversity enduse

Global Ranking				Domestic Ranking
NCB	**Amoung top3 globally**	**DCB**	**Amoung top3 globally**	Only manufacturer for Nitro Flouro Auromatics (via **Halex** chemistry and **PDA**)

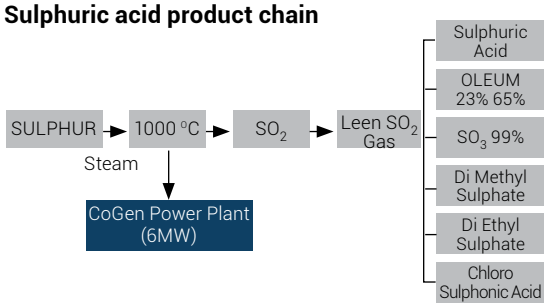
A Chlorination B Nitration C Amonolysis D Hydrogenation E Others F Fluroro compounds-Halex chemikstry | Value added products | Co-products/Isomers

Leen

Toluene product chain



Sulphuric acid product chain



Other speciality chemical products

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

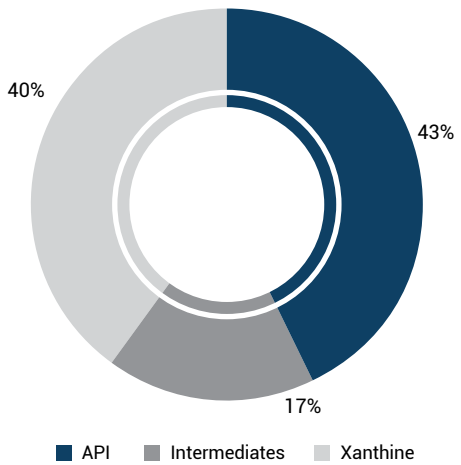
Pharmaceuticals Segment

As per the National Account Statistics published by the Ministry of Statistics and Programme Implementation (MoSPI), value added by the pharmaceuticals sector clocked 9% CAGR, from 0.9 trillion to 1.3 trillion, between FY 2012-16. The share of value added by the pharmaceuticals sector in manufacturing GVA remained between 6% and 7% while the share of value added by the pharmaceuticals sector in total GVA remained at ~1%, during the same period. The pharmaceuticals sector is a non-cyclical industry, which comprises formulations, bulk drugs and chemicals/intermediates.

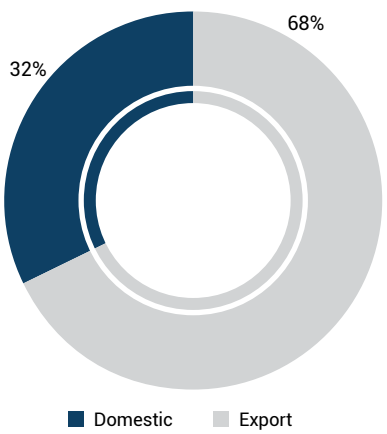
AIL has five active pharmaceutical ingredients (APIs) manufacturing plants, two of which are approved by the USFDA and three of which are WHO/GMP certified. The Company has two research and development facilities that are dedicated to the pharmaceutical API business. The pharmaceuticals segment is divided into three verticals for the manufacturing of API, intermediaries and manufacturexanthine derivatives. Currently, AIL manufactures various commercial APIs with 38 US Drug Master Files (USDMF) and 20 Certificates of Suitability (CEP), one of which is under assessment.

AIL has backward integrated intermediaries for most APIs that are manufactured, which are exported to regulated markets globally, including the USA, several countries in the European Union and Japan. Xanthine derivatives are used in beverages, nutraceuticals and pharmaceuticals. Two manufacturing facilities are dedicated to manufacturing Xanthine derivatives and have obtained star certifications such as Star Kosher, HACCP and GMP for manufacturing and testing. The company also undertakes CRAMS activities focused on intermediates and is working with several innovators, global pharma companies on API intermediates opportunities.

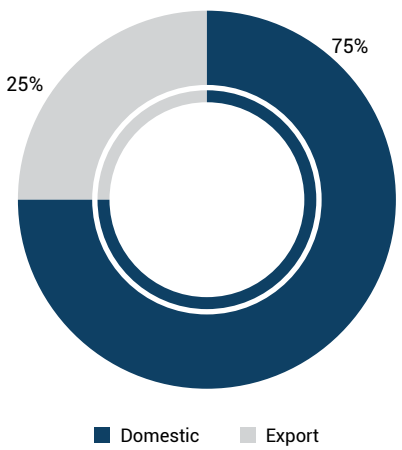
FY 21 Revenue Split



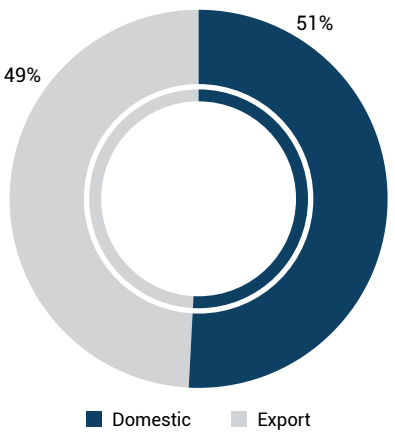
API



Intermediates



Xanthine



Financial Performance – Pharmaceuticals

Specialty Chemicals (₹ cr)	FY21	FY20	FY19	FY18	FY17
Sales	872	756	726	556	426
% of total sales	17%	16%	16%	15%	14%
Export	423	335	352	248	208
% of segment sales	49%	44%	49%	45%	49%
Segment EBIT	205	137	133	79	48
EBIT %	23%	18%	16%	14%	11%

Pharma Performance:

The pharma segment registered strong growth during FY 20-21. The revenues grew by over 5% YoY to ₹ 872 crores. Positive leverage from higher utilization of facilities drove volumes and resulted in EBIT margin expansion from 18.2% in FY19-20 to 23.5% in FY20-21. The year also reported the highest ever EBIT for the segment of over ₹ 205 crores. The company is witnessing strong business traction in the pharma segment based on higher volumes from regulated markets, value-added products and introductions of new intermediates. Overall, the trend of volume expansion and structural margin improvement is expected to be sustained over the long term, as additional capacities for API's and intermediates are also getting operationalized in the coming quarters.

Over the years the Pharma segment has grown to a substantial scale and size having significant further growth opportunities. The company has a strong pipeline of approvals that will allow it to further strengthen its position in therapies such as anti-hypertensive, cardiovascular, oncology, corticosteroids etc. As a part of the long term growth opportunities and business strategy, the board felt a need to evaluate the feasibility for demerger of pharma and allied activities. Hence a committee had been constituted in January 2021 to evaluate the same.

Projects:

During FY 2020-21, the company invested over 1300 crores into various projects as envisaged and shared by us in the past. These projects in addition to the ones which were already underway are now nearing the stage of completion, after being impacted by the delay due to COVID related restrictions of lockdown and people movement. During last year we commercialised the New Chlorination Unit at Jhagadia. This unit helps in enhancing our Chlorination capacities from 110000 TPA to 175000 TPA. The expanded capacities shall cater to the needs of products with end use applications into Agro Chemicals, Polymer Additives, Dyes & Pigments applications, FMCG, etc. We also operationalised the 2nd phase of the unit at Dahej SEZ, manufacturing agrochemical intermediates. There are various other projects which are underway such as NCB expansion, Setup of new units for 2nd and 3rd Long term contracts, expansion cum upgradation for Acid division, Expansions at Tarapur & Vapi USFDA approved units and various other initiatives linked to expansion, asset restoration, sustainability initiatives, etc. The company expects to invest about ₹ 1500 crs into these project initiatives over a two year period ie. during FY 2021-22 & FY 2022-23. These projects are expected to start coming onstream during FY 2021-22 and onwards.

Based on these near term and long term initiatives, in the near term horizon till FY 2023-24, we expect growth of about 1.7 to 2 times in revenues, profits as compared to FY 2020-21 reported numbers. Over a longer term horizon till FY 2026-27, we expect revenues to rise by 2.5 to 3.5 times over FY 2020-21 with expansion in margins and strong leverage in profits. With the execution of our planned growth objectives, we look forward to driving strong value for all stakeholders associated with the company.

QIP

Driven by R&D & Innovation, your company is embarking into the journey of expanding its product portfolio and will commence to implement growth projects over FY22 to FY24 entailing capex of ₹ 3,000-3,500 crores. These include:

1. Range of products to be introduced in the Chloro Toluene value chain
2. Other value added products and speciality chemical products
3. Additional custom manufacturing opportunities being explored
4. Setting up of UMPPs
5. Expansion of existing pharma products and introduction of new pharma APIs and intermediates

These will lead to addition of new chemistries and value added products with an objective to launch 40+ products for Chemicals and 50+ products for Pharma, driving growth beyond FY25. These products would cater to a wide range of end use applications such as Pharmaceuticals, Agrochemicals, Polymers, Pigments, Rubber chemicals, etc and shall have an EBIDTA margin of about 25-30%. These projects will provide a strong growth opportunity to your company over the medium to long term. Substantial part of the products / chemistries are

being introduced for the first time in India. This will strengthen India's position as a key global supplier. This will lead to the Triple growth drivers ie Domestic Demand Growth, Export Growth Potential & Import Substitution. To augment these needs and with an endeavour to strengthen the balance sheet, you had approved in June 2021 a fund raise upto 1500 crs. Your Company had raised ₹ 1200 crores by way of issue of 1,40,35, 087 equity shares at a total value of ₹ 855/- per share to various marquee FII, Domestic Insurance Companies, Mutual Funds & other Institutional investors. This resulting into increase of the equity share base of the company by about 4%.

Risks and Mitigation

Risk	Description	Mitigation
1. Regulatory Risk	The Company operates in several global markets and is exposed to the risk of changing regulations	The Company remained cognisant of the importance of adopting Safety, Health and Environment (SH&E) norms. It follows highest SH&E standards with an investment of over ₹350 crore in the last 6 years. It also judiciously follows reduce-reuse-recover principles across sites.
2. Innovation Risk	Risk of redundancy and losing out to competition on account of poor R&D is a major overhang.	The Company is known to be a knowledge-driven one with four R&D centres – one for speciality chemicals and two for pharmaceutical APIs. It has been focused on strengthening its technical skill-set around niche application and has always emphasised product innovation, bagging many awards for innovation in chemical engineering. The Company's benchmark R&D programme comprises over 400 scientists. Its innovation programme stems from transfer of knowledge from strategic customer relationships. Strong R&D push helps innovate specialised products with unique features, generating high margins.
3. Forex Risk	Operating in diverse geographies, the Company deals in a number of currencies and runs the risk of unfavourable movement in any currency leading to financial losses.	Around 40% of the Company's revenue is contributed through exports. Majority of global sales are US$ dominated, reducing the risk of cross-currency volatility. The Company closely watches rupee movement and enters hedging maturity contracts ranging between three months to three years to safegaurd interest.
4. Raw Material Risk	The Company runs the risk of ready availability of raw materials and fluctuation in raw material prices.	AIL fostered long-standing relationships with its suppliers to ensure steady availability of raw materials at competitive prices. The Company follows a RM-plus pricing mechanism for its various speciality chemicals. This reduces margin/ topline pressures in the event of rising input costs.

Internal Controls, Systems and Adequacy

Aarti Industries clearly laid down policies, guidelines and procedures keeping in mind the nature, size and complexity of its business operations. The Company maintains a proper and adequate system of internal controls, which provides for automatic checks and balances. The Company's resilience and focus are driven to a large extent by its strong internal controls system for financial reporting. It follows strict procedures to ensure high accuracy in recording and providing reliable financial and operational information, thereby meeting statutory compliances. The Company's internal team and Audit Committee closely oversee the business operations. They are responsible for the design, implementation and maintenance of adequate internal financial controls to ensure the orderly and efficient conduct of business. The Committee also ensures adherence to Company policies, safeguarding of its assets, prevention as well as detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information. Any deviations are promptly reported to the management. Various mitigation measures are then implemented to keep risk exposures at comfortable levels. Timely and adequate measures are undertaken to ensure undisrupted functioning of the business.

Cautionary Statement

The Company may, from time to time, make additional written and oral forward-looking statements, including those contained in its filings with Bombay Stock Exchange and National Stock Exchange, and its 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 was prepared solely by the Company. AIL 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 Board of Directors ("Board") are pleased to present this Thirty Eighth Annual Report of your Company ("the Company" or "Aarti Industries Limited") together with the Audited Statement of the Company for the Financial year ended March 31, 2021.

Financial Results

₹ in Crores

Particulars	STANDALONE		CONSOLIDATED	
	2020-21	2019-20	2020-21	2019-20
Total Income from Operations (Gross)	4,808	4,408	5,023	4,621
EBIDTA	935	930	982	977
Depreciation & Amortisation	218	173	231	185
Profit from Operations before Other Income, Finance Costs and Exceptional Items	716	757	750	792
Other Income	2	11	1	9
Profit before Finance Costs	718	768	751	801
Finance Costs	86	122	86	125
Profit before Tax	632	646	665	676
Total Tax Expenses	119	123	129	129
Non-controlling Interest	-	-	(12)	(11)
Net Profit for the period	514	523	523	536
Other Comprehensive Income (net of taxes)	40	(56)	48	(57)
Total Comprehensive income for the year	554	467	571	479
Earnings Per Share (₹) (Basic & Diluted)	29.47	30.04	30.04	30.77
Book Value Per Share (₹)	196	167	202	176

Financial Performance

Your Company reported Gross Total Income at ₹ 4,808 Crores for FY 2020-21 as against ₹ 4,408 Crores for FY 2019-20. Similarly the exports for the year were at ₹ 2,004 Crores for FY 2020-21 as against ₹ 1,841 Crores for FY 2019-20.

Your Company's Earnings Before Interest Depreciation and Taxes stood at ₹ 935 Crores in FY 2020-21 as compared to ₹ 930 Crores in FY 2019-20, registering a growth of 0.54%. Likewise Profit Before Tax stood at ₹ 632 Crores in FY 2020-21 as compared to ₹ 646 Crores in FY 2019-20.

Likewise, Net Profit after Tax & Deferred Tax stood at ₹ 514 Crores in FY 2020-21 as compared to ₹ 523 Crores in Financial Year 2019-20.

Likewise the Consolidated Total income for FY 2020-21 was at ₹ 5,023 Crores as compared to ₹ 4,621 Crores for FY 2019-20 and exports for FY 2020-21 was ₹ 2,188 Crores v/s ₹ 1,966 Crores for FY 2019-20.

On a Consolidated basis, your Company's Earnings Before Interest Depreciation and Taxes stood at ₹ 982 Crores in FY 2020-21 as compared to ₹ 977 Crores in FY 2019-20, registering a growth of 0.51%. Similarly, Net Profit after consolidation stood at ₹ 523 Crores in FY 2020-21 as compared to ₹ 536 Crores in FY 2019-20.

Dividend

During the year, the Company has paid an Interim Dividend of ₹ 1.50 (@ 30%) per share.

Your Directors recommend a final Dividend of ₹ 1.50 (@ 30%) per share, aggregating to a total Dividend of ₹ 3.00 (@ 60%) per share (of ₹ 5 each) for the financial year 2020-21, resulting a total payout ₹ 80.51 Crores (Previous Year: ₹ 60.98 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 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

Transfer to Reserves

Your Company has transferred ₹ 51.50 Crores to General Reserve (Previous Year: ₹ 52.50 Crores).

Change in Share Capital

During the year 2020-21, there was no change in the authorised and paid up share capital of the Company.

Authorized Share Capital

Pursuant to an approval of the members given during the Extra-Ordinary General Meeting held on June 14, 2021, the authorised share capital was increased from ₹1,15,07,51,600 (Rupees One Hundred Fifteen Crores Seven Lakhs Fifty One Thousand and Six Hundred) to ₹ 3,00,00,00,000/- (Rupees Three Hundred Crores Only) by creation of additional 36,98,49,680 (Thirty Six Crore Ninety Eight Lakhs Forty Nine Thousand Six Hundred Eighty) equity shares of ₹ 5/- each.

As on the date of this report the Authorised Share Capital of the Company stands at ₹ 300,00,00,000 (Rupees Three Hundred Crores Only) divided into 60,00,00,000 (Sixty Crores) equity shares of ₹ 5/-each.

Paid Up Share Capital

Bonus Shares @ 1:1

The Company on June 24, 2021, has allotted 17,42,34,474 nos. of fully paid up Equity Shares of ₹ 5/- each in the proportion of 1:1 [i.e. One Bonus Equity Share(s) of nominal value ₹ 5/- each for every 1(One) Equity Share(s) of nominal value of ₹ 5/- each held by the Shareholders as on record date (i.e. June 23, 2021)]. Pursuant to the said allotment of Equity Shares, the paid-up share capital of the Company increased from ₹ 87,11,72,370 consisting of 17,42,34,474 Equity Shares to ₹ 1,74,23,44,740 consisting of 34,84,68,948 Equity Shares.

Qualified Institution Placement @ ₹ 855 per share

The Company on June 30, 2021, has allotted 1,40,35,087 nos. of fully paid up Equity Shares of ₹ 5/- each at a premium of ₹ 850 per Share, through Qualified Institution Placement (QIP). Pursuant to the allotment of said Equity Shares, the paid-up equity share capital of the Company increased from ₹ 1,74,23,44,740 consisting of 34,84,68,948 Equity Shares to ₹ 1,81,25,20,175 consisting of 36,25,04,035 Equity Shares.

Apart from the above, there was no change in the Share Capital.

The Company has neither issued shares with differential rights as to the dividend, voting or otherwise nor issued sweat equity shares. There is no scheme for employee stock option or provision of money for shares to the Employees or Directors of the Company.

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 carryout need assessment and make impactful interventions. Our Focus areas during the year has been;

- Cluster & Rural Development
- Education & Skill Development
- Childcare & Healthcare Facilities
- Women Empowerment & Livelihood Opportunities
- 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 is presented in this Annual report. CSR annual report is annexed as **Annexure-A** and forms an integral part of the Report.

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 2020-21 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 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.

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.

Deposits

The Company has not accepted any deposits from the public and as such, no amount on account of principal or interest on deposits from the public was outstanding as on the date of Balance Sheet.

The Company does not have any deposits which are not in compliance with the requirements of Chapter V of the Companies Act, 2013.

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.

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

It was a year of letting go of the age-old traditional methods of doing businesses and managing people in exchange of embracing a new and technologically advanced approach. Year 2020-21 thus presented a completely new opportunity to overhaul the existing system within organisations and implement modern value-based systems.

At Aarti, nurturing talent is one of our cultural attributes. We are committed to help our employees identify their strengths and development areas and guide them in reaching their maximum potential. Aarti's Talent Management Framework focuses on identifying, nurturing and developing the talent in the organisation and helping them fulfil their potential. The framework equips them with the knowledge, skills, and abilities to contribute in the company's business objectives and grow in the bargain. During the year various developments were undertaken, a few of them includes;

Aayam: Expanding Horizons

An unique organisational transformation and leadership development initiative, has helped to create unimaginable breakthroughs, elevate leadership and strengthen organisational values. We have also created new robust processes, resolved issues, and built an environment for high performance.

Gurukul - leaders create leaders' is an initiative which was started with the objective of creating the future leaders for the organisation; leaders who will lead the organisation towards unimaginable breakthroughs.

VOICE Co-create, Drive Change

One of the dimensions of Aarti Engaging Leader Framework is 'Listening & Speaking Powerfully'. 'Voice - Co-create, Drive Change' is yet another endeavour to enable this by providing a mechanism through which the voice of all employees can be heard.

Gyan Sandhi and Aarti TALKS

Aarti Industries Limited believes in knowledge sharing and shared learning as it helps in developing collaboration among the peers, helps in synthesising multiple viewpoints and also learning from peer's experiences.

Pehal (Town hall Meeting)

A town hall meeting is an organisation-wide meeting in which the management keeps their team updated about important information. It helps in promoting teamwork and collaborations.

Industrial Relations have been Cordial during the year through benchmarked people policies and practices to ensure high employees' morale. As on March 31, 2021, the Company had 7,111 permanent employees at the manufacturing facilities and administrative offices.

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 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

Except the change in Share Capital as stated above in this 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.

Consolidated Financial Statements

In accordance with the provisions of Companies Act, 2013 (hereinafter referred to as "the Act"), Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") and applicable Accounting Standards, the Audited Consolidated Financial Statements of the Company for the FY 2020-21, together with the Auditors' Report, form part of this Annual Report.

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 or 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 ₹ 36,86,098/-. Further 27445 corresponding shares were transferred as per the requirement of the IEPF Rules.

Annual Return

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2021 is available in prescribed format on the Company's website on www.aarti-industries.com

Subsidiary Companies

As on March 31, 2021, the Company has 9 (Nine) direct subsidiaries, namely, Aarti Corporate Services Limited, Innovative Envirocare Jhagadia Limited, Aarti Polychem Private Limited, Aarti Organics Limited, Aarti Bharuch Limited, Aarti Spechem Limited, Aarti Pharmachem Limited, Aarti USA Inc. and Alchemie (Europe) Limited, and 2 (Two) indirect subsidiaries namely Shanti Intermediates Private Limited, Nascent Chemical Industries Limited both hold through Aarti Corporate Services Limited.

During the year under review, Ganesh Polychem Limited ceased to be Subsidiary of the Company w.e.f March 17, 2021 and became a jointly controlled entity with 50% Shareholding.

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-C** and forms an integral part of this Report.

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, 2021, the Board of Directors, comprises of Sixteen Directors (with Eight Executive Directors and Eight Independent Directors).

Shri Ramdas M. Gandhi, Independent Director of the Company left for heavenly abode on July 16, 2021. He was on the Board of the Company since January 29, 1990. The Company places on record appreciation for his guidance, mentoring and contribution to the growth of the Company throughout his tenure.

At 37th AGM held on September 21, 2020, Shri Narendra J. Salvi (DIN: 00299202) has been appointed as the Executive Director for a period of five years w.e.f. April 1, 2020.

In accordance with the provisions of Section 152 of Companies Act, 2013, Shri Parimal H. Desai (DIN: 00009272) and Smt. Hetal Gogri Gala (DIN: 00005499) Executive Directors of the Company are liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. The Board recommends their re-appointment for the consideration of the Members.

The existing term of the Managing Director Shri Rashesh C. Gogri (DIN: 00066291) will come to an end on June 8, 2022. Based upon the performance evaluation rating, merits and recommendation of Nomination and Remuneration Committee of the Board, your Directors recommend his re-appointment for a further period of Five years effective from June 9, 2022.

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 Re-appointed is made available, as an Annexure to the Notice of the Annual General Meeting.

None of the Directors of the Company are disqualified or as per SEBI order debarred from being appointed / re-appointed / holding position as Directors 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, Independent Directors fulfill the conditions specified in Companies Act, 2013 read with the Schedules and Rules issued thereunder as well as Listing Regulations and are independent from Management and hold the highest degree of integrity and are individuals who are experts in their respective fields with enormous experience.

All the Independent Directors of the Company have enrolled their names in the online database of Independent Directors by Indian Institute of Corporate Affairs in terms of the recently introduced regulatory requirements.

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/Fmiliarisation-Programme-FY-2020-21.pdf

Key Managerial Personnel

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

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, 2021, 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.

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 Kirtane & Pandit LLP, Chartered Accountants is attached to the Report on Corporate Governance.

Management's Discussion and Analysis Report

Pursuant to Regulation 34 read with Schedule V to the Securities and Exchange Board of India (LODR) Regulations, 2015 ("Listing Regulations"), Management's Discussion and Analysis for the year under review is presented in a separate section forming part of the Annual Report.

Business Responsibility Reporting (BRR)

The Listing Regulations mandate the inclusion of the BRR as part of the Annual Report for top 1000 listed entities based on market capitalisation. Business Responsibility Reporting for the year under review, as stipulated under Regulation 34 (f) of Listing Regulations read with SEBI Circular No. CIR/CFD/CMD/10/2015 dated November 4, 2015 is in a separate section forming part of the Annual Report.

Meetings

The Board of Directors met Five(5) times during the financial year under review. The details of the number of meetings of the Board held during the Financial Year 2020-21 and the details of attendance of each Director at these meetings are provided in the Corporate Governance Report forming part of the Annual Report. The Maximum Gap between two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013.

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.

Nomination and Remuneration Policy

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

Risk Management

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 dynamic risk management framework continuously identifies, evaluates and takes appropriate measures to mitigate/minimize various elements of risks.

Safety, Health and Environment

Being a responsible organization, we at Aarti Industries Limited (AIL), are committed to maintain the world-class standards of health, safety, security, human rights, environment protection, product quality and processes while conducting all our business operations, services, and expansion activities. To enable this, AIL has created a culture of Aarti Engaging Leaders, committed to live by Aarti Values of Care, Integrity and Excellence and empowering everyone in the hierarchy to speak powerfully. Further to have better implementation of our strategy, we have realigned the structure of organization into Pillar / Vertical / Group structure.

During FY 2020-21, We have implemented various elements under our flagship initiative "By Employees Sustainability Assurance for Employees (BE SAFE)", a mega initiative with objectives of 'Assurance on Complete Health Check of the Plants' and 'Zero-Harm'. With help of these, we have succeeded in bringing behavioural change amongst our people.

Furthermore, we have developed and implemented several Process Initiative Common (PICs) with specific objectives. Some of the focus areas are elimination of exposure to hazardous chemicals, reduction of electrical incidents to zero, achievement of zero leakage status, etc. In addition to PICs we have also designed and adopted guidelines and Standard Operating Procedures (SOPs) to minimize discretionary actions which may lead to accidents and hazards. Such standardizations have strengthened our efforts towards environment, health & safety.

Responsible Care

Our robust performance on EH&S has led to our success in getting 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.

EcoVadis

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

Compliance Management System

At AIL we are 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 intimates concerned personnel about upcoming compliances. Last year, we added a module on 'License Management' into our compliance management system. Newly added license management system helps us in tracking the validity and renewal process of all applicable licenses. We initiate the license renewal process 90 days in advance to avoid any delays.

Zero Liquid Discharge

As a responsible organization, we are committed to protect and prevent the environment. Efficient usage of water is of high priority to us, making it a high material topic for us and our delighted stakeholders. Towards reducing our water

footprint, we are focussing on 3R (Reduce, Reuse & Recycle) and strategizing to achieve zero-liquid discharge (ZLD) for our facilities. Currently, 14 of our manufacturing sites have ZLD facilities. Further we have planned to achieve 100% ZLD status within the next 3 years. We have adopted a proactive approach for ZLD and incorporated it in the conceptualisation & designing phase of new projects.

COVID Management

Continuation of plant activities during COVID-19 pandemic was a challenging task. We adopted new norms of social distancing, workplace hygiene, and shift management to eliminate exposure and spread of COVID-19. We undertook several initiatives to manage the pandemic situation; some of these are mentioned below:

- Commitment for abiding with COVID-19 precautions by incorporating it in Safety Pledge
- Arrangement of shelter and food for workers and their families
- Dedicated panel of doctors along with one specialist doctor for providing medical aid to all employees
- Assuring Emotional & Mental well-being of employees through "ANAHATA" initiative
- Intensive COVID-19 testing for our employees
- Periodical sanitization of workplace
- Provision of immunity boosters to our workers and employees
- Providing all possible supports to employees with COVID-19 disease
- Providing transport facilities to employees and workers

In addition to these, we have developed COVID-19 management plans for various scenarios segregated into L-1, L-2, and L-3 levels. Based on our robust preparedness and responsiveness we successfully ensured business continuity during COVID-19 pandemic.

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.

Some of the initiatives in this regard as briefed below:

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.

Statutory Auditors

In accordance with the provisions of Section 139 of the Companies Act, 2013, Kirtane & Pandit LLP. Chartered Accountants (Firm Registration No: 105215W/W100057) were appointed as Statutory Auditor of your Company at the 35th Annual General Meeting for a term of 4 years, to hold office from that meeting till the conclusion of 39th Annual General Meeting to be held in 2022. As per the provisions of Section 139 of the Act, they have confirmed that they are not disqualified from continuing as Auditors of the Company.

Auditors' Report

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.

Cost Auditors

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 has appointed Ketaki D. Visariya, Cost Accountants, (Membership No.16028) as the Cost Auditors of the Company for FY 2021-22 under Section 148 and all other applicable provisions of the Act.

The remuneration payable to the Cost Auditor is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a resolution for seeking Member's ratification for the remuneration payable to Ketaki D. Visariya, Cost Accountants, is included at Item No. 7 of the notice convening the Annual General Meeting.

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

Secretarial Auditor & their 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, 2021 issued by CS Sunil M. Dedhia (COP No. 2031), Proprietor of Sunil M. Dedhia & Co. Company Secretary in Practice and the Secretarial Auditor of the Company is annexed as **Annexure - B** 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.

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 ("the Act") is annexed with the Independent Auditors' Report.

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.

Number of cases filed, if any, and their disposal under section 22 of the sexual harassment of women at work place (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.

Internal Complaints Committees (ICC) have been set up to redress complaints received regarding sexual harassment. Details of Internal Complaints Committee.

Status of the Complaints during the FY 2020-21 is as follows:

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

The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

The 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.

Significant and material orders passed by the regulators or courts

There are no significant material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations.

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
Sd/-
Rajendra V. Gogri
Chairman and Managing Director

Place: Mumbai
Date: August 6, 2021

ANNEXURE - A

The Annual Report on [CSR Activities Carried Out During Fy 2020-21]

1. **Brief outline on CSR Policy:**
   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 time to time.

2. **Composition of CSR Committee**

Name	Designation	Nature of Directorship	Meetings during the year
Shri Ramdas M. Gandhi	Chairman	Independent Director	One meeting - attended by all the members
Shri KVS Shyam Sunder	Member	Independent Director	
Smt. Hetal Gogri Gala	Member	Executive Director	
Shri Kirit R. Mehta	Member	Executive Director	

3. **Disclosures at Web link:**
   The Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company (i.e. https://www.aarti-industries.com/company/csr).

4. **Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014:**
   In pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, the impact assessment of CSR projects undertaken by the Company during FY 2020-21, is not applicable.

   However, project wise amount spent together with the lives impacted thereby have been covered later in this report.

5. **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any**

Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
2020-21	₹ 3.46 Crores	₹ 3.46 Crores

6. **Average net profit of the company as per section 135(5) for the FY 2020-21:** ₹ 541.1 Crores

7.

2% of average net profit of the Company as per section 135(5) FY 2020-21 (a)	Surplus arising out of the CSR projects of programmes or activities of the previous finanical years (b)	Amount require to be set off for the FY 2020-21 if any (c)	Total CSR obligation for the FY 2020-21 (a+b+c)
₹ 10.7 Crores	Nil	Nil	₹ 10.7 Crores

8. a. **CSR amount spent or unspent for the financial year:**

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

b. Details of CSR amount spent against ongoing projects for the financial year

1	2	3	4	5		6	7	8	9	10	11	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project duration	Amount allocated for the project (in Crores)	Amount spent in the current financial Year (in Crores)	Amount transferred to Unspent CSR Account for the project as per Section 135(6)(in Crores)	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration Number
1.	Education and Skill Development	II	Yes	Gujarat Maharashta	Valsad, Kutch, Ahmedabad, Bharuch Mumbai, Thane	1 year	2.25	2.38	NIL	Yes*	Direct	
											Aarti Foundation	CSR00000537
2.	Environment Conservation	IV	Yes	Gujarat	Valsad	1 year	0.7	0.68	NIL	No	Aarti Foundation	CSR00000537
3.	Healthcare	I	No	Maharashtra Karnataka Gujarat	Mumbai Hassan Valsad	1 year	0.5	0.65	NIL	Yes*	Child Help Foundation Aarti Foundation	CSR00001113
							3.45	**3.71**	**NIL**			**CSR00000537**

c. Details of CSR amount spent against other than ongoing projects for the financial year:

1	2	3	4	5		6	7	8	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in Crores)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration Number
1.	Covid 19 Relief / Support	XII	Yes (Refer Note 2)	Pan India		9.42	Yes#	Kutchi Visa Oswal Jain Mahajan	CSR00002047
								Kutchi Jain Foundation	CSR00002045
2.	Infrastructure Programme	II	Yes	Maharashtra Gujarat	Mumbai, ThaneValsad, Bharuch	0.08	Yes	Direct	
3.	Inclusive Growth	III	Yes	Maharashtra Gujarat	Mumbai, ThaneValsad, Bharuch	0.96	Yes*	Direct	
								Kutchi Bhanushali Seva Samaj Trust	CSR00004385
								Kutchi Visa Oswal	CSR00002047
						10.46			

#Covid 19 relief/ support were provided by the company to various segments of society.
The above amount includes contributions made the PM Cares Fund, Gujarat State Disaster Management Fund, Maharashtra State Disaster Management, various NGOs and monies spent directly as well.
*Part amount also spent through the implementing agency

d. Amount spent in Administrative Overheads: Nil

e. Amount spent on Impact Assessment, if applicable: Not applicable

f. Total amount spent for the Financial Year (8b+8c+8d+8e): ₹14.1 Crores

9. a. Details of Unspent CSR amount for the preceding three financial years

1	2	3	4	5	6	7	8
Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1.	Not Applicable						

b. Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s)

1	2	3	4	5	6	7	8	9
Sl. No.	Project ID	Financial Year in which the project was commenced	Project Duration	Project Duration	Total amount allocated for the project (in ₹)	Date Amount spent on the project in the reporting Financial Year (in ₹) transfer	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project – Completed / Ongoing.
1.	Not Applicable							

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

(a) Date of creation or acquisition of the capital asset(s).	**Not Applicable**
(b) Amount of CSR spent for creation or acquisition of capital asset.	
(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	
(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)	

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

Sd/-
KVS Shyamsunder
Independent Director
DIN : 00502621

Sd/-
Hetal Gogri Gala
Executive Director
DIN : 00005499

Place: Mumbai
Date: August 6, 2021

ANNEXURE - B

Form No. MR - 3

Secretarial Audit Report
For the Financial Year ended on March 31, 2021
(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, 2021** ('**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, 2021 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;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 which were **not applicable to the Company during Audit Period**;

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

(f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(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**;

(i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 which were **not applicable to the Company during Audit Period**; and

(j) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 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, except that there have been some delays in crediting unpaid/unclaimed dividend amounts and shares in respect of which dividends were unpaid or unclaimed for the seven years due to be transferred during the Audit Period to Investor Education and Protection Fund(IEPF) which delays, however, are covered under relaxations granted vide MCA General Circular No. 16/2020 dated April 13, 2020 and MCA General Circular No. 35/2020 dated September 29, 2020 respectively.

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, 1934and 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, there were no specific events/actions in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. having a major bearing on the Company's affairs.

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: F003483C000735918

Place: Mumbai
Date: August 4, 2021

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: F003483C000735918

Place: Mumbai
Date: August 4, 2021

ANNEXURE - C

FORM AOC-1

SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARY / JOINTLY CONTROLLED ENTITY AS PER COMPANIES ACT, 2013.

PART "A" : SUBSIDIARIES

(Amt in Crs)

Sr. No.	Name of the Entity	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	22.95	31.50	6.53	28.73	0.51	0.02	0.03	-0.01	-	100.00
2	Innovative Envirocare Jhagada Limited	INR	0.35	-0.17	0.18	-	-	-	-	-	-	-	100.00
3	Aarti Polychem Private Limited	INR	-	-0.01	0.04	0.05	-	-	-	-	-	-	100.00
4	Aarti Organics Limited	INR	0.25	-0.02	0.25	0.02	-	-	-	-	-	-	100.00
5	Aarti Bharuch Limited	INR	0.25	-0.02	0.25	0.02	-	-	-	-	-	-	100.00
6	Aarti Spechem Limited	INR	0.25	-0.02	0.25	0.02	-	-	-	-	-	-	100.00
7	Aarti Pharmachem Limited	INR	0.25	-0.02	0.25	0.02	-	-	-	-	-	-	100.00
8	Shanti Intermediate Private Limited	INR	0.07	0.29	4.67	4.31	0.01	13.01	-	-0.07	0.07	-	100.00
9	Nascent Chemical Industries Limited	INR	0.60	0.17	0.79	0.02	-	1.23	-0.43	-	-0.43	-	50.49
10	Alchemie (Europe) Ltd.	GBP	0.01	-0.02	0.50	0.51	-	1.19	-0.02	-	-0.02	-	88.89
		INR	0.92	-1.62	50.51	51.21	-	114.81	-0.08	-	-0.08	-	
11	Aarti USA Inc.	USD	0.01	-0.03	0.35	0.37	0.08	1.25	-	-	-	-	100.00
		INR	0.66	-1.83	25.83	27.00	5.69	91.00	0.01	-	0.01	-	-

The Financial Statement of Alchemie (Europe) Limited and Aart USA INC Whose 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, 2021 GBP 1 = INR 100.75 and USD 1 = INR 73.11.

PART "B" : JOINTLY CONTROLLED ENTITY

(Amt in Crs)

Sr. No.	Name of the Entity	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	Ganesh Polychem Limited	INR	6.20	186.37	248.02	55.45	-	268.46	33.54	10.03	23.50	-	50

ANNEXURE - D

A) Conservation for Energy

The Steps Taken or Impact on Conservation of Energy;

AIL has implemented several energy saving initiatives to reduce its energy consumption and carbon footprint. We invite ideas and suggestions from all employees for potential energy saving projects. Our strategy towards energy conservation includes:

- Managing air leaks
- Process optimization
- Regular energy audits
- Sustainable energy solutions

Our energy efficiency efforts include retrofitting with modern and energy efficient devices and equipment, installing waste heat recovery systems, and identifying and managing operational bottlenecks. Since 2019, we have purchased and installed IE-3 motors only as per International Efficiency Standards. Furthermore, we have established a Motor Efficiency Test Bench at Vapi, Gujarat. We have phased out all motors that lose energy efficiency by more than 6%. Based on our energy efficiency initiatives, we have saved approx. 40 million KWH of energy in 2020-21.

Furthermore, we have installed cogeneration power plants at our various locations to optimize usage of coal as a source of energy. We plan to purchase excess surplus steam available at neighbouring industries for process requirement and heating purposes; thereby saving the consumption of natural resources. In addition to these efforts, we have installed roof-top solar panels to diversify our energy mix.

We have successfully commissioned the project of generating chilled water by utilizing energy required to vaporize liquid chlorine, thereby generating 120 TR chilling through Chlorine chiller. We are also utilizing energy corresponding to Low Pressure steam in the process reboilers, which was earlier not utilized and being vented. Further we are striving to update our existing process with energy efficient technology. We have upgraded our moisture removal operations (gravity separation and distillation) by Agitated Thin Film Evaporator (ATFE) for utilizing Low Pressure steam generated by waste heat recovery from the plant, resulting in saving of more than 12 million KWH per year.

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 upgrading its technology thereby converting its batch crystallizers to continuous crystallizers which shall reduce our energy requirement by 50%.
- AIL is also significantly investing in revamping its Acid plant by adopting latest technologies, thereby enhancing steam economy ratio by >15% along with productivity improvement.
- A proposal is into active consideration for co-incineration of waste gases & recover energy to generate steam at Kutch.
- AIL has also a project in the pipeline for steam-ejector replacement by process ejector. This will not only result in significant steam saving but also lead to reduction in water consumption.
- To manage and optimize our energy demand and supply, we have planned to adopt an IT-based Energy Management System (EMS). It shall help us in monitoring and tracking our energy consumption as per business activity and location. With help of EMS, we shall be able to identify further opportunities and potential for energy saving.
- Further to improve our energy mix, we have planned to gradually increase the contribution of solar energy by purchasing power through open access.

The Capital Investment on Environment & Greenfield Projects.

- Our Company has invested over 125 crore in a time span of 3 years (2018-21) for Environment & Energy Efficiency Projects.
- In order to improve the NOx Scrubber efficiency of the nitration plants, new Technologies of Selective Catalytic Regeneration and Air Oxidation are into the pilot phase and shall be soon taken up for commercial implementation during this year.
- The Mechanical Vapor Recompression technology is also into active consideration for commercial implementation in order to reduce the energy consumption for waste water evaporation.
- Implementation of Spent Acid Concentration for o-DCB and Toluene Nitration 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 of p-DCB is designed with an integrated Spent Acid Concentration Plant as a part of the project itself.

- Stripping of effluent coming from one of the hydrogenation streams and recycling back the stripper's top back to the process has increased yield of Raw Material by 1 % as well led to significant reduction in effluent.
- Installation of 175 KLD RO plant for treating the filtrate of MEE and ATFD
- Conversion of the batch process of hydrogenation to continuous operation for one of the hydrogenators, which has reduced the residue generation to 50%, thereby significantly reducing the incineration requirement for residue.
- Addition of lime to coal for coal fired boiler, which has significantly reduced SO2 content in boiler stack
- Biological treatment of effluent followed by processing in RO unit, leading to reduction in steam consumption corresponding to 30 KLD MEE feed
- Reduction in fresh water consumption for cooling tower make-up by 33 KLD through SCALEBAN technology

B) Technology absorption, adaptation, and innovation

Efforts made towards Technology Absorption, Adaptation, and Innovation:

- Process intensification of batch process to semicontinuous fluorination; pilot study have been successfully completed and scale up of the technology is initiated
- Continuous Vapour phase technology is under implementation in pilot plant of our new product

Benefits derived as a result of above efforts:

- Lower project costs for the expansion
- 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.

- Technology of continuous crystallization
- Technology for Sulfuric Acid Regeneration plant (SAR) is under discussion
- Spent Acid Concentration (SAC) technology for Nitration Plant
- Technology upgradation for Hydrogenation to enhance the 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

Expenditure incurred on research and development:

(₹ in crores)	2020-21	2019-20	2018-19
Revenue	55.10	27.01	21.87
Capital	31.58	38.34	18.65
Total	**86.68**	**65.35**	**40.52**

C) Total foreign exchange earnings and outgo

The Foreign Exchange Earnings and outgo were ₹ 2004.29 Crs & ₹ 762.32 Crs respectively (previous year ₹ 1,840.52 Crores and ₹ 799.23 Crores respectively).

For and on behalf of the Board

Rajendra V. Gogri
Chairman and Managing Director

Place: Mumbai
Date: August 6, 2021

Report on Corporate Governance

1. Company's Philosophy on Code of Governance:

Guided by its core values; Care, Integrity and Excellence, the Company is committed to continue raise the bar of good corporate governance practices across all the locations to bring in line with the global standards while ensuring adequate transparency and building Trust for impactful collaboration.

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 of 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.

2. Board of Directors of the Company (the "Board") –

The Board is entrusted and empowered to oversee the management, direction and performance of the Company.

Composition – As on March 31, 2021, the Board comprises Sixteen (16) Directors, out of which 8 (Eight) are Executive Directors and 8 (Eight) are Independent Directors. As on March 31, 2021 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.

Independent Directors – 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.

Board procedure – The Board meets at regular intervals to discuss agenda items set for meeting including performance, policies and the strategies. All the necessary documents and information pertaining to the matters to be considered at each Board and Committee meetings, are made available to enable the Board and Committee members to discharge their functions effectively.

Board Meetings – 5 (Five) Board Meetings were held during the Financial Year 2020-21 through Video Conferencing under the prevailing circumstances caused due to Covid-19 pandemic.

Board Meeting Dates	May 25, 2020	August 12, 2020	September 21, 2020	November 10, 2020	January 28, 2021
Start Timing	2:00 pm	2:00 pm	2:00 pm	2:00 pm	2:00 pm

The gap between any two consecutive Board meetings did not exceed one hundred and twenty days.

Attendance, Directorships and Committee Positions– The name and category of the Directors on the Board, their Directorship in other Listed Companies, their attendance record, the Committee positions in other Listed Companies as on March 31, 2021, are as under:

Name of the Director	Attendance at meetings of Aarti Industries Limited held during the FY 2020-21 through Video Conferenceing		Directorship in Listed Companies	Category		Statutory Committees				
	Board (out of 5)	Last AGM held on September 21, 2020		P/PG	ED / NED / ID	AC	NRC	CSR	SRC	RMC
Shri Rajendra V. Gogri DIN: 00061003	5	√	Aarti Industries Limited	P	ED	M	M	-	M	C
			Prince Pipes and Fittings Limited	-	ID	-	-	-	-	-
Shri Rashesh C. Gogri DIN: 00066291	4	√	Aarti Industries Limited	PG	ED	M	-	-	M	M
			Aarti Drugs Limited	PG	ED	M	-	M	-	M
Shri Parimal H. Desai DIN: 00009272	5	√	Aarti Industries Limited	P	ED	M	-	-	-	-
Shri Manoj M. Chheda DIN: 00022699	5	√	Aarti Industries Limited	-	ED	-	-	-	M	-
Shri Kirit R. Mehta DIN: 00051703	5	√	Aarti Industries Limited	-	ED	-	-	M	-	-
Smt. Hetal Gogri Gala DIN: 00005499	4	√	Aarti Industries Limited	PG	ED	-	-	M	M	M
Shri Renil R. Gogri DIN: 01582147	5	√	Aarti Industries Limited	PG	ED	-	-	-	-	M
Shri Narendra J. Salvi DIN: 00299202	5	√	Aarti Industries Limited	-	ED	-	-	-	-	M
			Aarti Drugs Limited	-	NED	-	-	-	-	-
Shri Ramdas M. Gandhi DIN: 00004038 (Ceased to Director w.e.f. July 16, 2021 due to demise)	4	√	Aarti Industries Limited	-	ID	M	M	C		
			Aarti Drugs Limited	-	ID	C	M	-	-	-
			Vinyl Chemicals (India) Limited	-	ID	C	C	M	M	-
Shri P. A. Sethi DIN: 00502621	5	√	Aarti Industries Limited	-	ID	M	M	-	-	-
Shri K.V.S. Shyamsunder DIN: 00267604	5	√	Aarti Industries Limited	-	ID	C	M	M	M	-
Shri Bhavesh R. Vora DIN: 00267604	4	√	Aarti Industries Limited	-	ID	M	-	-	-	-
			Aarti Drugs Limited	-	ID	M	C	-	C	-
Prof. Ganapati D. Yadav DIN: 02235661	5	√	Aarti Industries Limited	-	ID	M	-	-	-	-
			Meghmani Organics Limited	-	ID	M	M	-	-	-
			Godrej Industries Limited	-	ID	-	-	-	-	-
			Bhageria Industries Limited	-	ID	-	-	-	-	-
Smt. Priti P. Savla DIN: 00662996	5	√	Aarti Industries Limited	-	ID	M	-	-	-	-
			Aarti Drugs Limited	-	ID	-	-	-	-	-
Shri Vinay Gopal Nayak DIN: 02577389	3	√	Aarti Industries Limited	-	ID	-	-	-	-	-
Shri Lalitkumar S. Naik DIN: 02943588	5	√	Aarti Industries Limited	-	ID	-	-	-	-	-

P- Promoter; PG - Promoter Group; ED - Executive; NED - Non-Executive; ID - Independent Director;
AC - Audit Committee; NRC - Nomination & Remuneration; CSR - Corporate Social Responsibility; SRC - Stakeholders' Relationship Committee; RMC - Risk Management Committee; M - Membership; C - Chairmanship

Notes:

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 Rajendra Gogri, Executive Director and Shri Rashesh C. Gogri, Vice – Chairman & Managing Director is brother of Smt. Hetal Gogri Gala, Executive Director. Except for the above there is no other inter-se relationship amongst other directors

Skills/expertise/competencies of the Board of Directors – 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)		Names of directors who have such skills/expertise/ competence.
Industry Experience	Experience in Speciality Chemical & Pharmaceutical industry	All the executive directors, Prof. Ganapati D. Yadav, Dr. Vinay Nayak &, Shri Lalitkumar Naik.
Operations, Technology, Sales and Marketing	Experience in sales and marketing management based on understanding of the consumer & consumer goods industry	Shri. Rajendra V. Gogri Shri Rashesh C. Gogri Shri Parimal H. Desai Smt. Hetal Gogri Gala Shri Renil R. Gogri Shri Manoj M. Chheda Shri Kirit R. Mehta Shri Narendra J. Salvi
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	Shri P.A. Sethi Shri K.V.S. Shyamsunder
Legal/Governance/ Compliance	In order to strengthen and maintain the governance levels & practices in the organisation	Shri Ramdas M. Gandhi* Shri Bhavesh R. Vora Smt. Priti P. Savla

* Ceased to Director w.e.f July 16, 2021 due to demise.

Certificate from Company Secretary in Practice – Certificate as required under Part C of Schedule V of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015, received from CS Sunil M. Dedhia proprietor of Sunil M. Dedhia & Co., Practicing Company Secretaries, 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 is received by Company.

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 www.aarti-industries.com. 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, 2021 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 (Prohibition of Insider Trading) Regulations, 2015 SEBI.

Familiarisation Programme – Induction, orientation or familiarisation programmes are part of our culture and applicable to all layers of management and the Board Members, which are designed based upon the position/ job requirements. Details of familiarisation Programmes imparted to independent Directors are disclosed on the Company's website www.aarti-industries.com and the web link thereto is https://www.aarti-industries.com/Upload/PDF/Fmiliarisation-Programme-FY-2020-21.pdf.

Separate 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 May 23, 2020 without the participation of non-Independent Directors and the members of the management. The Independent Directors discussed on 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.

3. Committees of 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 in accordance with the Companies Act, 2013 and the Listing Regulations.

The composition, meetings, attendance and the detailed terms of reference of various Committees of the Board are as under:

(i) Audit Committee – The Audit Committee of the Board has been constituted as per the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

Composition, Meetings and Attendance – During the Financial Year 2020–21 Audit Committee met four times through Video Conferencing. The Composition of the Committee, date of the meetings and attendance of Audit Committee members in the said meetings is given below -

Members	Category	Meeting Dates	May 25, 2020	August 12, 2020	November 10, 2020	January 28, 2021
		Start Timing	11:00 am	11:30 am	12:30 pm	11:30 am
Shri KVS Shyamsunder (Chairman)	Independent	4	√	√	√	√
Shri P. A. Sethi	Independent	4	√	√	√	√
Shri Ramdas M. Gandhi*	Independent	4	√	√	√	-
Shri Bhavesh R. Vora	Independent	4	√	-	√	√
Smt. Priti P. Savla	Independent	4	√	√	√	√
Prof. Ganapati D. Yadav	Independent	4	√	√	√	√
Shri Rajendra V. Gogri	Executive Director	4	√	√	√	√
Shri Rashesh C. Gogri	Executive Director	4	√	√	√	-
Shri Parimal H. Desai	Executive Director	4	√	√	√	√

*ceased to Director w.e.f. July 16, 2021 due to demise.

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 Company Secretary of the Company acts as the secretary to the Audit Committee. The Chairperson of the Audit Committee attended the 37th Annual General Meeting held on 21st day of September, 2020,

All the members of the Audit Committee are financially literate and majority of them have accounting and financial management expertise.

Terms of Reference : The broad terms of reference of the Audit Committee include the following :

1) 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;

2) recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;

4) 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;

5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;

6) 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 or rights issue, and making appropriate recommendations to the board to take up steps in this matter;

7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

8) approval or any subsequent modification of transactions of the listed entity with related parties;

9) scrutiny of inter-corporate loans and investments;

10) valuation of undertakings or assets of the listed entity, wherever it is necessary;

11) evaluation of internal financial controls and risk management systems;

12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

13) 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;

14) discussion with internal auditors of any significant findings and follow up there on;

15) 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;

16) 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;

17) 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;

18) to review the functioning of the whistle blower mechanism;

19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

20) Reviewing the utilisation of loans and/or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments.

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

22) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

Mandatorily review the following information:

1) management discussion and analysis of financial condition and results of operations;

2) statement of significant related party transactions (as defined by the audit committee), submitted by management;

3) management letters/letters of internal control weaknesses issued by the statutory auditors;

4) internal audit reports relating to internal control weaknesses;

5) The appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the audit committee.

6) statement of deviations:

   (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).

   (b) annual statement of funds utilised for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7).

During the year under review, the Audit Committee also reviewed and approved the related party transactions from time to time.

(ii) Stakeholders Relationship Committee – The Stakeholders Relationship Committee has been constituted as per the requirements of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

Composition, Meetings and Attendance – During the Financial Year 2020 – 21 Stakeholder Relationship Committee met once through Video Conferencing. The Composition of the Committee, date of the meeting and attendance of Stakeholder Relationship Committee members in the said meeting is given below –

Members	Category	Meeting Date	November 6, 2020
		Start Timing	12:30 Pm
Shri KVS Shyam Sunder (Chairman)	Independent	1	√
Shri Rajendra V. Gogri	Executive Director	1	√
Shri Rashesh C. Gogri	Executive Director	1	√
Shri Manoj M. Chheda	Executive Director	1	√
Smt. Hetal Gogri Gala	Executive Director	1	√

Terms of Reference –

1) Resolving the grievance of the security holders of the Company 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.

2) Review of measures taken for effective exercise of voting rights by shareholders.

3) Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.

4) Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;

5) such other acts, deeds, matters and things as may be stipulated in terms of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations") and/or such other regulatory provisions, as amended from time to time, and also decided by the Board of Directors of the Company in its meeting held on May 18, 2021.

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 redressal of investors' complaints – As per Regulation 6 of the Listing Regulations, the Company has designated a separate email id (investorrelations@aarti-industries.com) exclusively for registering complaints by investors.

Status of investors' complaints as on March 31, 2021 – During the year, 3 (Three) Complaints were received through SCORE portal of SEBI. All the Complaints were resolved to the satisfaction of the Shareholders as on the date of this report. No request for Share Transfer or Dematerialisation was pending for approval as on March 31, 2021.

(iii) Nomination and Remuneration Committee – The Nomination and Remuneration Committee of the Board has been constituted as per the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

Composition, Meetings and Attendance – During the Financial Year 2020–21 Nomination and Remuneration Committee met two times through Video Conferencing.

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 Date	May 23, 2020	November 6, 2020
		Start Timing	11:30 am	12:00 Noon
Shri Ramdas M. Gandhi* (Chairman)	Independent	2	√	√
Shri KVS Shyam Sunder	Independent	2	√	√
Shri P. A. Sethi	Independent	2	√	√
Shri Rajendra V. Gogri	Executive Director	2	√	√

*ceased to Director w.e.f. July 16, 2021 due to demise.

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

1) 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;

2) formulation of criteria for evaluation of performance of independent directors and the board of directors;

3) devising a policy on diversity of board of directors;

4) 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;

5) 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;

6) recommend to the board, all remuneration, in whatever form, payable to senior management.

Nomination and Remuneration Policy –

I. Criteria and Qualification for Nomination & Appointment

A person to be appointed as Director, Key Managerial Personnel (KMP) 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 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 ongoing exercise at each level in the organization.

Executive Directors

The Company remunerates its Executive Director's 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 Director is determined keeping in view the industry benchmark and the performance of the Company.

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.

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, performance of each employee.

Remuneration to Executive Directors –

(₹ in Lakh)

Name of Director(s)	Salary and other Perquisites	Commission	Total Remuneration
Shri Rajendra V. Gogri	83.56	465.34	548.90
Shri Rashesh C. Gogri	83.56	465.34	548.90
Shri Parimal H. Desai	71.54	90.36	161.90
Shri Manoj M. Chheda	71.54	90.36	161.90
Shri Kirit R. Mehta	51.00	18.07	69.07
Smt. Hetal Gogri Gala	71.54	451.79	523.33
Shri Renil R. Gogri	60.59	225.89	286.48
Shri Narendra J. Salvi	72.00	87.83	159.83

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 Companies Act, 2013. The details of the sitting fees paid, stock options granted and shares held by the Non - Executive Directors as on March 31, 2021 are as under:

Name of Director(s)	Sitting fees (₹ in Lakh)	Stock options granted	Shareholding in the Company	% of Total Shareholding
Shri Ramdas M. Gandhi*	2.04	Nil	19064	0.01
Shri P. A. Sethi	2.70	Nil	Nil	Nil
Shri K.V.S. Shyamsunder	2.78	Nil	Nil	Nil
Shri Bhavesh R. Vora	2.18	Nil	Nil	Nil
Prof. Ganapati D. Yadav	2.62	Nil	2400	0.00
Smt. Priti P. Savla	2.44	Nil	Nil	Nil
Shri Vinay G. Nayak	0.96	Nil	Nil	Nil
Shri Lalit Kumar Naik	1.48	Nil	Nil	Nil

*ceased to Director w.e.f. July 16, 2021 due to demise.

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

Board evaluation – The process for evaluation of performance of the Board has been established. Accordingly, an annual evaluation has been carried out through a questionnaire having qualitative parameters in terms of the provisions of the Companies Act, 2013, Regulations 17 and 25 of the Listing Regulations. The performance was evaluated on the basis of the criteria such as the composition, attendance, participation, quality and value of contributions, knowledge, skills, experience, etc.

Independent Directors Evaluation – The criteria for performance evaluation 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 presence of the Director being evaluated.

(iv) Corporate Social Responsibility (CSR) Committee – The Corporate Social Responsibility (CSR) Committee has been constituted as per the requirements of Section 135 of the Companies Act, 2013.

Composition, Meetings and Attendance – During the Financial Year 2020 – 21 Corporate Social Responsibility Committee met once through Video Conferencing. The Composition of the Committee, date of the meeting and attendance of Corporate Social Responsibility Committee members in the said meeting is given below –

Members	Category	Meeting Date	May 23, 2020
		Start Timing	12:30 pm
Shri Ramdas M. Gandhi* (Chairman)	Independent	1	√
Shri K.V.S. Shyamsunder	Independent	1	√
Smt. Hetal Gogri Gala	Executive Director	1	√
Shri Kirit R. Mehta	Executive Director	1	√

*ceased to Director w.e.f. July 16, 2021 due to demise.

Terms of reference – The broad terms of reference of CSR Committee includes the following:

1) 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, as amended, read with Rules framed thereunder;

2) recommend the amount of expenditure to be incurred on such activities; and

3) monitor the Corporate Social Responsibility Policy of the Company from time to time.

The Board has also approved CSR Policy. The Annual Report on CSR 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.

v) 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, Meetings and Attendance – During the Financial Year 2020 – 21 Risk Management Committee met once through Video Conferencing. The Composition of the Committee, date of the meeting and attendance of Risk Management Committee members in the said meeting is given below –

Members	Category	Meeting Date	August 11, 2020
		Start Timing	11:30 am
Shri Rajendra V. Gogri (Chairman)	Executive Director	1	√
Shri Rashesh C. Gogri	Executive Director	1	√
Smt. Hetal Gogri Gala	Executive Director	1	√
Shri Renil Rajendra Gogri	Executive Director	1	√
Shri Narendra J. Salvi	Executive Director	1	√
Shri Chetan Bipin Gandhi	Chief Financial Officer	1	√
Shri Ajay Kumar Gupta	Senior Executive of the Company	1	√

Terms of Reference: The broad terms of reference of the Risk Management Committee include the following:

(1) To 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.

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

(3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

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

(5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

(6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

4. General Body Meetings –

1. Details of Last three Annual General Meetings are as under –

Financial Year	Day, Date & Time	Venue	Special Resolutions passed for
2019-20 (37th AGM)	Monday, September 21, 2020 11:00 a.m.	(through Video Conferencing)	a) Resolution under Section 180(1)(a) of the Companies Act, 2013 for Creation of Security on Borrowing Powers.
2018-19 (36th AGM)	Monday, September 16, 2019 11:00 a.m.	Plot Nos. 806, 807, GIDC Estate, Phase III, Vapi - 396 195, Dist. Valsad, Gujarat	a) Resolution under Section 149 of Companies Act, 2013 to re-appoint Shri P.A. Sethi as an Independent Director for the period of 5 (five) years. b) Resolution under Section 149 of Companies Act, 2013 to re-appoint of Shri K.V.S. Shyamsunder as an Independent Director for a period of 5 (Five) years. c) Resolution under Section 149 of Companies Act, 2013 to re-appoint Shri Bhavesh Rasiklal Vora as an Independent Director for a period of 5 (Five) years.
2017-18 (35th AGM)	Friday, September 21, 2018, 11:00 a.m.	Plot Nos. 806, 807, GIDC Estate, Phase III, Vapi - 396 195, Dist. Valsad, Gujarat	a) Resolution under Section 149 of Companies Act, 2013 to appoint Shri Ganapati D. Yadav as an Independent Director for the period of 5 (five) years. b) Resolution under Section 149 of Companies Act, 2013 to appoint Smt. Priti P. Savla as an Independent Director for the period of 5 (five) years. c) Resolution under Section 180 of Companies Act, 2013 to set the borrowing limit to ₹ 3, 500 Crore. d) Resolution under Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to re-appoint Shri Shantilal Shah, aged 79 years. e) Resolution under Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to continue appointment of Shri Ramdas Gandhi, aged 85 years. f) Resolution under Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to continue appointment of Shri K.V.S. Shyamsunder, aged 76 years.

Extraordinary General Meetings

No Extraordinary General Meeting of members was convened in the last three financial years.

Details of resolutions passed through Postal Ballot

As per Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014, during the year under review, no resolutions were passed by members of the Company through Postal Ballot.

5. 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 (www.aarti-industries.com).

All data required to be filed electronically or otherwise pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 (www.nseindia.com) and BSE Ltd. (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/Con-call transcripts are also uploaded on the Company's website (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

6. General Shareholders Information

Our prolific journey of last 37 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 and time of the 38th Annual General Meeting:

Day	Date	Time
Tuesday	September 28,2021	11:00 a.m.

*Deemed Venue for the meeting shall be registered office of the Company.

ii. Tentative Financial Calendar:

Financial Year	April 1, 2021 to March 31, 2022
Adoption of Quarterly Results for the quarter ending :	
June, 2021	1st/2nd week of August, 2021
September, 2021	1st/2nd week of November, 2021
December, 2021	1st/2nd week of February, 2022
March, 2022	1st/2nd/3rd week of May, 2022

iii. Record Date: September 21, 2021.

iv. Payment of Dividend: On or before October 27, 2021.

v. Listing on Stock Exchanges:

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

vi. Listing Fees and Annual Custodian Fee:

The Company has paid the Annual Listing Fees to the Stock Exchange and Annual Custodian fee to National Securities Depositories Limited and CDSL for the year 2021-22.

vii. Market Price Data: High Low during each month in last financial year:

Month	BSE Ltd. (BSE)			National Stock Exchange of India Limited (NSE)		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April, 2020	1,137.10	769.30	3,15,581	1,137.85	768.05	74,27,670
May, 2020	1,191.50	962.40	3,64,203	1,192.00	963.05	89,96,091
June, 2020	1,005.85	850.95	25,75,826	1,006.30	850.30	2,05,05,986
July, 2020	995.00	893.15	5,86,483	995.00	891.40	80,48,357
August, 2020	1,229.10	981.45	8,89,710	1,229.00	982.30	1,39,53,845
September, 2020	1,131.20	988.75	4,95,242	1,131.00	990.00	60,63,040
October, 2020	1,028.95	967.25	2,24,677	1,030.00	966.45	39,48,595
November, 2020	1,164.20	990.45	3,10,965	1,163.00	990.00	59,68,594
December, 2020	1,286.40	1,131.00	3,35,656	1,287.00	1,131.00	76,47,866
January, 2021	1,363.50	1,123.20	4,01,270	1,365.90	1,120.15	78,11,950
February, 2021	1,258.95	1,074.55	3,22,996	1,259.40	1,072.55	67,01,994
March, 2021	1,399.00	1,192.30	4,61,687	1,399.40	1,192.55	90,25,154

viii. Performance in comparison to broad based indices BSE Sensex:

Month	AIL	Sensex
April, 2020	934.37	30,966.01
May, 2020	1,032.19	31,294.25
June, 2020	937.42	34,262.88
July, 2020	932.87	37,030.64
August, 2020	1,067.33	38,346.59
September, 2020	1,044.59	38,378.98
October, 2020	996.04	40,115.39
November, 2020	1,098.20	43,011.38
December, 2020	1,212.99	46,211.84
January, 2021	1,234.45	48,580.33
February, 2021	1,212.10	50,782.82
March, 2021	1,286.36	50,100.65

ix. Registrar and Transfer Agent

Link Intime India Private Limited
C 101, 247 Park,
L B S Marg, Vikhroli West,
Mumbai 400 083
Tel No: +91 22 49186000
Fax: +91 22 49186060
e-mail: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

The shareholders are requested to address all their communications/suggestions/grievances to the Registrar and Transfer Agents at the above address.

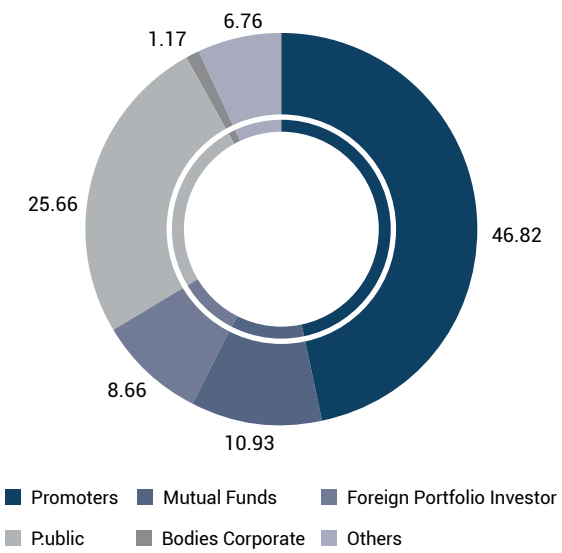
xi. Share Transfer System:

The Stakeholders' Relationship Committee comprising Shri Rajendra V. Gogri, Shri Rashesh C. Gogri, Shri Manoj Chheda, Smt. Hetal Gogri Gala and Shri KVS Shyamsunder meet for approval of the transfer, dematerialisation, etc. Reports on Share Transfer/Transmission are placed before the Board from time to time.

xii. Shareholding Pattern as on March 31, 2021

Category	No. of Shares	%
Promoters	8,15,81,842	46.82
Mutual Funds	1,90,49,296	10.93
Foreign Portfolio Investor	1,50,92,946	8.66
Public	4,47,09,996	25.66
Bodies Corporate	20,35,482	1.17
Others	1,17,64,912	6.76
Total	**17,42,34,474**	**100.00**

Shareholding Pattern on March 31, 2021



xiii. Distribution of Shareholding as on March 31, 2021

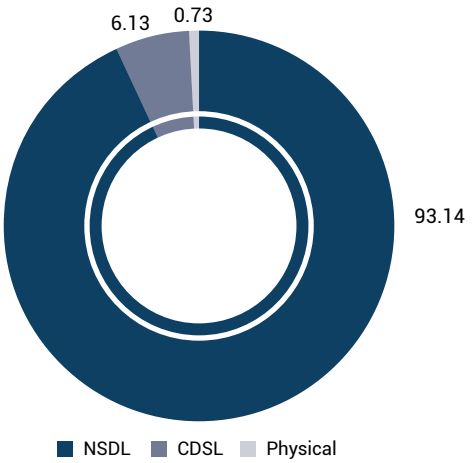
No. of Shares	Shareholders		Shares	
	Number	%	Number	%
1 - 2500	1,02,067	91.4276	73,99,521	4.2469
2501 - 5000	4,087	3.661	29,53,638	1.6952
5001 - 10000	2,642	2.3666	37,09,948	2.1293
10001 - 15000	1,235	1.1063	30,16,377	1.7312
15001 - 20000	323	0.2893	11,53,530	0.6621
20001 - 25000	228	0.2042	10,42,265	0.5982
25001 - 50000	411	0.3682	29,46,924	1.6914
Above 50001	644	0.5769	15,20,12,271	87.2458
Total	**1,11,637**	**100.00**	**17,42,34,474**	**100.00**

xiv. Dematerialisation of shares and liquidity

99.27% 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, 2021 under ISIN No: INE769A01020.

Particulars	NSDL	CDSL	Physical	Total
Shares (nos.)	16,22,82,526	1,06,72,328	12,79,620	17,42,34,474
Shares (%)	93.14	6.13	0.73	100.00

Dematerialisation of shares and liquidity



xv. 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.

xvi. 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, 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.

xvii. ADRs/GDRs/Warrants

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

xviii. Commodity Price Risk or Foreign exchange risk and hedging activities

During the year 2020-21, 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. 33 to the Annual Accounts.

xix. Plant Locations

- Plot Nos. 801, 801/15 to 19, 21, 22 & 23, 802, 803, 804/1-2-3, 806 & 807, GIDC Estate, Phase III, Vapi 396 195, Dist. Valsad, Gujarat.
- Plot No. 902 & 923, GIDC Estate, Phase II, Vapi – 396 195, Dist. Valsad, Gujarat.
- Plot No. 286/1, 285, GIDC Estate, Phase II, Vapi – 396 195, Dist. Valsad, Gujarat.
- Plot No. 22/C/1 & 2, GIDC Estate, Phase I, Vapi – 396 195, Dist. Valsad, Gujarat.
- Plot Nos. 758/1-2-3, Jhagadia ,Mega Estate, Village Kapalsadi, Tal. Jhagadia, Dist. Bharuch – Gujarat.
- Plot Nos. 756/2 A&B, 756/3 A&B, 756/4 A&B, 756/5 A&B, 756/6 A&B, 756/7, 779, Jhagadia Mega Estate, Village Kapalsadi, Tal. Jhagadia, Dist. Bharuch – Gujarat.

- Survey No. 126, 134, 135 & 136, Jhagadia Dist. Bharuch, Gujarat.
- Survey No. 1430/1, NH-8, Bhachau, Kutch, Gujarat.
- Plot No. D-18, MIDC, Tarapur, Dist. Thane, Maharashtra.
- Plot No. E-50, and E-59 MIDC, Tarapur, Dist. Thane, Maharashtra
- Plot No. K - 17/18/19, MIDC, Tarapur, Dist. Thane, Maharashtra.
- Plot No. L - 4, L - 5, L - 8 & L - 9/1 MIDC, Tarapur, Dist. Thane, Maharashtra.
- L - 10, MIDC, Tarapur, Dist. Thane, Maharashtra.
- Plot No. K - 65, K - 67, MIDC, Tarapur, Dist. Thane, Maharashtra.
- Plot No.D-53,54,55,56,57,58,60, MIDC, Phase II, Dombivali (East), Dist. Thane, Maharashtra
- Plot No. Z/103/H, Dahej SEZ II, Tal. Vagara, Dist. Bharuch, Gujarat
- Plot No. Z/103/C, Dahej SEZ II, Tal. Vagara, Dist. Bharuch, Gujarat
- Plot No. Z/111/B, Dahej SEZ II, Tal. Vagara, Dist. Bharuch, Gujarat.
- Plot no 24, Phase-I ,GIDC,Vapi- 396195
- Unit -V, Plot No. L 28/29, MIDC, Tarapur, Tal & Dist. Palghar, Pin-401506. India

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

xxi. List of all Credit Rating

During the year CRISIL Ratings has upgraded Long term issuers ratings and Bank Loan Ratings of the Company from CRISIL AA-/Positive to CRISIL AA/Stable.

Following is the summary of latest credit ratings obtained by the Company.

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

xxii. R & D Centres

- Plot No. 801, GIDC Estate, Phase III, Vapi- 396 195, Valsad Gujarat
- Plot No. D-54, MIDC, Phase II, Dombivali (East), Dist. Thane, Maharashtra.
- Plot No. 22/C/1, GIDC Estate, Phase I, Vapi – 396 195, Dist. Valsad, Gujarat.
- A 94/1/1, Trans Thane, Creek Industrial Area, Kopar Khairane, Navi Mumbai.

xxiii. Details with respect to Demat Suspense Account/Unclaimed Suspense Account as per Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Particulars	Demat		Physical	
	No. of Shareholders	No. of equity shares	No. of Shareholders	No. of equity shares
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on April 1, 2020	124	216090	-	-
Number of shareholders who approached the Company for transfer of shares from suspense accounts during the year	6	9200	-	-
Number of shareholders to whom shares were transferred from the suspense account during the year	6	9200	-	-
Shares Transferred to IEPF A/c	16	18150	-	-
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2021	102	188740	Nil	Nil

The voting rights on the shares outstanding in the suspense accounts as on March 31, 2021 shall remain frozen till the rightful owner of such shares claim the shares.

xxiv. CEO/CFO Certification

As required under Regulations 17(8) and 33(2)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 August 6, 2021.

7. Disclosures

I. During the year, there were no material related party transactions i.e. transactions of the Company of a material nature with its promoters, the Directors or the management, their subsidiaries or relatives etc. 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.

As required under Regulation 23(1) of SEBI (LODR) Regulations, 2015, the Company has formulated a policy on dealing with related party transactions. The said policy is also available on the website of the Company. The weblink thereto is https://www.aarti-industries.com/investors/code-and-policies

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 (SEBI), 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, Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements)Regulations, 2015 the Company has formulated Whistle Blower Policy for/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 put up on the website of the Company on following web-link: https://www.aarti-industries.com/investors/code-and-policies

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 people 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 the following Web link: https://www.aarti-industries.com/investors/code-and-policies

V. To determine 'material subsidiary', the Company has adopted a 'Policy for Determining Material Subsidiary' and the same has been hosted on the website of the Company on the following web link; https://www.aarti-industries.com/investors/code-and-policies

VI. The Company has complied with all the mandatory requirements under Securities and Exchange Board of India (LODR) Regulations, 2015.

VII. There were no instances during the financial year 2020-21 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	0.38
Certification Charges	0.03
Out of pocket expenses	-
Total	**0.41**

IX. 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

X. The Company has complied with all the mandatory requirements specified in Regulation 17 to 27 and Clause (b) to (i) of sub-regulation (2) of Regulation 46 of Securities Exchange Board of India (LODR) Regulations, 2015.

XI. 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.

8. Discretionary Requirements

The status of compliance with discretionary requirements of Part E of schedule II of SEBI (LODR) Regulations, 2015 with Stock Exchanges is provided below:

Sr. No.	Particulars	Remarks
1.	Non-executive Chairman's Office	The Company does not have a Non-executive Chairman.
2.	Shareholders' Rights	As the quarterly and half-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	The Company's financial statement for the year 2019-20 is unmodified
4.	Separate posts of Chairman and CEO	The Company does not have a 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

Place: Mumbai
Date: August 6, 2021

CEO's Certification

All the Directors and the Senior Management Personnel have affirmed Compliance of the Code of Conduct laid down by the Board of Directors in terms of Regulation 17(5)(a) of Securities Exchange Board of India (LODRs) Regulations, 2015.

For and on behalf of the Board

Rajendra V. Gogri
Chairman and Managing Director

Place: Mumbai
Date: August 6, 2021

CEO/CFO CERTIFICATION IN RESPECT OF FINANCIAL STATEMENTS AND CASH FLOW STATEMENT (PURSUANT TO REGULATION 17(8) OF SEBI (LODR), REGULATIONS, 2015 FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

We have reviewed the Financial Statements and the Cash Flow Statement for the year ended March 31, 2021 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, 2021 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
Chairman and Managing Director
DIN: 00061003

Chetan Gandhi
Chief Financial Officer

Place: Mumbai
Date: May 18, 2021

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, 2021** 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	Begin date
00004038	Premchandra Amolak Sethi	23/09/2008
00005499	Hetal Gogri Gala	01/11/2006
00009272	Parimal Hasmukhlal Desai	28/09/1984
00022699	Manoj Mulji Chheda	25/11/1993
00051703	Kirit Ratilal Mehta	18/09/2000
00061003	Rajendra Vallabhaji Gogri	01/07/2013
00066291	Rashesh Chandrakant Gogri	09/06/1997
00267604	Bhavesh Rasiklal Vora	23/09/2008
00299202	Narendra Jagannath Salvi	01/04/2020
00502621	Kvs Shyamsunder Rammurthy	23/09/2008
00662996	Priti Paras Savla	25/09/2014
01582147	Renil Rajendra Gogri	16/08/2012
02235661	Ganapati Dadasaheb Yadav	25/09/2014
02577389	Vinay Gopal Nayak	18/12/2018
02943588	Lalitkumar Shantaram Naik	21/05/2019
00029437	Ramdas Maneklal Gandhi	29/01/1990

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: F003483C000736138
Mumbai, Dated August 4, 2021

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, Kirtane & Pandit LLP, Chartered Accountants, being the Statutory Auditors of Aarti Industries Limited ("AIL" or "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 March 31, 2021.

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 and extra-ordinary general meetings 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 all the 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 M/s Kirtane & Pandit LLP,
Chartered Accountants
Firm Registration No:- 105215W/W100057

Milind Bhave
Partner
Membership No.: 047973
UDIN: 21047973AAAADE4491

Place: Mumbai
Date: August 06, 2021

Business Responsibility Report

Section A: General Information about the Company

1	**Corporate Identity Number (CIN) of the Company**	L24110GJ1984PLC007301
2	**Name of the Company**	Aarti Industries Limited
3	**Registered address**	Plot Nos. 801, 801/23, G.I.D.C. Estate, Phase-III, Vapi, Dist. Valsad, Gujarat -396195
4	**Website**	www.aarti-industries.com
5	**E-mail id**	investorrelations@aarti-industries.com
6	**Financial Year reported**	April 1, 2020 to March 31, 2021
7	**Sector(s) that the Company is engaged in (industrial activity code-wise)**	Chemical 201 Pharma 210
8	**List three key products/services that the Company manufactures/provides (as in balance sheet)**	1. Para dichloro benzene 2. Mono Methyl Aniline 3. Para nitro chloro benzene
9	**Total number of locations where business activity is undertaken by the Company** **(a) Number of International Locations (Provide details of major 5)**	Nil
	(b) Number of National Locations	20 Manufacturing Facilities & 4 R&D centres.
10	**Markets served by the Company – Local/State/National/ International**	All: Local, State, National and International (mainly Americas, Europe, China, & Japan).

Section B: Financial Details of the Company

1	**Paid up Capital (INR)**	As on March 31, 2021 the paid up capital of the Company stood at ₹ 87.12 crores consisting of 17,42,34,474 nos. of Equity Shares of ₹ 5 each.
2	**Total Turnover (INR)**	As on March 31, 2021; The Turnover of the Company is ₹ 4807.82 crores
3	**Total profit after taxes (INR)**	As on March 31, 2021; The Net Profit of the Company is ₹ 513.50 crores
4	**Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)**	Pl. refer. Summary of CSR spending on page no. 82
5	**List of activities in which expenditure in 4 above has been incurred:**	Pl. refer. Project wise summary under CSR Report on page no. 82

Section C: Other Details

1	**Does the Company have any Subsidiary Company/ Companies?**	The Company has 11 subsidiary companies as on March 31, 2021: • Aarti Corporate Services Limited • Aarti Polychem Private Limited • Innovative Envirocare Jhagadia Limited • Alchemie (Europe) Limited • Aarti USA Inc. • Shanti Intermediates Private Limited • Nascent Chemical Industries Limited • Aarti Bharuch Limited • Aarti Pharmachem Limited • Aarti Spechem Limited • Aarti Organics Limited

2	**Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary Company(s)**	Business Responsibility initiatives of the parent Company are applicable to the subsidiary companies to the extent that they are material in relation to the business activities of the subsidiaries.
3	**Do any other entity/entities (e.g. Suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**	No.

Section D: BR Information

1. Details of the Director and BR responsible for implementation of the BR policy/policies

1	**DIN Number**	00005499	01582147
2	**Name**	**Smt. Hetal Gogri Gala**	**Shri Renil Rajendra Gogri**
3	**Designation**	Executive Director	Executive Director
4	**Telephone No.**	+91 22 6797 6666	+91 22 6797 6666
5	**E-mail id**	hetal@aarti-industries.com	renil.gogri@aartigroup.com

2. Principle-wise (as per Non-Voluntary Guidelines) BR Policy/policies

	Question	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
	Policies/Guidelines on > >	Business Ethics	Product Responsibility	Employees Welfare	Stakeholders Engagement	Human Rights	Safety, Health & Environment,	Public Policy	CSR	Customer Centricity
1	**Do you have a policy/policies for…**	Yes, Company's Code of Conduct sets out the principle & practices that must be observed toward Business Partner and Third Parties.								
2	**Has the policy being formulated in consultation with the relevant stakeholders?**	Yes, while formulating the policy documents - rights & obligations of concerned stakeholders are analysed in view of best Industry Practices.								
3	**Does the policy conform to any national/ international standards? If yes, specify?**	Integrity, Transparency and Fairness are the cornerstones within the Company and the Aarti Group. Being Global Partner of Choice, the Company believes in benchmarking practices and global standards - to the best possible extent.								
4	**Has the policy being approved by the Board? Is yes, has it been signed by MD/owner/CEO/ appropriate Board Director?**	All Statutory Policies and Codes are adopted considering prevailing Legal requirements and approvals of respective body [Board of Directors, its Committees and Company Management]. Yes Policies are Signed by the Managing Director.								
5	**Does the company has a specified committee of the Board/Director/Official to oversee the implementation of the policy?**	Implementation mechanism of all the Policies & Codes is presented to and reviewed by the respective body periodically.								
6	**Indicate the link for the policy to be viewed online?**	http://www.aarti-industries.com/investors/corporategovernance/policies								
7	**Has the policy been formally communicated to all relevant internal and external stakeholders?**	Yes, requisite awareness programs are carried out and communicated to all the stakeholders, which help them understand behavioural expectation from them. In critical areas such as Safety, advance trainings and workshops with specific focus have been conducted time to time.								
8	**Does the company have in-house structure to implement the policy/policies?**									
9	**Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?**	Company' Vigil Mechanism/Whistle Blower Policy is an effective tool towards grievance redressal mechanism.								
10	**Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?**	In addition to the Statutory Audits, Certification, a periodical internal assessment is a part of our culture to oversee implementation of principles laid down.								

Principle 1: Ethics, Transparency and Accountability

Businesses should conduct and govern themselves with ethics, transparency and accountability

The Core Values, which govern working of the Company, are Care, Integrity and Excellence. The Company nurture - a culture of high integrity and is proud that its employees demonstrate behaviour that is honest and transparent. The Company has adopted the Code of Conduct ('CoC' or 'Code') with the aim to follow and maintain the highest ethical and moral standards, in compliance with the applicable laws, and in a manner that excludes considerations of direct and indirect personal advantage/gains.

The Code applies to every employee, director and officer of the Company, suppliers, customers, contract staff, contractors and consultants who are working on behalf of/for the Company (through outsourcing of services, processes or any business activity), are required to act consistently in accordance with the CoC. The Company's Directors and the members of the Senior Management are required to submit an affirmation on the Compliance of the CoC.

The Company's commitment towards doing business responsibly is built upon its CoC and is complemented by:

- Well-structured internal control systems for regular assessment of effectiveness of company's code of conduct, its understanding and adherence.
- A robust governance structure that evaluates and monitors Compliance to the Code.

An effective vigil mechanism/whistle blower policy is in place to report to the management, instances on unethical behaviour and any violation of the Company's Code of Conduct. The Company has instituted a Committee to redress complaints received regarding sexual harassment.

Principle 2: Sustainability

Business should provide goods and services in a manner which is Safe and Sustainable.

Defining the purpose 'Right Chemistry for Brighter Tomorrow' the Company deals in goods, services and processes that are safe and contribute to sustainability throughout their lifecycle. Over the years we have constantly improved our recoveries and reduced hazardous waste generation, improved on water conservation and energy consumption. We have also adopted new technologies to optimally use available natural resources to improve our environment footprint.

The Company practices the motto of 'safety first' for employees and our stakeholders in all our operations. In doing so, the Company maintains detailed, up-to-date programs covering Safety, Health, Environment, Fire, Security, Compliance, Hazards communication, and Emergency Preparedness etc. Company has embarked on an initiative "BE-SAFE: By employees, sustainability assurance for employees" at all the manufacturing locations The Company is actively committed to the continuous improvement in the standards of Safety and Health at the workplace through harmonization of the systems across the manufacturing locations which are guided through systemic structured frame work of our own Aarti Management system (AMS).

It is very important for the Company to combine economic success with acting sustainably and responsibly towards its customers and suppliers as well as the environment and its employees. During the product development process, the Company ensures that the manufacturing processes and technologies required to produce it are resource efficient and sustainable, there are systems in place that help identify risks and plans to mitigate each risk. Major manufacturing locations have been accredited with OHSAS-18001, ISO-9001 & 14001.

The Company partners with the customer at the product development stage itself, discussions focus around quality, packaging, H&S, and environmental parameters like resource efficiencies. Improvement in product quality reduces waste generation at the customer's end, at each stage samples are tested at the customer's end, this helps to minimize negative impacts and improve quality.

- **Product labelling**

  The Company endeavours to provide customers with appropriate labelling and signage. The Company discloses all required information truthfully and factually including the risks to the individual. Where required, the Company also educates their customers on the safe and responsible usage of their products including guidelines for product handling, storing at customers end, the same is visibly placed on all product packaging.

- **Sustainable sourcing**

  The company believes in and follows a Responsible Sourcing Policy with utmost focus on environmental and social aspects. Identification of a supplier is always on the basis of its long term capabilities, technological competencies, growth plan and commercial competitiveness.

  The Company ensures the sustainability of resources by reducing, reusing, recycling and managing waste. It has embraced the "3-R" (Reduce, Reuse and Recycle) philosophy for all types of wastes leading to minimization of air emissions, liquid effluents, solid wastes, in line with legal requirements and industry best practice.

Principle 3: Welfare of Employees

Businesses should promote the well-being of all employees
The Company works consistently to provide workplaces free of discrimination and harassment on the basis of gender, ethnic background, religion, age, disability or sexual orientation. This diversity is promoted and respected without exception. All employees deserve mutual respect.

Every person is entitled to fair and respectful treatment. The Company is committed to a diverse working environment, in which each person's uniqueness is recognized and every individual is treated with courtesy, honesty and dignity. Harassment, bullying or intimidation is not tolerated.

The Company ensures compliance of employee related all applicable statutes which guarantee the social security benefits, proper and safe working environment, wages, timely payment, bonus, leave benefits, working hours, breaks, maintaining hygiene, health, prohibition of child labour and respecting their all fundamental and human rights.

Principle 4: Stakeholders' Engagement

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
The Company deals with all those it comes in contact with fairness and integrity. The Company acknowledges its responsibility towards its stakeholders and is committed to engaging with all concerned stakeholders who are directly or indirectly affected by the business processes and decisions. The Company endeavours to understands their concerns, defines purpose and scope of engagement, commits to engaging with them and resolves differences with stakeholders in a just, fair and equitable manner.

The Company acknowledges and assume responsibility by being transparent about the impact of its policies, decisions, product & services and associated operations on the stakeholders.

Principle 5: Human Rights

Businesses should respect and promote human rights
Respect for human rights is an integral part of our corporate responsibility. The Company respects the dignity and individual rights of every employee and colleague as well as third parties with whom it does business.

The Company ensures that human rights enshrined in the Constitution of India and the International law on Human rights is not violated across its operations. The Company ensures that all individuals impacted by the business have access to grievance mechanisms, no such complaints were received in the period under review.

Principle 6: Environment, Health and Safety

Business should respect, protect, and make efforts to restore the environment
We envisage our company to create a progressive legacy for our only silent stakeholder – Environment. Our endeavours for this reporting period revolved around creating a culture of care for nature's assets and necessary technological interventions to go green & sustain. The way forward is predicted by our strategic decisions towards a positive footprint aligned with our investments for various environmental initiatives.

Our Health, Safety and Environment policy covers all our operations, projects and personnel associated with the company. Our procurement policy, encourages resource efficiency in the supply chain which together with the 'Code of Conduct for Vendors and Service Providers'.

Most of our operations are in a state of Gujarat, India which is water scarce region and we see climate change as a material concern for our business and stakeholders. The Company has undertaken several water conservation measures for reduction in fresh water intake. These include continual improvement in specific water consumption; adoption of best practices to achieve zero discharge in the Company's operating units.

As a responsible corporate entity, the Company measures its carbon footprint and constantly focuses on reducing the same. We continuously monitor our Greenhouse Gas emission intensity for reduction and endeavour to minimize our carbon footprint. We have also initiated the process of reporting our sustainability performance as per the GRI Standards in our Sustainability report.

Environmental risks are regularly identified and assessed through structured on-line compliance management system (CMS). The risk register is being maintained by all units as per Risk Management policy and major risks are being reviewed periodically at the corporate level. Hazard Identification and Risk assessment are also conducted as part of a safety management system to identify potential environmental hazards and risks.

Environment incidents are being captured through an online module. Root cause analysis is being done through why-why analysis and leanings are being shared to all units to avoid the re occurrence.

We are well within the prescribed limits by the relevant pollution control authorities. The Company continues to invest in reducing air emission levels through adoption of cleaner technologies/fuels, monitoring of combustion efficiencies and investments in state-of-the-art pollution control equipment. Regular monitoring is carried out of significant air emission parameters, such as Particulate Matter, Nitrogen Oxide

and Sulphur Dioxide to ensure compliance with regulatory requirements.

All wastes are being stored at earmarked places and timely disposed through the approved registered recyclers as per the Hazardous Waste rules. The Company has laid down comprehensive guidelines on waste management for all its units, which cover hazardous as well as non-hazardous waste and monitoring of performance for each unit is carried out on a regular basis. The Company has measures across units to ensure waste minimization, segregation at source and recycling.

Principle 7: Policy Advocacy

The Company is a member of various trade chambers and associations which provide a platform to get actively involved in trade promotion, technology up-gradation, quality enhancement and collection and dissemination of information pertaining to regulatory reforms, its impact, industry's growth and development.

The membership aspires to identify opportunities to bolster domestic manufacturing, fostering innovation, enhancing skill development, protecting intellectual property and building best in class manufacturing infrastructure in the country.

The Company utilizes the following trade and industry chambers and associations to undertake policy advocacy.

- Bharuch District Manufacturers Association, Gujarat India
- Bombay Chamber of Commerce
- CHEMEXCIL – Basic Chemicals, Pharmaceuticals & Cosmetics Export Promotion Council
- Confederation of Indian Industry (CII)
- Dahej Fire Safety Committee, Gujarat India
- Dahej Industrial Association, Gujarat India
- Federation of Indian Chambers of commerce and Industry (FICCI)
- Federation of Indian Export Organisation
- Indian Chemical Council
- Indian Institute of Chemical Engineering (IIChE)
- Indian Merchants Chamber (IMC)
- Kutch Industrial Association
- Rotary Club of Dahej, Gujarat India
- Tarapur Industrial Manufacturers Association (TIMA), Maharashtra India
- United Nation Global Compact Network of India
- Vapi Emergency Control Centre, Gujarat India
- Vapi Industrial Association

Annually, the company participates in events like CPhI – a pharma event, and Chemspeck, where the representatives meet existing and potential suppliers.

Principle 8: Inclusive Growth and Equitable Development

Delineating its responsibility as a Corporate Citizen, Aarti Industries is committed to operate business in an economically, socially & environmentally sustainable manner. At Aarti we endeavor to reach out to different sections of the society, with socially relevant projects that benefit these communities and in small ways enhance the quality of their lives.

We aim to constantly identify and implement unique initiatives which are scalable and sustainable and which have the capacity to create a positive impact on the lives of people –especially the weaker and underserved sections. By contributing to the development of health, science and culture, we wish to further all round progress.

Principle 9: Customer Centricity

The Company's sustainable manner of conducting business is based on fairness, mutual respect, and integrity. Taking into account ecological and social criteria along the entire value chain and reducing the consumption of resources are firmly anchored in the Company's corporate management principles.

Our mission is to become a customer-driven Company by providing customized solutions and services to meet changing customer requirements. To use the best cost-effective manufacturing methods supported by proven, eco-friendly and safe technologies continuous focus on people to encourage and nurture winning organisational culture.

Our Customers include end-user industries to whom, we supply our products. We regularly interact with the customers to understand their needs. Meetings are conducted at least once in a year with key customers and regular feedbacks are encouraged by other customers through emails. The areas of focus identified during the engagement are quality and timely delivery of the product and technical support during product application. The initiatives taken to address these areas are online tracking of vehicles through a GPS system, extension

in technical support to our customers by our Research and Development team.

The Research and development team focus on developing the processes and products that have minimal impact on the environment, and enhancing safety during manufacturing and add more value to our customers by improving its performance. The core of these developments is a commitment to sustainability by designing process with high product yields, low effluent, lower waste and technology development resulting in a reduction in overall carbon footprint. The approaches are thoughtfully created by conducting process safety studies and strengthening the fundamentals of chemistry to deliver efficient products.

The Company strives to always deliver the highest-possible quality to its customers while maintaining cost efficiency and reliability of supply. Modern quality management techniques and integrated planning across the entire supply chain ensure that all of these requirements are being met. Commitment to quality and our innovative strength, coupled with sophisticated technological expertise and an in-depth understanding of systems, are our key factors for success.

For and on behalf of the Board
Rajendra V Gogri
Chairman & Managing Director

Place: Mumbai
Date: August 6, 2021

Standalone

Independent Auditor's Report

To the Members of
Aarti Industries Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the Standalone Financial Statements of Aarti Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the statement of Profit and Loss, (statement of changes in equity) and statement of cash flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory.

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and profit/loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. 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 together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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. Due to COVID-19 lockdown throughout the country during the year, we have adopted alternative methodologies solutions in performing our audit procedures. We have determined the matters described below to the Key Audit Matters to be communicated in the Report.

#	Audit Matters	Auditor's Response Audit Approach and Principal Audit Procedures
1.	Accuracy, Completeness and disclosure with reference to IND AS-16 of Property, Plant and Equipments (Including CapEx) Peculiarity and technical complexities of Property, Plant and Equipments used in the operations and multiple IT systems used for maintaining Fixed Asset Register (FAR), tracking and monitoring CapEx requires more attention to ensure reasonable accurateness and completeness of financial reporting in respect of Property, Plant and Equipments. Further, technical complexities requires management to assess and make estimates/ judgments about capitalization, estimated useful life, impairment etc. which has material impact on Balance Sheet and operating results Refer note 1 to financial statements	Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows: a) 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. b) We have carried out substantive audit procedures at financial and assertion level to verify the capitalization of asset as Property, Plant and Equipment c) We have verified the maintenance of records and accounting of transactions regarding capital work in progress by carrying out substantive audit procedures at financial and assertion level. d) We have reviewed management judgment pertaining to estimation of useful life and depreciation of the Property, Plant and Equipment in accordance with Schedule II of Companies Act, 2013. e) Due to pandemic restrictions physical verification on sample basis was not possible. We have relied on physical verification conducted by management and management representations. f) We have verified the capitalization of borrowing cost incurred on qualifying asset in accordance with the Indian Accounting Standard 23

#	Audit Matters	Auditor's Response Audit Approach and Principal Audit Procedures
2.	Valuation, Accuracy, Completeness and disclosures pertaining to Inventories with reference to Ind AS 2 Inventories constitutes material component of financial statement. Correctness, completeness and valuation are critical for reflecting true and fair financial results of operations. Further due to continuous nature of plant operations and the raw materials which are basically chemicals, management has to exercise its judgment in assessing stage of the product and its valuation. Refer note 4 to financial statements	Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows: a) We assessed the Company's process regarding Maintenance of records, Valuation and accounting of transactions relating to Inventory as per the Indian Accounting Standard 2. b) We have evaluated the design of Internal Controls relating to recording and valuation of Inventory. c) We have carried out substantive audit procedures to verify the allocation of overheads to Inventory. d) Due to pandemic restrictions physical verification on sample basis was not possible. We have relied on physical verification conducted by management and management representations. e) We have verified consistency in respect of valuation process and methodology followed
3.	Valuation, Presentation and Disclosure pertaining to advances received for export commitments under long term contracts. The contracts entered into covers a span of 10 to 20 years. During the current financial year in respect of one long term contract the Company received termination intimation. On account of the termination the relevant remedies available to the Company triggered. Further in respect of other long term contracts, estimated supplies which will happen over the period of contract at a later stage requires management to exercise its judgment. Based on the judgment and the carrying value of the advances received, its fair presentation is critical. Refer note 12 to financial statements	The Company has entered into long term contracts for exports of materials. Under these contracts the Company has received advances to expedite establishment of production facilities. Our audit approach consisted substantive testing as follows: a) We have reviewed the terms of contracts entered into by the Company b) The classification, presentation of the said advances received under these contracts was tested c) Recognition and accuracy of compensation on account of termination intimation was verified with reference to the terms of contract under termination intimation. d) The fairness of value reflected in financial statement was verified and tested. e) Disclosure notes pertaining to said advances in financial statement was reviewed.

Information Other than the Standalone Financial Statements and Auditor's Report thereon

The 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 with its annexures, but does not include 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 the course of 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 information; we required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("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, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Standalone

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.

Auditor's 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 could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As a part of an audit in accordance with SA's, 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system 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 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.

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 Section 143(3) of the Act, 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards 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 as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 A".

(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, 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 25 to the Standalone Financial Statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Companies Act, 2013, we give in the "Annexure B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

For Kirtane & Pandit LLP,
Chartered Accountants
Firm's Registration No.105215W/W100057

Milind Bhave
Partner
M. No. 047973
UDIN: 21047973AAAABF5304

Place: Mumbai
Date: May 18, 2021

Annexure A to the Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Aarti Industries Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls 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. 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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the Standalone 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 system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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 Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, 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.

For Kirtane & Pandit LLP,
Chartered Accountants
Firm's Registration No.105215W/W100057

-
Milind Bhave
Partner
M. No. 047973
UDIN: 21047973AAAABF5304

Place: Mumbai
Date: May 18, 2021

Standalone

Annexure B to the Auditor's Report

Annexure B referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date to the members of Aarti Industries Limited on the accounts of the company for the year ended March 31, 2021.

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) As explained to us, fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification;

(c) According to the information and explanation given to us and on the basis of examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) The Management has been conducted physical verification of the inventories at reasonable intervals, except inventories lying at the third parties; confirmation of such stock has been obtained. No major discrepancies were found in the physical verification. All minor discrepancies have been properly dealt with in books of accounts.

(iii) According to the information and explanation given to us the Company has granted unsecured loans, to its subsidiary company covered in the register maintained under Section 189 of the Companies Act, 2013,

a) In our opinion, the terms and conditions of the granted loans are not prejudicial to the company's interest;

b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts are regular;

(iv) In our opinion and according to the information and explanations given to us in respect of loans, investments, guarantees and security, provisions of Section 185 and section 186 of the Companies Act, 2013 have been complied with.

(v) The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013.

(vi) The company has maintained cost records under sub-Section (1) of Section 148 of the Act. We have not carried out any detailed examination of such records.

(vii) According to the information and explanations given to us and based on the records of the company examined by us,

(a) The company has generally been regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods & Service Tax, Custom Duty and other material statutory dues, as applicable, with the appropriate authorities in India;

According to the information and explanation given to us, no undisputed amount payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods & Service Tax, Custom Duty and other material statutory dues were in arrears as at March 31, 2021 for a period of more than six months from the date they become payable.

(b) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Income Tax, Goods & Service Tax and Customs Duty which have not been deposited on account of any disputes except following.

Nature of Tax /Duty	Amount Crores	Period	Forum where dispute is pending
Central Excise, Customs Duty, Service Tax, Goods & Service , Interest & Penalty	31.69	FY 2001-02 to 2019-20	Commissionerate
	36.41		Appellate Authorities and Tribunals

(viii) In our opinion, and according to the information and explanations given to us and based on our examination of the records, the Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, government or dues to debenture holders.

(ix) In our opinion, and according to the information and explanations given to us, the Company does not raise money by way of initial public offer or further public offer and term loans, other than for what it was purposes.

(x) During the course of audit, we have not noticed any fraud by the company or any fraud on the company by its officers or employees during the year.

(xi) In our opinion, the company has been paid or payable managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act. If not, state the amount involved and steps taken by the Company for securing refund for the same.

(xii) The nature of business is not related to Nidhi Company; hence, this clause is not applicable.

(xiii) In our opinion, and according to the information and explanations given to us and based on our examination of the records of the Company, all transactions with related parties are in compliances with the section 177 & 188 of the Companies Act, 2013 and details have been disclosed in the Standalone Financial Statements as required by the applicable Accounting Standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) The company has not entered into any non-cash transactions with directors or persons connected with him.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Kirtane & Pandit LLP,
Chartered Accountants
Firm's Registration No.105215W/W100057

-
Milind Bhave
Partner
M. No. 047973
UDIN: 21047973AAAABF5304

Place: Mumbai
Date: May 18, 2021

Standalone

Balance Sheet

as at 31st March, 2021

(₹ in Crs)

Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	1	3,510.67	2,301.13
Capital Work-in-Progress	1	1,297.91	1,417.65
Intangible Assets	1	0.10	0.50
Financial Assets			
Investments	2	36.26	37.16
Other Non-Current Assets	3	317.14	391.95
Total Non-Current Assets		**5,162.08**	**4,148.39**
Current Assets			
Inventories	4	901.46	781.48
Financial Assets			
Trade Receivables	5	819.08	782.47
Cash and Cash Equivalents	6	405.99	233.37
Others Current Financial Assets	7	187.20	111.67
Other Current Assets	8	37.92	31.84
Total Current Assets		**2,351.65**	**1,940.83**
TOTAL ASSETS		**7,513.73**	**6,089.22**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	9	87.12	87.12
Other Equity	10	3,324.62	2,814.70
Total Equity		**3,411.74**	**2,901.82**
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	11	1,268.05	577.58
Other Non Current Liabilities	12	224.41	550.89
Deferred Tax Liabilities (Net)	13	210.98	188.99
Total Non-Current Liabilities		**1,703.44**	**1,317.46**
Current Liabilities			
Financial Liabilities			
Borrowings	14	1,219.29	1,211.42
Trade Payables due to:			
Micro and Small Enterprise		NIL	NIL
Other than Micro and Small Enterprise		584.64	324.19
Other Current Liabilities	15	557.58	297.58
Provisions	16	37.04	36.75
Total Current Liabilities		**2,398.55**	**1,869.94**
Total Liabilities		**4,101.99**	**3,187.40**
TOTAL EQUITY AND LIBILITIES		**7,513.73**	**6,089.22**
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1-38		

As per our report of even date

For Kirtane & Pandit LLP
Chartered Accountants
FRN: 105215W/W100057

Milind Bhave
Partner
M. No. 047973
Place: Mumbai
Date: May 18, 2021

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, 2021

(₹ in Crs)

Particulars	Note No.	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
REVENUE			
Revenue from Operations	17	4,807.82	4,408.19
Less: GST Collected		491.11	413.78
Net Revenue from Operations		4,316.71	3,994.41
Other Income	18	1.95	10.51
Total Revenue		**4,318.66**	**4,004.92**
EXPENSES			
Cost of Materials Consumed (Incl. Packing Material, Fuel, Stores & Spares)	19	1,922.84	1,765.21
Purchases of Stock-in-Trade		185.79	218.20
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	20	(65.41)	(16.09)
Employee Benefits Expense	21	358.28	292.34
Finance Costs	22	86.16	121.55
Depreciation and Amortisation Expenses	1	218.31	172.64
Other Expenses	23	980.69	805.21
Total Expenses		**3,686.66**	**3,359.06**
PROFIT BEFORE TAX		**632.00**	**645.86**
TAX EXPENSES			
Current Year Tax		110.00	113.00
MAT Credit Entitlement		(13.50)	(8.50)
Deferred Tax		22.00	18.00
Total Tax Expenses		**118.50**	**122.50**
PROFIT AFTER TAX		**513.50**	**523.36**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to Statement of Profit and Loss			
Fair Value of Various Qualifing Items		39.97	(55.93)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**553.47**	**467.43**
EARNINGS PER EQUITY SHARE (EPS) (in ₹)	24		
Basic/Diluted		29.47	30.04
Significant Accounting Policies	1-38		

As per our report of even date

For Kirtane & Pandit LLP
Chartered Accountants
FRN: 105215W/W100057

Milind Bhave
Partner
M. No. 047973
Place: Mumbai
Date: May 18, 2021

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

Standalone

Statement of Changes in Equity

for the year ended 31st March, 2021

A. EQUITY SHARE CAPITAL

	(₹ in Crs)
As at 1st April, 2019	43.33
Changes in equity share capital during the year 2019-20	43.79
As at 31st March, 2020	**87.12**
Changes in equity share capital during the year 2020-21	NIL
As at 31st March, 2021	**87.12**

B. OTHER EQUITY

(₹ in Crs)

Particulars	Other Equity							Other Compre-hensive Income	Total Other Equity
	Reserves and Surplus								
	Capital Reserve	Capital Redemption Reserve	Debenture Redemption Reserve	Securities Premium	General Reserve	Forfeiture Reserve	Retained Earnings		
As at 1st April, 2019	**9.70**	**1.56**	**120.00**	**738.72**	**109.20**	**1.85**	**1,533.40**	**2.64**	**2,517.07**
QIP Allotment (Net of Expenses)	-	-	-	(0.60)	-	-	-	-	(0.60)
Bonus Shares Issued	-	(1.56)		(42.00)	-	-	-	-	(43.56)
Dividend Paid	-	-	-	-	-	-	(104.54)	-	(104.54)
Tax on Dividend	-	-	-	-	-	-	(21.11)	-	(21.11)
Transfer to Other Reserves from Retained Earnings	-	-	(40.00)	-	92.50	-	(52.50)	-	NIL
Profit for the Period	-	-	-	-	-	-	523.36	-	523.36
Other Comprehensive Income	-	-	-	-	-	-	-	(55.93)	(55.93)
Balance as at 31st March, 2020	**9.70**	**NIL**	**80.00**	**696.12**	**201.70**	**1.85**	**1,878.61**	**(53.28)**	**2,814.70**
Dividend Paid	-	-	-	-	-	-	(43.56)	-	(43.56)
Transfer to Other Reserves from Retained Earnings	-	-	(80.00)	-	131.50	-	(51.50)	-	NIL
Profit for the Period	-	-	-	-	-	-	513.50	-	513.50
Other Comprehensive Income	-	-	-	-	-	-	-	39.97	39.97
Balance as at 31st March, 2021	**9.70**	**NIL**	**NIL**	**696.12**	**333.20**	**1.85**	**2,297.05**	**(13.31)**	**3,324.62**

As per our report of even date

For Kirtane & Pandit LLP
Chartered Accountants
FRN: 105215W/W100057

Milind Bhave
Partner
M. No. 047973
Place: Mumbai
Date: May 18, 2021

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, 2021

(₹ in Crs)

Sr. No.	Particulars	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
A.	**Cash Flow from Operating Activities:**		
	Net Profit before Tax and Exceptional/Extraordinary Items	632.00	645.86
	Adjustments for:		
	Finance Costs	86.16	121.55
	Depreciation and Amortisation Expenses	218.31	172.64
		936.47	**940.05**
	Profit on Sale of Assets/Investments	(0.34)	(8.47)
	Dividend Income	(1.55)	(1.86)
	Lease Rent Income	(0.05)	(0.05)
	Operating Profit before Working Capital Changes	**934.53**	**929.67**
	Adjustments for:		
	(Increase)/Decrease in Trade and Other Receivables	(25.54)	18.51
	Increase/(Decrease) in Trade Payables and Other Current Liabilities	148.68	353.03
	(Increase)/Decrease in Inventories	(119.98)	(80.57)
	Cash Generated from Operations	**937.69**	**1,220.64**
	Direct Taxes Paid	(93.82)	(156.03)
	Net Cash Flow from Operating Activities (A)	**843.87**	**1,064.61**
B.	**Cash Flow from Investing Activities:**		
	Addition to Property, Plant & Equipment/Capital WIP	(1,307.78)	(1,141.00)
	Sale/Written off of Property, Plant & Equipment	0.44	27.71
	(Increase)/Decrease in Other Investments	NIL	(0.87)
	(Increase)/Decrease in Investments in Subsidiary Companies	(0.80)	(0.20)
	Dividend Income from Other Investments	NIL	NIL
	Dividend Income from Subsidiary Companies	1.55	1.86
	Profit on Sale of Investments	NIL	3.88
	Lease Rent Income	0.05	0.05
	Net Cash Flow from Investing Activities (B)	**(1,306.54)**	**(1,108.57)**
C.	**Cash Flow from Financing Activities:**		
	Proceeds of Long-Term Borrowings	1,007.99	74.10
	Repayment of Long-Term Borrowings	(250.85)	(316.08)
	Proceeds/(Repayment) of Other Borrowings	7.87	(51.08)
	Finance Costs	(86.16)	(121.55)
	Increase in Equity by QIP (Net of Expenses)	NIL	(0.60)
	Dividend Paid	(43.56)	(104.54)
	Net Cash Flow from Financing Activities (C)	**635.29**	**(519.75)**
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**172.62**	**(563.71)**
	Cash and Cash Equivalents (Opening Balance)	233.37	797.08
	Cash and Cash Equivalents (Closing Balance)	**405.99**	**233.37**

Notes: (i) Cash and Cash Equivalent is Cash and Bank Balances as per Balance Sheet.

(ii) Amounts of the previous year have been regrouped and rearranged wherever necessary.

As per our report of even date

For Kirtane & Pandit LLP
Chartered Accountants
FRN: 105215W/W100057

Milind Bhave
Partner
M. No. 047973
Place: Mumbai
Date: May 18, 2021

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

Standalone

Corporate Information and Significant Accounting Policies:

Corporate Information

Aarti Industries Limited ("The Company") is listed entity incorporated in India. 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 Pharmaceuticals.

Significant Accounting Policies

(a) Basis of Preparation and Presentation:

These Financial Statement of the Company have been prepared in accordance with Indian Accounting Standards (IND AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended on time to time.

(b) Revenue Recognition:

Ind AS 115 is effective from 1st April 2018 and it replaces Ind AS 18. It 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 judgement, 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.

Revenue from contract with customer

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

(i) Sale of goods:

Revenue from sale of goods is recognized on dispatch (in respect of exports on the date of the bill of lading or airway bill) which coincides with transfer of significant risks and rewards to customer and is net of trade discounts, sales returns, where applicable and recognized based on the terms of the agreements entered into with the customers.

(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 payment 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 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.

(c) Property, Plant and Equipment, Intangible Assets and Depreciation/Amortization:

(1) Property, Plant and Equipment (PPE)

Property, Plant & Equipment are stated at cost of acquisition (net of recoverable taxes) inclusive of all expenditure of capital nature such as inward freight, duties & taxes, installation and commissioning expenses, appropriate borrowing costs and incidental expenses related to acquisition.

(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

Corporate Information and Significant Accounting Policies:

allocated and capitalised as a part of the cost of the intangible assets.

(3) Depreciation/Amortization

(A) Pursuant to the notification of Schedule II of the Companies Act, 2013, the management has reassessed and changed based on an independent 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:

Particulars	Particulars Depreciation/ Amortisation
(i) Leasehold Land	Over the remaining tenure of lease
(ii) Building	Over a period of 19 - 31 years
(iii) Residential Quarters	Over a period of 30 years
(iv) 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.
(v) Computers	Over a period of 2.5 years
(vi) Office Equipment	Over a period of 5 years
(vii) Furniture and Fixtures	Over a period of 10 years
(viii) Vehicles	Over a period of 7 years

(B) Product/Process Development Expenses are amortized over the estimated useful life of the product.

(4) 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 assets or its value in use. Value in use is 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.

(d) Research and Development:

Revenue Expenditure on Research and Development is charged to the Profit and Loss Account for the year. Capital Expenditure on Research and Development is included as part of Property, Plant & Equipment and depreciation is provided on the same basis as for other Property, Plant & Equipment.

(e) Investments:

(i) Investments in subsidiaries and associates are measured at cost.

(ii) Other investments are measured at fair value through Other Comprehensive Income.

(f) Valuation of Inventories:

Inventories are valued at Cost or Net Realizable Value whichever is lower.

Inventories have been valued on the following basis:

(i) Raw Materials, Packing Material, Stores and Spares - At cost on Weighted Average basis.

(ii) Work-in-Process - At cost plus appropriate allocation of overheads.

(iii) Finished Goods - At cost plus appropriate allocation of overheads or net realizable value, whichever is lower.

(g) Retirement Benefits:

Employee benefits are charged off in the year in which the employee has rendered services.

(h) Foreign Currency Transactions:

Foreign currency transactions are accounted at the rates prevailing on the date of the transaction. The exchange rate differences arising out of such transactions are appropriately dealt in the financial statements in accordance with the applicable accounting standards.

(i) 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

Corporate Information and Significant Accounting Policies:

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 is 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 lease payments that are not paid at the commencement date of the lease. 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.

(j) Deferred Revenue Expenditure:
Deferred Revenue Expenditure is amortized over the period of the agreement on pro rata basis.

(k) 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 recognized using the Balance Sheet approach on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled.

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.

(l) Borrowing Costs:
Borrowing cost directly related to the acquisition or construction of an asset is capitalized as part of the cost of that asset. Other borrowing costs are charged to the Profit and Loss Account.

(m) Provisions and Contingent Liabilities:
Provisions are recognized when the Company has a legal and constructive obligation 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.

Contingent Liabilities are disclosed when the Company has a possible obligation or a present obligation and it is probable that a Cash Outflow will not be required to settle the obligation.

(n) Cash and Cash Equivalents:
For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, 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. Cash and Cash Equivalents consist of balances with banks which are unrestricted for withdrawals and usages.

Notes to the Financial Statements

for the year ended 31st March, 2021

1. PROPERTY, PLANT AND EQUIPMENT:

(₹ in Crs)

F.Y. 2020-21	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
Particulars	Balance as at 1st April, 2020	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31st March, 2021	Balance as at 1st April, 2020	Depreciation charge for the year	Deduction/ Adjustment	Balance as at 31st March, 2021	Balance as at 31st March, 2021	Balance as at 31st March, 2020
(i) Tangible Assets										
Free hold Land	3.57	-	-	3.57	0.26	-	-	0.26	3.31	3.31
Lease Hold Land	148.23	81.02	-	229.25	8.70	1.90	-	10.60	218.65	139.53
Lease Assets Right to Used	25.35	1.48	-	26.83	5.11	5.73	-	10.84	15.99	20.24
Buildings	325.70	127.87	-	453.57	89.64	19.50	-	109.14	344.43	236.06
Plant and Equipment	2,865.95	1,169.38	-	4,035.33	1,090.03	173.23	-	1,263.25	2,772.08	1,775.92
R & D Assets	123.51	31.58	-	155.09	23.28	9.64	-	32.92	122.17	100.23
Furniture and Fixtures	41.14	13.17	-	54.31	25.84	5.71	-	31.54	22.77	15.30
Vehicles	27.95	3.02	0.22	30.75	17.41	2.19	0.12	19.48	11.27	10.54
Total (i)	**3,561.40**	**1,427.52**	**0.22**	**4,988.70**	**1,260.27**	**217.90**	**0.12**	**1,478.03**	**3,510.67**	**2,301.13**
(ii) Intangible Assets										
Process Development	21.96	-	-	21.96	21.46	0.40	-	21.86	0.10	0.50
Technical Knowhow	0.08	-	-	0.08	0.08	-	-	0.08	NIL	NIL
Goodwill	6.16	-	-	6.16	6.16	-	-	6.16	NIL	NIL
Computer Software	0.38	-	-	0.38	0.38	-	-	0.38	NIL	NIL
Copyrights and Patents	9.65	-	-	9.65	9.65	-	-	9.65	NIL	NIL
Total (ii)	**38.23**	**NIL**	**NIL**	**38.23**	**37.73**	**0.40**	**NIL**	**38.13**	**0.10**	**0.50**
TOTAL (i+ii)	**3,599.63**	**1,427.52**	**0.22**	**5,026.93**	**1,298.00**	**218.30**	**0.12**	**1,516.16**	**3,510.77**	**2,301.63**
(iii) Capital Work-in-Progress									**1,297.91**	**1,417.65**

Notes to the Financial Statements

for the year ended 31st March, 2021

(₹ in Crs)

F.Y. 2019-20	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
Particulars	Balance as at 1st April, 2019	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31st March, 2020	Balance as at 1st April, 2019	Depreciation charge for the year	Deduction/ Adjustment	Balance as at 31st March, 2020	Balance as at 31st March, 2020	Balance as at 31st March, 2019
(i) Tangible Assets										
Free hold Land	3.57	-	-	3.57	0.26	-	-	0.26	3.31	3.31
Lease Hold Land	144.22	4.78	0.77	148.23	6.82	1.88	-	8.70	139.53	137.40
Lease Assets Right to Used	-	25.35	-	25.35	-	5.11	-	5.11	20.24	-
Buildings	286.98	41.44	2.72	325.70	74.96	15.77	1.09	89.59	236.06	212.02
Plant and Equipment	2,520.87	394.98	49.90	2,865.95	980.07	139.31	29.35	1,090.03	1,775.92	1,540.80
R & D Assets	85.16	38.35	-	123.51	18.72	4.56	-	23.33	100.23	66.44
Furniture and Fixtures	33.65	7.82	0.33	41.14	22.54	3.63	0.33	25.84	15.30	11.11
Vehicles	23.45	5.21	0.71	27.95	15.97	1.97	0.53	17.41	10.54	7.48
Total (i)	**3,097.90**	**517.93**	**54.43**	**3,561.40**	**1,119.34**	**172.23**	**31.30**	**1,260.27**	**2,301.13**	**1,978.56**
(ii) Intangible Assets										
Process Development	21.96	-	-	21.96	21.06	0.40	-	21.46	0.50	0.90
Technical Knowhow	0.08	-	-	0.08	0.08	-	-	0.08	NIL	NIL
Goodwill	6.16	-	-	6.16	6.16	-	-	6.16	NIL	NIL
Computer Software	0.38	-	-	0.38	0.38	-	-	0.38	NIL	NIL
Copyrights and Patents	9.65	-	-	9.65	9.65	-	-	9.65	NIL	NIL
Total (ii)	**38.23**	**NIL**	**NIL**	**38.23**	**37.33**	**0.40**	**NIL**	**37.73**	**0.50**	**0.90**
TOTAL (i+ii)	**3,136.13**	**517.93**	**54.43**	**3,599.63**	**1,156.67**	**172.63**	**31.30**	**1,298.00**	**2,301.63**	**1,979.46**
(iii) Capital Work-in-Progress									**1,417.65**	**794.57**

Notes to the Financial Statements

for the year ended 31st March, 2021

2. NON-CURRENT INVESTMENTS:

(₹ in Crs)

Particulars	No. of Shares/Units	As at 31st March, 2021	No. of Shares/Units	As at 31st March, 2020
Investments - (Unquoted) in Equity Shares of Subsidiary Companies				
Aarti Corporate Services Limited	20,24,680	1.73	20,24,680	1.73
Alchemie (Europe) Limited	80,000	0.54	80,000	0.54
Innovative Envirocare Jhagadia Limited	3,50,000	0.35	3,50,000	0.35
Aarti USA Inc.	1,00,00,000	0.66	1,00,00,000	0.66
Aarti Polychem Private Limited	1,500	0.00	1,500	0.00
Aarti Organics Limited	50,000	0.25	50,000	0.05
Aarti Bharuch Limited	50,000	0.25	50,000	0.05
Aarti Pharmachem Limited	50,000	0.25	50,000	0.05
Aarti Spechem Limited	50,000	0.25	50,000	0.05
		4.28		**3.48**
Investments - (Unquoted) in Equity Shares of Joint Control/Associates Companies				
Ganesh Polychem Limited *	30,98,257	12.61	30,98,257	12.61
		12.61		**12.61**
Investments - (Unquoted) in Equity Shares of Other Companies				
Ichalkaranji Janata Sahakari Bank Limited	1,020	0.01	1,020	0.01
Damanganga Saha Khand Udyog Mandali Limited	61	0.01	61	0.01
Narmada Clean Tech Limited	2,87,550	0.13	2,87,550	0.13
Dilesh Roadlines Private Limited	4,64,550	3.25	4,64,550	2.56
U.K.I.P. Co-Op. Society Limited	80	0.00	80	0.00
Perfect Enviro Control Systems Limited	36,800	0.02	36,800	0.02
Aarti Ventures Limited	9,17,000	7.40	1,90,000	2.52
Tarapur Environment Protection Society	32,489	0.62	32,489	0.62
Derma Touch Inc.	1,25,000	4.26	1,25,000	4.26
Shamrao Vithal Co-op. Bank Limited	100	0.00	100	0.00
		15.70		**10.13**
Investments - (Unquoted) in Limited Liability Partnership				
Aarti Udyog Limited Liability Partnership	NA	3.67	NA	3.67
		3.67		**3.67**
Investments - (Unquoted) in Unsecured Convertible Debentures				
Aarti Ventures Limited	NIL	0.00	7,27,000	7.27
		0.00		**7.27**
TOTAL		**36.26**		**37.16**

*During the month of March 2021, Ganesh Polychem Limited ceased to be a subsidiary and became a jointly controlled entity w.e.f. March 17, 2021.

Standalone

Notes to the Financial Statements

for the year ended 31st March, 2021

3. OTHER NON-CURRENT ASSETS:

(₹ in Crs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Capital Advances	91.50	168.87
Other Deposits	46.58	41.34
Advance Tax and Tax Deducted at Source (Net of Provisions)	179.06	181.74
TOTAL	**317.14**	**391.95**

4. INVENTORIES:

(₹ in Crs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Raw Materials and Components (incl In-transit stock)	276.63	247.73
Work-in-progress	236.57	192.87
Finished Goods (incl In-transit stock)	273.40	251.94
Stock-in-trade	4.57	0.86
Stores and spares	90.94	70.57
Fuel (incl In-transit stock)	13.70	14.01
Packing Materials	5.65	3.50
TOTAL	**901.46**	**781.48**

4.1 IN-TRANSIT INVENTORIES:

(₹ in Crs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Raw Materials	40.83	28.83
Finished Goods	54.11	21.96
Fuel	2.44	16.88
TOTAL	**97.38**	**67.67**

5. TRADE RECEIVABLES:

(₹ in Crs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Unsecured and considered good	819.08	782.47
TOTAL	**819.08**	**782.47**

6. CASH AND CASH EQUIVALENTS:

(₹ in Crs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Cash on hand	0.56	0.53
Bank balance in Current Accounts	18.57	53.32
Bank balance in Deposit Accounts	331.77	177.19
Cash Equivalants investment in highly Liquid Funds/Bonds	53.04	NIL
Earmarked Balances (Unpaid Dividend Accounts)	2.05	2.33
TOTAL	**405.99**	**233.37**

Notes to the Financial Statements

for the year ended 31st March, 2021

7. OTHER CURRENT FINANCIAL ASSETS:

(₹ in Crs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balances with Customs, Port Trust, Central Excise, Sales Tax & Goods & Services Tax Authorities	166.19	97.56
Loans & Advances:		
(i) Employees	8.36	7.75
(ii) Others	7.22	6.24
(iii) Related Parties	5.43	0.12
TOTAL	**187.20**	**111.67**

8. OTHER CURRENT ASSETS:

(₹ in Crs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Others Receivables	10.17	8.53
Prepaid Expenses	21.99	12.99
Subsidy Receivable	5.76	10.32
TOTAL	**37.92**	**31.84**

9. EQUITY SHARE CAPITAL:

(₹ in Crs)

Particulars	No. of Shares	As at 31st March, 2021	No. of Shares	As at 31st March, 2020
Authorised Share Capital				
Equity Shares of ₹ 5/- each	23,01,50,320	115.08	23,01,50,320	115.08
Issued, Subscribed & Paid up				
Equity Shares of ₹ 5/- each fully paid up	17,42,34,474	87.12	17,42,34,474	87.12
TOTAL		**87.12**		**87.12**

9.1 Reconciliation of the number of Shares outstanding as on 31st March, 2021:

Particulars	No. of Shares outstanding	
	As at 31st March, 2021	As at 31st March, 2020
Equity Shares at the beginning of the year	17,42,34,474	8,66,68,647
Add: Shares issued during the year	NIL	8,75,65,827
Less: Shares buy-back during the year	NIL	NIL
Equity Shares at the end of the year	**17,42,34,474**	**17,42,34,474**

9.2 Details of shareholders holding more than 5% shares:

Name of the Shareholders	As at 31st March, 2021		As at 31st March, 2020	
	No. of Shares	% held	No. of Shares	% held
HDFC Trustee Company Ltd.	77,09,004	4.42	1,38,28,976	7.94

9.3 The details of Equity Shares outstanding during last 5 years:

Particulars	2020-21	2019-20	2018-19	2017-18	2016-17
No. of Equity Shares outstanding	17,42,34,474	17,42,34,474	8,66,68,647	8,13,00,000	8,21,20,383

Notes to the Financial Statements

for the year ended 31st March, 2021

9.4 Note on Issued, Subscribed and Paid up Equity Share Capital:

(a) 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.

(b) During the year 2019-20, 4,48,590 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.

(c) 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.

(d) During the year 2017-18, 8,20,383 Shares were brought back at a premium of ₹ 1,195/-.

(e) During the year 2016-17, 12,00,000 Shares were brought back at a premium of ₹ 795/-.

10. OTHER EQUITY:

(₹ in Crs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
a. Capital Reserves		
Opening Balance	9.70	9.70
Addition:		
Deduction	NIL	NIL
Closing Balance	**9.70**	**9.70**
b. Capital Redemption Reserve		
Opening Balance	NIL	1.56
Addition	NIL	NIL
Deduction: upon issue of Bonus Shares	NIL	1.56
Closing Balance	**NIL**	**NIL**
c. Securities Premium Account		
Opening Balance	696.12	738.72
Addition:	NIL	NIL
Deduction:		
QIP Expenses	NIL	0.60
Bonus Shares Issued	NIL	42.00
Closing Balance	**696.12**	**696.12**
d. Debenture Redemption Reserve		
Opening Balance	80.00	120.00
Addition	NIL	NIL
Deduction: Transferred to General Reserve	80.00	40.00
Closing Balance	**NIL**	**80.00**
e. General Reserve		
Opening Balance	201.70	109.20
Addition:		
Transferred from Debenture Redumption Reserve	80.00	40.00
Transferred from Profit & Loss Account	51.50	52.50
Deduction:	NIL	NIL
Closing Balance	**333.20**	**201.70**

Notes to the Financial Statements

for the year ended 31st March, 2021

(₹ in Crs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
f. Profit and Loss Account		
Opening balance	1,878.61	1,533.40
Addition:		
Net Profit/(Loss) for the year	513.50	523.36
Deduction:		
Final Dividend paid on Equity Share for the previous year	17.42	60.98
Interim Dividend paid on Equity Share for the year	26.14	43.56
Tax on Dividend	NIL	21.11
Transferred to General Reserve	51.50	52.50
Closing Balance	**2,297.05**	**1,878.61**
g. Other Reserves		
Forfeiture Reserve	1.85	1.85
Closing Balance	**1.85**	**1.85**
h. Other Comprehensive Income		
Opening Balance	(53.28)	2.64
OCI for the year	39.97	(55.93)
Closing Balance	**(13.31)**	**(53.28)**
TOTAL	**3,324.62**	**2,814.70**

11. NON-CURRENT BORROWINGS:

(₹ in Crs)

Name of the Shareholders	As at 31st March, 2021		As at 31st March, 2020	
	Non-Current	Current	Non-Current	Current
Secured				
(a) Non Convertible Debentures (NCDs)	NIL	NIL	NIL	80.00
(b) ECB/Term loans from Banks/Financial Institutions	1,265.09	348.99	575.49	202.57
(c) Vehicle Loans from Banks/Financial Institutions	2.96	1.33	2.09	1.08
TOTAL	**1,268.05**	**350.32**	**577.58**	**283.65**

11.1 a) Outstanding Term Loans/ECBs to the extent of ₹ 1,614.08 Crs 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.

11.2 Repayment Terms:

(₹ in Crs)

Particulars	Repayment Tenor			
	1-2 years	2-3 years	3-4 years	Beyond 4 years
ECB/Term Loans from Banks/Financial Institutions	353.88	344.26	361.66	205.29
Vehicle Loans from Banks/Financial Institutions	1.33	0.89	0.48	0.26

Notes to the Financial Statements

for the year ended 31st March, 2021

12. OTHER NON CURRENT LIABILITIES

(₹ in Crs)

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Non-Current	Current	Non-Current	Current
Long Term Advance for Exports Received From Customer	211.29	190.01	529.69	NIL
Lease Liabilities Account	13.12	4.61	21.20	NIL
TOTAL	**224.41**	**194.62**	**550.89**	**NIL**

12.1 The Company has received advances of ₹ 401.30 Crs (previous year ₹ 529.69 Crs) 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 to the extent of ₹219.33 Crs (previous year ₹ 138.30 Crs) in favour of the customer.

13. DEFERRED TAX LIABILITIES (NET):

(₹ in Crs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Deferred Tax Liabilities	188.99	170.98
Difference between net book value of depreciable capital assets as per books vis - a- vis written down value as per Tax Laws.	27.06	21.31
Deferred Tax Assets		
Items allowed for tax purpose on payment	(5.06)	(3.30)
Deferred Tax Liabilities (Net)	**210.98**	**188.99**

14. SHORT-TERM BORROWINGS:

(₹ in Crs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Secured		
Working Capital Loan From Banks	1,143.20	1,188.22
	1,143.20	**1,188.22**
Unsecured		
From Banks	76.09	23.20
	76.09	**23.20**
TOTAL	**1,219.29**	**1,211.42**

14.1 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 Joint Equitable Mortgage of the Company's immovable properties situated at Sarigam, Vapi, Jhagadia and Bhachau in the State of Gujarat and at Tarapur in the State of Maharashtra and further 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 ECB/Other Term Lenders.

Notes to the Financial Statements

for the year ended 31st March, 2021

15. OTHER CURRENT LIABILITIES:

(₹ in Crs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Current maturities of Long-Term Debt	348.99	282.57
Current maturities of Vehicle Loan	1.33	1.08
Current Portion of Long Term Advance for Export	190.01	NIL
Lease Liabilities Account	4.61	NIL
Interest accrued but not due on borrowings	NIL	7.44
Unpaid Dividends	2.05	2.33
Other Current Liabilities & Taxes	10.60	4.16
TOTAL	**557.58**	**297.58**

16. SHORT-TERM PROVISIONS:

(₹ in Crs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Provision for		
Employees' Benefits	37.04	36.75
TOTAL	**37.04**	**36.75**

17. REVENUE FROM OPERATIONS:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
Sale of Products & Services	4,609.96	4,332.06
Other Operating Revenues	197.86	76.13
GROSS REVENUE FROM OPERATIONS	**4,807.82**	**4,408.19**
Less: GST Collected	491.11	413.78
NET REVENUE FROM OPERATIONS	**4,316.71**	**3,994.41**

17.1. GROSS SALES & OPERATING REVENUES:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
Local Sales:		
Speciality Chemicals	2,354.83	2,147.24
Pharmaceuticals	448.70	420.43
Total (A)	**2,803.53**	**2,567.67**
Export Sales:		
Speciality Chemicals	1,581.11	1,505.21
Pharmaceuticals	423.18	335.31
Total (B)	**2,004.29**	**1,840.52**
TOTAL (A+B)	**4,807.82**	**4,408.19**

Notes to the Financial Statements

for the year ended 31st March, 2021

17.2. OTHER OPERATING REVENUES:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
Fertilizers Subsidy Received	20.24	12.29
Export Benefits/Incentives Received	19.05	54.57
Shortfall Fees	147.24	NIL
Scrap Sales	11.32	9.27
TOTAL	**197.86**	**76.13**

18. OTHER INCOME:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
Dividend Income	1.55	1.86
Profit on Sale of Assets/Investments	0.34	8.47
Other Income	0.06	0.18
TOTAL	**1.95**	**10.51**

19. COST OF MATERIALS CONSUMED:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
Consumption of Raw Materials	1,644.06	1,505.86
Consumption of Packing Materials	40.56	36.23
Consumption of Fuel	135.61	137.28
Consumption of Stores & Spares	102.61	85.84
TOTAL	**1,922.84**	**1,765.21**

20. CHANGE IN INVENTORY:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
Opening Stock		
Finished Goods	252.79	221.84
Work-in-Progress	192.87	207.73
Total (A)	**445.66**	**429.57**
Closing Stock		
Finished Goods	273.40	252.79
Work-in-Progress	237.67	192.87
Total (B)	**511.07**	**445.66**
TOTAL (A-B)	**(65.41)**	**(16.09)**

21. EMPLOYEE BENEFITS:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
Salaries, Wages & Bonus	302.09	256.17
Contribution to PF and other Funds	25.97	18.54
Workmen & Staff Welfare Expenses	30.22	17.63
TOTAL	**358.28**	**292.34**

Notes to the Financial Statements

for the year ended 31st March, 2021

22. FINANCE COST:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
Interest on NCD's	2.55	10.36
Other Interest Expenses	74.36	102.25
Other Borrowing Costs	9.25	8.94
TOTAL	**86.16**	**121.55**

23. OTHER EXPENSES:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
Manufacturing Expenses:		
Freight, Cartage & Transport	104.12	104.79
Power	131.37	113.15
Water Charges	12.57	11.36
Processing Charges	53.77	50.36
Other Manufacturing Expenses	157.88	117.22
Repairs & Maintenance	109.99	105.57
Insurance Charges	9.71	5.42
Research & Development Expenses	55.10	27.01
Factory Administrative Expenses	69.55	47.13
Total (A)	**704.04**	**582.01**
Office Administrative Expenses:		
Rent, Rates and Taxes	0.98	2.35
Travelling and Conveyance	2.89	6.38
Auditor's Remuneration	0.33	0.36
Legal & Professional Charges	18.01	12.40
Postage, Telegraph & Telephone/ Printing & Stationery	0.90	1.44
Other Administrative Expenses	13.97	10.99
Total (B)	**37.08**	**33.92**
Selling & Distribution Expenses:		
Advertisement & Sales Promotion	3.75	6.05
Export Freight Expenses	84.92	61.21
Freight and Forwarding Expenses	106.60	86.63
Commission	15.31	9.84
Export Insurance Charges	1.95	1.92
Sample Testing & Analysis Charges	1.44	1.14
Lease Rent Paid	10.97	10.97
Sundry Balance Written Off/(Back)	0.85	0.47
Total (C)	**225.79**	**178.98**
Non-Operating Expenses:		
Donations and CSR Expenses	13.78	10.30
Total (D)	**13.78**	**10.30**
TOTAL (A+B+C+D)	**980.69**	**805.21**

Notes to the Financial Statements

for the year ended 31st March, 2021

23.1 AUDITOR'S REMUNERATION:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
Audit Fees	0.30	0.30
Certification Charges	0.03	0.05
Out of Pocket Expenses	-	0.01
TOTAL	**0.33**	**0.36**

24. EARNING PER SHARE (EPS):

Particulars		For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
Net Profit available for Equity Shareholders	(₹ in Crs)	513.50	523.36
No. of Equity Shares	(Nos.)	17,42,34,474	17,42,34,474
Basic & Diluted EPS	(₹)	29.47	30.04
Nominal Value of Equity Share	(₹)	5.00	5.00

24.1 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.

25. CONTINGENT LIABILITIES AND COMMITMENTS:

(to the extent not provided for)

(₹ in Crs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
(i) Contingent Liabilities:		
(a) Claims against the company not acknowledged as Debts	68.10	67.38
(b) Letters of Credit, Bank Guarantees & Bills Discounted	250.90	296.80
	319.00	**364.18**
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	120.02	327.94
	120.02	**327.94**
TOTAL	**439.02**	**692.12**

26. 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, 2021. 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.

27. Interest received of ₹ 13.15 Crs (Tax Deducted at Source ₹ 0.66 Crs) [previous year ₹ 26.64 Crs (Tax Deducted at Source ₹ 2.10 Cr)] is netted off against interest paid on Working Capital.

28. 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, 2021

29. RESEARCH & DEVELOPMENT ACTIVITES:

(₹ in Crs)

Expenditure	As at 31st March, 2021	As at 31st March, 2020
Revenue Expenditure	55.10	27.01
Capital Expenditure:		
Land & Building	0.46	0.68
Plant & Equipment	28.27	35.08
Furniture and Fixtures	2.85	2.58
Total Capital Expenditure	**31.58**	**38.34**

30. SEGMENT REPORTING:

(₹ in Crs)

Sr. No.	Particulars	Financial Year 2020-21	Financial Year 2019-20
(A)	**Primary Segments: Business Segments**		
1	**Segment Revenue:**		
	a) Speciality Chemicals	3,935.94	3,652.45
	b) Pharmaceuticals	871.88	755.74
	Total Revenue (Gross)	**4,807.82**	**4,408.19**
	Less: GST Collected	491.11	413.78
	Total Revenue (Net)	**4,316.71**	**3,994.41**
2	**Segment Results Profit/(Loss):**		
	Before Tax and Interest from each Segment		
	a) Speciality Chemicals	712.93	773.31
	b) Pharmaceuticals	204.58	137.46
	Total (A)	917.51	910.77
	Less: Interest	86.16	121.55
	Other Unallocable Expenditure (Net)	199.34	143.36
	Total (B)	**285.50**	**264.91**
	Total Profit before Tax (A-B)	**632.01**	**645.86**
3	**Segment Assets:**		
	a) Speciality Chemicals	5,546.06	4,545.48
	b) Pharmaceuticals	1,192.99	958.60
	c) Unallocated Capital	368.70	351.79
	TOTAL	**7,107.75**	**5,855.87**
	Segment Liabilities:		
	a) Speciality Chemicals	1,240.49	1,111.78
	b) Pharmaceuticals	163.19	97.64
	c) Unallocated Capital	210.98	188.98
	TOTAL	**1,614.66**	**1,398.40**
(B)	**Secondary Segments: Geographical Segments (Gross)**		
	a) India	2,803.53	2,567.67
	b) Out of India	2,004.29	1,840.52
	TOTAL	**4,807.82**	**4,408.19**

Note:

The above segment report is presented in accordance with the applicable provisions & principles laid down under IND AS 108.

Notes to the Financial Statements

for the year ended 31st March, 2021

31. 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's holding Company: Aarti Corporate Services Limited)
3. Shanti Intermediates Private Limited (Through it's holding Company: Aarti Corporate Services Limited)
4. Innovative Envirocare Jhagadia Limited
5. Alchemie (Europe) Limited
6. Aarti USA Inc.
7. Aarti Polychem Private Limited
8. Aarti Organics Limited
9. Aarti Bharuch Limited
10. Aarti Pharmachem Limited
11. Aarti Spechem Limited

II Following are the Joint Ventures / Associates of the Company

1. Ganesh Polychem Limited**

III 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 Private Limited
2. Alchemie Laboratories
3. Aarti Drugs Limited
4. Alchemie Dye Chem Private Limited

IV 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.	Smt. Hetal Gogri Gala	Director
7.	Shri Renil R. Gogri	Director
8.	Shri Narendra J. Salvi	Director
9.	Shri Chetan Gandhi	Chief Financial Officer
10.	Shri Raj Sarraf	Company Secretary

Notes to the Financial Statements

for the year ended 31st March, 2021

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)

Sr. No.	Particulars	Year	Subsidiary Companies [I]	Other related Enterprises Firms [II]
1	Sales of Finished Goods/Sales Income	**CY**	**251.77**	**63.84**
		PY	155.56	78.30
2	Purchases of Raw Materials/Finished Goods	**CY**	**21.11**	**15.36**
		PY	24.60	21.18
3	Other Manufacturing Expenses	**CY**	**5.67**	**-**
		PY	5.41	0.74
4	Rent paid	**CY**	**-**	**-**
		PY	-	0.02
5	Sale of Fixed Assets	**CY**	**-**	**-**
		PY	-	20.06
6	Purchase of Fixed Assets	**CY**	**-**	**-**
		PY	0.08	-
7	Interest Income on the Inter-Corporate Deposits placed/unsecured loans/NCDs	**CY**	**0.33**	**-**
		PY	0.28	-
8	Dividend Income	**CY**	**1.55**	**-**
		PY	1.86	-
9	Inter-corporate Deposit given/(Received back) during the year	**CY**	**5.00**	**-**
		PY	(20.00)	-
10	Equity Contribution /increase in investment in cash or in kind made during the year	**CY**	**-**	**-**
		PY	0.20	-
11	Outstanding items pertaining to the related parties at the balance sheet date Receivable/(Payable)	**CY**	**97.23**	**53.33**
		PY	114.93	29.68

(B) Details relating to persons referred to in item III above*

(₹ in Crs)

Particulars	Financial Year 2020-21	Financial Year 2019-20
a. Remuneration including perquisites #	8.46	6.29
b. Commission to Directors	18.95	19.10
c. Sitting Fees	NIL	0.01
d. Rent paid	1.07	1.07
e. Travelling Expenses	0.02	0.53
f. Telephone Expenses	0.02	0.05
TOTAL	**28.52**	**27.05**

* Excluding the payments made to Independent Directors & Relative of Directors as per IND AS Interpretation 110 issued by the Institute of Chartered Accountants of India.

\# Value of Perquisites includes non Cash Perquisites of ₹ 0.03 Crs (previous year ₹ 0.02 Crs).

** During the March 2021 quarter a subsidiary viz Ganesh Polychem Limited ceased to be a subsidiary and became a jointly controlled entity w.e.f. March 17, 2021.

Standalone

Notes to the Financial Statements

for the year ended 31st March, 2021

32. 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)

Sr. No.	Particulars	Gratuity (funded) 2020-21	Gratuity (funded) 2019-20
a.	**Reconciliation of Opening and Closing balances of Defined Benefit Obligation**		
	Defined Benefit Obligation at beginning of the Year	42.49	18.66
	Current Service Cost	6.16	2.58
	Interest Cost	2.79	1.45
	Actuarial(Gain)/Loss*	(17.53)	20.82
	Benefits Paid	(0.74)	(1.01)
	Defined Benefit Obligation at year end	**33.16**	**42.49**
b.	**Reconciliation of opening and closing balances fair value of plan assets**		
	Fair value of plan assets at beginning of the year	21.26	17.44
	Expected return of plan assets	1.39	1.36
	Assets Transferred In/Acquisitions	NIL	NIL
	Return on Plan Assets, Excluding Interest Income	(0.62)	0.03
	Employer Contribution	5.19	3.45
	Benefits Paid	(0.74)	(1.01)
	Fair value of plan assets at year end	**26.48**	**21.26**
	Actual return on plan assets	**0.77**	**1.39**
c.	**Reconciliation of Fair Value of Assets and Obligations**		
	Fair Value of Plan Assets	26.48	21.26
	Present Value of Benefit Obligation	33.16	42.49
	Amount Recognized in Balance Sheet	6.68	21.23
d.	**Expenses recognized during the year**		
	Current Service Cost	6.16	2.58
	Interest Cost	2.79	1.45
	Expected return on plan assets	(1.39)	(1.36)
	Net Cost	7.55	2.67
e.	**Investment Details**	100% Invested	100% Invested
	L.I.C Group Gratuity (Cash Accumulation) Policy	with L.I.C.	with L.I.C.
f.	**Actuarial assumptions**		
	Mortality Table (L.I.C.)	2006-08 (Ultimate)	2006-08 (Ultimate)
	Discount rate (per annum)	6.57%	6.56%
	Expected rate of return on plan assets (per annum)	6.57%	6.56%
	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.

*Actuarial Gain due to experience represents movement in the liability due to rectification of error of the salary data in the current year.

Leave Encashment:

Leave Encashment liability amounting to ₹ 16.88 Crs (previous year ₹ 11.02 Crs) has been provided in the Books of Accounts.

Notes to the Financial Statements

for the year ended 31st March, 2021

33. 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 ₹ 318.15 Crs (previous year ₹ 488.07 Crs) out of its annual trade related operations (Exports & Imports) aggregating to ₹ 2,575.35 Crs (previous year ₹ 2,585.09 Crs).

The Company had hedged its currency risks to the tune of ₹ 179.63 Crs (previous year ₹ 240.90 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 ₹ 365.50 Crs (previous year ₹ 323.59 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 ₹ 20.22 Crs (previous year gain of ₹ 28.46 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 gain on such contracts to the tune of ₹ 8.41 Crs (including gain of ₹ 4.24 Crs for contracts of more than one year) is recognised in the Profit & Loss Account. Company had further provided for Revaluation gain on long term borrowing (ECBs) to the extent of ₹ 12.96 Crs as at 31st March, 2021 and have recognised the same in the Profit & Loss Account.

34. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART II OF SCHEDULE III TO THE COMPANIES ACT, 2013.

(₹ in Crs)

Particulars	Financial Year 2020-21	Financial Year 2019-20
(A) Details of Raw Material Consumption :		
Benzene	288.12	328.44
Aniline	151.79	142.40
Concentrated Nitric Acid (C.N.A.)	113.83	100.19
Sulphur	43.22	38.91
Phthalic Anhydride	50.34	51.66
Others	996.76	844.26
TOTAL	**1,644.06**	**1,505.86**
(B) Sales of Products :		
Speciality Chemicals	3,935.94	3,652.45
Pharmaceuticals	871.88	755.74
TOTAL	**4,807.82**	4,408.19
(C) Details of Trading Purchases:		
Para Nitro Aniline	31.81	36.91
Ortho Anisidine	24.11	21.94
Others	129.88	159.35
TOTAL	**185.80**	**218.20**

Standalone

Notes to the Financial Statements

for the year ended 31st March, 2021

(₹ in Crs)

Particulars	Financial Year 2020-21	Financial Year 2019-20
(D) Value and percentage of Raw Materials and Stores and Spares consumed:		
Raw Materials:		
Indigenous	1,038.53	963.99
	63.17%	64.02%
Imported	605.53	541.88
	36.83%	35.98%
TOTAL	**1,644.06**	**1,505.87**
	100.00%	**100.00%**
Stores and Spares:		
Indigenous	101.73	83.01
	99.14%	96.70%
Imported	0.88	2.83
	0.86%	3.30%
TOTAL	**102.61**	**85.84**
	100.00%	**100.00%**
Fuel:		
Indigenous	93.12	74.25
	68.67%	54.09%
Imported	42.49	63.03
	31.33%	45.91%
TOTAL	**135.61**	**137.28**
	100.00%	**100.00%**
(E) C.I.F. Value of Imports:		
Capital Goods	96.21	82.74
Raw Materials	600.21	541.88
Stores and Spares	0.88	2.83
Fuel	22.09	63.03
(F) Expenditure in Foreign Currency:		
Commission on Export Sales	5.84	7.67
Import of Goods for Resale	3.24	0.00
Other Expenses	33.85	46.99
(G) Earnings in Foreign Currency:		
F.O.B. Value of Export Sales	1,739.04	1,716.87

Notes to the Financial Statements
for the year ended 31st March, 2021

35. FAIR VALUE MEASUREMENTS:

Financial instuments by category

(₹ in Crs)

Particulars	As at 31st March, 2021			As at 31st March, 2020		
	Carrying Amount	Level 1	Level 2	Carrying Amount	Level 1	Level 2
Financial Assets						
At Amortised Cost						
Investments	34.51	-	-	35.41	-	-
Trade Receivables	819.08	-	-	782.47	-	-
Cash and Cash Equivalents	405.99	-	-	233.37	-	-
Other Financial Assets	181.46	-	-	353.72	-	-
At FVTOCI						
Investments	1.75	-	1.75	1.75	-	1.75
Financial Liabilities						
At Amortised Cost						
Borrowings	2,487.34	-	-	1,789.00	-	-
Trade Payables	584.64	-	-	324.19	-	-
Other Non Current Liabilities	224.41	-	-	550.89	-	-
Other Current Financial Liabilities	594.62	-	-	334.33	-	-

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.

36. 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	As at 31st March, 2021	As at 31st March, 2020
Gross Debts	2,837.66	2,072.65
Less: Cash and Marketable Securities	(405.99)	(233.37)
Net Debt (A)	**2,431.67**	**1,839.28**
Total Equity (B)	**3,411.74**	**2,901.82**
Net Gearing ratio (A/B)	**0.71**	**0.63**

Notes to the Financial Statements

for the year ended 31st March, 2021

Dividends

(₹ in Crs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
(i) Equity shares		
Final dividend for the year ended 31st March 2020 of ₹ 1 per fully paid share & Interim Dividend for 2020-21 @ ₹ 1.50 per Share paid during the year 2020-21	43.56	104.54
(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 ₹ 3 (31st March 2020 ₹ 1) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	52.27	17.42

37. 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 Financial Statements

for the year ended 31st March, 2021

As at 31st March 2021
Maturities of non-derivative financial liabilities

(₹ in Crs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	584.64	-	-	584.64
Other financial liabilities	1,813.91	1,492.46	-	3,306.37
Total	**2,398.55**	**1,492.46**	**-**	**3,891.01**

As at 31st March 2020
Maturities of non-derivative financial liabilities

(₹ in Crs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	324.19	-	-	324.19
Other financial liabilities	1,545.75	1,128.47	-	2,674.22
Total	**1,869.94**	**1,128.47**	**-**	**2,998.41**

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.

38. The figures of previous year have been regrouped and rearranged wherever necessary.

As per our report of even date

For Kirtane & Pandit LLP
Chartered Accountants
FRN: 105215W/W100057

Milind Bhave
Partner
M. No. 047973
Place: Mumbai
Date: May 18, 2021

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

Independent Auditor's 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 (hereinafter referred to as the "Holding Company"), its subsidiaries and Jointly controlled entity (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2021, and the consolidated statement of Profit and Loss, the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies (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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of their consolidated state of affairs of the Company as at March 31, 2021, of consolidated profit/loss, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) 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 Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated 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. Due to COVID-19 lockdown throughout the country, we have adopted alternative methodologies, solutions in performing our audit procedures. We have determined the matters described below to the Key Audit Matters to be communicated in the Report:

#	Audit Matters	Auditor's Response Audit Approach and Principal Audit Procedures
1.	Accuracy, Completeness and disclosure with reference to IND AS-16 of Property, Plant and Equipment (Including Capex) Peculiarity and technical complexities of Property, Plant and Equipment used in the operations and multiple IT systems used for maintaining Fixed Asset Register (FAR), tracking and monitoring Capex requires more attention to ensure reasonable accurateness and completeness of financial reporting in respect of Property, Plant and Equipment. Further, technical complexities require management to assess and make estimates/ judgments about capitalisation, estimated useful life, impairment etc. which has material impact on Balance Sheet and operating results Refer note 1 to financial statements	Our audit approach consisted testing of the design and operating effectiveness of the internal controls. We have reviewed audited financial statements of components. Summary of substantive tests applied are as follows: a) We assessed Group'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. b) We have carried out substantive audit procedures at financial and assertion level to verify the capitalization of asset as Property, Plant and Equipment. c) We have verified the maintenance of records and accounting of transactions regarding capital work in progress by carrying out substantive audit procedures at financial and assertion level. d) We have reviewed management judgment pertaining to estimation of useful life and depreciation of the Property, Plant and Equipment in accordance with Schedule II of Companies Act, 2013. e) Due to pandemic restrictions physical verification on sample basis was not possible. We have relied on physical verification conducted by management and management representations. f) We have verified the capitalization of borrowing cost incurred on qualifying asset in accordance with the Indian Accounting Standard 23

#	Audit Matters	Auditor's Response Audit Approach and Principal Audit Procedures
2.	Valuation, Accuracy, Completeness and disclosures pertaining to Inventories with reference to Ind AS 2 Inventories constitutes material component of financial statement. Correctness, completeness, and valuation are critical for reflecting true and fair financial results of operations. Further due to continuous nature of plant operations and the raw materials which are basically chemicals, management has to exercise its judgment in assessing stage of the product and its valuation. Refer note 4 to financial statements	Our audit approach consisted testing of the design and operating effectiveness of the internal controls. We have reviewed audited financial statements of components. Summary of substantive tests applied are as follows: a) We assessed the Group's process regarding Maintenance of records, Valuation and accounting of transactions relating to Inventory as per the Indian Accounting Standard 2. b) We have evaluated the design of Internal Controls relating to recording and valuation of Inventory. c) We have carried out substantive audit procedures to verify the allocation of overheads to Inventory. d) Due to pandemic restrictions physical verification on sample basis was not possible. We have relied on physical verification conducted by management and management representations. e) We have verified consistency in respect of valuation process and methodology followed
3.	Valuation, Presentation and Disclosure pertaining to advances received for export commitments under long term contracts The contracts entered into covers a span of 10 to 20 years. During the current financial year in respect of one long term contract the Company received termination intimation. On account of the termination the relevant remedies available to the Company triggered. Further in respect of other long term contracts, estimated supplies will happen over the period of contract at a later stage after the reporting date. These specifically require consideration in recognition of compensation on account of termination of contract where termination intimation has been received and in respect of other contracts, the management is required to exercise its judgment. Based on the judgment the carrying value of the advance received, its fair presentation is critical Refer note 13 to financial statements	The Company has entered into long term contracts for exports of materials. Under these contracts the Company has received advances to expedite establishment of production facilities. Our audit approach consisted substantive testing as follows: a) We have reviewed the terms of contracts entered into by the Company. b) The classification, presentation of the said advances received under these contracts was tested. c) Recognition and accuracy of compensation on account of termination intimation was verified with reference to the terms of contract under termination intimation. d) The fairness of value reflected in financial statement was verified and tested. e) Disclosure note pertaining to said advances in financial statement was reviewed.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates 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 respective Board of Directors of the companies included in the Group and of its associates are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

Auditor's 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 SA's 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.

Other Matters

We did not audit the financial statements / financial information of 11 subsidiaries & 1 jointly controlled entity whose financial statements / financial information reflect total assets of 231.62 crores as at March 31, 2021, total revenues of 466.61crores and net cash flows amounting to 6.33 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, jointly controlled entities and associates, 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, jointly controlled entities and associates, 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.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, 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, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant 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 Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled company incorporated in India, none of the directors of the Group companies & its associate companies in India is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.

(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 Auditor's) Rules, 2014, 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 the consolidated

financial position of the Group & its associates– Refer Note 25 to the Consolidated Financial Statements.

ii. Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative

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, associate companies and jointly controlled companies incorporated in India.

For Kirtane & Pandit LLP,
Chartered Accountants
Firm's Registration No.105215W/W100057

Milind Bhave
Partner
M. No. 047973
UDIN: 21047973AAAABG4324

Place: Mumbai
Date: May 18, 2021

Annexure A to the Auditor's Report

Report on the Internal Financial Controls Over Financial Reporting Under Clause Financial Clause (i) of Subsection 3 of Section 143 of the Companies Act, 2013 ("The Act")

(Referred to in paragraph 9(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

In conjunction with our audit of the consolidated financial statements of the Holding Company as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of Aarti Industries Limited (hereinafter referred to as "the Holding Company"), its subsidiaries & jointly controlled entity (together referred to as "the Group"), its associates incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiaries, associates, and jointly controlled entity all incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by these entities, 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. 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting 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 Institute of Chartered Accountants of India 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 over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, 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 the 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 Group's, its associates' and jointly controlled entities', incorporated in India, internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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 consolidated 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 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 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 over financial reporting to future periods

are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

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, its subsidiaries and Jointly controlled entity, which are incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the these entities, 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.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act, on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to consolidated/ standalone financial statements of eleven subsidiaries and one jointly controlled entity, of which ten are incorporated in India and two are incorporated outside India, is based on the corresponding reports of the auditors of such companies.

For Kirtane & Pandit LLP,
Chartered Accountants
Firm's Registration No.105215W/W100057

-
Milind Bhave
Partner
M. No. 047973
UDIN: 21047973AAAABG4324

Place: Mumbai
Date: May 18, 2021

Consolidated

Balance Sheet

as at 31st March, 2021

(₹ in Crs)

Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
ASSETS			
Non-Current Assets:			
Property, Plant and Equipment	1	3,592.48	2,467.57
Capital Work-in-Progress	1	1,297.91	1,417.64
Goodwill	1	NIL	0.42
Other Intangible Assets	1	0.10	0.50
Financial Assets:			
Investments	2	63.52	37.01
Other Non-Current Assets	3	320.07	404.49
Total Non-Current Assets		**5,274.08**	**4,327.63**
Current Assets:			
Inventories	4	935.68	835.68
Financial Assets:			
Trade Receivables	5	793.73	753.44
Cash and Cash Equivalents	6	412.32	247.29
Others Current Financial Assets	7	187.48	135.66
Other Current Assets	8	38.39	32.80
Total Current Assets		**2,367.60**	**2,004.87**
TOTAL ASSETS		**7,641.68**	**6,332.50**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	9	87.12	87.12
Other Equity	10	3,415.78	2,891.65
Non Controlling Interest		12.24	94.62
Total Equity		**3,515.14**	**3,073.39**
LIABILITIES			
Non-Current Liabilities:			
Financial Liabilities			
Borrowings	11	1,268.05	580.84
Other Non-Current Liabilities	12	224.41	550.89
Deferred Tax Liabilities (Net)	13	233.94	211.01
Total Non-Current Liabilities		**1,726.40**	**1,342.74**
Current Liabilities:			
Financial Liabilities			
Borrowings	14	1,224.07	1,229.67
Trade Payables due to:			
Micro and Small Enterprise		NIL	NIL
Other than Micro and Small Enterprise		576.33	345.16
Other Current Liabilities	15	559.62	301.63
Provisions	16	40.12	39.91
Total Current Liabilities		**2,400.14**	**1,916.37**
Total Liabilities		**4,126.54**	**3,259.11**
TOTAL EQUITY AND LIBILITIES		**7,641.68**	**6,332.50**
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1-32		

As per our report of even date

For Kirtane & Pandit LLP
Chartered Accountants
FRN: 105215W/W100057

Milind Bhave
Partner
M. No. 047973
Place: Mumbai
Date: May 18, 2021

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, 2021

(₹ in Crs)

Particulars	Note No.	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
REVENUE			
Gross Revenue from Operations	17	5,023.28	4,620.69
Less: GST Collected		517.18	434.38
Net Revenue from Operations		4,506.10	4,186.31
Other Income	18	0.70	8.84
Total Revenue		**4,506.80**	**4,195.15**
EXPENSES			
Cost of Materials Consumed (Incl. Packing Material, Fuel, Stores & Spares)	19	1,937.57	1,780.92
Purchases of Stock-in-Trade		244.24	274.65
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	20	(53.25)	0.75
Employee Benefits Expenses	21	371.38	305.22
Finance Costs	22	86.37	124.78
Depreciation and Amortisation Expenses		231.31	185.21
Other Expenses	23	1,024.63	847.44
Total Expenses		**3,842.25**	**3,518.97**
PROFIT BEFORE TAX		**664.55**	**676.18**
TAX EXPENSES			
Current Year Tax		116.03	118.13
Earlier Year Tax		0.00	0.38
MAT Credit Entitlement		(9.80)	(7.09)
Deferred Tax		23.10	18.00
Total Tax Expenses		**129.33**	**129.42**
PROFIT AFTER TAX BEFORE NON CONTROLLING INTEREST AND SHARE OF PROFIT/(LOSS) OF ASSOCIATES		**535.22**	**546.76**
Profit attributable to Non Controlling Interest		(11.75)	(10.68)
Share of Profit/(Loss) of Associates		NIL	NIL
Profit/(Loss) for the period		**523.47**	**536.08**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to Statement of Profit and Loss			
Fair Value of various Qualifing Items		47.94	(57.39)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**571.41**	**478.69**
Earnings Per Equity Share (EPS) (in ₹)	24		
Basic/Diluted		30.04	30.77
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1-32		

As per our report of even date

For Kirtane & Pandit LLP
Chartered Accountants
FRN: 105215W/W100057

Milind Bhave
Partner
M. No. 047973
Place: Mumbai
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Chief Financial Officer
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Raj Sarraf
Company Secretary
ICSI M. No. A15526

Statement of Changes in Equity

for the year ended 31st March, 2021

A. EQUITY SHARE CAPITAL

	(₹ in Crs)
As at 1st April, 2019	43.33
Changes in equity share capital during the year 2019-20	43.79
As at 31st March, 2020	**87.12**
Changes in equity share capital during the year 2020-21	NIL
As at 31st March, 2021	**87.12**

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	Debenture Redumption Reserve	General Reserve	Forfeiture Reserve	Revaluation Reserve	RBI Reserve U/s 45(IC)	Retained Earnings		
Balance as at 1st April, 2019	**13.89**	**2.28**	**740.09**	**120.00**	**119.00**	**1.85**	**0.51**	**3.70**	**1,579.85**	**6.05**	**2,587.22**
Transfer to Other Reserves from Retained Earnings	-	-	-	(40.00)	94.65	-	-	-	(54.65)	-	NIL
Upon Bonus Shares issued	-	(1.56)	(42.00)	-	-	-	-	-	-	-	(43.56)
Dividend Paid	-	-	-	-	-	-	-	-	(108.24)	-	(108.24)
Tax on Dividend	-	-	-	-	-	-	-	-	(21.87)	-	(21.87)
Intergroup Dividend	-	-	-	-	-	-	-	-	1.86	-	1.86
Upon QIP Proceeds (net of Expenses)	-	-	(0.60)	-	-	-	-	-	-	-	(0.60)
Foreign Exchange Difference on Translation	-	-	-	-	-	-	-	-	(1.85)	-	(1.85)
Profit for the Period	-	-	-	-	-	-	-	-	536.08	-	536.08
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	(57.39)	(57.39)
As at 31st March, 2020	**13.89**	**0.72**	**697.49**	**80.00**	**213.65**	**1.85**	**0.51**	**3.70**	**1,931.18**	**(51.34)**	**2,891.65**
Transfer to Other Reserves from Retained Earnings	-	-	-	(80.00)	132.66	-	-	-	(52.66)	-	NIL
Consolidation Adjustment	(0.56)		0.21								(0.35)
Dividend Paid	-	-	-	-	-	-	-	-	(46.65)	-	(46.65)
Intergroup Dividend	-	-	-	-	-	-	-	-	1.55	-	1.55
Foreign Exchange Difference on Translation	-	-	-	-	-	-	-	-	(1.85)	-	(1.85)
Profit for the Period	-	-	-	-	-	-	-	-	523.47	-	523.47
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	47.94	47.94
Balance as at 31st March, 2021	**13.33**	**0.72**	**697.70**	**NIL**	**346.31**	**1.85**	**0.51**	**3.70**	**2,355.07**	**(3.41)**	**3,415.78**

As per our report of even date

For Kirtane & Pandit LLP
Chartered Accountants
FRN: 105215W/W100057

Milind Bhave
Partner
M. No. 047973
Place: Mumbai
Date: May 18, 2021

For and on behalf of the Board

Rajendra V. Gogri
Chairman and Managing Director
DIN: 00061003

Chetan Gandhi
Chief Financial Officer
ICAI M. No. 111481

Rashesh C. Gogri
Vice Chairman and Managing Director
DIN: 00066291

Raj Sarraf
Company Secretary
ICSI M. No. A15526

Cash Flow Statement

for the year ended 31st March, 2021

(₹ in Crs)

Sr. No.	Particulars	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
A.	**Cash Flow from Operating Activities:**		
	Net Profit before Tax and Exceptional/Extraordinary Items	664.55	676.18
	Adjustments for:		
	Finance Costs	86.37	124.78
	Depreciation	231.31	185.21
	Consolidated Adjustments	(5.26)	(1.85)
		976.97	**984.32**
	Profit on Sale of Investments/Assets	(0.34)	(8.49)
	Dividend Received from other Investments	(0.02)	(0.07)
	Lease Rent Received	(0.05)	(0.08)
	Operating Profit before Working Capital Changes	**976.56**	**975.68**
	Adjustments for:		
	(Increase)/Decrease in Trade and Other Receivables	(25.01)	(4.69)
	Increase/(Decrease) in Trade Payables and Other Current Liabilities	128.78	358.81
	(Increase)/Decrease in Inventories	(111.00)	(63.90)
	Cash Generated from Operations	969.33	1,265.90
	Direct Taxes Paid	(96.62)	(163.84)
	Net Cash Flow from Operating Activities (A)	**872.71**	**1,102.06**
B.	**Cash Flow from Investing Activities:**		
	Addition to Property, Plant & Equipment/Capital WIP	(1,314.82)	(1,153.29)
	Sale/Written off of Property, Plant & Equipment	0.43	27.79
	(Increase)/Decrease in Other Investments	(7.82)	(2.59)
	Dividend Received from Other Investments	0.02	0.07
	Profit on Sale of Investments	NIL	3.88
	Lease Rent Received	0.05	0.08
	Net Cash Flow from Investing Activities (B)	**(1,322.14)**	**(1,124.06)**
C.	**Cash Flow from Financing Activities:**		
	Proceeds of Long-Term Borrowings	1,007.99	74.10
	Repayment of Long-Term Borrowings	(256.48)	(316.09)
	Proceeds/(Repayment) of Other Borrowings	(5.59)	(61.16)
	Increase in Equity through QIP Allotment (Net of Expenses)	NIL	(0.60)
	Finance Costs	(86.37)	(124.78)
	Dividend Paid	(45.09)	(106.38)
	Net Cash Flow from Financing Activities (C)	**614.46**	**(534.91)**
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**165.03**	**(556.91)**
	Cash and Cash Equivalents (Opening Balance)	247.29	804.20
	Cash and Cash Equivalents (Closing Balance)	**412.32**	**247.29**

Notes: (i) Cash and Cash Equivalent is Cash and Bank Balances as per Balance Sheet.
(ii) Amounts of the previous year have been regrouped and rearranged wherever necessary.

As per our report of even date

For Kirtane & Pandit LLP
Chartered Accountants
FRN: 105215W/W100057

Milind Bhave
Partner
M. No. 047973
Place: Mumbai
Date: May 18, 2021

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 Holding Company") subsidaries and joint control entity (collectively referred to as "the Group") for the year ended 31st March 2021.

The principal activities of the Group consists of manufacturing and dealing in Speciality Chemicals and Pharmaceuticals.

Significant Accounting Policies

(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 Organics Limited	India	100.00%
(vii) Aarti Bharuch Limited	India	100.00%
(viii) Aarti Pharmachem Limited	India	100.00%
(ix) Aarti Spechem Limited	India	100.00%
(x) Alchemie (Europe) Limited	United Kingdom	88.89%
(xi) Aarti USA Inc.	USA	100.00%
Joint Control:		
(xii) Ganesh Polychem Limited*	India	50.00%

* During the March 2021 quarter a subsidiary viz Ganesh Polychem Limited ceased to be a subsidiary and became a jointly controlled entity w.e.f. March 17, 2021

(b) Basis of Prepration 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 Indian Accounting Standards (IND AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

(c) Principles of Consolidation:

(i) The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standard (Ind AS) 110 - Consolidated Financial Statements & Indian Accounting Standard (Ind AS) 28 -Accounting for Investments in Associates in Consolidated Financial Statements and Indian Accounting Standard (Ind AS) 111 - Joint Arrangements.

(ii) The Consolidated Financial Statements are prepared using the Financial Statements of the Parent Company, Subsidiary Companies and Joint Control Entity drawn up to the same reporting date i.e 31st March, 2021.

(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) The consolidation of financial statements of the Parent Company and its Subsidiaries is done on line by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances, intra-group transactions and unrealized profit or loss, except where cost cannot be recovered. The results of operations of a subsidiary are included in the consolidated financial statements from the date on which the parent subsidiary relationship came into existence.

(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.

Corporate Information and Significant Accounting Policies:

(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.

(vii) Investments in Associates are accounted for using equity method in accordance with Indian Accounting Standard (Ind AS) 28 "Accounting for Investment in Associates in Consolidated Financial Statements" under which the investment is initially recorded at cost, identifying any goodwill or capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the associate. However, the share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such Associates are not accounted for unless the accumulated losses are recouped.

(d) Revenue Recognition:

(i) Sale of goods is recognized on dispatch of goods to customers and is recorded net of claims, etc., as considered appropriate. Revenue from Conversion, Sale of Scrap and obsolete stores is accounted for at the time of disposal.

(ii) Export entitlements are recognized on realization.

(iii) Revenue in respect of Interest, Insurance claims are recognized on the time proportion method.

(iv) Subsidy from 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.

(e) Property, Plant and Equipment, Intangible Assets and Depreciation/Amortization:

(1) Property, Plant and Equipment (PPE)

Property, Plant & Equipment are stated at cost of acquisition (net of recoverable taxes) inclusive of all expenditure of capital nature such as inward freight, duties & taxes, installation and commissioning expenses, appropriate borrowing costs and incidental expenses related to acquisition.

(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 avalied, 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.

(3) Depreciation/Amortization

(A) Pursuant to the notification of Schedule II of the Companies Act, 2013, the management has reassessed and changed based on an independent 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:

Particulars	Particulars Depreciation/ Amortisation
(i) Leasehold Land	Over the remaining tenure of lease
(ii) Building	Over a period of 19 years
(iii) Residential Quarters	Over a period of 30 years
(iv) 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.
(v) Computers	Over a period of 2.5 years
(vi) Office Equipment	Over a period of 5 years
(vii) Furniture and Fixtures	Over a period of 10 years
(viii) Vehicles	Over a period of 7 years

(B) Product/Process Development Expenses are amortized over the estimated useful life of the product.

(4) 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 assets or its value in use. Value in use is 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.

Corporate Information and Significant Accounting Policies:

(f) Research and Development:
Revenue Expenditure on Research and Development is charged to the Profit and Loss Account for the year. Capital Expenditure on Research and Development is included as part of Property, Plant & Equipment and depreciation is provided on the same basis as for other Property, Plant & Equipment.

(g) Investments:

(i) Investments in subsidiaries and associates are measured at cost.

(ii) Other investments are measured at fair value through Other Comprehensive Income.

(h) Valuation of Inventories:
Inventories are valued at Cost or Net Realizable Value whichever is lower.

Inventories have been valued on the following basis:

(i) Raw Materials, Packing Material, Stores and Spares - At cost on Weighted Average basis.

(ii) Work-in-Process - At cost plus appropriate allocation of overheads.

(iii) Finished Goods - At cost plus appropriate allocation of overheads or net realizable value, whichever is lower.

(i) Retirement Benefits:
Employee benefits are charged off in the year in which the employee has rendered services.

(j) Foreign Currency Transactions:
Foreign currency transactions are accounted at the rates prevailing on the date of the transaction. The exchange rate differences arising out of such transactions are approriately dealt in the financial statements in accordance with the appicables accounting standards.

(k) 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 is 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 lease payments that are not paid at the commencement date of the lease. 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.

(l) Deferred Revenue Expenditure:
Deferred Revenue Expenditure is amortized over the period of the agreement on pro rata basis.

(m) Income Taxes:
Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act.

Deferred Tax reflects the impact of timing differences between Taxable Income and Accounting Income for the year and reversal of timing differences of earlier years. Deferred Tax is measured on the basis of Tax Rates and Tax Laws enacted or substantively enacted at the Balance Sheet. Deferred Tax Assets are recognized only if there is reasonable certainty of their realization except in case of Deferred Tax Assets on unabsorbed depreciation and carried forward business losses, which are recognized only if there is virtual certainty of their realization.

Minimum Alternative tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period i.e., the period for which MAT Credit is allowed to be carried forward. The Company reviews the same at each balance sheet date.

Corporate Information and Significant Accounting Policies:

(n) Borrowing Costs:
Borrowing cost directly related to the acquisition or construction of an asset is capitalized as part of the cost of that asset. Other borrowing costs are charged to the Profit and Loss Account.

(o) Provisions and Contingent Liabilities:
Provisions are recognized when the Company has a legal and constructive obligation 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.

Contingent Liabilities are disclosed when the Company has a possible obligation or a present obligation and it is probable that a Cash Outflow will not be required to settle the obligation.

(p) Cash and Cash Equivalents
For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, other short-term, highly liquid investments that are readily convertilbe to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and Cash Equivalents consist of balances with banks which are unresticted for withdrawals and usages.

Notes to the Financial Statements

for the year ended 31st March, 2021

1. PROPERTY, PLANT AND EQUIPMENT:

(₹ in Crs)

F.Y. 2020-21	GROSS BLOCK					ACCUMULATED DEPRECIATION					NET BLOCK	
Particulars	Balance as at 1st April, 2020	Adjustment on Consoli-dation	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31st March, 2021	Balance as at 1st April, 2020	Adjustment on Consoli-dation	Depreciation charge for the year	Deduction/ Adjustment	Balance as at 31st March, 2021	Balance as at 31st March, 2021	Balance as at 31st March, 2020
(i) Tangible Assets												
Free hold Land	3.68	-	-	-	3.68	0.26	-	-	-	0.26	3.42	3.42
Lease Hold Land	163.96	4.66	81.02	-	240.32	9.78	0.51	1.98	-	11.25	229.07	154.18
Lease Assets Used	25.35	-	1.48	-	26.83	5.11	-	5.73	-	10.84	15.99	20.24
Residential Flat	-	-	-	-	-	-	-	-	-	-	0.00	0.00
Buildings	333.13	3.52	127.98	-	457.59	91.20	0.64	19.63	-	110.19	347.40	241.93
Plant and Equipment	3,070.74	101.86	1,172.82	-	4,141.71	1,151.43	28.61	179.31	-	1,302.13	2,839.58	1,919.31
R & D Assets	123.51	-	31.58	-	155.09	23.28	-	9.64	-	32.92	122.17	100.23
Furniture and Fixtures	42.21	0.47	13.21	-	54.95	26.76	0.28	5.87	-	32.35	22.60	15.45
Vehicles	33.65	1.94	3.02	0.22	34.51	20.84	1.06	2.60	0.12	22.26	12.25	12.81
Total (i)	**3,796.23**	**112.45**	**1,431.11**	**0.22**	**5,114.68**	**1,328.66**	**31.10**	**224.76**	**0.12**	**1,522.20**	**3,592.48**	**2,467.57**
(ii) Intangible Assets												
Process Development	21.96	-	-	-	21.96	21.46	-	0.40	-	21.86	0.10	0.50
Technical Knowhow	1.38	-	-	-	1.38	1.38	-	-	-	1.38	NIL	NIL
Goodwill	6.19	-	-	-	6.19	6.19	-	-	-	6.19	NIL	NIL
Computer Software	0.38	-	-	-	0.38	0.38	-	-	-	0.38	NIL	NIL
Copyrights and Patents	9.66	-	-	-	9.66	9.66	-	-	-	9.66	NIL	NIL
Goodwill on Consolidation	1.24	-	-	-	1.24	0.82	-	0.42	-	1.24	-	0.42
Total (ii)	**40.81**	**-**	**-**	**-**	**40.81**	**39.89**	**-**	**0.82**	**-**	**40.71**	**0.10**	**0.92**
TOTAL (i+ii)	**3,837.04**	**112.45**	**1,431.11**	**0.22**	**5,155.49**	**1,368.55**	**31.10**	**225.58**	**0.12**	**1,562.91**	**3,592.58**	**2,468.49**
(iii) Capital Work-in-Progress											**1,297.91**	**1,417.64**

Notes to the Financial Statements

for the year ended 31st March, 2021

(₹ in Crs)

F.Y. 2019-20	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
Particulars	Balance as at 1st April, 2019	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31st March, 2020	Balance as at 1st April, 2019	Depreciation charge for the year	Deduction/ Adjustment	Balance as at 31st March, 2020	Balance as at 31st March, 2020	Balance as at 31st March, 2019
(i) Tangible Assets										
Free hold Land	3.68	-	-	3.68	0.26	-	-	0.26	3.42	3.42
Lease Hold Land	159.95	4.78	0.77	163.96	7.75	2.03	-	9.78	154.18	152.20
Lease Assets Used	NIL	25.35	-	25.35	NIL	5.11	-	5.11	20.24	NIL
Residential Flat	0.00	-	-	0.00	0.00	-	-	0.00	0.00	0.00
Buildings	294.15	41.70	2.72	333.13	76.28	16.01	1.09	91.20	241.93	217.87
Plant and Equipment	2,713.76	406.88	49.90	3,070.74	1,030.14	150.64	29.35	1,151.43	1,919.31	1,683.62
R & D Assets	85.16	38.35	-	123.51	18.72	4.56	-	23.28	100.23	66.44
Furniture and Fixtures	34.62	7.93	0.34	42.21	23.25	3.85	0.34	26.76	15.45	11.37
Vehicles	29.67	5.22	1.24	33.65	19.23	2.60	0.99	20.84	12.81	10.44
Total (i)	**3,320.99**	**530.21**	**54.97**	**3,796.23**	**1,175.63**	**184.80**	**31.77**	**1,328.66**	**2,467.57**	**2,145.35**
(ii) Intangible Assets										
Process Development	21.96	-	-	21.96	21.06	0.40	-	21.46	0.50	0.90
Technical Knowhow	1.38	-	-	1.38	1.38	-	-	1.38	NIL	NIL
Goodwill	6.19	-	-	6.19	6.19	-	-	6.19	NIL	NIL
Computer Software	0.38	-	-	0.38	0.38	-	-	0.38	NIL	NIL
Copyrights and Patents	9.66	-	-	9.66	9.66	-	-	9.66	NIL	NIL
Goodwill on Consolidation	1.24	-	-	1.24	0.82	-	-	0.82	0.42	0.42
Total (ii)	**40.81**	**-**	**-**	**40.81**	**39.49**	**0.40**	**-**	**39.89**	**0.92**	**1.32**
TOTAL (i+ii)	**3,361.80**	**530.21**	**54.97**	**3,837.04**	**1,215.12**	**185.20**	**31.77**	**1,368.55**	**2,468.49**	**2,146.67**
(iii) Capital Work-in-Progress									**1,417.64**	**794.57**

Notes to the Financial Statements

for the year ended 31st March, 2021

2. NON-CURRENT INVESTMENTS:

(₹ in Crs)

Particulars	No. of Shares/Units	As at 31st March, 2021	No. of Shares/Units	As at 31st March, 2020
Investments - (Unquoted) in Equity Shares of Other Companies				
Ichalkaranji Janata Sahakari Bank Limited	1,020	0.01	1,020	0.01
Ganesh Polychem Limited*	30,98,257	12.61	NIL	NIL
Damanganga Saha Khand Udyog Mandali Limited	61	0.01	61	0.01
Narmada Clean Tech Limited	2,87,550	0.13	2,87,550	0.13
Dilesh Roadlines Private Limited	4,64,550	3.25	4,64,550	2.56
U.K.I.P. Co-Op. Soc. Limited	80	0.00	80	0.00
Aarti Ventures Limited	9,17,000	7.40	1,90,000	2.52
Tarapur Environment Protection Society	32,489	0.62	32,489	0.62
Derma Touch Inc.	1,25,000	8.82	1,25,000	8.98
Invatech	1,00,000	1.10	1,00,000	1.14
SBPP Bank Limited	783	0.01	783	0.01
Deltecs Infotech Private Limited	853	0.07	853	0.07
Bewakoof Brands Private Limited	4,033	4.51	4,033	5.15
Valiant Organic Limited	35,963	12.84	35,963	4.23
Polygomma Industries Private Limited	5,33,358	2.82	5,33,358	0.00
Numbermask Digital Private Limited	1,125	0.00	1,125	0.00
Trans Retail Ventures Private Limited	28,796	0.00	28,796	0.00
Aarti Biotech Limited	4,21,700	0.12	4,21,700	0.12
Aarti Intermediates Private Limited	22,125	0.00	22,125	0.00
Perfect Enviro Control Systems Limited	3,80,640	0.22	3,80,640	0.22
Shamrao Vithal Co-op. Bank Limited	100	0.00	100	0.00
		54.55		**25.77**
Investments - (Unquoted) Convtertible Pref. Shares				
Deltecs Infotech Private Limited	7,50,000	0.26	7,50,000	0.26
Valiant Oraganics Limited	5,014	0.03	11,814	0.04
		0.29		**0.30**
Investments - (Unquoted) in Warrant Certificate				
Deltecs Infotech Private Limited	93	0.00	93	0.00
		0.00		**0.00**
Investments - (Unquoted) in Limited Liability Partnership				
Aarti Udyog Limited Liability Partnership	NA	3.67	NA	3.67
		3.67		**3.67**
Investments - (Unquoted) in Unsecured Convertible Debentures				
Bewakoof Brands Private Limited	869	5.00		
Aarti Ventures Limited	NIL	NIL	7,27,000	7.27
		5.00		**7.27**
TOTAL		**63.52**		**37.01**

*During the March 2021 quarter a subsidiary viz Ganesh Polychem Limited ceased to be a subsidiary and became a jointly controlled entity w.e.f. March 17, 2021.

Notes to the Financial Statements

for the year ended 31st March, 2021

3. OTHER NON-CURRENT ASSETS:

(₹ in Crs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Capital Advances	92.10	171.91
Other Deposits	47.10	42.10
Advance Tax and Tax Deducted at Source (Net of Provisions)	180.87	190.48
TOTAL	**320.07**	**404.49**

4. INVENTORIES:

(₹ in Crs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Raw Materials and Components	278.80	251.84
Work-in-progress	240.40	208.44
Finished Goods	277.53	285.55
Stock-in-trade	28.21	0.85
Stores and spares	91.02	70.77
Fuel	13.90	14.53
Packing Materials	5.81	3.70
TOTAL	**935.68**	**835.68**

5. TRADE RECEIVABLES:

(₹ in Crs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Unsecured and considered good	793.73	753.44
TOTAL	**793.73**	**753.44**

6. CASH AND CASH EQUIVALENTS:

(₹ in Crs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Cash on hand	1.46	0.60
Bank balance in Current Accounts	23.25	66.47
Bank balance in Deposit Accounts	332.52	177.89
Earmarked Balances (Unpaid Dividend Accounts)	2.05	2.33
Cash Equivalants investment in highly Liquid Funds/Bonds	53.04	NIL
TOTAL	**412.32**	**247.29**

Notes to the Financial Statements

for the year ended 31st March, 2021

7. OTHER CURRENT FINANCIAL ASSETS:

(₹ in Crs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balances with Customs, Port Trust, Central Excise, Sales Tax and Goods & Services Tax Authorities	171.45	118.53
Loans Given to:		
i) Employees	8.57	8.06
ii) Others	7.46	9.07
TOTAL	**187.48**	**135.66**

8. OTHER CURRENT ASSETS:

(₹ in Crs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Others Receivables	10.42	8.98
Prepaid Expenses	22.22	13.50
Subsidy Receivable	5.75	10.32
TOTAL	**38.39**	**32.80**

9. EQUITY SHARE CAPITAL:

(₹ in Crs)

Particulars	No. of Shares	As at 31st March, 2021	No. of Shares	As at 31st March, 2020
Authorised Share Capital				
Equity Shares of ₹ 5/- each	23,01,50,320	115.08	23,01,50,320	115.08
Issued, Subscribed & Paid up				
Equity Shares of ₹ 5/- each fully paid up	17,42,34,474	87.12	17,42,34,474	87.12
TOTAL		**87.12**		**87.12**

9.1 Reconciliation of the number of Shares outstanding as on 31st March, 2021:

Particulars	No. of Shares outstanding	
	As at 31st March, 2021	As at 31st March, 2020
Equity Shares at the beginning of the year	17,42,34,474	8,66,68,647
Add: Shares issued during the year	NIL	8,75,65,827
Less: Shares buy-back during the year	NIL	NIL
Equity Shares at the end of the year	**17,42,34,474**	**17,42,34,474**

9.2 Details of shareholders holding more than 5% shares:

Name of the Shareholders	As at 31st March, 2021		As at 31st March, 2020	
	No. of Shares	% held	No. of Shares	% held
HDFC Trustee Company Ltd.	77,09,004	4.42	1,38,28,976	7.94

9.3 The details of Equity Shares outstanding during last 5 years:

Particulars	2020-21	2019-20	2018-19	2017-18	2016-17
No. of Equity Shares outstanding	17,42,34,474	17,42,34,474	8,66,68,647	8,13,00,000	8,21,20,383

Notes to the Financial Statements

for the year ended 31st March, 2021

9.4 Note on Issued, Subscribed and Paid up Equity Share Capital:

(a) 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.

(b) During the year 2019-20, 4,48,590 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.

(c) 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.

(d) During the year 2017-18, 8,20,383 Shares were brought back at a premium of ₹ 1,195/-.

(e) During the year 2016-17, 12,00,000 Shares were brought back at a premium of ₹ 795/-.

10. OTHER EQUITY:

(₹ in Crs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
a. Capital Reserves		
Opening Balance	13.89	13.89
Addition:	NIL	NIL
Deduction:	0.56	NIL
Closing Balance	**13.33**	**13.89**
b. Capital Redemption Reserve		
Opening Balance	0.72	2.28
Addition:	NIL	NIL
Deduction:		
Issue of Bonus Shares	NIL	1.56
Closing Balance	**0.72**	**0.72**
c. Securities Premium Account		
Opening Balance	697.49	740.09
Addition:	0.21	NIL
Deduction:		
QIP Expenses	NIL	0.60
Issue of Bonus Shares	NIL	42.00
Closing Balance	**697.70**	**697.49**
d. Debenture Redemption Reserve		
Opening Balance	80.00	120.00
Addition:	NIL	NIL
Deduction:		
Transferred to General Reserve	80.00	40.00
Closing Balance	**NIL**	**80.00**
e. RBI Reserve U/s 45 (IC)		
Opening Balance	3.70	3.70
Addition	NIL	NIL
Deduction	NIL	NIL
Closing Balance	**3.70**	**3.70**

Notes to the Financial Statements

for the year ended 31st March, 2021

(₹ in Crs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
f. General Reserve		
Opening Balance	213.65	119.00
Addition:		
Transferred from Debenture Redumption Reserve	80.00	40.00
Transferred from Profit & Loss Account	52.66	54.65
Deduction:	NIL	NIL
Closing Balance	**346.31**	**213.65**
g. Profit and Loss Account		
Opening balance	1,931.18	1,579.85
Addition:		
Net Profit/(Loss) for the year	523.47	536.08
Deduction:		
Final Dividend Paid on Equity Shares for the previous year	20.51	64.68
Interim Dividend paid on Equity Share for the year	26.14	43.56
Tax on Dividend	NIL	21.87
Foreign Exchange Differnce on Translation	1.85	1.85
Intergroup Dividend	(1.55)	(1.86)
Transferred to Reserves	52.66	54.65
Closing Balance	**2,355.07**	**1,931.18**
h. Other Reserves		
Revaluation Reserve	0.51	0.51
Forfeiture Reserve	1.85	1.85
Closing Balance	**2.36**	**2.36**
i. Other Comprehensive Income		
Opening Balance	(51.34)	6.05
OCI for the year	47.94	(57.39)
Closing Balance	**(3.41)**	**(51.34)**
TOTAL	**3,415.78**	**2,891.65**

11. NON-CURRENT BORROWINGS:

(₹ in Crs)

Name of the Shareholders	As at 31st March, 2021		As at 31st March, 2020	
	Non-Current	Current	Non-Current	Current
Secured				
(a) Non Convertible Debentures (NCDs)	NIL	NIL	0.45	80.00
(b) ECB/Term loans from Banks/Financial Institutions	1,265.09	350.39	578.31	206.32
(c) Vehicle Loans from Banks/Financial Institutions	2.96	1.33	2.08	1.11
TOTAL	**1,268.05**	**351.72**	**580.84**	**287.43**

Notes to the Financial Statements
for the year ended 31st March, 2021

12. OTHER NON CURRENT LIABILITIES

(₹ in Crs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Long Term Advances for Exports received from Customer	211.29	529.69
Lease Liabilities Account	13.12	21.20
TOTAL	**224.41**	**550.89**

13. DEFERRED TAX LIABILITIES (NET):

(₹ in Crs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Deferred Tax Liabilities	211.01	193.01
Difference between net book value of depreciable capital assets as per books vis - a- vis written down value as per Tax Laws	28.06	21.30
Deferred Tax Assets		
Items allowed for tax purpose on payment	(5.13)	(3.31)
Deferred Tax Liabilities (Net)	**233.94**	**211.01**

14. SHORT-TERM BORROWINGS:

(₹ in Crs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Secured		
Working Capital Loan From Banks	1,146.51	1,205.07
Total	**1,146.51**	**1,205.07**
Unsecured		
From Banks	76.09	23.20
From Other	1.47	1.40
Total	**77.56**	**24.60**
TOTAL	**1,224.07**	**1,229.67**

15. OTHER CURRENT LIABILITIES:

(₹ in Crs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Current maturities of Long-Term Debt	350.39	286.32
Current maturities of Vehicle Loan	1.33	1.11
Current Portion of Long Term Advance for Export	190.01	-
Lease Liabilities Account	4.61	-
Interest accrued but not due on borrowings	0.27	7.57
Unpaid Dividends	2.05	2.33
Other Current Liabilities & Taxes	10.96	4.31
TOTAL	**559.62**	**301.63**

Notes to the Financial Statements

for the year ended 31st March, 2021

16. SHORT-TERM PROVISIONS:

(₹ in Crs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Provision for		
Employees' Benefits	38.72	38.78
Others	1.40	1.13
TOTAL	**40.12**	**39.91**

17. REVENUE FROM OPERATIONS:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
Sale of Products	4,822.40	4,539.63
Other Operating Revenues	200.88	81.06
GROSS REVENUE OPERATIONS	**5,023.28**	**4,620.69**
Less: GST Collected	517.18	434.38
NET REVENUE OPERATIONS	**4,506.10**	**4,186.31**

17.1. GROSS SALES & OPERATING REVENUES:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
Fertilizers Subsidy Received	20.24	12.29
Export Benefits/Incentives	21.86	58.73
Scrap Sales	11.53	9.65
Contract Shortfall Fees	147.24	NIL
Vat Refund Received	NIL	0.38
TOTAL	**200.88**	**81.06**

18. OTHER INCOME:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
Dividend Received	0.02	0.07
Profit on Sale of Assets/Investment	0.34	8.49
Other Income	0.34	0.27
TOTAL	**0.70**	**8.84**

19. COST OF MATERIALS CONSUMED:

Particulars	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
Consumption of Raw Materials	1,610.48	1,481.64
Consumption of Packing Materials	42.53	38.01
Consumption of Fuel	172.87	170.58
Consumption of Stores & Spares	111.68	90.69
TOTAL	**1,937.57**	**1,780.92**

Notes to the Financial Statements

for the year ended 31st March, 2021

20. CHANGE IN INVENTORY:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
Opening Stock		
Finished Goods	286.40	281.53
Work-in-Progress	208.44	214.07
Total (A)	**494.84**	**495.60**
Closing Stock		
Finished Goods	302.77	286.40
Work-in-Progress	245.33	208.44
Total (B)	**548.10**	**494.84**
TOTAL (A-B)	**(53.25)**	**0.76**

21. EMPLOYEE BENEFITS:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
Salaries, Wages & Bonus	313.05	266.83
Contribution to PF and other Funds	26.99	19.73
Workmen & Staff Welfare Expenses	31.33	18.66
TOTAL	**371.38**	**305.22**

22. FINANCE COST:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
Interest on NCD's	2.55	10.36
Other Interest Expenses	74.16	104.99
Other Borrowing Costs	9.66	9.43
TOTAL	**86.37**	**124.78**

23. OTHER EXPENSES:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
Manufacturing Expenses:		
Freight, Cartage & Transport	118.54	118.40
Power	131.37	114.09
Water Charges	13.99	12.64
Processing Charges	59.47	45.28
Other Manufacturing Expenses	160.40	129.94
Repairs & Maintenance	114.51	111.78
Insurance Charges	10.95	6.13
Research & Development Expenses	55.10	27.01
Factory Administrative Expenses	70.06	47.64
Total (A)	**734.39**	**612.91**

Notes to the Financial Statements

for the year ended 31st March, 2021

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
Office Administrative Expenses:		
Rent, Rates and Taxes	1.30	2.61
Travelling and Conveyance	3.47	7.51
Auditor's Remuneration	0.47	0.48
Legal & Professional Charges	18.51	12.85
Postage, Telegraph & Telephone/Printing & Stationery Expenses	1.18	1.65
Other Administrative Expenses	14.28	11.93
Total (B)	**39.22**	**37.04**
Selling & Distribution Expenses:		
Advertisement & Sales Promotion	3.75	6.05
Export Freight Expenses	85.57	62.63
Freight and Forwarding Expenses	116.21	91.27
Commission	15.53	10.18
Export Insurance Charges	1.95	1.92
Sample Testing & Analysis Charges	1.44	1.16
Lease Rent Paid	10.97	10.97
Other Expenses	0.17	0.09
Sales Tax & Other Dues Paid	0.06	0.13
Sundry Balance Written Off/(Back)	0.87	1.95
Total (C)	**236.52**	**186.35**
Non-Operating Expenses:		
Donations and CSR Expenses	14.50	11.14
Total (D)	**14.50**	**11.14**
TOTAL (A+B+C+D)	**1,024.63**	**847.44**

23.1 AUDITOR'S REMUNERATION:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
Audit Fees	0.38	0.37
Certification Charges	0.03	0.05
Out of Pocket Expenses	-	0.01
TOTAL	**0.41**	**0.43**

24. EARNING PER SHARE (EPS):

Particulars		For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
Net Profit after Tax	(₹ in Crs)	535.22	546.76
Profit attributable to Minority Interest	(₹ in Crs)	(11.75)	(10.68)
Share of Profit/(Loss) of Associates	(₹ in Crs)	NIL	NIL
Net Profit After Consolidation avaliable for Equity Shareholders	(₹ in Crs)	**523.47**	**536.08**
No. of Equity Shares	(Nos.)	17,42,34,474	17,42,34,474
Basic & Diluted EPS	(₹)	30.04	30.77
Nominal Value of Equity Share	(₹)	5.00	5.00

Notes to the Financial Statements

for the year ended 31st March, 2021

24.1 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.

25. CONTINGENT LIABILITIES AND COMMITMENTS:

(to the extent not provided for)

(₹ in Crs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
(i) Contingent Liabilities:		
(a) Claims against the company not acknowledged as Debts	68.10	67.65
(b) Letters of Credit, Bank Guarantees & Bills Discounted	250.90	296.80
	319.00	**364.45**
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	120.02	327.94
	120.02	**327.94**
TOTAL	**439.02**	**692.39**

26. RELATED PARTY DISCLOSURE UNDER ACCOUNTING STANDARD (Ind AS: 24):

I Following is the Joint Control Entity of the Company

1. Ganesh Polychem Limited**

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 Private Limited
2. Alchemie Laboratories
3. Aarti Drugs Limited
4. Alchemie Dye Chem Private 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.	Smt. Hetal Gogri Gala	Director
7.	Shri Renil R. Gogri	Director
8.	Shri Narendra J. Salvi	Director
9.	Shri Chetan Gandhi	Chief Financial Officer
10.	Shri Raj Sarraf	Company Secretary

Consolidated

Notes to the Financial Statements

for the year ended 31st March, 2021

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)

Sr. No.	Particulars	Year	Other related Enterprises Firms
1	Sales of Finished Goods/Sales Income	**CY**	**63.84**
		PY	78.30
2	Purchases of Raw Materials/Finished Goods	**CY**	**15.36**
		PY	21.18
3	Other Manufacturing Expenses	**CY**	**-**
		PY	0.74
4	Rent paid	**CY**	**-**
		PY	0.02
5	Sale of Fixed Assets	**CY**	**-**
		PY	20.06
6	Outstanding items pertaining to the related parties at the balance - - sheet date Receivable/(Payable)	**CY**	**53.33**
		PY	29.68

(B) Details relating to persons referred to in item III above*

(₹ in Crs)

Particulars	Financial Year 2020-21	Financial Year 2019-20
a. Remuneration including perquisites #	8.46	6.29
b. Commission to Directors	18.95	19.10
c. Sitting Fees	NIL	0.01
d. Rent paid	1.07	1.07
e. Travelling Expenses	0.02	0.53
f. Telephone Expenses	0.02	0.05
TOTAL	**28.52**	**27.05**

* Excluding the payments made to Independent Directors & Relative of Directors as per IND AS Interpretation 110 issued by the Institute of Chartered Accountants of India.

Value of Perquisites includes non Cash Perquisites of ₹ 0.03 Crs (previous year ₹ 0.02 Crs).

**During the March 2021 quarter a subsidiary viz Ganesh Polychem Limited ceased to be a subsidiary and became a jointly controlled entity w.e.f. March 17, 2021

Notes to the Financial Statements

for the year ended 31st March, 2021

27. SEGMENT REPORTING:

(₹ in Crs)

Sr. No.	Particulars	Financial Year 2020-21	Financial Year 2019-20
(A)	**Primary Segments: Business Segments**		
1	**Segment Revenue:**		
	a) Speciality Chemicals	4,151.40	3,864.95
	b) Pharmaceuticals	871.88	755.74
	Total Revenue (Gross)	**5,023.28**	**4,620.69**
	Less: GST Tax Collected	517.18	434.38
	Total Revenue (Net)	**4,506.10**	**4,186.31**
2	**Segment Results Profit/(Loss):**		
	Before Tax and Interest from each Segment		
	a) Speciality Chemicals	752.75	814.11
	b) Pharmaceuticals	204.58	137.46
	Total (A)	**957.33**	**951.57**
	Less: Interest	86.37	124.78
	Other Unallocable Expenditure (Net)	206.41	150.61
	Total (B)	**292.78**	**275.39**
	Total Profit before Tax (A-B)	**664.55**	**676.18**
3	**Segment Assets:**		
	a) Speciality Chemicals	5,638.60	4,766.25
	b) Pharmaceuticals	1,192.99	958.60
	c) Unallocated Capital	397.77	360.37
	TOTAL	**7,229.36**	**6,085.22**
4	**Segment Liabilities:**		
	a) Speciality Chemicals	1,237.30	1,139.96
	b) Pharmaceuticals	163.19	97.64
	c) Unallocated Capital	233.94	211.01
	TOTAL	**1,634.43**	**1,448.61**
(B)	**Secondary Segments: Geographical Segments**		
	a) India	2,835.73	2,655.17
	b) Out of India	2,187.55	1,965.52
	TOTAL	**5,023.28**	**4,620.69**

Note:

The above segment report is presented in accordance with the applicable provisions & principles laid down under IND AS 108.

Notes to the Financial Statements

for the year ended 31st March, 2021

28. 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	(₹ in Crs)	As % of Consolidated Profit or Loss	(₹ in Crs)
Parent				
Aarti Industries Limited	97.40%	3,411.74	98.10%	513.50
Subsidiaries				
Alchemie (Europe) Limited	(0.02)%	(0.70)	(0.02)%	(0.08)
Aarti USA Inc.	(0.03)%	(1.17)	0.00%	0.01
Aarti Corporate Services Limited	0.90%	31.49	0.00%	(0.01)
Ganesh Polychem Limited*	2.75%	96.28	4.49%	23.50
Innovative Envirocare Jhagadia Limited	0.00%	0.17	0.00%	-
Nascent Chemical Industries Limited	0.02%	0.77	0.08%	0.43
Shanti Intermediates Private Limited	0.01%	0.36	0.01%	0.07
Aarti Polychem Private Limited	0.00%	(0.01)	0.00%	-
Aarti Organics Limited	0.01%	0.23	0.00%	-
Aarti Bharuch Limited	0.01%	0.23	0.00%	-
Aarti Pharmachem Limited	0.01%	0.23	0.00%	-
Aarti Spechem Limited	0.01%	0.23	0.00%	-
Non Controlling Interest in all Subsidiaries	0.35%	12.24	(2.24)%	(11.75)
Inter Company Elimination & Consolidation Adjustment	(1.40)%	(49.19)	(0.42)%	(2.20)
TOTAL	**100.00%**	**3,502.90**	**100.00%**	**523.47**

*During the March 2021 quarter a subsidiary viz Ganesh Polychem Limited ceased to be a subsidiary and became a jointly controlled entity w.e.f. March 17, 2021.

29. FAIR VALUE MEASUREMENTS:

Financial instuments by category

(₹ in Crs)

Name of the Shareholders	As at 31st March, 2021			As at 31st March, 2020		
	Carrying Amount	Level 1	Level 2	Carrying Amount	Level 1	Level 2
Financial Assets						
At Amortised Cost						
Investments	35.11	-	-	22.14	-	-
Trade Receivables	793.73	-	-	753.44	-	-
Cash and Cash Equivalents	412.32	-	-	247.29	-	-
Other Financial Assets	326.68	-	-	349.67	-	-
At FVTOCI						
Investments	28.41	12.84	15.57	14.87	4.23	10.64
Financial Liabilities						
At Amortised Cost						
Borrowings	2,843.84	-	-	2,097.94	-	-
Trade Payables	576.33	-	-	345.16	-	-
Other Non-current Liabilities	224.41	-	-	550.89	-	-
Other Current Financial Liabilities	207.90	-	-	14.20	-	-

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, 2021

30. 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	As at 31st March, 2021	As at 31st March, 2020
Gross Debts	2,843.84	2,094.16
Less: Cash and Marketable Securities	(412.32)	(247.29)
Net Debt (A)	**2,431.52**	**1,846.87**
Total Equity (B)	**3,515.14**	**3,073.39**
Net Gearing ratio (A/B)	**0.69**	**0.60**

Dividends

(₹ in Crs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
(i) Equity shares		
Final dividend for the year ended 31st March 2020 of ₹ 1 per fully paid share & Interim Dividend for 2020-21 @ ₹ 1.50 per Share paid during the year 2020-21	43.56	104.54
(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 ₹ 3 (31st March 2020 ₹ 1) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	52.27	17.42

31. 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.

Notes to the Financial Statements

for the year ended 31st March, 2021

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.

As at 31st March 2021
Maturities of non-derivative financial liabilities

(₹ in Crs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	576.33	-	-	576.33
Other financial liabilities	1,823.81	1,492.46	-	3,316.27
Total	**2,400.14**	**1,492.46**	**-**	**3,892.60**

As at 31st March 2020
Maturities of non-derivative financial liabilities

(₹ in Crs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	345.16	-	-	345.16
Other financial liabilities	1,571.21	1,131.73	-	2,702.94
Total	**1,916.37**	**1,131.73**	**-**	**3,048.10**

Notes to the Financial Statements

for the year ended 31st March, 2021

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.

32. The figures of previous year have been regrouped and rearranged wherever necessary.

As per our report of even date

For Kirtane & Pandit LLP
Chartered Accountants
FRN: 105215W/W100057

Milind Bhave
Partner
M. No. 047973
Place: Mumbai
Date: May 18, 2021

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

AARTI INDUSTRIES

CIN: L24110GJ1984PLC007301
Regd. Off.: Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi, Dist. Valsad, Gujarat - 396195
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 Thirty Eighth Annual General Meeting of the Members of **AARTI INDUSTRIES LIMITED** will be held on Tuesday, the **28th** day of **September, 2021** at **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, 2021 together with the Reports of the Auditors' and the Board of Directors' 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, 2021.

3. To appoint a Director in place of Shri Parimal H Desai (DIN: 00009272), who is liable to retire by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Smt. Hetal Gogri Gala (DIN: 00005499), who is liable to retire by rotation and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS:

5. **To approve the re-appointment of Shri Rashesh C. Gogri (DIN 00066291) as the Managing Director of the Company.**

   To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Sections 196, 197 and 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and such other approvals, permissions and sanctions, as may be required, consent of the Company be and is hereby accorded for the re-appointment of Shri Rashesh C. Gogri (DIN 00066291) as Managing Director, of the Company for a further period of five years with effect from June 9, 2022 to June 8, 2027 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 Nomination & Remuneration Committee and 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 Rashesh C. Gogri.

   RESOLVED FURTHER THAT the 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."

6. **Variation in terms of Remuneration of Executive Directors.**

   To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** pursuant to provisions of sections 196, 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 and Tenure) of executive directors shown hereunder with effect from April 1, 2021.

Name of Directors	Remuneration Salary (₹ in Lakhs)	Tenure
Shri Rajendra V. Gogri (CMD)	93	As per the Agreement
Shri Rashesh C. Gogri (VC & MD)	93	
Shri Parimal H. Desai (ED)	80	Until cessation from the Employment in the Company and subject to re-appointment due to retirement by rotation in the Annual General Meeting
Shri Manoj M. Chheda (ED)	80	
Smt. Hetal Gogri Gala (ED)	80	
Shri Kirit R. Mehta (ED)	56	
Shri Renil R. Gogri (ED)	68	
Shri Narendra Salvi (ED)	80	

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

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 hereinabove, 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."

7. **To approve the remuneration of the Cost Auditors for the Financial year 2021-22.**

To consider and if thought fit, to pass with or without modification(s), 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), 2013 Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration of ₹ 5,00,000 (Rupees Five 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, Bulk Drugs and Fertilizers for the Financial Year 2021-22 be and hereby ratified and confirmed.

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.

Registered Office:
Plot Nos. 801, 801/23
GIDC Estate, Phase III,
Dist. Valsad, Gujarat

By order of the Board
Sd/
Raj Sarraf
Company Secretary
ICSI M. NO. A15526

August 6, 2021

Notes:

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular nos. 14/2020 and 17/2020 dated April 8, 2020 and April 13, 2020 respectively, in relation to "Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid-19", circular no. 20/2020 dated May 5, 2020 in relation to "Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)"and Circular no. 02/2021 dated January 13, 2021 in relation to "Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)" (collectively referred to as "MCA Circulars") and Securities and Exchange Board of India ("SEBI") vide its circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 in relation to "Additional relaxation in relation to compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 – Covid-19 pandemic" and circular no. SEBI/HO/CFD/CMD2/ CIR/P/2021/11 dated January 15, 2021 in relation to "Relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 due to the CoVID -19 pandemic" (collectively referred to as "SEBI Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the MCA Circulars and SEBI Circulars, the AGM of the members of the Company is being held through VC / OAVM. The registered office of the Company shall be deemed to be the venue for the AGM.

2. 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.

3. 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., authorizing 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

4. The relevant details, pursuant to Regulations 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking re-appointment at this AGM are also annexed to this Notice.

5. The Company has fixed **Tuesday, September 21, 2021** as the 'Record Date' for determining entitlement of members to Final Dividend for the financial year ended March 31, 2021, if approved at the AGM.

6. 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 **Tuesday, September 21, 2021**;

   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 **Tuesday, September 21, 2021**.

7. The Company has transferred unclaimed amounts of Final Dividend for the year 2012-13 and 1st and 2nd Interim Dividend for the year 2013-14 to the Investor Education and Protection Fund as required under Sections 124 and 125 of the Companies Act, 2013.

8. The Company has uploaded the information in respect of the Unclaimed Dividends as on the date of the 37th Annual General Meeting (AGM) held on Monday, 21st Day of September, 2020, 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.

9. 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 or 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".

10. Attention of Members is invited to the provisions of Section 124(6) of the Companies Act, 2013 read 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 or 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.

11. As per Regulation 40 of SEBI 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 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

12. 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. 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

13. 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 in physical form. 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.

14. 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.

15. 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.

16. Members holding shares in physical form are requested to inform the Company's Registrars and Transfer Agents, M/s. Link Intime India Private Limited (RTA), immediately of any change in their address and bank details. Members holding shares in dematerialised form are requested to intimate all changes with respect to their address, bank details, mandate etc. to their respective Depository Participants. These changes will then be automatically reflected in the Company's records. This will help the Company to provide efficient and better service to the Members.

i) 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)

ii) 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 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.

In compliance with the MCA Circulars and SEBI Circular, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories.

17. Members may note that the Notice and Annual Report 2020-21 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.

18. 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 7 above is annexed hereto and forms part of the Notice.

19. 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 and through electronic means. Members can request the same by sending an email to investorrelations@aarti-industries.com till the date of the AGM.

20. 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 before **September 26, 2021** through email at investorrelations@aarti-industries.com. The same will be replied by the Company suitably.

21. Pursuant to Finance Act, 2020, dividend income is taxable in the hands of shareholders effective April 1, 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 e-mail on or before September 21, 2021.

22. **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 **Tuesday, September 21, 2021** 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 **Tuesday, September 21, 2021**. 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. **Tuesday, September 21, 2021** 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, Practicing 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 general meeting, count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting 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 Saturday, September 25, 2021 at 9:00 a.m.(IST) and ends on Monday, September 27, 2021 at 5:00 p.m.(IST). During this period, Members holding shares either in physical form or in dematerialized form, as on **Tuesday, September 21, 2021** 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 https://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 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. If you are already registered for the NSDL IDeAS facility, please visit the e-Services website of NSDL. Open a web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under "IDeAS" section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be redirected to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Type of shareholders	Login Method
	2. If the user is not registered for IDeAS e-Services, the 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 a 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 held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to the NSDL Depository site wherein you can see the e-Voting page. Click on options available against company name or e-Voting service provider - 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.
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 e-Voting is in progress.
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. Once login, you will be able to see the e-Voting option. Once you click on the e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see the e-Voting feature. Click on options available against company name or e-Voting service provider-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 Forgot User ID and Forgot Password option available at respective websites.

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
Securities held with NSDL	Please contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Securities held with CDSL	Please contact CDSL helpdesk 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. Anewscreenwillopen. You will have to enter your User ID, your Passwordanda Verification Codeas shownonthescreen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://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:
For Members who hold shares in 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******
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**********
For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if EVEN is 101456 and folio number is 001*** the user ID is 101456001***

5. Your password details 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) Click on "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.

(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 the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

2. After clicking on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

3. Select "EVEN" of the company for which you wish to cast your vote during the remote e-Voting period and cast your vote during the General Meeting. For joining a virtual meeting, you need to click on the "VC/OAVM" link placed under "Join General Meeting".

4. Now you are ready for e-Voting as the Voting page opens.

5. 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.

6. Upon confirmation, the message "Vote cast successfully" will be displayed and you will receive a confirmation by way of a SMS on your registered mobile number from the depository.

7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. 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 evoting@nsdl.co.in 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 https://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 15 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.co.in / 1800-222- 990. 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.

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 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@aarti-industries.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 e-mail request to evoting@nsdl.co.in 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:
Plot Nos. 801, 801/23
GIDC Estate, Phase III,
Dist. Valsad, Gujarat

By order of the Board
Sd/
Raj Sarraf
Company Secretary
ICSI M. NO. A15526

August 6, 2021

Annexure to the Notice

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013.

Item No. 5

Shri Rashesh C. Gogri has been the Director of the Company since June 9, 1997. He has been acting as Vice Chairman & Managing Director with effect from August 16, 2012. His present term as Managing Director will expire on June 8, 2022. Based on the recommendation of the Nomination and Remuneration Committee, the Board in its meeting held on August 6, 2021, considered his re-appointment as the Managing Director for a further period of five years from June 9, 2022, subject to the approval of the Shareholders and upon the terms & conditions set out in the draft agreement to be entered into by the Company with him.

The said draft agreement, inter alia, contains the following material, terms and conditions:

1. **Period of Agreement:** June 9, 2022 to June 8, 2027

2. **Remuneration:**

   (a) **Salary:** As recommended by the Nomination and Remuneration Committee, Board and approved by the Shareholders.

   (b) **Commission:**

   In addition to the salary as above, he shall also be entitled to be paid a share in aggregate commission calculated at the rate of 3% of net profit of the Company computed under Section 198 of the Companies Act, 2013, payable to all the Managing/ Executive Directors of the Company. Share of such commission and the manner, shall be determined by the Board of Directors of the Company.

   (c) **Perquisites/allowances:**

   In addition to Salary and Commission, the Managing Director shall be entitled to the following perquisites/ allowances:

   House rent allowance, reimbursement of medical expenses and medical insurance premiums for self and family, leave travel allowance, fees of clubs, telephone and internet facilities at residence and mobile phone facility, personal accident insurance, bonus, ex-gratia incentives, assignment of key man or other insurance policies obtained by the Company, contribution to National Pension Scheme and such other perquisites and special allowances as may be determined by the Board of Directors from time to time.

   (d) Managing Director shall also be entitled to following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein:

      (i) Contribution to Provident Fund, Contributions to Superannuation fund or Annuity fund as per the rules of the Company. These will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

      (ii) Gratuity payable at rate not exceeding half a month's salary for each completed year of service; and

      (iii) Encashment of leave at the end of the tenure.

      (iv) Provision of car for business of the Company and telephone at residence shall not be treated as perquisites. Use of car for personal purpose and personal long distance calls on telephone shall be billed by the Company.

      Explanation: For the purpose of this agreement "family" means the spouse, the dependent children and dependent parents of the Managing Director.

   (e) The perquisites and allowances together with the salary and commission payable as aforesaid shall be restricted to and be subject to the applicable overall maximum ceiling limit set out in Section 197 read with Schedule V of the Companies Act, 2013 or any amendments or modifications that may be made thereto by the Central Government in that behalf from time to time.

3. Wherein any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as aforesaid.

4. The Managing Director shall be entitled to annual privilege leave on full salary for a period of thirty days and shall be entitled to accumulate such leave. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

5. No sitting fee shall be payable to him for attending the Meetings of the Board of Directors or Committee thereof.

6. Notwithstanding anything to the contrary contained in the Agreement, either party shall be entitled to terminate the Agreement, at any time by giving to the other party 180 days notice in writing in that behalf without the necessity of showing any cause and on the expiry of the period of such notice this Agreement shall stand terminated and the Managing Director shall cease to be the Managing Director of the Company. Provided that the aforesaid notice may be waived mutually.

7. The terms and conditions of the said appointment herein and/or Agreement may be altered and varied by the Board from time to time at their discretion as they may deem fit so as not to exceed the limits specified in Schedule V of the Companies Act, 2013, or any amendments made hereafter in that regard.

   The other terms and conditions of the Agreement are such as are customarily contained in agreement of similar nature.

8. The said appointment/agreement including the remuneration payable to him is subject to the approval of the Shareholders and all such sanctions as may be necessary and shall be given effect to as per the modification, if any, made/approved as aforesaid.

   The draft agreement to be entered into between the Company and Shri Rashesh C. Gogri is open for inspection at the Registered Office of the Company on working day between 11:00 a.m. to 1:00 p.m. up to the date of Annual General Meeting.

   Your Directors recommend the said resolution for your approval as an Ordinary Resolution.

   Shri Rashesh C. Gogri and Smt. Hetal Gogri Gala, Executive Director, being related to him are interested in the resolution. The relatives of Shri Rashesh C. 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. 6

The Nomination and Remuneration Committee of the Board in its meeting held on May 17, 2021, has evaluated performance of the Executive Directors and in accordance with Company's performance and Industry norms, recommended revision in the terms of appointment (Remuneration and Tenure) as stated in the table below:

Name of Directors	Remuneration Salary (₹ in Lakhs)	Tenure
Shri Rajendra V. Gogri (CMD)	93	As per the Agreement
Shri Rashesh C. Gogri (VC & MD)	93	
Shri Parimal H. Desai (ED)	80	Until cessation from the Employment in the Company and subject to re-appointment due to retirement by rotation in the Annual General Meeting
Shri Manoj M. Chheda (ED)	80	
Smt. Hetal Gogri Gala (ED)	80	
Shri Kirit R. Mehta (ED)	56	
Shri Renil R. Gogri (ED)	68	
Shri Narendra Salvi (ED)	80	

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

All other terms and conditions remain unchanged.

In line with the regulatory requirements, subject to approval of the members, revised remuneration shall be effective from April 1, 2021 and will continue till further revision takes place.

Your Directors recommend the said Resolution for your approval as an Ordinary Resolution.

None of the Directors other than Executive Directors and their relatives, 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. 7

Pursuant to Section 148 of the Companies Act, 2013 and Rule 14 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 2021-22 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 18, 2021 at a remuneration of ₹ 5,00,000 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 ratified 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.

Registered Office:
Plot Nos. 801, 801/23
GIDC Estate, Phase III,
Dist. Valsad, Gujarat

By order of the Board
Sd/
Raj Sarraf
Company Secretary
ICSI M. NO. A15526

August 6, 2021

Annexure A

Brief resume of Directors seeking appointment/ Re-appointment are as under:

Particulars	Shri Parimal H Desai (DIN: 00009272)	Smt. Hetal Gogri Gala (DIN: 00005499)	Shri Rashesh C. Gogri (DIN: 00066291)
Date of birth and age	May 29, 1949 (72 years)	July 10, 1975 (46 years)	June 3, 1974 (47 years)
Originally Appointed on	September 28, 1984	November 1, 2006	June 9, 1997
Qualifications	He holds a bachelor's degree in Chemical Engineering from Institute of Chemical Technology, Mumbai (formerly known as UDCT).	She holds a bachelor's degree in Electronics Engineering from University of Mumbai and has completed the Management Education Programme from Indian Institute of Management, Ahmedabad.	He holds a bachelor's degree in Engineering (in its production branch) from the University of Bombay.
Experience and expertise in specific functional areas	He has more than 38 years experience in Development and project implementation in the Chemical industry.	She has an experience of around 19 years in the Chemical Industry. She has a rich and vast experience in the portfolios of Purchase, Supply Chain Management, HR & Admin and presently handles the same. She also manages Strategic Business unit of the Company.	He has around 24 years of experience in the chemical industry. He has played key role in the growth of various strategic business units in chemical, pharma segment of the Company.
Disclosure of Relationships between Director Inter-se	Nil	Smt. Hetal Gogri Gala is sister of Shri. Rashesh C. Gogri, Vice Chairman and Managing Director of the Company.	Shri. Rashesh C Gogri is brother of Smt. Hetal Gogri Gala, Executive Director of the Company.
Directorships held in other Companies	• Aarti HPC Limited • Nikhil Holdings Pvt Limited • Aarti Corporate Services Limited	• Anushakti Enterprise Private Limited • Alchemie Dye Chem Private Limited • Alchemie Multichem Private Limited • Alchemie Financial Services Limited • Gogri Finserv Private Limited • Aashay Finance and Investments Private Limited • Aarti Vikas & Seva Mission • Alabhya Trusteeship Private Limited • Saswat Trusteeship Private Limited • Aarti Nature Care Private Limited • Vahal Welfare Foundation	• Aarti Drugs Limited • Spark Pharmachem Private Limited • Anushakti Enterprise Private Limited • Alchemie Dye Chem Private Limited • Alchemie Multichem Private Limited • Aarti Polychem Private Limited • Alchemie Financial Services Limited • Gogri Finserv Private Limited • Aashay Finance and Investments Private Limited • Crystal Millennium Realtors Private Limited • Alabhya Trusteeship Private Limited • Saswat Trusteeship Private Limited • Vahal Welfare Foundation
Memberships / Chairmanships of committees of Listed Companies other than Aarti Industries Limited.	Nil	Nil	Aarti Drugs Limited • Audit Committee (Member) • Risk Management Committee (Member) • Corporate Social Responsibility Committee (Member)
No. of shares held in the Company	11,47,216	1,04,62,192	1,53,37,616

Note: For other details such as number of meetings of the board attended during the year and remuneration drawn in respect of above directors, please refer to the corporate governance report which is a part of this Annual Report.

Notes

Notes

Notes

Awards & Recognition

FICCI Company of the Year Award 2021

ecovadis

AARTI INDUSTRIES LTD (GROUP)

has been awarded a

Gold medal

as a recognition of their EcoVadis Rating

- APRIL 2021 -

GOLD 2021 ecovadis Sustainability Rating

You are receiving this score/medal based on the disclosed information and news resources available to EcoVadis at the time of assessment. Should any information or circumstances change materially during the period of the scorecard/medal validity, EcoVadis reserves the right to place the business' scorecard/medal on hold and, if considered appropriate, to re-assess and possibly issue a revised scorecard/medal.

Valid until: April 2022

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Ecovadis Gold Medal

AARTI INDUSTRIES

BSE - 524208 | NSE - AARTIIND | CIN - L24110GJ1984PLC007301

Registered Office
Plot Nos. 801, 801/23 GIDC Estate
Phase III, Vapi - 396 195
Dist. Valsad, Gujarat
Website: www.aarti-industries.com

Corporate Office
71, 2nd Floor, Udyog Kshetra,
Mulund-Goregaon Link Road,
Salpa Devi Pada, Mulund West,
Mumbai - 400 080, Maharashtra

/Concept, content and design at AICL (hello@aicl.in)

For AARTI INDUSTRIES LIMITED

Company Secretary
ICSI M. No. A15526

Jatin Vora
B.Com., F.C.A.

Jatin Vora & Associates
Chartered Accountants
Address:
203, Chheda Bhavan, 98, Surat Street,
Masjid (East), Mumbai - 400 009.
Tel: 022 – 4006 1063
Email: cajitvora@gmail.com

Independent Auditor's Report on the Standalone Ind AS Financial Statements

To the Members of
Aarti Organics Limited

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Aarti Organics Limited** ("the Company") which comprise the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, Cash Flow Statement, and the Statement of Changes in Equity and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, its loss including other comprehensive income, its cash flows and the changes in equity for the period ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SA's), as specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditors Responsibilities for the Audit of the 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 together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion on the standalone Ind AS financial statements.

Information Other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises of Directors Report with its annexure, but does not include Financial Statements and our auditor's report thereon.

Our opinion on the 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 Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of 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 information; we required to report that fact. We have nothing to report in this regard.

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AARTI PHARMALABS LIMITED MUMBAI

JATIN VORA & ASSOCIATES JATIN VORA Membership No. 103866 CHARTERED ACCOUNTANTS

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments 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 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 Ind AS 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.

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility are to obtain reasonable assurance about whether the standalone Ind AS 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 high level of assurance but it is not guarantee that an audit concluded in accordance with the SA's 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 standalone Ind AS financial statements.

As a part of an audit in accordance with SA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system 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 management.

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Membership No
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- 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 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 Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 Ind AS 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, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure A', a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, 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 purpose of our audit;

   b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity are in agreement with the books of account.

   d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards referred specified under section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015, as amended.

e) On the basis of written representations received from the directors as on 31st March, 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020, from being appointed as a director in terms of section 164 (2) of the Companies Act, 2013.

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 over financial reporting.

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 period is in accordance with the provisions of section 197 of the Act; and

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, in our opinion and to the best of our information and according to the explanations given to us:

   i. The company does not any pending litigations on its financial position in its Financial Statements.

   ii. The company did not have any long term contracts including derivative contracts which were any material foreseeable losses;

   iii. There were no amounts which required to be transferred to the Investor Education and Protection Fund by the Company;

For **Jatin Vora & Associates**
Chartered Accountants
Firm Registration No. 118024W

Jatin Vora
Proprietor
Membership No. 103866
UDIN: 20103866AAAAIT1753

JATIN VORA & ASSOCIATES
JATIN VORA
Membership No
103866
CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 23rd May, 2020.

ANNEXURE – A TO INDEPENDENT AUDITORS' REPORT

The Annexure referred to in our Auditors' Report to the members of the Company on the standalone financial statements for the period ended 31st March, 2020, we report that:

1) In our opinion and according to the information and explanation given to us, the Company does not hold any have any fixed assets at any time during the period under audit, accordingly para 3(i) of the Order is not applicable.

2) In our opinion and according to the information and explanation given to us, the Company is not having any inventory at any time during the period ended under audit; accordingly para 3(ii) of the Order is not applicable.

3) According to the information and explanations given to us the company has not granted loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

4) In our opinion and according to the information and explanations given to us, the company has not given any loan, investment, guarantees, and security with respect to the provisions of Section 185 and 186 of the Act, accordingly, para 3(iv) of the Order is not applicable.

5) The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013.

6) In our opinion and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013; accordingly, para 3(vi) of the Order is not applicable.

7) (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, amounts deducted/accrued in the books of the accounts in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Profession Tax, Goods & Service Tax (GST), Cess and any other statutory dues have been regularly deposited during the period by the company with the appropriate authorities.

   (b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods & Service Tax (GST), Cess and any other statutory dues which have not been deposited by the company on account of disputes

8) According to the information and explanations given to us, the Company has not borrowed from any financial institution, banks, government; accordingly, para 3(viii) of the Order is not applicable.

9) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the period, Accordingly, para 3(ix) of the Order is not applicable.

10) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

11) According to the information and explanations give to us and based on our examination of the records of the Company, no managerial remuneration has been paid or provided, Accordingly, para 3(xi) of the Order is not applicable.

JATIN VORA & ASSOCIATES
JATIN VORA
Membership No.
103866
CHARTERED ACCOUNTANTS

12) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

13) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

14) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made private placement of equity shares during the period; accordingly, paragraph 3(xiv) of the Order is not applicable.

15) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him; accordingly, paragraph 3(xv) of the Order is not applicable.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **Jatin Vora & Associates**
Chartered Accountants
Firm Registration No. 118024W

Jatin Vora
Proprietor
Membership No. 103866
UDIN: 20103866AAAAIT1753

JATIN VORA & ASSOCIATES
JATIN VORA
Membership No.
103866
CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 23rd May, 2020.

ANNEXURE – B TO INDEPENDENT AUDITORS' REPORT

Report on the Internal Financial Control under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("The Act")

We have audited the internal financial controls over financial reporting of **Aarti Organics Limited** ("the Company") as of 31st March, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the period ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls 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 ('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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone Ind AS 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 judgment, 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 system over financial reporting with reference to these standalone Ind AS financial statements.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

JATIN VORA & ASSOCIATES
JATIN VORA
Membership No.
103866

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, 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.

For **Jatin Vora & Associates**
Chartered Accountants
Firm Registration No. 118024W

JATIN VORA & ASSOCIATES
JATIN VORA
Membership No.
103866
CHARTERED ACCOUNTANTS

Jatin Vora
Proprietor
Membership No. 103866
UDIN: 20103866AAAAIT1753

Place: Mumbai
Date: 23rd May, 2020.

AARTI ORGANICS LIMITED
Balance Sheet as at 31st March, 2020

(Amount in Rs)

Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
ASSETS			
Non-Current Assets			
Property, Plant and Equipment		NIL	NIL
Capital Work-in-Progress		NIL	NIL
Intangible Assets		NIL	NIL
Financial Assets			
Investments		NIL	NIL
Other Non-Current Assets		NIL	NIL
Total Non-Current Assets		NIL	NIL
Current Assets			
Inventories		NIL	NIL
Financial Assets			
Trade Receivables		NIL	NIL
Cash and Cash Equivalents	1	2,500,000	NIL
Others Current Financial Assets		NIL	NIL
Other Current Assets		NIL	NIL
Total Current Assets		2,500,000	NIL
TOTAL ASSETS		2,500,000	NIL
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	2	2,500,000	NIL
Other Equity	3	(186,751)	NIL
Total Equity		2,313,249	NIL
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Borrowings		NIL	NIL
Other Financial Liabilities	4	186,751	NIL
Deferred Tax Liabilities (Net)		NIL	NIL
Total Non-Current Liabilities		186,751	NIL
Current Liabilities			
Financial Liabilities			
Borrowings		NIL	NIL
Trade Payables Due to:			
Micro and Small Entereprises		NIL	NIL
Other Than Micro and Small Entereprises		NIL	NIL
Other Current Liabilities	5	NIL	NIL
Provisions		NIL	NIL
Total Current Liabilities		NIL	NIL
Total Liabilities		186,751	NIL
TOTAL EQUITY AND LIBILITIES		2,500,000	NIL
Summary of Significant Accounting Policies and other Explanatory Information	1-10		

As per our report of even date

For Jatin Vora & Associates
Chartered Accountants
Firm Registration No.: 118024W

Jatin S. Vora
Proprietor
Membership No. : 103866
UDIN: 20103866AAAAIT1753
Place: Mumbai
Date: 23rd May, 2020

For and on behalf of the Board

Shyam Dhekekar
Director
DIN: 08620002

Chetan Gandhi
Director
DIN: 06843850

AARTI ORGANICS LIMITED

Statement of Profit and Loss for the period ended 31st March, 2020

(Amount in Rs)

Particulars	Note No.	For the Peiord Ended 31st March, 2020	For the Year Ended 31st March, 2019
REVENUE			
Revenue from Operations		**NIL**	NIL
Other Income		**NIL**	NIL
Total Revenue		**NIL**	NIL
EXPENSES			
Cost of Materials Consumed (Incl. Packing Material, Fuel, Stores & Spares)		**NIL**	NIL
Purchases of Stock-in-Trade		**NIL**	NIL
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade		**NIL**	NIL
Employee Benefits Expense		**NIL**	NIL
Finance Costs		**NIL**	NIL
Depreciation and Amortisation Expenses		**NIL**	NIL
Other Expenses	6	**186,751**	NIL
Total Expenses		**186,751**	NIL
PROFIT BEFORE TAX		**(186,751)**	NIL
TAX EXPENSES			
Current Year Tax		**NIL**	NIL
Earlier Year Tax		**NIL**	NIL
MAT Credit Entitlement		**NIL**	NIL
Deferred Tax		**NIL**	NIL
Total Tax Expenses		**NIL**	NIL
PROFIT AFTER TAX		**(186,751)**	NIL
OTHER COMPREHENSIVE INCOME		**NIL**	NIL
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(186,751)**	NIL
Earnings Per Equity Share (EPS) (in Rs) Basic/Diluted	7	**(0.75)**	NA
Summary of Significant Accounting Policies and other Explanatory Information	1-10		

As per our report of even date

For Jatin Vora & Associates
Chartered Accountants
Firm Registration No.: 118024W

Jatin S. Vora
Proprietor
Membership No. : 103866
UDIN: 20103866AAAAIT1753
Place: Mumbai
Date: 23rd May, 2020

For and on behalf of the Board

Shyam Dhekekar
Director
DIN: 08620002

Chetan Gandhi
Director
DIN: 06843850

AARTI ORGANICS LIMITED

Cash Flow Statement for the period ended 31st March, 2020

(Amount in Rs)

Particulars	31.03.2020	31.03.2019
A. Cash Flow from Operating Activities		
Net Profit / (Loss) before extraordinary items and tax	(186,751)	NIL
Change in current Assets & Liabilities		
Adjustments for increase / (decrease) in operating liabilities:	NIL	NIL
Other Current liabilities		
Net Cash inflow/(out flow) from Operating Activites (A)	**(186,751)**	NIL
B. Cash Flow from Investing Activities		
Capital WIP	NIL	NIL
Net Cash inflow/(outflow) from Investing activities (B)	**NIL**	NIL
C. Cash Flow from Financing Activities		
Proceeds from issue of equity shares	2,500,000	NIL
Proceeds/(Repayment) of Other Borrowings	186,751	NIL
Net Cash inflow/(out flow) from Financing Activites (C)	**2,686,751**	NIL
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	**2,500,000**	NIL
Cash and Cash equivalent as at the commencement of the period	NIL	NIL
Cash and Cash equivalent as at the End of the period	2,500,000	NIL

Note:

(i) Cash and Cash equivalent is Cash and Bank Balances as per Balance Sheet.

As per our report of even date

For Jatin Vora & Associates
Chartered Accountants
Firm Registration No.: 118024W

Jatin S. Vora
Proprietor
Membership No. : 103866
UDIN: 20103866AAAAIT1753
Place: Mumbai
Date: 23rd May, 2020

JATIN VORA & ASSOCIATES
JATIN VORA
Membership No
103866
CHARTERED ACCOUNTANTS

For and on behalf of the Board

Shyam Dhekekar
Director
DIN: 08620002

Chetan Gandhi
Director
DIN: 06843850

AARTI ORGANICS LIMITED

Statement of Changes in Equity for the period ended 31st March, 2020

A. EQUITY SHARE CAPITAL

(Amount in Rs)

As at 1st April, 2018	NIL
Changes in equity share capital during the year 2018-19	NIL
As at 31st March, 2019	NIL
Changes in equity share capital during the year 2019-20	2,500,000
As at 31st March, 2020	**2,500,000**

B. OTHER EQUITY

(Amount in Rs)

Particulars	Other Equity	Total Other Equity
	Reserves and Surplus	
	Retained Earnings	
As at 1st April, 2018	NIL	NIL
Profit for the Period	NIL	NIL
Balance as at 31st March, 2019	NIL	NIL
Profit for the Period	(186,751)	(186,751)
Balance as at 31st March, 2020	**(186,751)**	**(186,751)**

As per our report of even date

For Jatin Vora & Associates
Chartered Accountants
Firm Registration No.: 118024W

Jatin S. Vora
Proprietor
Membership No. : 103866
UDIN: 20103866AAAAIT1753
Place: Mumbai
Date: 23rd May, 2020

JATIN VORA & ASSOCIATES CHARTERED ACCOUNTANTS JATIN VORA Membership No 103866

For and on behalf of the Board

Shyam Dhekekar
Director
DIN: 08620002

C. B. Gandhi

Chetan Gandhi
Director
DIN: 06843850

1 **Significant Accounting Policies:**

a **Accounting Convention**

The Company has prepared the balance sheet as per Ind AS by recognising all assets and liabilities whose reconginition is required by Ind AS, not recognising items of assets and liabilities which are not pemitted by Ind AS and applying Ind AS in measurement of Recongnised assets and liabilities.

b **Use of Estimates**

The preparation of financial statements requires the management estimates and assumptions to be made that affect the reported amount of assets and liabilities (including contingent liabilities) on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Difference between the actual results and estimates are recognised in the period in which the results are known or materialised.

c **Cash flow statement**

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Cash and cash equivalents (for purposes of Cash Flow Statement)
Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

d **Taxes on Income**

i. Provision for current tax is determined on the basis of taxable income for the period as per the provisions of Income Tax Act, 1961.

ii. Deferred tax for the year is recognized, on timing differences, being difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

e **Revenue Recognition**

Sale of goods
Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include sales tax and value added tax.

Other Incomes
Other incomes are accounted for on accrual basis except when the recovery is uncertain, it is accounted for on receipt basis.

f **Earnings per Share:**

Basic EPS is computed by dividing the profi t or loss attributable to the equity shareholders of the Company by the weighted average number of Ordinary shares outstanding during the year. Diluted EPS is computed by adjusting the profi t or loss attributable to the ordinary equity shareholders and the weighted average number of ordinary equity shares, for the effects of all dilutive potential Ordinary shares.

JATIN VORA & ASSOCIATES CHARTERED ACCOUNTANTS
JATIN VORA
Membership No.
103866

g **Provisions and Contingencies:**

A provision is recognized when the company has legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate the amount of the obligation. A Contingent liability is disclosed when the company has possible or present obligation where it is not certain that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

1 CASH AND CASH EQUIVALENTS:

(Amount in Rs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Cash on hand	NIL	NIL
Bank balance in Current Accounts	2,500,000	NIL
TOTAL	2,500,000	NIL

2 EQUITY SHARE CAPITAL:

Particulars	No. of Shares	As at 31st March, 2020
Authorised Share Capital		
Equity Shares of 10/- each	500,000	5,000,000
Issued, Subscribed & Paid up		
Equity Shares of 10/- each fully paid up	250,000	2,500,000
TOTAL	250,000	2,500,000

Reconciliation of the number of Shares outstanding as on 31st March, 2020:

Particulars	No. of Shares outstanding	
	As at 31st March, 2020	As at 31st March, 2019
Equity Shares at the beginning of the year	NIL	NIL
Equity Shares issued during the year	250,000	NIL
Equity Shares at the end of the year	250,000	NIL

Details of shareholders holding more than 5% shares:

Name of the Shareholders	As at 31st March, 2020	
	No. of Shares	% held
Aarti Industries Limited	250,000	100

The details of Equity Shares outstanding during last 5 years:

Particulars	Financial Year	
	2019-20	2018-19
No. of Equity Shares outstanding	250,000	NA

AARTI ORGANICS LIMITED

Year 2019-2020

3 OTHER EQUITY:

(Amount in Rs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Profit and Loss Account		
Opening balance	NIL	NIL
Addition:		
Net Profit/(Loss) for the year	(186,751)	NIL
Closing Balance	(186,751)	NIL

(Amount in Rs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
4 OTHER FINANCIAL LIABILITIES:		
Loans & Advances from Related Parties	186,751	NIL
TOTAL	186,751	NIL

(Amount in Rs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
5 OTHER CURRENT LIABILITIES:		
Other Current Liabilities & Provisions	NIL	NIL
TOTAL	NIL	NIL

(Amount in Rs)

Particulars	For the Period Ended 31st March, 2020	For the Year Ended 31st March, 2019
6 OTHER EXPENSES:		
Office Administrative Expenses:		
Rates & Taxes	186,751	NIL
Misc. Expenses/Charges	NIL	NIL
Auditor Remuneration	NIL	NIL
Total	186,751	NIL

AUDITOR'S REMUNERATION:		
Audit Fees	NIL	NIL
TOTAL	NIL	NIL

JATIN VORA & ASSOCIATES
JATIN VORA
Membership No.
103866

AARTI ORGANICS LIMITED

Year 2019-2020

7 EARNINGS PER SHARE

(Amount in Rs)

Particulars	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Profit after tax as per statement of profit and loss	(186,751)	NIL
Weighted average number of equity shares for basic EPS (in No.)	250,000	NIL
Weighted average number of equity shares for diluted EPS (in No.)	250,000	NIL
Face value of equity shares (in Rs.)	10	NA
Earnings per share Basic (in Rs.)	(0.75)	NA
Earnings per share Diluted (in Rs.)	(0.75)	NA

8 There are no Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made. The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

9 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.

AARTI ORGANICS LIMITED

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10 RELATED PARTIES DISCLOSURES

As per Ind AS 24, the disclosures of transactions with the Related Parties are given below:

I Name of the Company — **Relationship**

1 Aarti Industries Limited — Holding Company

II 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 Chetan Bipin Gandhi — Director
2 Ajay Kumar Gupta — Director
3 Shyam Shankarrao Dhekekar — Director

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 item I above.

(Amount in Rs)

Sr. No.	Description of Transaction	Holding Company (I)
1	Sales of Finished Goods/Sales Income	NIL
2	Purchases of Raw Materials/Finished Goods	NIL
3	Other Expenses	NIL
4	Equity Contribution	2,500,000
5	Outstanding items pertaining to the related parties at the balance--sheet date Receivable/(Payable)	(186,751)

CERTIFIED TRUE COPY

AARTI PHARMALABS LIMITED MUMBAI