

**September 12, 2022**

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

**BSE CODE –524208**

To,  
Listing/Compliance Department  
**National Stock Exchange of  
India Limited**  
“Exchange Plaza”, Plot No. C/1,  
G Block Bandra - Kurla Complex,  
Bandra (E), Mumbai – 400 051.  
**NSE Symbol: AARTIIND**

Dear Sir/Madam,

**Sub.: Revised Annual Report for the year ended  
March 31, 2022 (“Annual Report”).**

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This has reference to our earlier letter dated September 3, 2022 wherein the Company had submitted its Annual Report for FY 2021-22. In our earlier submission, link of Auditor’s Certificate on Corporate Governance was provided on page no. 74 instead of full certificate. Kindly find enclosed revised Annual Report with Auditor’s Certificate on Corporate Governance at page no. 109 and 110 in the Annual Report.

It may be noted that these were minor errors, not material in nature and have ‘NO’ impact on the financial statements/numbers, in any manner.

The Revised Annual Report for FY 2021-22 is enclosed herewith and is also available on the website of the Company at <https://www.aarti-industries.com/investors/financial-information/annual-reports>

Kindly take note of the same.

**For AARTI INDUSTRIES LIMITED**

RAJ SARRAF  
**COMPANY SECRETARY**  
ICSI M. NO. A15526  
Encl.: as above.

# Growth Focused. Future Ready.



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

# Growth Focused. Future Ready.



## 2021-22 Highlights

**₹7,919 Cr**

Revenue

↑ 58%

**₹1,930 Cr**

EBITDA

↑ 96%

**₹1,307 Cr**

Profit After Tax

↑ 150%

**₹1,315 Cr**

Capital Expenditure

**₹1,200 Cr**

Value of QIP raised

**0.44x**

Debt to Equity  
0.81x in FY21

 Read more on page 18

 Y-o-Y growth

The above financials include the termination income for a long-term contract



Through the development of a well-rounded product portfolio and a persistent emphasis on R&D capabilities, we have created a solid integrated business model. Our close relationships with our clients and suppliers will continue to be a key factor in our company's long-term growth and profitability. Our growth trajectory will be determined by our superior execution skills, ongoing scale-up, and introduction of new chemical value chains like chlorotoluene.

We intend to demerge the Pharma business in order to focus and streamline each segment, allowing for better synergies and eliminating any segmental overlaps. As a result, the pharmaceutical industry will be able to focus on the fast-moving pharma sector in India and around the world. Through aggressive capex plans, new chemistries, and value-added products in pharma and specialty chemicals, we are well-positioned to capture the market in the specialty chemicals and pharmaceuticals segment.

## OPERATIONAL

- Delivered strong volume growth along with improved product mix
- Value-added products **contributed over 70% of sales**
- **Price realisations were higher on account of pass-through** of higher raw material prices, fuel costs and logistics costs
- Onboarded about **1,500 personnel** in FY 2021-22
- Awarded the prestigious **Responsible Care certification** by the Indian Chemical Council (ICC)
- In the process of the **demerger of Aarti Industries' pharma business into Aarti Pharmed Labs Limited**. Awaiting the formal approval from NCLT Ahmedabad. Post this, it will take around two-three months to complete the demerger procedure

## PROJECT UPDATE

- Commercialised the unit at Dahej SEZ for the project related to 2nd Long-Term Contract
- Key projects to be commercialised in FY 2022-23 and FY 2023-24**
- Capacity expansion for USFDA approved API facility
  - Project linked to the third long-term contract at Jhagadia
  - NCB capacity expansion at Vapi
  - Acid Unit revamp and expansion at Vapi

## Our Capitals

# Leveraging Resources, Building Value



### FINANCIAL CAPITAL

#### What is it



It refers to our finances available to generate value via manufacturing processes, as well as revenues from our activities. These include, among other things, equity, debt, retained earnings and investments. We have a solid balance sheet and prioritise effective capital utilisation.



### MANUFACTURING CAPITAL

It refers to our cutting-edge infrastructure for manufacturing specialty chemicals and pharmaceuticals, as well as shipping, storage, and sales. In these state-of-the-art facilities, we create products of the highest quality. We continuously upgrade technology and strive to improve the safety and reliability of our facilities.



### INTELLECTUAL CAPITAL

Through dedicated R&D, we create products that our customers can rely on and invest in new technologies to make processes safer, smarter, and easier. Patents, trademarks, copyrights, technical know-how, formulae, and new goods and processes generated via R&D and other activities comprise our intellectual capital.

#### Management Approach



Create value for shareholders through sustainable growth

Ensure well-maintained functional assets and facilities

Embrace innovation as a strategic element of the Company

#### FY22 Highlights



**₹5,919 Cr**  
Equity

**₹2,578 Cr**  
Debt

**21**  
Manufacturing units

**₹6,272 Cr**  
Gross Block of Fixed Assets

**44**  
Patents Filed

**11**  
Patents Granted

**4**  
R&D Centres



**HUMAN CAPITAL**

To build our organisation, we rely on our employees, their talent, competencies, expertise, and commitment. We are dedicated to creating an enabling and inclusive work environment which is both safe and supportive for our people. This encourages creative thinking and motivates people to perform to the best of their ability. We provide them with opportunities to learn and flourish by training them and chalking an appropriate development path.

Invest in a right talent pool for enhancing productivity while offering an inclusive and a balanced work environment

**8,000+**  
Total Manpower

**₹12.62 Cr**  
CSR Expenditure



**SOCIAL AND RELATIONSHIP CAPITAL**

We have mutually beneficial collaboration with our key stakeholders, including investors, customers, suppliers, society, and government, among others, that are critical to our success. We are devoted to fostering inclusive and overall growth in our communities by generating holistic value.

Promote trust with stakeholders, enhancing the quality of life of people in areas of operations

**12.53 Lakhs**  
Lives Impacted

**45%**  
Water Recycled



**NATURAL CAPITAL**

This comprises of natural resources such as air, water, energy, land, and biodiversity, which we either use or have an influence on. We aspire to achieve 'zero waste to landfill' at the majority of our manufacturing plants by optimising resource utilisation, lowering energy emissions, and utilising raw materials wisely.

Ensure sustainable use of natural resources and contribute to combating climate change

**5,99,557 tCO<sub>2</sub>e**  
Scope 1 Emissions

**16**  
Zero Liquid Discharge Plants

## Corporate Identity

# Driving Leadership with Responsibility

We are a leading global specialty chemicals company in benzene-based derivatives, and a fast-growing player in pharmaceutical API and intermediates. Our investments in world-class manufacturing capacity, R&D and innovation are driving our sustainable growth by enhancing our position as a Global Partner of Choice.

We are globally ranked among the top 3 players in chlorination, nitration, ammonolysis and hydrogenation in the benzene value chain chemistry. Our pharmaceutical operations span APIs, intermediates and Xanthine derivatives that are supplied to global innovators and generic companies. Our integrated operations are low cost and produce a wide range of products that serve diverse sectors and geographies.

Our growth prospects are supported by our expansion projects backed by long-term contracts with leading global companies, coupled with an increased utilisation of our operational facilities with a strong product pipeline. Focusing on multi stage processes and new value added chemistries, we aim to add 40+ products in chemical segment and 50+ products in pharma segment by FY 2024-25.



### OUR VISION

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

### OUR MISSION

Delighted stakeholders

### OUR VALUES



#### Care

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



#### Integrity

We practice highest ethical and moral standards



#### Excellence

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



KEY FACTS

16

Zero Liquid Discharge Plants

4

R&D Centres

15

Specialty Chemical Plants

6

Pharmaceutical Plants

KEY DIFFERENTIATORS



Global player in benzene-based derivatives with integrated operations

Top 3

In Chlorination and Nitration globally

Top 2

In Hydrogenation globally



Pharma – significant growth with diversification

The API and intermediate markets (domestic and exports) are expected to grow rapidly

The growth of Xanthine derivatives is anticipated to continue



Well-diversified across multiple dimensions

200+

Multi-product

400+ global, 700+ domestic

Multi-customer

60+

Multi-geographic



Well-placed to benefit from industry tailwinds

Alternate to China

- Low-cost, sustainable manufacturing opportunities in sunrise sectors



Strong focus on R&D and process innovation

100+

Products in R&D pipeline



Strong return profile despite significant capex

18%

EBIT/Gross Block\*

₹4,100+ Cr

Capitalisation over FY19-22

\*Without considering termination income

Capex of ₹2,500-3,000 Cr for Chemicals and ₹350-500 Cr for Pharma over next two years



Thrust on sustainability

45%

Water recycled

0.13

LTIFR

18.75%

Women at board level

## Business Portfolio

# Diversified Product Offerings

An extensive portfolio and a limited reliance on specific goods allow us to navigate through business cycles and market fluctuations in both specialty chemicals and pharmaceuticals. Diverse markets and a wide variety of clientele assure long-term stability. To capitalise on market prospects, we are increasing manufacturing capabilities of specialty chemicals as well as high-value APIs and intermediates.





## Specialty Chemicals

Specialty chemicals are our key business division, accounting for the majority of our sales. We use feedstock materials such as benzene, toluene, nitric acid, chlorine, methanol, aniline, sulphur, etc. with a vast array of reactions to serve major chemical businesses across the world.

# 84%

Share of Revenue in FY22

### KEY HIGHLIGHTS

## 15

Number of Manufacturing Units

## ₹5,049 Cr

Gross Block



### KEY END USERS

Polymer and additives; agrochemicals and intermediates; dyes, pigments, paints, and printing inks; pharma intermediates, and fuel additives, rubber chemicals, resins, etc.

### KEY VALUE CHAINS

Nitro Chloro Benzenes (NCBs)	Nitro Toluene Value Chain
Di-Chloro Benzenes (DCBs)	Equivalent Sulphuric Acid (E.S.A) & downstream
Phenylenediamines (PDAs)	



## Business Portfolio

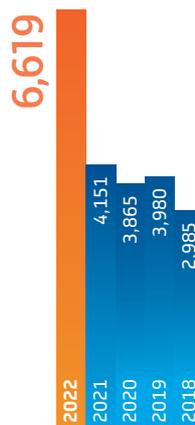
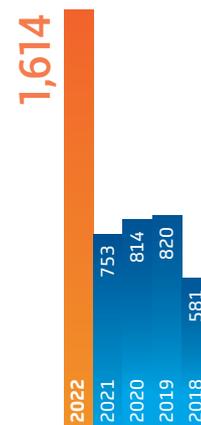
**KEY CUSTOMERS**



### PERFORMANCE IN FY 2021-22

Our strong performance in FY 2021-22 was driven by higher capacity utilisation and better product mix. The year was marked by recovery in demand in established markets to pre-COVID levels, and high input and logistics costs driven by global trends. We successfully passed on impact of higher input costs, partly with a time lag. Towards the end of the year, we commercialised the unit at Dahej SEZ, catering to the 2nd long term contract is expected to incrementally add to the revenue in FY 2022-23.

The revenue for the year includes long-term contract termination fees of ₹631 crores, and EBIT includes the impact of the same of ₹610 crores.

**REVENUE (₹ Crores)**

**EBIT (₹ Crores)**




## Pharmaceuticals

Our proficiency is in manufacturing APIs, intermediates, and Xanthine derivatives for the pharmaceutical, food, and beverage industries.

# 16%

Share of Revenue in FY22

### KEY HIGHLIGHTS

# 6

Number of Units

# 1,088 Cr

Gross Block



### APIs

We are the most backward integrated manufacturers of APIs. We export to various regulated markets – the US, EU, and Japan, where we have specific corticosteroid and anti-cancer products approvals.

# 35%

of Pharma revenue



### Intermediates

We have our own intermediate facility catering to various domestic and global customers and providing an opportunity as an alternate to Chinese players for intermediates. We are also collaborating with a number of innovators on API Intermediates.

# 29%

of Pharma revenue



### Xanthine

Our Xanthine derivatives are synthetic substances that mimic naturally occurring Xanthines like caffeine and theobromine among others. Xanthines are often used as moderate stimulants and bronchodilators, and also boost central nervous system alertness and stimulate reactions.

# 36%

of Pharma revenue

## Business Portfolio

### KEY END USERS

APIs and intermediates for innovators and generic firms for a variety of applications such as anti-cancer, anti-asthmatic, anti-hypertensive, oncology medicines, and so on.

Xanthine derivatives are used for beverage applications, as well as nutraceutical and other pharma applications.

### KEY PRODUCTS

#### Various APIs for therapeutic end-use

Anti-hypertensive, Anti-asthmatic, Anti-cancer, Anti-thalassaemic, Central Nervous System (CNS) Agents, Skin Care, Ophthalmologic, Decongestant, Analgesic, Calcimimetic

#### Various intermediates use for above APIs:

Abemaciclib, Acalabrutinib, Lumacaftor, Montelukast, Ramipril

#### Xanthine derivatives:

Caffeine Anhydrous, Theophylline, Aminophylline, Acephylline  
Piperazine, Theobromine



### KEY CUSTOMERS





**CDMO SERVICES**

We are one of the top Contract Development and Manufacturing Organisations (CDMOs) for small molecule medicinal substance projects in India. We provide these services to worldwide innovative pharmaceutical and biotech firms for their small molecule NCE drug development programmes, focused on the clinical stages (Ph-I/II/III) and commercial launch projects, from lab size to pilot and factory scales.

**2**  
USFDA Approved Facilities

**4**  
WHO/GMP Approved Facilities

**44**  
US DMF Approvals

**43**  
Patents Filed

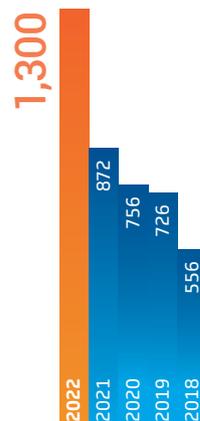
**45+**  
APIs Commercialised

**PERFORMANCE IN FY 2021-22**

We delivered robust growth in topline performance leveraging the positive demand for key products. Overall, higher volume from regulated markets, value added products and new introduction of intermediates helped drive performance for the year. The inflationary pressures on raw materials impacted margins even as we made continuous efforts to pass on higher costs to the customers.

The expansion of capacity for the USFDA approved API facility is in the final stages and expected to commercialise in Q1 FY23. We expect pharma volume expansion to be supported by robust margins based on a pipeline of approvals in therapies, such as anti-hypertensive, cardiovascular, oncology and corticosteroids.

**REVENUE** (₹ Crores)



**EBIT** (₹ Crores)



## Geographical Presence

# Expanding Global Footprint

We produce and export world-class specialty chemicals and pharmaceutical products to over 60 countries across the globe. This is supported by 21 state-of-the-art manufacturing facilities, strategically placed throughout western India near key ports and four R&D centres.



### OUR FACILITIES

#### Head Office/ Corporate Office

- Mumbai

#### Project and Engineering Office

- Vadodara

#### Chemicals

- Vapi
- Jhagadia
- Dahej
- Kutch
- Tarapur

#### Pharmaceuticals

- Tarapur
- Dombivali
- Vapi

#### R&D Centres

##### Chemicals

- Vapi, Navi Mumbai

##### Pharmaceuticals

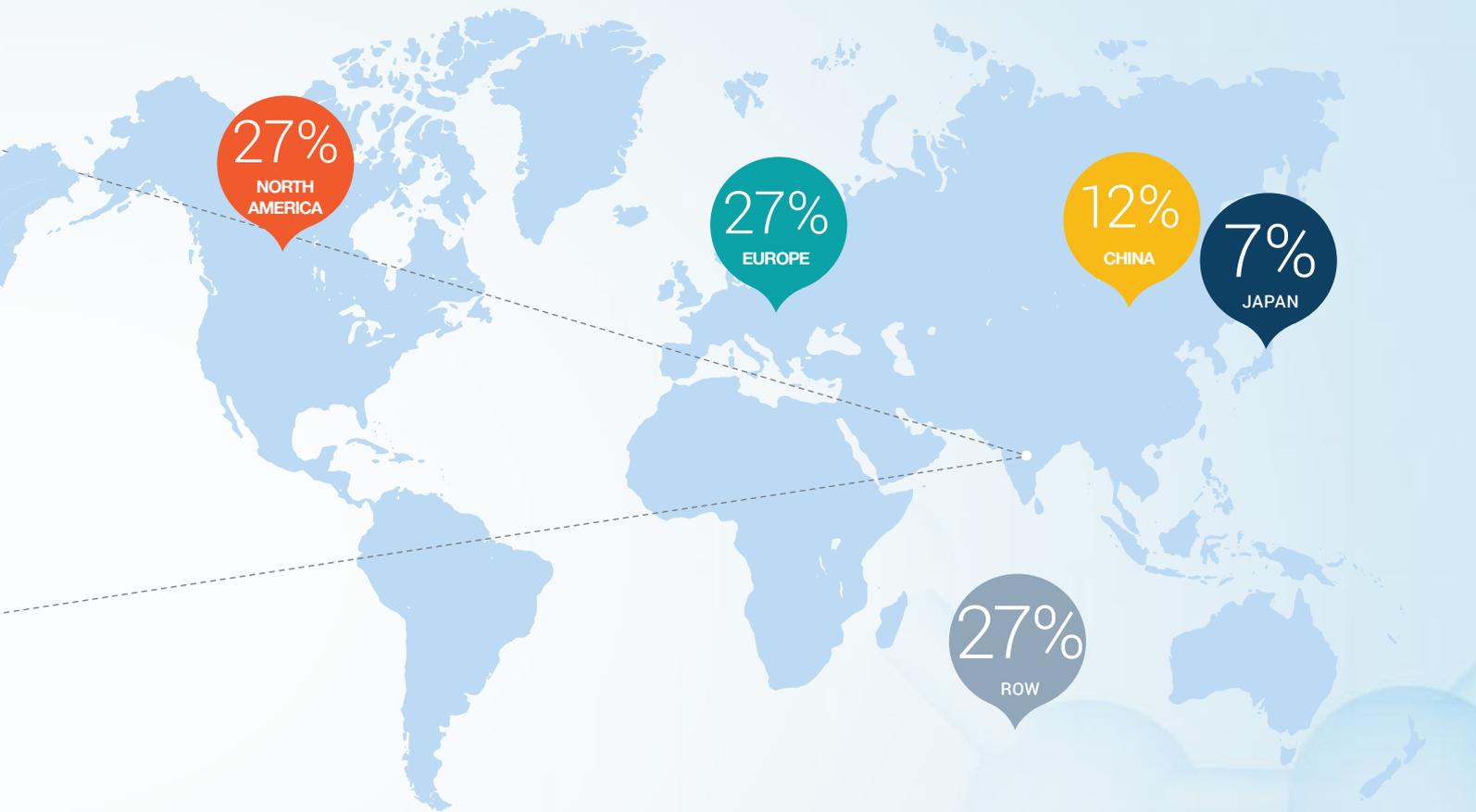
- Vapi, Dombivali

Map not to scale





## DISTRIBUTION OF EXPORT REVENUE



# Demerger of Aarti Industries



The pharmaceutical division has been growing consistently over the past few years. The revenues for the pharmaceutical business have grown at a CAGR of 20% over a period of 5 years.

To create overall value for our shareholders, and also to enable management of the Company to focus and adopt the relevant strategies necessary for promoting growth and expansion, the demerger was carried out.

The demerger of Pharma Undertaking will facilitate a focused approach to the growth opportunities into respective segments, also enabling the segment to take strategic calls to capture onto these opportunities to grow.





- Our long term strategy for enhancing the Company's position in the pharmaceutical segment focuses on adding new chemistries and value added products.
- We plan to add 50+ new products in the Pharma division with the Capex of ₹ 350-500 cr in three years.
- Strengthening our manufacturing capability, we plan to increase our manufacturing capacity by 1,200 KL with installation of 240 reactors under 10 manufacturing blocks in the next 5 years.

**1,200 KL**

Projected capacity in the next 5 years

**₹350-500 Cr**

Capex in three years

## Chairman and Managing Director's Message

# Striding Ahead with Integrity



“ With our integrated value chain, diversified product mix, strong technical capabilities, and robust performance, we have been striding ahead with excellence.

### Dear Stakeholders,

According to IMF forecasts, India is expected to be among the fastest growing economies by the end of the year. To boost India's prospects, the Government of India has pushed for increased capital expenditure to support the medium-term revival of the economy, while simultaneously building capacities for long-term growth. Factors that are expected to contribute to this growth are the Government's continued focus on reforms and infrastructure creation, and the Reserve Bank of India's (RBI) calibrated monetary policy.

Despite significant various challenges last year, we sharpened our focus on creating value for business by continuing to build a company that is increasingly agile, resilient, and future-ready. I am pleased to report that we demonstrated flexibility and managed these pressures to produce strong financial results during the reviewed period. We reached new heights with the assistance of our superior commercial enterprise, which has been developed across close to four decades and has strong execution capabilities.

With our integrated value chain, diversified product mix, strong technical capabilities, and robust track record, we emerged as a Global Partner of Choice. Our proposal for demerger of Pharma business will result into two dedicated and focused business segments i.e., Specialty Chemical and Pharma without overlap of one business over the other.

### ACCOMPLISHING PERFORMANCE MILESTONES

During the year, our revenue increased by 58% to ₹7,919 crores, while EBITDA came in at ₹1,930 crores, higher by 96%. Profit After Tax (PAT) stood at ₹1,307 crores, higher by 150% over last year. The FY 2021-22 financials include an impact of termination fees received with respect to the first long-term contract to the tune of ₹631 crores. Excluding termination fees, our annual revenues were at ₹7,288 crores, while EBITDA was at ₹1,320 crores. We achieved the highest-ever EBITDA in the Company's history in FY 2021-22 even after netting off the impact from termination income.

### CHEMICAL BUSINESS

The specialty chemical business revenue grew by 63% over last year and stood at ₹6,619 crores in FY 2021-22. R&D is a cornerstone of Aarti Industries' growth, and we are constantly expanding our capabilities and competencies in process research, product innovation, intellectual property, and analytical references to provide integrated solutions to our customers. The year saw a supply shortage of a key raw material - nitric acid, which impacted production of a variety of specialty chemical products. We propose establishing a backward integration plant to convert weak nitric acid to concentrated nitric acid. Commercial manufacturing for the project related to the second long-term contract began in Q4 FY2021-22

Even in an environment of global uncertainty, the chemical industry remains an attractive source of opportunities.



Global trends affecting the global chemical industry may result in near-term opportunities for Indian chemical companies. By capturing a significant portion of the global market away from China, the Indian chemical industry has the potential to double in size by encouraging investment through incentives, coupled with ease of doing business. With China's supply chain disrupted and uncertain, global players are looking to diversify their sourcing, and India offers strong alternatives with comparable scale, technology, raw materials, and supportive government policies. The specialty chemicals industry in India is expected to grow at a CAGR of 10-12% between 2020 and 2025.

## PHARMA BUSINESS

The Indian pharmaceutical sector, which is on the verge of innovation, will be shaped by changing healthcare trends. With a dynamic operating environment, extensive industry knowledge, and increased employee collaboration, we are poised to facilitate potential breakthroughs. We are witnessing strong growth not only in the API and Xanthine business, but also in our Intermediates, where we offer an opportunity to our customer as an alternative to china for their various intermediate requirements. In addition to this, our presence in the field has enabled us to work with generic and innovator companies for various CDMO / CRAM opportunities. We are in the final stages of commissioning the new block at the USFDA-approved API facility in Tarapur, and expect it to be commercialised in Q1 FY23. The demerger is being carried out to create overall value for our shareholders, as well as to enable Company Management to focus on and implement the relevant strategies required for promoting growth and expansion.

Business visibility remains high, and we are well positioned to capitalise on the segment's growth potential due to our strong product line-up, timely introduction of newer products, and appealing pipeline of approvals in cardiovascular, anti-hypertensive, oncology, and corticosteroids.

## OUTLOOK

We are witnessing the phase of Golden Era for Indian Chemical Companies. Factors like competitive advantage due to the reduction in corporate taxes, PLI scheme for various downstream industries, 100% FDI in the chemical sector through automatic route, the PCPIR policy, other schemes promoting Make in India and significant improvement in Ease of Doing Business also indicate a bright future for the Indian chemical industry at least for the next decade. In addition to this, newer opportunities are opening up in the sunrise sectors such as battery chemicals, climate change initiatives, etc. These will also feed to the requirement of chemicals in future. With India, aspiring to become a manufacturing hub for various industries and also for chemicals, the growth in these applications will drive the boost to the Indian Chemical sector. Hence there

are enough and more opportunities for Indian companies to look out for and establish / strengthen their global presence. We have chalked out our plans for the next set of growth projects that include setting up of Universal multi purpose manufacturing facility, working on various manufacturing outsourcing and/or partnership opportunities, setting up unit to manufacture Chlorotoluene and downstream products as a part of our chlorotoluene value chain. We are working on new niche chemistries like photochlorination, ammoxidation, and specialty fluorination. We are increasing capacity in APIs and intermediates, and trial runs are currently underway, with commercialisation expected in H1 FY23. We are also focussing on improving product mix toward higher value-added segments, which will increase presence in key regulated markets and improve the growth curve. Going forward, we remain committed to investing ₹3,000 crores+ in FY2023 & FY2024 to achieve our growth aspirations. Our key contributors to these will be R&D and innovation-driven initiatives, where we have more than 40 products for Specialty Chemicals and more than 50 products for Pharma in the pipeline. We are well-positioned to continue our growth trajectory in FY 2022-23. Green chemistry and green applications will continue to be at the heart of the growth.

## INTEGRATING ESG INTO BUSINESS

We also made further progress in our ESG activities, which are an essential part of our strategy and an important reputation driver. Our product portfolio will gradually increase with the products manufactured from safer processes or green chemistry, having minimal impact on the environment.

We recognise the role of our employees in shaping a sustainable future and strive to foster a culture that aligns business goals with the growth and development of our people. The training programmes provide an ideal combination of e-learning and classroom sessions to improve skill sets and foster professional development. We will continue to focus on our CSR approach to enhance value for stakeholders across verticals, as we work towards a higher purpose of creating a more sustainable world.

## NOTE OF GRATITUDE

I thank the Board for its guidance and express heartfelt gratitude to our shareholders for their continued faith in our abilities and for their unwavering support towards all our endeavours. I assure you that while driving our growth story forward, we will stay committed to embracing the best practices in the ESG domain, as I believe, this will create holistic and sustainable value for our stakeholders.

Regards,

**Rajendra V. Gogri**  
Chairman and Managing Director

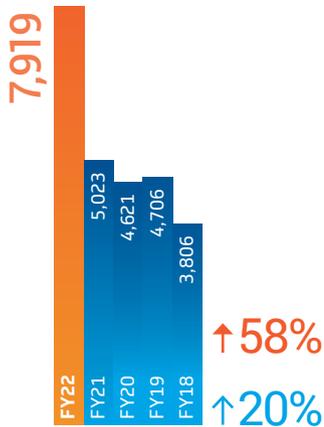
## Key Performance Indicators

# Poised for Steady Growth

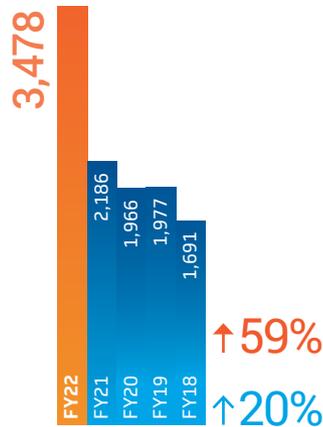
FY 2021-22 signalled a recovery of businesses, and we leveraged our growth drivers during this period to progress further in both our segments.

### PROFIT & LOSS METRICS

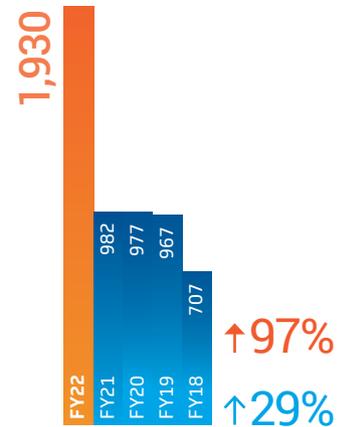
#### GROSS TURNOVER (₹ Crores)



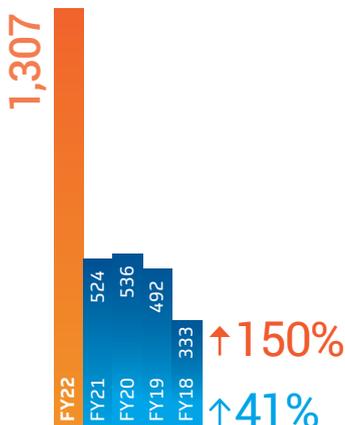
#### REVENUE FROM EXPORTS (₹ Crores)



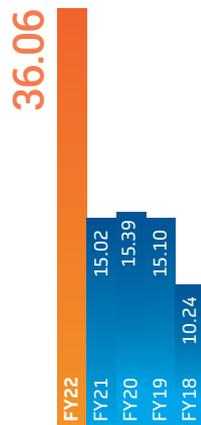
#### OPERATING EBITDA (₹ Crores)



#### PROFIT AFTER TAX (₹ Crores)



#### EARNINGS PER SHARE (₹)



FY22 financial numbers are inclusive of termination income of ₹ 631 Crs

# Book value per share and earnings per share for the previous years have been adjusted for Bonus shares issued in FY22 & FY20

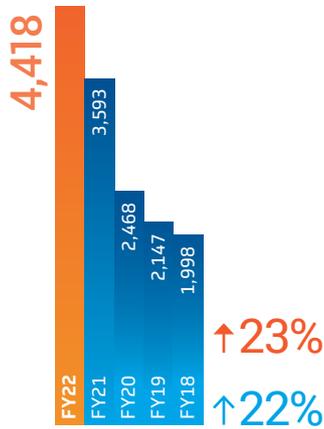


Positive market conditions and the Company's capacity to pass on significant input cost rises, are the causes of the revenue momentum.

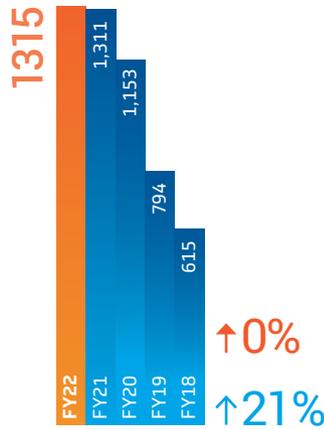
Operating leverage gains has resulted in better profitability.

### BALANCE SHEET METRICS

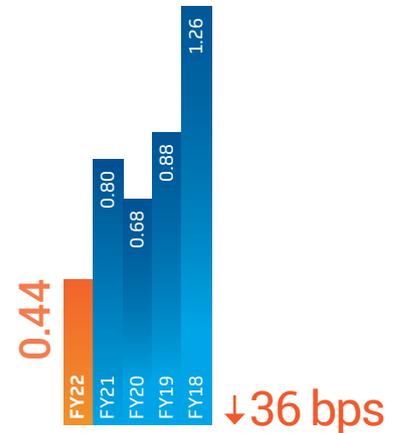
**NET FIXED ASSETS** (₹ Crores)



**CAPEX SPENDING** (₹ Crores)

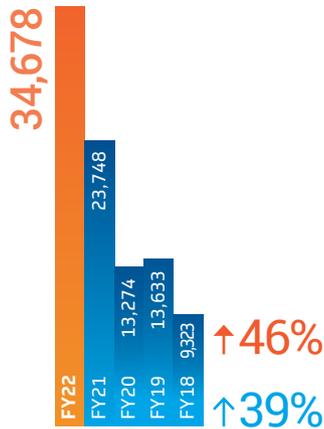


**DEBT TO EQUITY RATIO** (X)

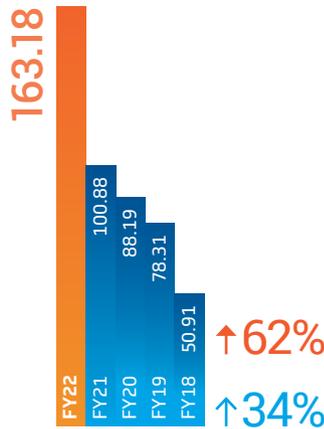


### SHAREHOLDER METRICS

**MARKET CAPITALISATION** (₹ Crores)



**BOOK VALUE PER SHARE** (₹)



### CREDIT RATINGS

**Bank Loan Facilities**

Long-term rating	Short-term rating
<b>AA/Stable</b> CRISIL Rating	<b>A1+</b> CRISIL Rating
<b>AA/Stable</b> Ind-Ra	<b>A1+</b> Ind-Ra

India Ratings and Research (Ind-Ra) Rating

↑ Y-o-Y growth

↑ 5-year CAGR

# Marching Forward Strategically



We have planned to grow extensively over the next five years, leveraging the increasing capacity and new product introductions through our R&D and innovation activities. These will drive our EBITDA margins, at the constant raw material prices, to the range of 25%-30%.



## PROJECTED GROWTH

	EBIDTA	PAT
FY21	₹980 Cr	₹523 Cr
FY24 Growth*	1.7x - 2.0x	1.7x - 2.0x
FY27 Growth*	3x - 4x	3x - 4x

\*Baseline for growth is FY21

## R&D AND INNOVATION

In the chemical segment, our primary focus in FY 2022-23 is to develop and scale up products that form a part of our chlorotoluene value chain. We are developing capabilities in new chemistries, such as photochlorination, ammoxidation and specialty fluorination. We are also working on some customer-specific projects that may reach the commercial stage in FY24 & FY25. We intend to add 40+ products to chemicals and 50+ products to pharmaceuticals.

**₹3,000 Cr**

Planned Capital Expenditure (FY 23 & FY24)

## MAJOR EXISTING PROJECTS TO BE COMPLETED BY FY24

- USFDA capacity expansion underway: API unit at Tarapur and intermediate unit at Vapi
- Expansion cum asset upgradation for acid unit at Vapi
- Expansion, asset restoration, sustainability initiatives, etc.
- Unit at Jhagadia for 3<sup>rd</sup> long-term contract
- NCB capacity expansion at Vapi

## FUTURE GROWTH INITIATIVES: FY23 – FY24

- Introducing Chlorotoluene value chain
- Newer range of value-added products and other specialty 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)

## KEY ENABLERS

- Balance sheet strength
- Strong internal cash flow generation
- Strong & young talent pool
- Highly skilled R&D capabilities
- Sustainability framework
- Strong customer relationship

# Accelerating Growth, Curbing Risks

We believe our ability to create value is directly linked to our ability to effectively address a number of current and emerging issues. We must be responsive to the operating environment and its risks and opportunities.

## SPECIALTY CHEMICALS

India is emerging as a fast-growing chemicals hub on a rise in its competitiveness. This change will be led by the availability of low-cost labour, along with the worldwide initiative of not exclusively relying on China for manufacturing (in sync with the China Plus One strategy). Chemicals and chemical products are of significant importance in the overall manufacturing sector due to their direct and indirect applications in most industrial segments, such as food and beverages, textiles, leather, metal extraction and processing, petroleum refining, polymer additives, pharmaceuticals and rubber. The specialty chemicals sector is expected to reach US\$ 40 billion by 2025.

# 1

## Tapping into India's Competitive Advantage

Global corporations are relocating from China to India as a result of the pandemic. This trend is expected to greatly benefit India. Furthermore, the reinforcement of environmental standards in China has resulted in increased operating expenses, as well as the closure and relocation of production sites. Rising labour costs in the nation have affected the country's supremacy in the industry. All these elements have combined to provide an opportunity for India. To capitalise on this opportunity, the Government of India has implemented a number of policy interventions to entice enterprises intending to relocate their manufacturing base to India after COVID-19.

India has numerous advantages over China in terms of becoming a specialty chemical manufacturing powerhouse due to its strategic geographic position. Besides cheap labour costs, India also has competitive infrastructure, special economic zones (SEZs) that provide duty-free exports among other advantages, incentives to increase local manufacturing, and business-friendly legislation. In addition, India's rising ranking in the 'Ease of Doing Business' index has helped draw worldwide attention and consideration as an alternative manufacturing location.





## 2

### Increasing Automation and Digitalisation

Adoption of contactless technologies and digital experiences (e.g., advanced analytics, 5G) has increased. There is an increased automation through the use of Artificial Intelligence (AI) 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. By leveraging advanced data analytics and digital technologies, chemical companies have become more agile, innovative, responsive, and efficient.

## 3

### Prioritising Sustainability

Sustainability has been the core focus of chemical industry and many companies are shifting to green chemistry, commitments to decarbonisation, recycling and resource recovery. There's a clear upward trend driven by public policies promoting environment-friendly technologies. In a recent Deloitte survey, 90% of chemical industry respondents said they will focus on improving resource and energy efficiency in the production of chemicals and materials to drive decarbonisation and sustainability in 2022. While carbon emissions are hard to abate in the chemical industry due to reliance on process heat, advances in decarbonising chemical production could have a profound impact globally. The benefits of decarbonising chemical companies could extend beyond the industry itself, since chemistry provides the building blocks for many value chains.

## 4

### Focusing on Customer-centricity

Customer expectations and behaviours have changed dramatically over the past decade, especially in the wake of COVID-19. Chemical businesses today are expected to meet customers' needs and expectations at every interaction in return for customer loyalty.

In times of convergence of many industries that are rebranding and repositioning themselves, customer-centricity should play an instrumental role in staying a step ahead of the competition. Chemical companies are likely to leverage digital technologies to enable automated trend sensing and social media scanning (using text analytics) to identify broader market trends and customer requirements. This customer-centric innovation, which solicits real-time feedback through customer engagement tools, could help improve the scope, scale, and returns of R&D efforts.

### Our Strengths

- Mix of scale, diversity and value-added products
- Diversified base of customers across end users and geographies
- Strong R&D and technical teams to drive new chemistry initiatives
- Favourable macro factors like import substitution, China Plus One strategy



## PHARMACEUTICALS

The pharmaceutical business is one of the most highly regulated, with the Government imposing stringent quality requirements in order to protect public health. Due to ongoing breakthroughs in technology and research, the sector has altered over the past decade, and it is expected to see tremendous growth and transformation in the coming years.



### Changing Demographics

Global demographics continue to shift, creating an evolution in healthcare needs. For example, as life expectancy increases, the demand for healthcare services also surges. An ageing population will require long-term care for complex health issues. Furthermore, unhealthy changes in lifestyle will increase the prevalence of obesity and other chronic health conditions.



### Cost of Care

The cost of care continues to increase and is expected to become increasingly difficult to afford, placing pressure on margins for healthcare providers, who want to provide quality care, while remaining competitive in a challenging environment.



### Evolving Technology

Development in technology continues to transform the way in which we care for people, enabling constant innovation in treatments and how we leverage big data, the Internet of Things and AI. People are also increasingly expecting on-demand online services from healthcare providers. The protection and safeguarding of personal data will again come under increased scrutiny as technology is leveraged within global healthcare systems.



### Growing Consumerism

People continue to place significant importance on value-based healthcare. Furthermore, they expect consistent, high-quality care and clinical excellence from their healthcare providers.



### Regulatory Landscape

The global healthcare industry continues to be highly regulated, with matters relating to licences, conduct, data privacy and security, occupational health and safety, and quality standards becoming more complex.





### Our Strengths

- Improved product mix towards high value-added segments
- High quality manufacturing
- Decade-rich experience with exposure to global markets
- State-of-the-art R&D capabilities

## Business Model

# Delivering Value, Maximising Returns

### INPUTS

#### Financial Capital

**₹2,578 Cr**      **₹5,915 Cr**  
Gross Debt      Total Equity Capital

**₹1,315 Cr**  
Capex

#### Manufactured Capital

**21**      **5**  
No. of      No. of Co-generation  
Manufacturing Units      Power Plants

#### Intellectual Capital

**4**      **₹117 Cr**  
No. of R&D Centres      R&D Expenditure

**400+**  
No. of R&D Professionals Employed

#### Human Capital

**8,000+**  
Total Workforce

**1,500**  
New Joinees

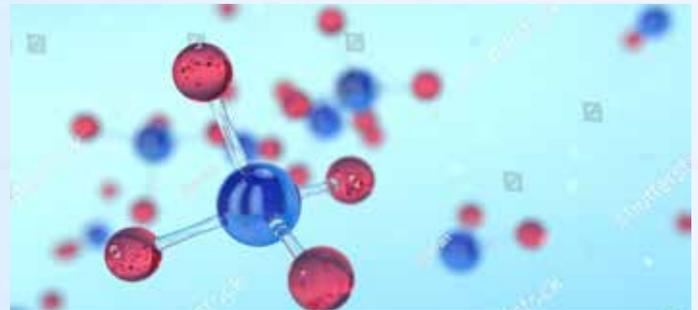
#### Social and Relationship Capital

**₹12.62 Cr**      Supplying to Over 1100+  
CSR Expenditure      Customers Across  
**60+ Countries**

#### Natural Capital

**697 Kw**      **16**  
Solar Energy      No. of Zero Liquid  
installed Capacity      Discharge Plants

### BUSINESSES



#### Speciality chemicals

Benzene products      Toluene products

Sulphuric Acid products      Other specialty chemicals

 [Read more on page 7](#)



#### Pharmaceuticals

APIs      Intermediates      Xanthine derivatives

 [Read more on page 9](#)

Strategy and source allocation

→ Governance

Risk management ←



### STRATEGIC PRIORITIES



Value chain expansion



New value chains



Customer collaboration



High growth sectors



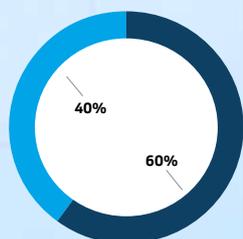
Manufacturing outsourcing



Pharma opportunities

Performance

### INDUSTRIES SERVED



60% Essentials (Agro, Pharma, FMCG)

40% Discretionary (Dyes, Pigments, Printing Inks, Polymer & Additives, Fuel Additives, etc.)

### VALUE GENERATED

**For providers of financial capital,** we deliver consistent, profitable and responsible growth

**For customers,** we create value by providing high-quality and sustainable products

**For our people,** we strive to provide equal opportunities to all our employees, ensuring capacity building, training, and a safe work environment

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

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

### OUTPUTS

#### Financial Capital

<b>₹7,919 Cr</b> Revenue	<b>₹1,930 Cr</b> EBITDA	<b>₹1,307 Cr</b> PAT	<b>0.44x</b> Debt to Equity Ratio
<b>₹36.06</b> EPS	<b>₹3.50</b> DPS	<b>AA/Stable</b> Credit Rating	<b>₹34,678 Cr</b> Market Capitalisation

#### Manufactured Capital Amongst Top 4

Manufacturer for 75% of its product portfolio

#### Intellectual Capital

<b>11</b> No. of Patents Granted	<b>44</b> No. of Patents Applied	<b>39</b> USDMF	<b>8</b> No. of International Patents
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#### Human Capital

<b>0.13</b> LTIFR*	<b>1,61,867</b> Training man-hours
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#### Social and Relationship Capital

<b>12.53 Lakhs</b> No. of Lives Touched
--

#### Natural Capital

<b>14%</b> Reduction in carbon intensity from baseline FY 2019-20	<b>45%</b> Water Recycled
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\*Rates have been calculated as per 10,00,000 man-hours worked

## Stakeholder Engagement

# Focusing on Accountability and Collaborations

We can find solutions for our shared success by collaborating with our stakeholders, understanding their challenges, and mitigating risks.

We understand that our success is dependent on understanding stakeholders' interests and needs. Our goal is to work with them to find common and acceptable solutions. We consider our key stakeholders to be those who can have a significant business impact, while also being significantly impacted by it.



### Stakeholder

### Stakeholder Priorities

### Relevance to Company

#### EMPLOYEES

- 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 our growth strategies

Important for business continuity, production, R&D, sales and marketing, and other operations. Their cooperation enables us to go closer to achieving our Company objectives.

#### INVESTORS AND LENDERS

- Information on our performance
- Our business growth agenda
- Transparent disclosures
- Good governance practices

Provide the necessary financial resources to fund our business. Their trust is critical to our future success.



### Engagement Initiatives

- Web-based performance management system, reporting, review mechanisms
- Monthly CHRO connect with all new joinees
- 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, a 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

### Mode of Engagement

- Town-hall meetings
- Webcasts
- HR portal
- Newsletter (quarterly)
- One to one meetings

- Stock exchange filings
- News releases
- General meetings
- Detailed financial statements:
  - Quarterly results, presentations, and annual reports
  - Analysis and investor calls

# Stakeholder Engagement

## Stakeholder

## Stakeholder Priorities

## Relevance to Company

### CUSTOMERS

- Consistent quality at competitive prices
- Timely deliveries
- New and innovative products, as per latest market requirements
- Easy access to products and services

Customers are one of our most essential stakeholders since they enable us to expand profitably. Their satisfaction and happiness are critical to our success.

### GOVERNMENT AGENCIES, REGULATORY BODIES AND LOCAL AUTHORITIES

- Compliance with rules and regulations
- Timely reporting through various compliance-based forms

Government organisations and regulatory authorities give the necessary registrations required to run the business successfully.

### COMMUNITIES AND ENVIRONMENT

- Local infrastructure development
- Employment generation
- Health and sanitation
- Environment care
- Access to quality education
- Safe and sustainable manufacturing methods
- Assurance on sustainable manufacturing and energy management
- Clean energy
- Water management

Communities offer us with assistance and a social licence to function, while the environment provides us with natural resources.

### VENDORS

- Registration as approved vendor
- Exact product specifications
- Pricing and favourable terms of payment
- Timely clearance
- Supporting the MSME ecosystem

The availability of high-quality raw materials from registered suppliers enables us to deliver top-notch products on time.



## Engagement Initiatives

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- Innovative and quality products and services
  - Timely response to requirements for new product development, queries and timely resolution of grievances
- 

- Disclosures and filings for compliance reporting
  - Meeting authorities for permissions/ approvals
- 

- CSR initiatives
  - Volunteering initiatives
- 

- Capacity building and sustainability for suppliers
- 

## Mode of Engagement

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- Collation and analysis of customer feedback
  - Engagement through website and social media
  - In-house and third-party market research surveys and meetings
  - Brand campaigns
- 

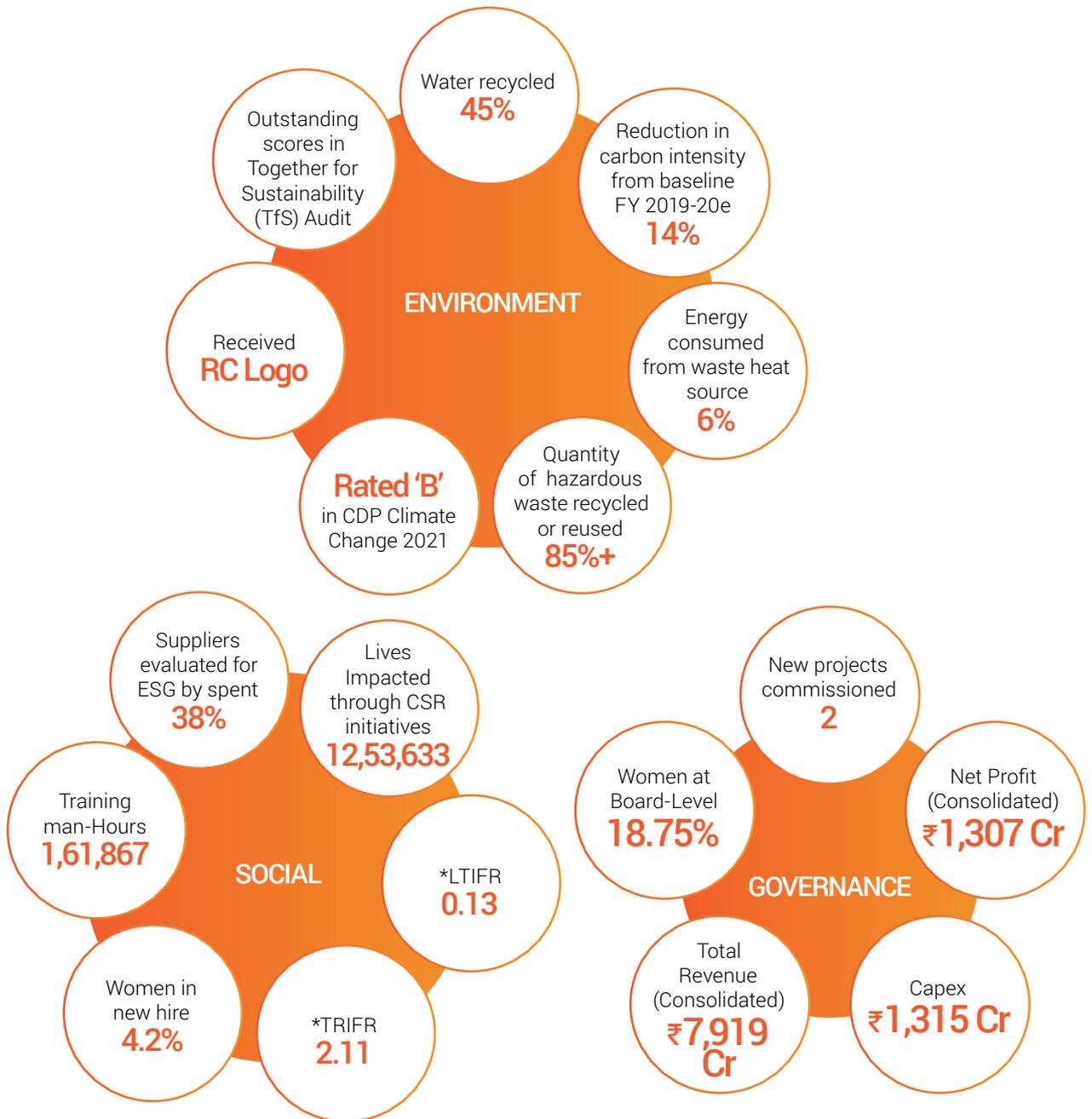
- Reports
  - Results
  - Forms and formats
  - Audits
- 

- Community events and functions
- 

- Surveys by calls, virtual meets, email or in-person supplier meets
-



# ESG Highlights



\*Rates have been calculated as per 10,00,000 man-hours worked

## Environment

# Mitigating Impact, Being Efficient

We try to improve our eco-efficiency and eco-effectiveness in order to leave a small environmental imprint. We wish to contribute to the creation of a world that offers a viable future with improved quality of life for everybody. Our goal is to employ the 'Right Chemistry for a Better Tomorrow' and make the greatest use of the resources we have.



### WATER

Taking into account a foreseeable water shortage in the long run, we want to become water self-sufficient by mapping numerous aspects and concerns. This helps us prioritise future water positives. Reusing water reduces our reliance on fresh water. We're aiming to reach zero-liquid discharge for our facilities.

We use local government water supply for heating, cooling, and scrubbing operations. Reusing heated water reduces heating energy usage by preventing temperature loss. Our actions don't immediately affect any water body since we don't withdraw water directly from any source.



### ENERGY AND CLIMATE CHANGE

We are strategically increasing our energy efficiencies by integrating our plants with energy efficient equipment and installing solar panels at our manufacturing sites. These measures are enabling us to cut down on our emissions and energy consumptions, while improving the plant's efficiency. We are continuously working towards reducing our direct and indirect emissions, enabling us to align our targets of emission reduction with Nationally Determined Contributions (NDCs) under UNFCCC.



Environment Impact Assessments (EIA) for new projects are part of our environmentally responsible manufacturing procedures. EIAs assist us in developing a mitigation strategy to address the possible environmental impacts of our initiatives. As a result of these investigations, we choose the appropriate technology throughout the design stage to guarantee minimum effect on the environment and communities around us. We have established Environmental Management Systems (EMS) for existing projects, and compliance is frequently checked using the Aarti Management System (AMS).



### WASTE AND EMISSIONS

Natural resource management and decreasing the environmental impact of production are crucial. We utilise resources efficiently and reduce waste. Transforming by-products into commercial products reduces waste and enhances material efficiency. Our R&D focuses on process and design engineering to increase material efficiency. Our garbage is disposed of properly and legally. We follow Pollution Control Board air emission limits and don't utilise ozone-depleting chemicals (ODS).



### COMPLIANCE

To guarantee that all relevant legal requirements are satisfied, a deliberate and ongoing effort is made to investigate and apply the best practices in the environmental management and governance system. Investments in new technology for increasing compliance allow us to go above and beyond the regulatory requirements.

## People

# Valuing Our Human Capital

We think that the most important facilitators of success are our enthusiastic and devoted employees. Their unwavering dedication and tenacity enabled us to soar new heights and conquer the hurdles we faced. We are a people-first organisation, and we make every effort to provide our people with an open, inclusive, and dynamic work environment, which is conducive for their career growth. Our personnel policies aim to create a coherent environment that fosters participation and collaborative work. We invest in our talent pool via organised capacity-building programmes, aimed at our employees' personal and professional wellbeing.

**8,000+**  
No. of Employees

**400+**  
No. of R&D Personnel

**1,61,867**  
Training man-hours

## TALENT ATTRACTION AND RETENTION

We are planning for exponential expansion, which has led to the development of a strong talent pipeline. We continue to foster a culture that emphasizes merit.

Our employee value package of competitive rewards and recognition, learning and development programmes, and industry-leading brand values, has assisted us in retaining exceptional individuals and meeting our objectives.

### Employee engagement survey

Moving ahead in the journey of being a 'Preferred Employer of Choice' and towards co-creating a world-class organization, AIL continued the yearly engagement study i.e. VOICE in partnership with a third party vendor in FY22, where close to 99% employees participated.

After the survey results were announced, a rigorous action plan was implemented at three different levels -

- Vertical Action Planning
- Location Action Planning
- Org Action Planning

The key focus areas that were identified from the results of Voice 1.0 survey were:

1. Recognition
2. Employee well being
3. Managerial Effectiveness

Some of the key actions implemented as a part of the survey findings of Voice 1.0 are as under:

1. 18% internal talent growth in last FY. The promotion percentage has increased by 60%.
2. Recognition workshop for managers to build a culture of recognition
3. Roll out of "Conversations" (Performance Dialogue)
4. Revamp of internal career growth journey through internal job posting
5. Revamp of employee recognition and wellbeing platform



### Child Education Assistance

We recognize the need for good quality education for the children of our employees. To ensure access to quality education for the wards of our employees, we've launched the 'Child Education Assistance Code'. To promote education for the girl child we have put special emphasis by creating special provisions.

### Early Wage Access

Giving employees the power to control their payroll, we have partnered with a third party vendor that provides real-time access to one's own salary. This app based solution helped our employees to meet sudden needs and enhance their financial wellbeing.

### Aaghaz

Aaghaz is a holistic functional learning journey designed for the campus recruits providing them a blend of classroom and on-the-job training by our internal subject matter experts, and Senior Leadership team. Aaghaz, our induction program, introduces campus recruits to AIL's Business functions, Culture, Values and Mission while giving them an opportunity to interact with the leadership team and gain insights from their extensive expertise. Followed by Aaghaz, Progressio, a one year development plan for our trainees takes them through functional training, plant visits, projects, book review and other relevant exposure.

## LEARNING AND DEVELOPMENT



### Utkarsh

Providing employees an opportunity to get certified as a LEAN Practitioner, Utkarsh was launched in May 2022. Conducted across 3.5 months, 3 batches of Utkarsh have been held impacting 90+ employees till now.

### Kshitij

Promoting cross functional learning across teams, Kshitij our flagship program focusing on an extensive training journey spread across 9 months was launched in April 2022. Kshitij is designed to provide employees the exposure of multiple disciplines while enabling effective collaboration.

### Nipun

Creating a pool of experts and developing capabilities for the future, Nipun was launched to train our internal trainers on different areas of excellence training.

### First Time Manager

Our First Time Managers (FTM) program was launched to develop team managerial skills in the newly promoted incharges to the manager job family. It focuses on individual development with respect to learning Agility, Emotional Intelligence, Trust, Passion, Delegation, People Championship, etc. Launched in November 2021, we have completed 1506 man hours of sessions under FTM till now.

### Effective Executive

The effective executive course is an experiential learning journey which focuses on enhancing the leadership capabilities of the identified managers and the supervisors/ in-charges of AIL. With a combination of classroom-based interactive sessions and individual one-on-one coaching, the extensive nine-months programme encourages introspection and review for bringing efficiency in working capabilities.



## Gurukul

An initiative designed for a holistic development of Group Leaders & Senior Leaders, Gurukul is a 12 month long developmental journey where a Leader (Mentor) guides the identified employee (Mentee) to hone their functional and behavioral competencies through an Individual Development Plan (IDP). This intervention provides the employee with an opportunity to learn from the seasoned senior professional in the organization to develop the competencies to excel in their current role and prepare for their next role.

10% of learning happens formally, which includes MDP Programs, e-learning modules, in-house workshops and reading assignments for development in the identified areas. This initiative also focuses on reverse mentoring where Senior/ Executive Leaders (Gurus) learn from Leaders (Shishyas). We have been able to lead a development journey of 100+ employees under Gurukul.

The Gurukul initiative aims to make Group Leaders capable of shouldering the responsibilities of higher levels of responsibility by enhancing their competencies.

## IDP

Nurturing Talent is one of the key cultural attributes of AIL that focuses on the development and grooming of our employees so that they can progress in their career map. To enable this vision and to ensure that the leadership pipeline is in place, we launched an Individual Development Program for all leaders in the organization. Leaders underwent an

external assessment by a third party vendor on the basis of which strengths and developmental areas were identified for the individuals. Post assessment, we designed the individual developmental journey to ensure that every Leader met the individual growth aspirations. IDP journey was designed to develop the skills of leaders by various development interventions, mentoring & coaching, individual assignments, projects, books, and e-learning courses.

During the IDP journey, the leaders were supported with different learning resources to strengthen their learning experience like the Gurukul Program under which the leaders worked with a Guru from AIL's Senior Leadership team. This served as a great opportunity for the Group Leaders to connect with Senior/Executive Leaders and benefit themselves with varied insights, advice, experiences & coaching of the Senior Leadership Team.

## Aayam for leaders

Aayam, our flagship initiative, was launched with the focus on developing workforce collaboration, enabling high performance and Leadership Development, further aiming at harnessing the multidimensional capabilities of our people. It intends to transform every employee into an Aarti Engaging Leader.

Leadership styles are unique and every leader has different strengths and areas for development. In light of this fact, Aayam initiative targets individual competencies aligned with the organization goals to develop leaders.

## Digital Infrastructure

# Information Systems (IS) at Aarti Industries Limited (AIL)

Aarti Industries Limited (AIL) wishes to embark on the next Transformation journey for FY2022-26 to meet its future business vision to “Be World-Class, Shape the Future”. AIL has identified four Performance Dimensions as part of this transformation journey i.e. Sustainability, Prosperity, Partner Delight and People Wellbeing.

Aligned to this business vision, Information Systems (IS) created its vision to “Be an Agile & Trusted partner to digitally empower a World-Class company in Shaping The Future”. IS Vertical embarked on the Digital Transformation journey of 2022-26 with the ‘UNNATI’ programme to digitally enable the organisation in achieving the strategic objectives against the Performance Dimensions.



### UNNATI Digital Transformation Program

UNNATI Program, laid the foundation of a robust futuristic Information Systems landscape.. In order to achieve sustainable growth, we are committed to propagating and putting to action the aspects of sustainability across our value chain with our business partners. We are also investing into a Partner ecosystem which is equally committed to the cause of sustainability.

#### Key objectives of UNNATI Program -

- Define the future roadmap for ERP, Manufacturing Analytics, Organisation Performance Analytics, Hyper Automation
- Increasing adoption of Industry 4.0 and Smart Factory Solutions to enable AIL in enhancing productivity, augment safety, and improve quality
- Seamless integration of Operations Technology (OT) and Information Technology (IT)
- Define future roadmap for Best-In-Class IT Infrastructure and Information Security
- Establish Technical and Functional reference architecture with focus on reusability and microservices
- Consolidation of applications and infrastructure on the Cloud to minimise the contribution to the carbon footprint
- Define approach for ESG Automation and Carbon Accounting

Hyper Automation initiatives involve implementation of emerging technologies such as RPA, Low Code-No Code, Chatbot, Video Analytics to bring about automation in the processes which otherwise are carried out manually. Such initiatives would largely facilitate us to achieve our goal of making human capital free from all the work which technology can do and repurpose them for tasks involving cognitive capabilities, thereby improving employee experience and engagement.



## Sustainability

As an organisation, we are committed to sustainability, where we will digitise and digitalise the processes to move towards a paperless organisation. We are putting significant emphasis on working with partners who are equally committed to contributing to the cause of Sustainability as we are. We are focused on reusability within the IS landscape and also consolidation of applications and infrastructure on the cloud to minimise the contribution to the carbon footprint. To reduce e-waste we have modified our digital asset policy to encourage employees to acquire the assets (laptops / desktops).

AIL has adopted the EHS software applications with a focus on digitising safety practices within AIL. The various modules that have implemented during the reporting period are as follows:

**Behavior-based safety:** To improve employee behavior towards safety

**General Plant Conditions:** To eliminate unsafe conditions and major risks at workplace

**Deviation Management:** To capture deviations and their learnings

**Audit Management:** To create, track, and ensure audit compliance

**Waste Management etc.**

All of the above listed activities are captured, monitored, and analyzed.



## Cyber Security

However, increased digitisation and digitalisation brings added risks associated with cyber security, data privacy, and data security. We have brought in special focus on Information Security to mitigate such risks.

With an intent of providing a safe and secure environment for a seamless digital journey, at AIL, we are focussing on three major Cyber Security areas.

- Organisation-wide Awareness
- Incident Response Management
- Data Protection Framework

We at AIL, have not only taken appropriate steps to ensure security of factory operations but also are committed to Data Protection, Data Integrity and Data Confidentiality to safeguard information assets from intentional or accidental modification and protect personal data of our people and all our external stakeholders i.e. Business Partners.

We are building a resilient cybersecurity architecture through a layered defense approach, consisting of data protection solutions like Data Classification & Data Leak Prevention along with Identity, Access & Authorisation management on the principles of 'Zero Trust' architecture and Gartner's SASE (Secure Access Service Edge) model.

We have also developed a robust Business Continuity and Disaster Recovery Plan to minimise impacts, ensure rapid recovery, and restore operations.

We have undertaken several initiatives to protect intellectual property from data leakages and data theft. We are performing Vulnerability Assessment and Penetration Testing (VAPT) of our IT Systems and Network Infrastructure.

Our Information Security policies and framework are embedded within our IT operations and processes and meet various regulatory requirements of the different markets we serve and operate in. We have been accredited with ISO 27001 'Embedded' status for our R&D Site at Mahape and Chemical Technology vertical at Vadodara / Vapi. We aspire to extend ISO 27001 for all our sites in near future.

AIL is at the cusp of making a leap jump in its 2022-26 Transformation journey on performance dimensions of Sustainability, Prosperity, Partner Delight and People Well-being enabled on a Digital Foundation.

## Corporate Social Responsibility

# Towards Welfare at Large

We continue to seek avenues to foster and support the aspirations of communities with a firm belief of touching and transforming lives of people around us. True to our belief that CSR projects must be robust and impactful to bring about transformational changes in the lives of our stakeholders, we collaborate with our trusted partners having strong grassroot presence for executing our CSR interventions. All our community actions are carried out via Aarti Foundation, our CSR arm. At AIL, we believe CSR is our commitment to enable, empower and enlighten communities through various initiatives aligned to national and international development agendas.

## ₹12.62 Crores

CSR Expenditure

## 12.53 Lakhs

Lives Impacted

### FOCUS AREAS

- Covid-19 Relief
- Education and Skill Development
- Healthcare
- Underprivileged and Rural Development
- Disaster Management
- Environment and Water Conservation
- Women Empowerment



## COVID-19 RELIEF

FY 2021-22 began with the spread of the Delta variant of COVID-19. In response to this threat, we took various actions to support different communities around us by providing aid in various forms. Three of the major focus areas were:

- Support in creating medical infrastructure
- Providing underprivileged sections of society with relief packages
- Giving assistance to small scale businesses affected due to lockdown

We participated in 5 major initiatives to carry out activities and assist the country in taking another step towards overcoming the pandemic. The 5 major initiatives were:

- Contribution in purchase of oxygen concentrators for Rajawadi Hospital, Ghatkopar
- Contributed in donating medical equipments to various hospitals
- Distribution of food grain kits to 10,000 needy families
- Provided funds for setting up an isolation centre by KVO Samaj Dombivali
- Donations for COVID-19 relief to the needy through KVO Jain Mahajan foundation
- Providing monetary assistance to small businesses through Shree KVO Sthankawasi Jain Mahajan

### CORONA MANAV RAHAT PROGRAMME

Aarti Industries, in collaboration with Shri Kutchi Visa Oswal Jain Mahajan (Mumbai), spearheaded the programme 'Corona Manav Rahat,' with an aim to provide financial assistance to people in crisis, who lost their jobs during the pandemic and were unable to make ends meet. This programme was implemented across Maharashtra and Gujarat. We also rolled out education scholarships for underprivileged students, by means of our programme, 'Shaikshanik Sahaya.'

The objectives of these initiatives were:

- To provide financial assistance to needy families, who were suffering from the economic impacts of the pandemic
- To check that the beneficiaries did not struggle to achieve their basic necessities during tough times
- To ensure that students did not discontinue or drop out of the education system due to pandemic-induced financial challenges

# ₹3.01 Crores

Spent on Covid-19 Initiatives

# 49,850

Lives impacted by COVID Relief Activities

About 35.6% of students received the scholarship for secondary level of education i.e., 11th and 12th standard	About 23.2% of household beneficiaries are found to be under the age group of 35 to 40 years	Supported 56% of students were the first-generation learners
About 64% of students used the funds to pay school fees	About 26% of students paid college fees	About 72% of students feel highly motivated after receiving the scholarship during pandemic
About 72% of beneficiaries spent the money given to pay off household expenses	About 13% of families used the money to fund children's education	96% of students and 88% of beneficiaries found programme be beneficial
80% of students and 70% of household beneficiaries have given '5-star rating' to the programme	39.4% of students and 33% of households found the selection process to be a quick process	37.5% of students and 25% of households also found the selection process to be easy and smooth

# 9,400

People Benefitted

# 26%

Students Paid College Fees

# 64%

Students Used the Funds to Pay School Fees

## Corporate Social Responsibility

### EDUCATION AND SKILL DEVELOPMENT

Education & skill development is one of the key focus areas of Aarti industries Limited and are broadly divided under 3 different categories :

#### Ongoing Initiatives

We have been associated with around 5 different institutions for past several years by providing them funds for the day to day running of the schools.

Most of these schools run free of cost (Zero fees from students) and few at a subsidised rate. Our major focus is to keep students and teachers motivated and excited about learning. Most of the students come from the economically weaker sections of the society.

#### Scholarships

We are also associated with several NGOs for granting scholarships to aspiring students for their higher education.

#### Infrastructure development

We have been associated with various educational institutions for upgradation and development of the infrastructure

# ₹4.08 Cr

## Spent on Education and Skill Development Initiatives

Institutions	Category	Place	People Benefitted	Amount Spent (in Lakhs)
Sushil Trust, Shree Ram-Krushna Dev Vidhya Sankul, Khadir, Ratanpar, Kutch	Ongoing	Kutch	137	21.00
Tulshividy Mandir, Nana Bhadiya, Kutch	Ongoing	Kutch	501	35.87
Vichrta Samuday Samarthan Manch (VSSM)	Ongoing	Ahmedabad	135	7.00
Yusuf Meherally Centre (Vallabh Vidyalaya + Sagar Shala)	Ongoing	Kutch	943	26.00
Shree Mahavir Jain Charita Kalyan Ratnashram	Scholarship	Songadh	380	75.00
Shri K.V.O. Jain Mahajan Mumbai	Scholarship	Mumbai	829	75.00
Shri Poona Kutchi Jain Samaj	Infrastructure	Pune	613	25.00
Vidya Sarthi Project	Ongoing	Bharuch	8,082	11.22
HDD Kanyashala	Infrastructure	Kutch	800	55.06
Sheth M P Rashtriya Shala Trust	Infrastructure	Mumbai	721	55.49
Jan Seva Charitable Trust, Sagbara (Girls Hostel)	Ongoing	Sagbara, Gujarat	100	1.52
Others				19.97
<b>Total</b>			<b>13,241</b>	<b>408.13</b>

### YUSUF MEHERALLY CENTRE (YMC)

Yusuf Meherally Centre (YMC) runs 3 different institutions.

- Vallabh Vidyalaya – Vallabh Vidyalaya is situated in Mundra. The school has 2 mediums, Hindi Medium which has 556 students distributed across Std. 1 to Std. 9. The English Medium (Std. 1 – Std 5.) has 103 students.

Most of the salt pan workers & fisherman's keep on migrating, hence their children's not enrolled in schools. Thus with an objective to impart primary education to the children of the Fisherman and Salt pan workers.

In this unique initiative, the teachers visit the salt pan areas and the settlements of the fisherman's. These teachers conduct classes in temporary structures.

These schools are called Sagar Shala. They are further classified as below

- YMC for Salt Pan Worker's children's – These centers provide primary education to children's of salt pan workers. Operated at 8 locations and benefitting 212 children
- YMC for fisherman's children – These centers provide primary education to children of fisherman's. Operated at 3 locations and benefitting 72 children

# ₹0.26 Cr

## Amount spent

# 943

## People Benefitted



## HEALTHCARE

Access to adequate medical treatment is limited in semi-urban and rural locations. Women and children are especially susceptible, since they are often neglected. We have established state-of-the-art healthcare facilities, including tiny dispensaries across Gujarat, Maharashtra, Bihar, and Madhya Pradesh via consistent efforts to guarantee healthcare for people in need.

We majorly focus on medical infrastructure development, allowing us to have a greater impact on the communities in those regions.

### Initiatives:

- JITO Hospital: We provided funding support to the hospital, enabling it to become well-equipped, and develop its infrastructure better.



- BPNI, Maharashtra: Breastfeeding Promotion Network of India (BPNI) creates awareness in societies and provides NICU training to new mothers. We support their actions by funding the meetings and workshops they organise.
- Mobile Dental Vans: We support the NGO - Asmita Vikas Kendra in its effort to promote dental health in Dahej and Jhagadia regions, by operating two dental vans.

**₹1.38 Cr**  
spent on Healthcare Initiatives

**~9,000**  
patients treated until December, 2021

**45,000+**  
people vaccinated by the Hospital for Covid

**2000+**  
participants in 20 health check-up camps organised by the hospital

**81%**  
treated patients credit their recovery to positive and encouraging words by hospital staff

**83%**  
cataract operated patients satisfied with operative procedure in hospital

Details	Category	Place	People Benefitted	Amount Spent (in Lakhs)
Jito Hospital	Healthcare	Thane	57,079	100.00
Bahubali Children's Hospital	Healthcare	Vapi	NA	1.11
Dental Mobile Van, Asmita Vikas Kendra	Healthcare	Bharuch	4,264	4.00
Gram Swarajya Samiti, Malegaon	Medical Grant	Malegaon	NA	12.50
BPNI	Healthcare	Mumbai	NA	6.04
Other Medical Grants	Medical Grant			14.32
<b>Total</b>			<b>61,343</b>	<b>137.97</b>

## Corporate Social Responsibility

### UNDERPRIVILEGED AND RURAL DEVELOPMENT

Rural settlements in close proximity to one another provide opportunities for coordinated development through the 'cluster concept.' It is possible to transform lives by promoting sustainable livelihood and self-reliance among the people of these clusters, many of which are underprivileged, through the formation of cooperatives and culturally appropriate employment opportunities, or by strengthening the role of women and youth in decision-making, and by promoting social dialogue and the dissemination of good practices. Through our endeavours, we have been successful in fostering the growth of various clusters. We collaborate with local NGOs and organisations to create change.

# ₹3.16 Cr

## Spent on Underprivileged and Rural Development Initiatives



Details	Place	People Benefitted	Lives Impacted	Amount Spent (in Lakhs)
Bhansali Trust (Donation for upliftment of Mushar Community)	Bihar	2,000	10,000	100.00

### UNDERPRIVILEGED INTEGRATED DEVELOPMENT PROGRAMME FOR MUSHAR COMMUNITY

Aarti Industries Limited has given a grant to Bhansali Industries and adopted 151 villages in the Gaya district of Bihar. The programme is being implemented by Bhansali Trust. These villages are home to the Mushar Community, which is one of the most socio-economically backward communities in India.

**Various initiatives are undertaken through this project:**

- Coaching classes for children and adults
- Setting up of a permanent school in Gaya district. The school would employ 4 teachers and enrol 70 students; two schools and a college are already functional.
- Providing free medical assistance for people affected with anaemia. Also, vegetable seed packets are distributed once a year to address vitamin deficiencies.
- Supplementary nutrition is provided to malnourished children, pregnant women, TB patients, etc.
- Paramedical workers address health-related issues.
- Income generation initiatives (e.g.: handloom) are carried out.
- Efforts towards sensitisation about hygiene, in addition to other health care initiatives, are in process.

Details	Category	Place	People Benefitted	Amount Spent (in Lakhs)
Underprivileged Integrated Development and Education Trust	Underprivileged	16 states in India	3,89,450	50.00
Sundar Serendipity Foundation	Underprivileged	Bihar	6,00,000	54.48
Kutch Fodder, Fruit and Forest Development Trust	Rural	Kutch	10,256	4.00
Gram Swarajya Samiti Maharashtra	Rural	Maharashtra	NA	3.00
Gramin Vikas Samiti Maharashtra	Rural	Maharashtra	NA	1.25
Livestock Development	Rural		NA	3.71
<b>Total</b>			<b>10,03,706</b>	<b>316.44</b>



## ENVIRONMENTAL INITIATIVES

We always look for ways to make our surrounding sustainable, and for that we support various initiatives to conserve natural resources around us. We have undertaken several initiatives like maintenance of green space, starting organic seed bank for farmers and rainwater harvesting.

**14,000 people +  
18,000 animals**  
Benefitted



**₹0.31 Cr**

Spent on rainwater harvesting initiatives in kutch

**486 Lakhs**

Litres of Rain Water Stored in Excavated Areas

Details	Category	Place	People Benefitted	Amount Spent (in Lakhs)
Vapi Horticulture	Environment	Vapi	54,750	41.36
Kutch Navnirman Abhiyan (Rainwater Harvesting Project at Kutch)	Water Conservation	Kutch	14,000	30.70
Kutch Fodder Fruit and Forest Development Trust	Environment	Kutch	425	1.80
Other	Water Conservation			4.13
<b>Total</b>			<b>69,175</b>	<b>77.99</b>

## WOMEN EMPOWERMENT



**₹6.8 Lakhs**

Spent on Women Empowerment Initiatives

Details	Place	People Benefitted	Lives Impacted	Amount Spent (in Lakhs)
Matru Vandana Foundation	Bidada, Kutch	16	80	5
Vicharta Samuday Samarthan Manch (VSSM)	Wadia, Gujarat	3	15	1.80
<b>Total</b>		<b>19</b>	<b>95</b>	<b>6.80</b>

We have also provided assistance to the people who have been affected by natural disasters like floods and cyclones in Konkan region and Saurashtra.

## Governance

# Built on a Robust Foundation

At AIL, we believe in empowering our stakeholders and creating a culture of transparency and accountability. We have unfailingly upheld the highest standards of governance and conducted our business with integrity and fairness.

We continue to be an ethical and reliable company, and that is our most important asset. We maintain a focus on good corporate governance and apply the highest ethical practices to all activities, allowing us to enhance the confidence and trust of our stakeholders.

### GOVERNANCE FRAMEWORK

#### Board of Directors

Audit  
Committee

Nomination and  
Remuneration  
Committee

Stakeholders'  
Relationship  
Committee

Finance and  
Investment  
Committee

Corporate Social  
Responsibility  
Committee

Risk Management  
Committee





## CODE OF CONDUCT

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

## COMPLIANCE

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

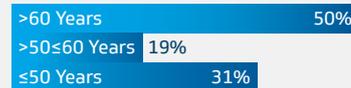
## COMPOSITION OF THE BOARD

Our Board of Directors is made up of industry experts, with substantial leadership experience and skills in numerous industries of business. We guarantee that the Board's independence is preserved and that the Independent Directors' opinions and decisions are recognised and applied.

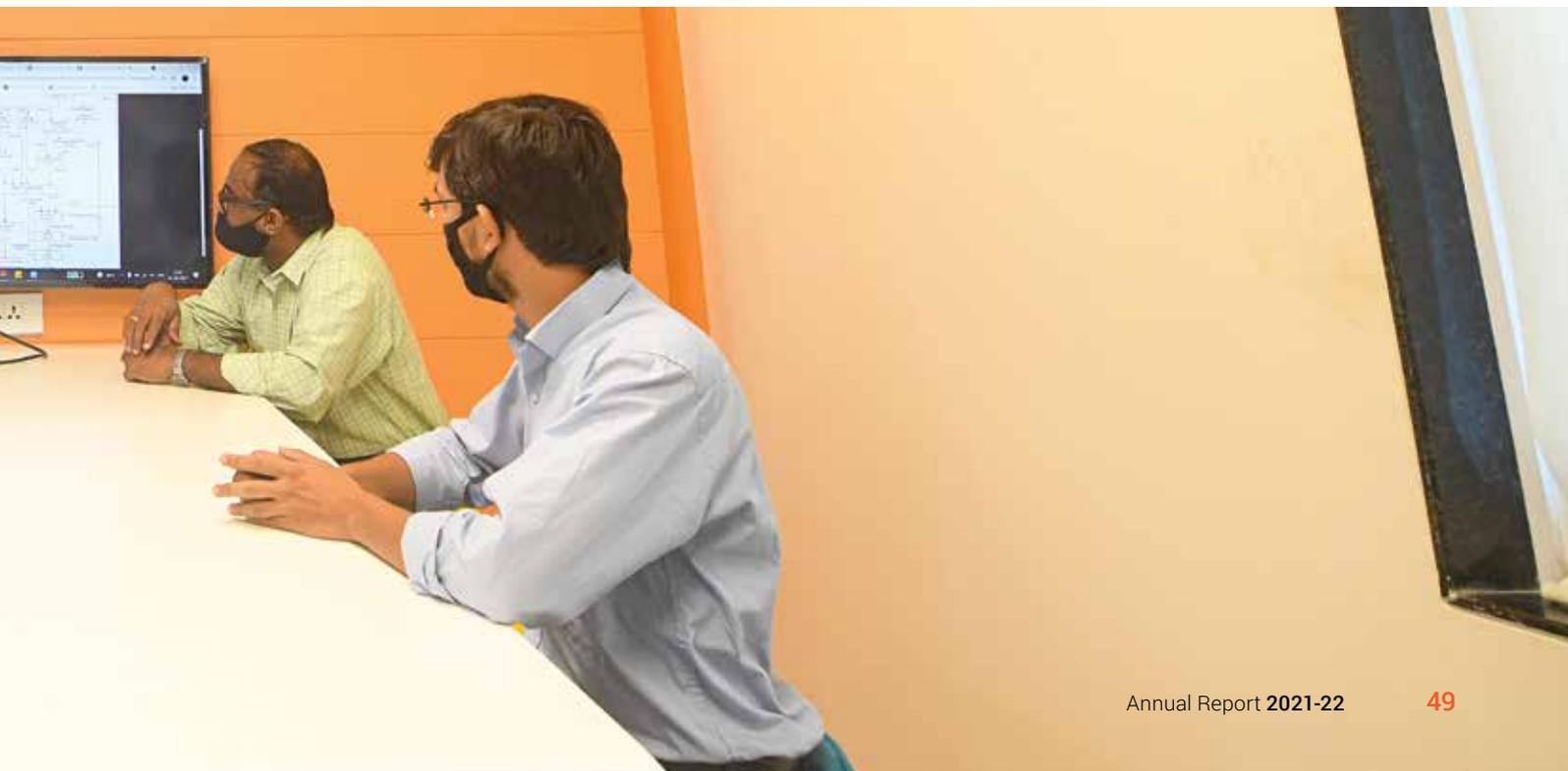
### Board Experience



### Board Age Profile



### Board Diversity



## Governance

### BOARD COMMITTEES

The Board Committees, which perform different specialised activities, help the Board of Directors in carrying out its responsibilities. These Committees are in charge of overseeing and managing day-to-day governance. They report accomplishments to the Board and seek its advice on significant issues.

#### Audit Committee

Composition	Responsibilities
<b>6 Independent Directors</b> Shri K.V.S. Shyamsunder (Chairman) Prof. Ganapati Yadav Shri P. A. Sethi Shri Bhavesh Vora Smt. Priti P. Savla Shri Lalit Naik	<ul style="list-style-type: none"> <li>• Oversight of the financial reporting process</li> <li>• Disclosure of financial information to ensure that the financial statement is correct, sufficient and credible</li> <li>• Recommendation for appointment, remuneration and terms of appointment of auditors of the entity</li> <li>• Evaluation of internal financial controls and risk management systems</li> <li>• Review of the annual financial statements and Auditors' Report thereon, with the management, before submission, to the Board for approval</li> <li>• Review of the functioning of the whistle blower mechanism</li> </ul>
<b>3 Executive Directors</b> Shri Rajendra V. Gogri Shri Rashesh C. Gogri Shri Parimal H. Desai	

#### Nomination and Remuneration Committee

Composition	Responsibilities
<b>3 Independent Directors</b> Shri P. A. Sethi (Chairman) Shri K.V.S. Shyamsunder Shri Bhavesh Vora	<ul style="list-style-type: none"> <li>• 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</li> <li>• Formulation of criteria for performance evaluation of Independent Directors and the Board of Directors</li> <li>• Devising the Board Diversity policy</li> <li>• 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</li> </ul>
<b>1 Executive Director</b> Shri Rajendra V. Gogri	

#### Stakeholders' Relationship Committee

Composition	Responsibilities
<b>1 Independent Director</b> Shri K.V.S. Shyamsunder (Chairman)	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Review of measures undertaken for effective exercise of voting rights by shareholders</li> <li>• Review of adherence to the service standards adopted in respect of various services rendered by the Registrar and Share Transfer Agent</li> <li>• 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</li> </ul>
<b>4 Executive Directors</b> Shri Rajendra V. Gogri Shri Rashesh C. Gogri Shri Manoj M. Chheda Smt. Hetal Gogri Gala	



## Corporate Social Responsibility Committee

Composition	Responsibilities
<b>2 Independent Directors</b> Shri K.V.S. Shyamsunder (Chairman) Smt. Priti P. Savla	<ul style="list-style-type: none"> <li>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.</li> <li>Recommend the amount of expenditure to be incurred on these activities</li> <li>Monitor the CSR policy of the Company from time to time</li> </ul>
<b>2 Executive Directors</b> Smt. Hetal Gogri Gala Shri Kirit R. Mehta	

## Risk Management Committee

Composition	Responsibilities
<b>1 Independent Director</b> Shri Bhavesh Vora	<ul style="list-style-type: none"> <li>To formulate a detailed risk management policy</li> <li>To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company</li> <li>To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems</li> <li>To periodically review the risk management policy, at least once in 2 years, including consideration of changing industry dynamics and evolving complexity</li> <li>To keep the Board of Directors informed about the nature and contents of its discussions, recommendations and actions to be taken</li> <li>The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by this Committee</li> </ul>
<b>5 Executive Directors</b> Shri Rajendra V. Gogri (Chairman) Shri Rashesh C. Gogri Smt. Hetal Gogri Gala Shri Renil R. Gogri Shri Narendra Salvi	
<b>2 Senior Executive</b> Shri Chetan Gandhi Shri Ajaykumar Gupta	

## Finance and Investment Committee

Composition	Responsibilities
<b>6 Executive Directors</b> Shri Rajendra V. Gogri (Chairman) Shri Rashesh C. Gogri Shri Parimal H. Desai Smt. Hetal Gogri Gala Shri Renil R. Gogri Shri Manoj M. Chheda	<ul style="list-style-type: none"> <li>To act in accordance with the Terms of Reference determined by the Board of Directors,</li> <li>To review/ evaluate various investment / expansion proposals, before putting up before the Board for approval,</li> <li>To Delegate requisite authorities for carrying out operational activities of the Company,</li> <li>To Deal with the Company's Bankers for various banking / financial services / facilities as per the Business need.</li> </ul>

## Board of Directors

# Powered by Experience and Expertise

Our Board of Directors is a diversified group of highly skilled and experienced professionals from a variety of sectors. They work together to develop long-term plans for the Company, while also considering risk-mitigation techniques.

The Board of Directors (Board) oversees AIL's long-term business goals, organisational strategies, risk management, and other functions, and monitors the interests of all our stakeholders. The Board helps direct our Company's operations, strategies, and performance through a well-defined framework of responsibility.



**Shri Chandrakant V. Gogri,**  
Chairman Emeritus

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



**Shri Rajendra V. Gogri,**  
Chairman and Managing Director

Shri Rajendra V. Gogri has served as the Company's Managing Director since 1993. He has been with the Company since its beginning. In 2012, he was appointed Chairman and Managing Director. He has a Master of Science in Chemical Engineering from the United States, and holds a rank from ICT, Mumbai. Together with Shri Chandrakant V. Gogri, he has contributed immensely to the Company's current standing. In addition to his professional credentials, he also has experience with finance and business affairs. He spearheads strategic growth initiatives and handles the Company's long-term corporate relations. In 2020, Shri Rajendra V. Gogri received the renowned Lala Shriram National Award for Leadership in the Chemical Industry. Mr. Gogri was also conferred with the Hurun Industry Achievement Award 2019 for Company's exceptional growth in the specialty chemical segment.



**Shri Rashesh C. Gogri,**  
Vice Chairman and Managing Director

Shri Rashesh C. Gogri was appointed as the Company's Vice Chairman and Managing Director in 2012. Prior to that, he served as the Company's Director from June 1997. He received a degree in Production Engineering from Mumbai University. He has been instrumental in the expansion of the Company's numerous business units. Currently, he oversees the commercial elements of the Chemical segment and is engaged in strategic decision-making. He also leads the Pharma segment of the Company.



Member

Chairman

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

## Board of Directors



**Shri Parimal H. Desai,**  
Executive Director

1 3

Since September 1984, Shri Parimal H. Desai has served as Executive Director of the Company. He is a Chemical Engineer from Mumbai's UDCT (ICT). He has over 35 years of experience in process development and project implementation. He advises the Company on a variety of technical inputs pertaining to processes, product enhancement, and technology, and also manages a number of company project efforts.



**Shri Manoj M. Chheda,**  
Executive Director

3 5

Since November 1993, Shri Manoj M. Chheda has served as Executive Director of the Company. He graduated from Mumbai University with a degree in commerce and has over 28 years of expertise in the marketing of specialty chemicals.



**Smt. Hetal Gogri Gala,**  
Executive Director

3 4 5 6

Since November 2001, Hetal Gogri Gala has served as an Executive Director of the Company. She got a Bachelor's degree in Electronics Engineering from Mumbai University, and completed a programme in management education at IIM Ahmedabad. She handles the Pharmaceuticals section, and is engaged in the Company's supply chain management.



**Shri Renil R. Gogri,**  
Executive Director

3 6

On 16th August 2012, Shri Renil R. Gogri was appointed as Executive Director of the Company. He has a Bachelor's of Technology (Mechanical) from IIT Bombay. He leads the Specialty Chemicals division's production processes, including people and excellence efforts, adoption of IT advancements, sustainability initiatives, and projects.



**Shri Kirit R. Mehta,**  
Executive Director

4

Since September 2000, Shri Kirit R. Mehta has served as Executive Director of the Company. He is a Commerce graduate with more than 35 years of expertise in corporate affairs management.



**Shri Narendra Salvi,**  
Executive Director

6

As on 1st April 2020, Shri Narendra Salvi is an Executive Director of the Company. He joined the organisation in 2001. Utilising his over 35 years of expertise, he leads the Pharmaceuticals division's operations, projects, regulatory compliances, and sustainability efforts.



**Shri K.V.S. Shyamsunder,**  
Independent Director

1 4 5 2

A fellow member of the Institute of Chartered Accountants of India, he has over 33 years of extensive banking expertise. Additionally, he is a partner with Singrodia Goyal & Co. His areas of competence include commercial and retail banking, risk management, credit rating, system evaluation and monitoring, and loan policies.

○ Member      ○ Chairman

- 1. Audit Committee
- 2. Nomination and Remuneration Committee
- 3. Finance and Investment Committee
- 4. Corporate Social Responsibility Committee
- 5. Stakeholders' Relationship Committee
- 6. Risk Management Committee

## Board of Directors



**Shri P.A. Sethi,**  
Independent Director

2 1

Shri P.A. Sethi is a commerce and a CAIIB graduate. From March 2003 until October 2004, he was an executive director at Vijaya Bank. He has over 47 years of experience working in the financial industry.



**Shri Bhavesh R. Vora,**  
Independent Director

1 2 6

Shri Bhavesh R. Vora has a degree in business and is an ACA. He is an active Chartered Accountant with over 25 years of expertise in stock broker audits, compliances, derivatives, futures and options, accounting standards, and internal management audit.



**Prof. Ganapati D. Yadav,**  
Independent Director

1

Prof. Ganapati D. Yadav served as the Institute of Chemical Technology's Vice Chancellor. 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 published over 300 original research papers across 51 international, multidisciplinary and peer-reviewed journals.



**Smt. Priti P. Savla,**  
Independent Director

1 4

Smt. Priti P. Savla is a practising Chartered Accountant and a partner with KPB & Associates, a Mumbai and Thane-based chartered accountants' business, with over 10 years of industry experience. She is a trained Entrepreneurs' Development Program credential holder from the Indian School of Business in Hyderabad.



**Dr. Vinay Gopal Nayak,**  
Independent Director

Dr. Vinay Gopal Nayak, a pharmaceutical expert with a technical background, has spent the previous 32 years working for pharmaceutical companies like Cipla, Lupin, Watson, Marksans, Alembic, and Emcure. He specialises in production, quality, research and development, compliance, and regulatory issues for both, API and formulation manufacture.



**Shri Lalitkumar Shantaram Naik,**  
Independent Director

1

Shri Lalitkumar Shantaram Naik has a Bachelor of Technology in Chemical Engineering from IIT Kanpur, and a Postgraduate Diploma in Management from IIM Ahmedabad. He has more than 25 years of extensive expertise in the disciplines of chemicals, construction materials, and nutrition, and he has held executive roles at a number of firms.



**Smt. Natasha Treasurywala,**  
Independent Director

Natasha is a partner in the legal firm Desai & Diwanji. She is an expert in business law, including mergers and acquisitions, private equity, and debt financing. She is a Solicitor with the Bombay Incorporated Law Society and has obtained her law degree from Government Law College, Mumbai. She has been practising law for more than 15 years.

○ Member

○ Chairman

1. Audit Committee
2. Nomination and Remuneration Committee
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6. Risk Management Committee

# Ten-Year Consolidated Financial Highlights

(₹ in Crs)

Particulars	Financial Year Ended on									
	31.03.2022	31.03.2021	31.03.2020	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
<b>Income from Operations</b>	7,919	5,023	4,621	4,706	3,806	3,163	3,007	2,908	2,632	2,096
EBIDTA	1,930	982	986	967	707	655	578	471	412	365
Interest	114	86	125	183	132	117	117	138	118	95
Depreciation	289	231	185	163	146	123	99	82	89	83
<b>Profit before Tax</b>	1,527	665	676	622	429	416	363	255	206	187
Share of Profit from Associates	NIL	NIL	NIL	NIL	NIL	NIL	NIL	14	11	2
<b>Profit after Tax</b>	1,307	523	536	492	333	316	257	206	162	134
Dividend %	70	50	190	100	20	NA	170	110	90	80
Payout	127	44	105	44	10	1	69	52	42	37
Per Share Dividend (in ₹)	3.50	2.50	9.50	5.00	1.00	NA	8.50	5.50	4.50	4.00
Equity Share	+++181.25	87.12	++87.12	+43.33	****40.65	****41.06	***41.66	44.30	44.30	**44.30
Reserve & Surplus	5,733	3,416	2,892	2,587	1,538	1,321	1,096	972	826	712
<b>Networth</b>	5,915	3,515	3,073	2,715	1,655	1,426	1,189	1,016	871	756
<b>Long term &amp; Short term Borrowings</b>	2,218	2,492	1,811	2,106	1,921	1,436	1,233	1,068	949	805
Gross Fixed Assets	6,272	5,155	3,837	3,362	3,101	2,655	2,081	1,685	1,477	1,237
<b>Net Fixed Assets</b>	4,418	3,592	2,468	2,147	1,998	1,697	1,246	967	826	674
Capital work-in-progress	1,490	1,298	1,418	795	436	270	313	193	117	69
Investments	73	64	37	33	47	47	41	139	117	95
<b>Net Working Capital</b>	2,401	1,287	1,172	2,039	1,272	1,004	950	893	848	798
Book Value Per Share (₹)	163.18	201.75	176.39	313.23	203.62	173.69	142.75	114.73	98.29	85.36
EPS (Basic & Diluted) (₹)	36.06	30.04	++30.77	+60.39	****40.95	****38.45	***30.83	23.24	18.34	**15.17
EBIDTA/Income from Operations	24.4%	19.6%	21.3%	20.5%	18.6%	20.7%	19.2%	16.2%	15.7%	17.4%
<b>Net Profit Margin %</b>	16.5%	10.4%	11.6%	10.5%	8.7%	10.0%	8.5%	7.1%	6.2%	6.4%
<b>Debt/Equity Ratio</b>	0.44	0.81	0.68	0.88	1.26	1.10	1.09	1.18	1.20	1.12
<b>RONW %</b>	27.7%	15.9%	18.5%	22.5%	21.6%	24.2%	23.3%	21.8%	20.0%	20.0%

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



# Corporate Information

## Chairman Emeritus

Shri Chandrakant Vallabhaji Gogri

## Chairman & Managing Director

Shri Rajendra Vallabhaji Gogri

## Vice Chairman & Managing Director

Shri Rashesh Chandrakant Gogri

## Executive Directors

Shri Parimal Hasmukhlal Desai

Shri Manoj Mulji Chheda

Smt. Hetal Gogri Gala

Shri Kirit Ratilal Mehta

Shri Renil Rajendra Gogri

Shri Narendra Jagannath Salvi

## Independent Directors

Shri KVS Shyamsunder Rammurthy

Shri Premchandra Amolak Sethi

Shri Bhavesh Rasiklal Vora

Padmashri Prof. Ganapati Dadasaheb Yadav

Smt. Priti Paras Savla

Shri Vinay Gopal Nayak

Shri Lalitkumar Shantaram Naik

Smt. Natasha Kersi Treasurywala

## Chief Financial Officer

Shri Chetan Bipin Gandhi

## Company Secretary

Shri Raj Sarraf

## Statutory Auditors

Kirtane & Pandit LLP

Chartered Accountant

## Secretarial Auditors

Sunil M Dedhia & Co.

Practicing Company Secretary

## Registrar & Transfer Agent

Link Intime India Private Limited  
C 101, 247 Park,

L. B. S. Marg, Vikhroli (West),  
Mumbai – 400 083, Maharashtra

Tel No: +91 22 49186000

Fax: +91 22 49186060

Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

Website: <https://linkintime.co.in>

## Bank / Financial Institution

Axis Bank Limited

Bank of Baroda

Bank of Bahrain & Kuwait

Citibank N.A.

DBS Bank India Ltd.

HDFC Bank Ltd.

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 - 396 195, Dist. Valsad -  
Gujarat

## Corporate Office

71, Udyog Kshetra, 2nd Floor,  
Mulund - Goregaon Link Road,

L.B.S. Marg, Mulund (West),

Mumbai – 400 080, Maharashtra

Website: [www.aarti-Industries.com](http://www.aarti-Industries.com)

Email: [investorrelations@aarti-Industries.com](mailto:investorrelations@aarti-Industries.com)

Tel No: +91 22 67976666

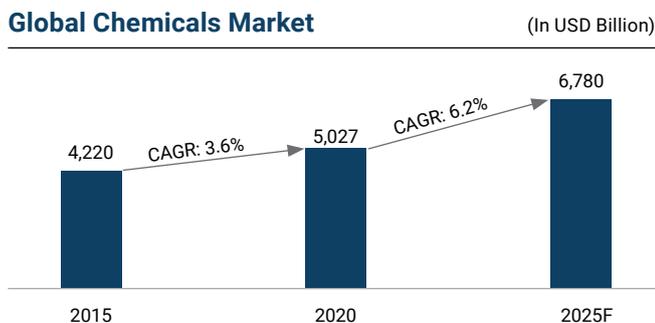
## Corporate Identity Number (CIN)

L24110GJ1984PLC007301

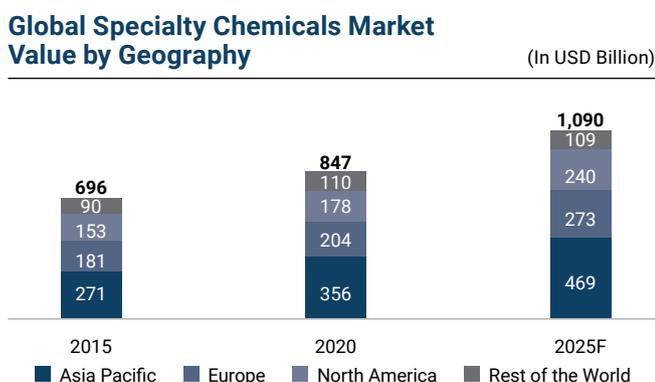
## Management Discussion and Analysis

### GLOBAL CHEMICALS & SPECIALITY CHEMICALS – INDUSTRY OVERVIEW

The global chemicals market was estimated at USD 5,027 billion in 2020 with China contributing the majority of the market share (39%) followed by the European Union (15%) and the United States (13%). India accounts for ~4% market share in the global chemicals market. This market is expected to grow at 6.2% CAGR to USD 6,780 billion by 2025, and within that, APAC is expected to grow at a faster rate of ~7-8% during the forecast period (2020-25F). The chemicals market in Western Europe, North America, and Japan are relatively mature and hence anticipated to record slower growth of ~3-4%.



**Source:** Report by Frost & Sullivan, Industry Reports, Reports by various brokerage houses



**Source:** Report by Frost & Sullivan, Industry Reports, Reports by various brokerage houses

The global speciality chemicals market which was valued at USD 847 billion in 2020 is expected to grow at a CAGR of 5.2% to USD 1,090 billion by 2025. Specialty chemicals are customised in nature based on customer's requirements. These are typically manufactured in lower volumes, but enjoy higher realisations given the complexities involved in the manufacturing process. These products are primarily used as additives or provide specific attributes to the end product.

Specialty chemicals are more likely to be prepared and processed in batches. The emphasis is on value addition, as it requires a thorough understanding of complex chemistries and processes.

In the past several decades, many countries have led the global chemicals (and speciality chemicals) industry steered by the availability of low-cost feedstock, labour/ other cost competitiveness, low environmental compliance costs, emphasis on R&D and innovation, demand potential domestically etc. Until the late 1980s, the US led the industry by manufacturing chemicals for domestic use in the oil & gas industry as well as other sectors. Later, Europe took over and dominated the business through exports, while the US and Japan remained key producers. However, during the last two decades, a significant shift has been observed in the global chemical industry, with emerging markets, particularly Asia, gaining production supremacy over developed countries. The key drivers of this shift include cost advantages in emerging markets with respect to equipment costs, logistics, labour etc. in western countries. Today, the Asia Pacific (APAC) region dominates the world market, with 42% market share, led by a varied customer base, leading to higher demand for chemicals, increasing industrial production, and solid growth of the construction sector.

### EMERGING TRENDS IN THE GLOBAL CHEMICAL INDUSTRY

- China Shift:** China has dominated the global chemical industry for several decades, however, owing to consolidation in the industry, labour reforms, stricter compliances, environmental reforms and tightened financing is changing the structure of China's chemical industry, resulting in uncertainty for companies dependent on the country for their supply of raw materials. Global chemical majors are now looking for alternatives to China for optimizing their supply chain and also exploring opportunities to shift closer to the demand centers. Within Asia, a significant business opportunity exists for Indian manufacturers, as global corporations are striving to minimize the risk by reducing their dependency on China
- Geo-political Factors:** Several disputes between China, US and EU have impacted trade and have resulted in a shift in global supply chain, which could benefit companies based out of India and other geographies
- Digitalisation:** Increase in adoption of digital solutions, artificial intelligence and machine learning has enhanced the efficiency and productivity levels, with many companies globally welcoming this change. Digitalisation offers competitive advantages through improved horizontal and vertical integration, a new definition of



operations management, and innovation and new digital business models. Chemical companies are implementing digitalisation initiatives and tools in their supply chains, demand planning and pricing strategies.

- Increasing M&A and investment-related activity:** Downstream value-added opportunities, the continued strength of specialty chemicals and realignment of portfolios are the key drivers of strong M&A and investment activities. Global oil and gas majors and leading chemical companies are looking for downstream opportunities in India and other high-growth economies. Also, large chemical conglomerates are shifting focus towards prioritizing core business, innovation, and R&D, through M&A and outsourcing of non-core operations. This opens a huge opportunity for Indian intermediate and API manufacturers
- Innovation and sustainability:** Emphasis on sustainable manufacturing practices has gained significant momentum in the past couple of years. Focus on compliance with ESG and other regulations is becoming increasingly important for global majors while awarding contracts. Chemical companies are incorporating sustainability and green-chemistry initiatives by constantly improving products, technology and processes, and working closely with customers and suppliers across their value chains

Going forward, the global chemical industry is expected to witness continued strong demand for both commodity and specialty chemicals which will keep prices robust. The industry will also experience increased capital expenditure as leading industry players focus on building capacity and expanding into growing end markets through both organic and inorganic routes. However, the industry could face margin pressures amid raw material cost inflation, which will likely remain high for some time.

Source: Report by Frost & Sullivan, Industry Reports, Reports by various brokerage houses

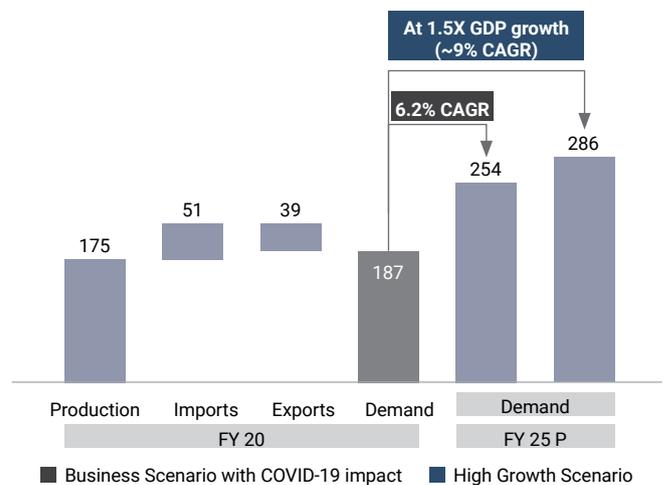
### INDIAN CHEMICALS AND SPECIALTY CHEMICALS – INDUSTRY OVERVIEW

India’s chemical industry was estimated to be worth USD 187 billion in FY20 and has a significant potential to reach USD 300 billion by FY25. In terms of demand, the industry has grown at approximately 1.3 times the country’s average GDP growth in the last five years and shows a strong linkage with its GDP.

The specialty chemicals segment, at USD 36 billion in 2020, constitutes about 20% of the total chemical industry in India. The specialty chemical industry is expected to grow by over 12% CAGR during the next few years. This growth has been driven by a combination of an increase in domestic demand from end-user segments and strong export growth.

### Indian Chemical Industry Market

(In USD Billion)



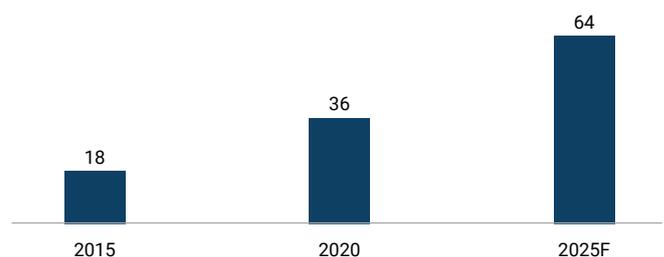
Source: Ministry of Chemicals and Fertilizers, Govt. of India

In India, the per capita consumption level of specialty chemicals is far below the global average, which provides significant opportunities to the Indian chemical industry. Rapid urbanization and a growing young population with disposable income will convert into rising demand for end-user industries such as food processing, personal care and home care further adding to the specialty chemical sector’s growth. Some of the end-use segments like agriculture, consumer and retail, infrastructure, auto and electronics, and healthcare could drive ~50% incremental demand for specialty chemicals.

At present, approximately 30% of India’s chemical requirements are met by imports indicating that there is an ample opportunity for import substitution and the Government’s push towards building an Aatmanirbhar Bharat (self-reliant India) is aiding this growth.

### Global Chemicals Market

(In USD Billion)



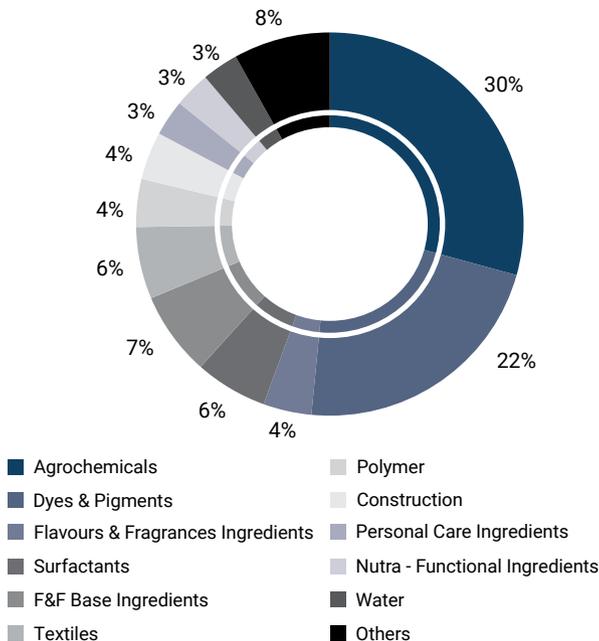
Source: Report by Frost & Sullivan, Industry Reports, Reports by various brokerage houses

India’s exports of chemicals hit a record at US\$ 29 Bn. in FY22 from US\$ 14 Bn. in FY14. In less than a decade’s time, the industry has already seen over 100% export growth, with the potential to grow much more. The specialty chemicals

## Management Discussion and Analysis

account for a major share of more than 50% of chemical exports, dominated by agrochemicals, dyes, pigments, etc. The export achievements indicate that the Indian chemical industry has improved its competitiveness and established a strong presence in the global market driven by low-cost manufacturing, availability of skilled workforce, a reputation for IP protection and strong process optimisation capabilities.

### Specialty Chemicals Industry – By Segment (%)



**Source:** Report by Frost & Sullivan, Industry Reports, Reports by various brokerage houses

Factors like competitive advantage due to the reduction in corporate taxes, PLI scheme for various downstream industries, 100% FDI in the chemical sector through automatic route, the PCPIR policy, other schemes promoting Make in India and significant improvement in Ease of Doing Business also indicate a bright future for the Indian chemical industry during the next decade. The domestic industry is strong enough in segments like Agrochemicals, Active Pharma Ingredients, Dyes & Pigments, etc. However, for driving sustainable growth in the speciality chemicals, the industry needs to invest in higher value-added opportunities and next-generation businesses such as Electronics, IT, Telecommunication (5g), Electric Vehicle, Smart Mobility, etc. These industries use a broad range of highly sophisticated speciality chemicals which are currently not being produced in India. Therefore, it is important to understand the key end markets and emerging trends where technical and market know-how can be combined with economies of scale to drive higher margins.

Indian players are gaining more prominence with global MNCs because of the geopolitical shift especially after the Covid-19 pandemic where the world majors are looking to reduce their dependence on China. China presently accounts for ~15-17% of the world's exportable specialty chemicals, **whereas India accounts for merely 1-2% hinting that the country has huge potential to capitalize the widespread opportunity.** By all means, specialty chemicals are expected to be the next export pillar for India.

China has greatly benefitted from the historical shift in global chemical manufacturing from Europe over the past two decades and has become a key player in global chemical manufacturing with an emphasis on bulk chemicals due to economies of scale and large capacities. However, India is expected to grow fastest within specialty chemicals over the next few years. While China has its advantage in bulk chemicals, there is ample scope for India to make significant strides in the specialty chemical space due to higher interest from global clients based in Europe, Japan and US. Possibly, a 20% shift in the specialty chemical supply chain from China to India can nearly double the size of the Indian industry.

Positive macro-economic indicators to drive growth in the end user segments such as textiles, personal and home care, agrochemicals, etc., which will also expand India's per capita specialty chemical consumption that is sharply lower when compared to other developed markets. Stricter environmental norms have caused multiple plant shutdowns in China and other developed economies, causing MNCs to shift their manufacturing requirements to India, resulting in strong demand visibility for Indian manufacturers across end-user categories. Subsequently, acceleration in CAPEX plans of domestic chemical majors, incremental integration in the value chain and evaluation of newer high-margin opportunities will elevate the contribution to revenue growth and margin. Agrochemicals, Ingredients, Dyes & Pigments and Personal Care segments are more likely to emerge as key growth drivers going ahead.

**Source:** Report by Frost & Sullivan, Industry Reports, Reports by various brokerage houses

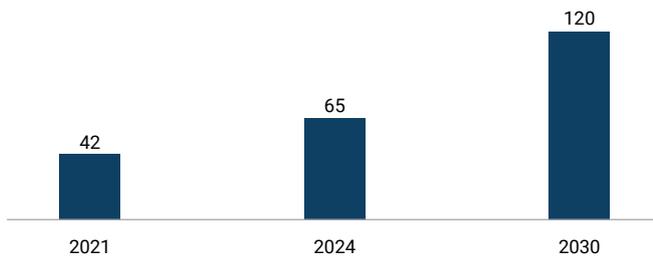
### INDIAN PHARMACEUTICALS INDUSTRY:

Internationally, India ranks 3rd in terms of pharmaceutical production by volume and 14th by value. The domestic pharmaceutical industry includes a network of 3,000 drug companies and ~10,500 manufacturing units. According to the Indian Economic Survey 2021, the domestic market is expected to grow 3x in the next decade. India's domestic pharmaceutical market stood at US\$ 42 billion in 2021 and is likely to reach US\$ 65 billion by 2024. This is expected to further expand to reach ~US\$ 120 billion by 2030. India is also the largest producer of vaccines globally, accounting for ~60% of the total vaccines, as of 2021.



### Indian Pharmaceutical Market

(In USD Billion)

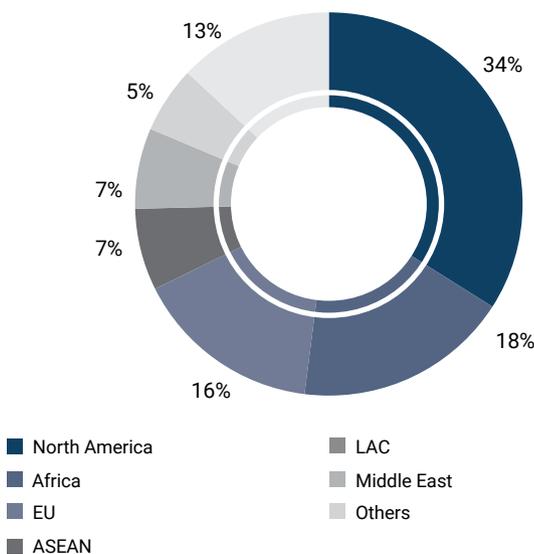


Source: Report by Frost & Sullivan, Industry Reports, [www.ibef.org](http://www.ibef.org)

Within the global arena, India is an important and emerging player in the pharmaceuticals sector. It is the world's largest supplier of generic medicines, accounting for 20% of the worldwide supply by volume. Indian drugs are exported to more than 200 countries in the world, with the US being the key market. Exports of Indian pharmaceuticals, including bulk drugs, intermediates, drug formulations, biologicals, AYUSH & herbal products and surgical products, reached US\$ 16.28 billion in FY20.

### Major Export Destinations in India's Pharma Export in FY20

(%)



Source: Report by Frost & Sullivan, Industry Reports, [www.ibef.org](http://www.ibef.org)

### KEY SEGMENTS IN INDIAN PHARMACEUTICAL SECTOR:

- Active Pharmaceutical Ingredients (APIs)
- Contract Research And Manufacturing Services (CRAMS)
- Biosimilar
- Formulations

Active Pharmaceutical Ingredients (APIs) are substances, or a mixture of substances intended to be used in the manufacture of a drug (medicinal) product and that when used in the production of a drug becomes an active ingredient of the drug/ product. Key Starting Material (KSM) term is used for intermediates in the pharmaceutical industry. These are also the building blocks of the drug industry.

The increasing incidence of chronic diseases, along with growing importance of generics is the key factor driving the growth of the Indian APIs market. Advancements in API manufacturing and growth of the biopharmaceutical sector is also driving the market growth. By raising production yields, changing production processes, and increasing sales in international markets, API manufacturers in India are making all efforts to improve their marketing ability in the regulated markets. More than 30% of the APIs manufactured in India are exported to countries such as the US, UK, Japan, etc.

The key starting materials/ intermediates form the essential part of the pharmaceutical value chain in India. Intermediates refer to the substances that are semi-finished products and / or material that is essential to make a product. The market for pharmaceutical intermediates in India for the year 2020 was estimated to be around US\$ 4.8 billion, growing at a CAGR of 9.8% over 2015-20.

Source: Report by Frost & Sullivan, Industry Reports, [www.ibef.org](http://www.ibef.org).

### GROWTH LEVERS FOR INDIAN PHARMACEUTICALS MARKET

#### Policy support

India plans to set up a nearly ₹ 1 lakh crore (USD 1.3 billion) fund to provide boost to companies to manufacture pharmaceutical ingredients domestically by 2023. The Government of India unveiled 'Pharma Vision 2020' to make India a global leader in end-to-end drug manufacturing. The approval time for new facilities has also been reduced to boost investment.

#### Supply shift to India

With many global end users looking for an alternative to China, India stands as an immediate alternative due to its significant years of experience in handling global regulatory requirements, strong process know-how, strength in R&D and low cost. India has a good number of well-trained chemists and R&D scientists to support the ever-evolving Pharmaceuticals Industry.

#### Increased consumption of generic drugs

India is a developing country in which a large part of the population lives below the poverty line. The poverty rate in India is 12.4%, according to the World Bank. These people and many others need cost effective treatment. Consequently, the market for generic drugs, which are made with the aid of APIs, has increased. The growth of the Indian API market will be fuelled by a further rise in demand for generic medicines.

## Management Discussion and Analysis

### Invention of new generation of APIs

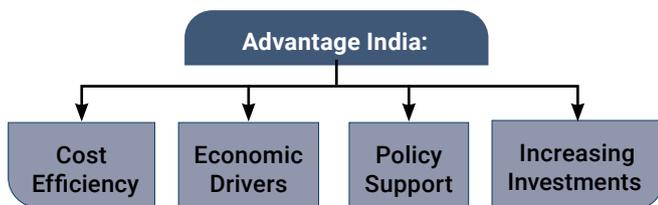
There is an urgent need for new research and developments in the pharmaceutical industry in India that will yield groundbreaking and successful drugs and therapies. This need is an important factor driving the growth of the country's API industry, which has led to a new generation of APIs being invented. Ionic liquids are one example of the latest age of APIs. Ionic liquids are organic salts with melting points below 100°C, and composed entirely of ions.

### Outsourcing opportunity

Outsourcing plays a major role for India's API industry and the country has the biggest number of USFDA approved plants outside the US and the trend is expected to continue with China facing an environmental and stability crisis. Also, the cost of setting up and running a new manufacturing facility in India is one-fifth of the cost of western countries thereby attracting fresh investments in the space.

### Other drivers

- Increasing disposable income and health care awareness is encouraging multinational and domestic Pharma companies to invest in R&D and new facilities in India
- Local companies with indigenous manufacturing capability, 100% FDI in Pharma through automatic route, a front runner in a wide range of specialties involving complex drugs' manufacture, development, and technology



## COMPANY OVERVIEW

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

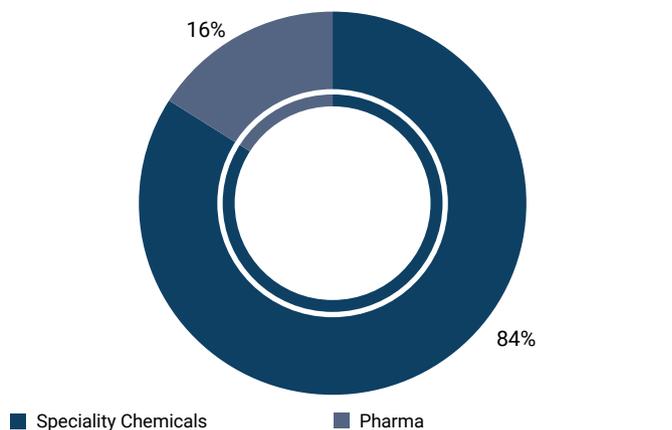
AIL has a de-risked portfolio that is multi-product, multi-geography, multi-customer and multi-industry. Its 200+ products are sold to 700+ domestic and 400+ export customers spread across the globe in 60 countries with major presence in the USA, Europe, China and Japan. Its speciality chemicals and intermediate products find applications in Pharmaceuticals, Agrochemicals, Polymers, Pigments, Printing Inks, Dyes, Fuel additives, Aromatics, FMCG and various other industrial sectors. Agrochemicals,

Pharmaceuticals and FMCG, which are generally agnostic to economic cycles, contribute 50-60% of AIL's revenue, while other end-user industry such as Polymers, Pigments, Printing Inks, Dyes, Fuel additives, Aromatics, etc. which are generally dependent on global and domestic economic cycles account for the balance 40-50% of revenue. This mix provides steady growth opportunities with business stability.

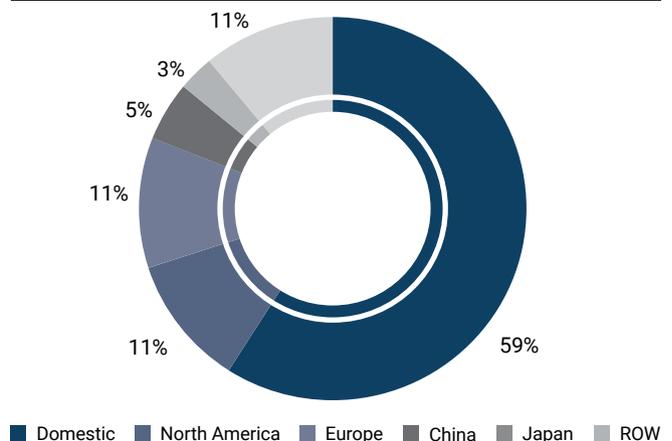
AIL is committed to Safety, Health & Equipment Quality with environment polices mapped to global benchmarks ensuring customer confidence and business sustainability. The Company has 16 Zero Discharge units with greater emphasis on Reduce-Reuse-Recover across its 21 manufacturing sites.

In FY22, Aarti Industries was awarded the prestigious Responsible Care status by Indian Chemical Council (ICC). Responsible Care is a global initiative to drive continuous improvement in safe chemicals management and achieve excellence in Environmental, Health, Safety and Security (EHS&S) performance.

### Revenue Split - Segmental in FY 2021-22 (%)



### Revenue Split - Geographical in FY 2021-22 (%)





## SPECIALTY CHEMICALS SEGMENT:

The Speciality Chemicals segment forms the core part of ALL's business. The Company has built a presence across a wide range of chemistries with integrated operations for many with base raw materials such as benzene, toluene, nitric acid, chlorine, methanol, aniline, and sulphur among others. The Company is amongst the global top three players in NCB and DCB manufacturing. It is also the only manufacturer of nitro fluoro aromatics using the Halox process, and the only manufacturer of phenylene di amines (PDA) value chain in India. The specialty chemical products cater to varied applications in agrochemicals, pharmaceuticals, polymer additives, pigments and dyes industries, Fuel additives, FMCG, Rubber Chemicals, Flavours & Fragrances, etc. The Company has been able to effectively use co-products and generate value-added products due to its integrated operations across the product chains. Nearly 60% of the demand comes from essential/ non-discretionary industries like agrochemicals, pharmaceuticals and FMCG, while the rest is from discretionary industries like automobile, construction, fuel additives, textiles, paints, electronic, aviation applications, etc.

### KEY STRENGTHS:

**Global-scale capacities with integrated operations:** The Company has developed robust manufacturing presence with large global-scale capacities to realise the upcoming growth opportunities. This complements a fully integrated business model which is more preferred by the customers. Integrated model ensures limited supply inefficiencies throughout the product chain, and also leads to better utilization of by-products from manufacturing processes.

The company's business model and strategies helps it emerge as a supplier independent of china. Its focus into R&D for newer products and processes enables it to foray and cater to new global opportunities. The Company's triple growth drivers viz:

- Import Substitution
- Domestic demand growth
- Export potential

Coupled with the above, and with India offering a low cost, better and sustainable manufacturing opportunities, the company believes that this is golden decade for the Indian Chemical companies with more opportunities to grow and expand its presence in the global markets. The company, as you are aware, had been working on various new opportunities and projects, which provides for a strong growth visibility over a longer period of time.

**Diversified business operations:** Over the past few decades, the Company has de-risked itself to build multiple products across various geographies with a wide range of applications. This has ensured business diversification with limited risk. This strategy ensures that no single product or

customer contributes to more than 8% of the revenues. The product portfolio is supported by a framework of stringent manufacturing practices followed with high quality standards and regulatory compliance, which has resulted in ALL being the 'Partner of Choice'.

**Deep and long-standing customer-centric relationships:** ALL has established a growing presence in important geographies of USA, Europe, China and Japan besides building a strong base in India. Export contribution to revenues was over 43% for chemical segment in FY22. The Company believes in creating a customer-centric approach, by forging long-term partnerships to deliver sustained growth and profitability, while maintaining the supply commitments.

**Focus on innovation & R&D-led growth:** Being a leader in the chosen chemistries, Aarti Industries has developed strong R&D capabilities and created 4 high-end state-of-the-art R&D centres, of which two are dedicated for Pharma and two for Chemicals. These facilities have a talent pool of 400+ engineers and scientists who dedicatedly work on newer chemistries while optimizing existing products and processes. In addition, it also has IPRs in place for developing customized products. The Company has built a strong R&D pipeline of niche, value-added products and processes, based on superior technological capabilities and process know-how. The objective is to consistently improve the margins by increasing the level of innovation across the product value chain. Recently setup R&D centre in Navi Mumbai has dedicated labs for process safety, effluent treatment, flow chemistry, kilo lab, high-pressure reactors etc. It is one of those novel labs which is focused on developing a larger range of high-end value-added products and new chemistries to create niche market opportunities.

### UPDATE ON LONG TERM CONTRACTS

The Company had signed three multi-year long-term contracts with global MNC's for supply of chemical intermediates. Out of this, the first long-term contract was for supply of an agrochemical intermediate product. However, the Company received a termination notice from the customer due to a change in the customer's strategy from manufacturing to outsourcing the active ingredients. As per the contractual terms, the customer paid the eligible shortfall fees and termination fees. The Company had received an amount of ₹ 631 crore in respect of the termination fee in FY22. This is in addition to ₹ 135 crore that was received during the year under review on account of shortfall fee. Having said that, the Company had started manufacturing the products at this plant which will be supplied to other customers. The utilization levels will be gradually scaled up here over the next two years.

With regards to the second multi-year contract, the production already commenced in the last quarter of fiscal year 2022, after conducting successful trial runs. This facility will witness significant ramp-up during the current year.

## Management Discussion and Analysis

The project linked to the 3rd long term contract at Jhagadia is expected to come on stream this year, in FY23 and will see ramp up over FY24 and FY25.

### FINANCIAL PERFORMANCE

The year gone by witnessed significant challenges in the form of resurgent second wave of COVID-19 pandemic, inflationary surge in inputs prices, and Russia: Ukraine conflict which disrupted the global supply-chain and resulted in elevated prices of crude oil, other petrochemical intermediates and fuels such as coal, etc. Despite these pressures, AIL demonstrated robust financial performance and scaled new peaks backed by high-quality business enterprise that has been built over several decades with stronger execution capabilities.

During the year under review, the Speciality Chemicals Division contributed to 84% of the total revenues. FY22 revenues for the segment came in at ₹ 6,619 crore, higher by 63% as compared to ₹ 4,071 crore in FY21. Excluding termination income, the revenues for FY22 stood at ₹ 5,988 crore. The segment's EBIT improved by 116% Y-o-Y at ₹ 1,614 crore as compared to ₹ 746 crore in FY21. This stood at ₹ 1,004 crore excluding termination income. EBIT Margin came in at 24% in FY22 as compared to 18% in FY21.

AIL was able to pass on the variations in input costs to the customers in a structured manner as the Company has pass-

through mechanisms in place. Further, its ability to suitably optimise the product mix helped in sustaining the overall volumes. The Company is closely monitoring developments around input pricing and availability and taking appropriate measures to limit the impact on business operations.

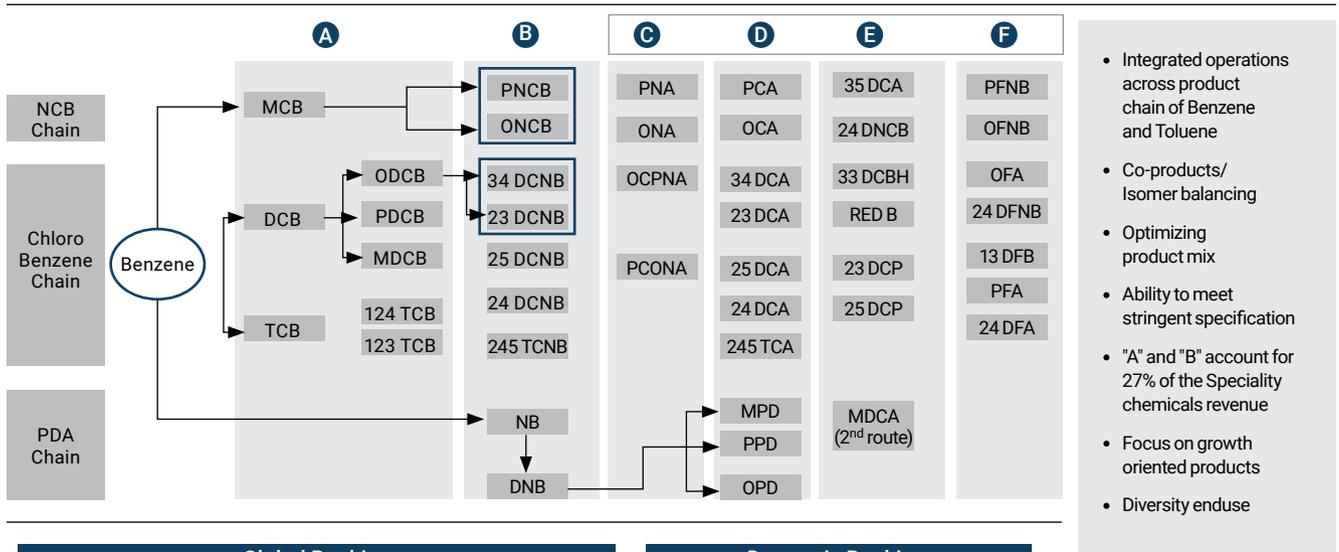
In FY22, the business saw some impact due to short supply of key raw material 'Nitric Acid'. The Company is closely working to mitigate this risk.

Overall, AIL is well positioned to capitalise future market opportunities in the speciality chemicals space given the expertise in chosen chemistries as well as leadership position in the segment. The end demand continues to be healthy, both in domestic and export markets. This combined with capacity expansion initiatives will foster Company's performance momentum in the ensuing years.

### Segment Performance – Specialty Chemicals

		₹ in Cr				
Specialty Chemicals	FY22	FY21	FY20	FY19	FY18	
Sales	6,619	4,071	3,865	3,979	2,985	
% of total sales	84%	83%	84%	84%	78%	
Export	2,951	1,764	1,630	1,625	1,409	
% of segment sales	45%	42%	42%	41%	47%	
Segment EBIT	1,614	746	814	819	581	
EBIT %	24%	18%	21%	21%	19%	

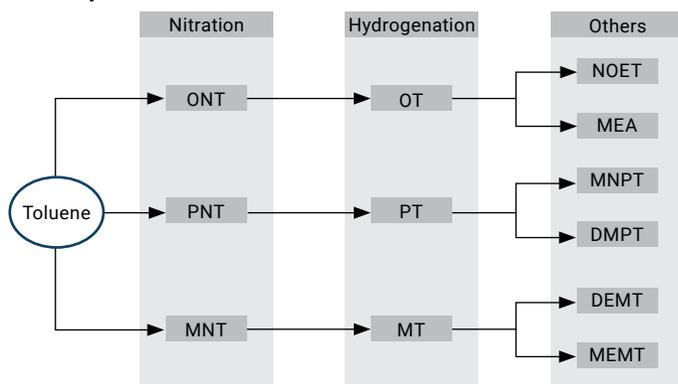
### Benzene product chain



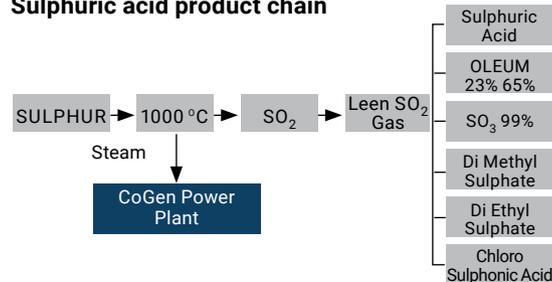


**Product Chain of Toluene & Sulphuric Acid:**

**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:**

Aarti Industries’ Pharmaceuticals segment manufactures three categories of products namely APIs, Intermediates and Xanthine derivatives. The Company has leading expertise and infrastructure in these areas which have applications in Pharmaceutical and food/ beverage industries. The Company has five API manufacturing plants, two of which are USFDA approved and three of which are WHO/ GMP certified. It also has two dedicated R&D facilities for the API business. Currently, the Company manufactures various commercial APIs with 39 US Drug Master Files (USDMF) and 8 Certificates of Suitability (CEP).

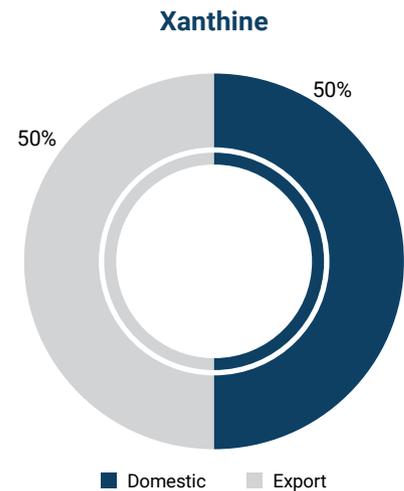
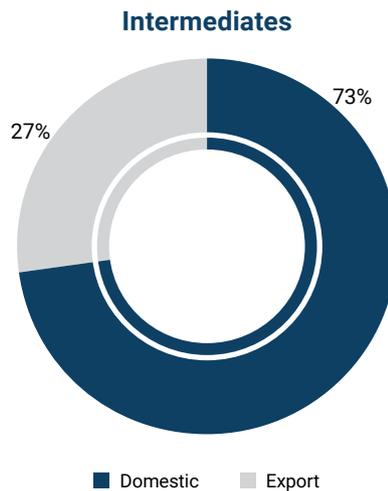
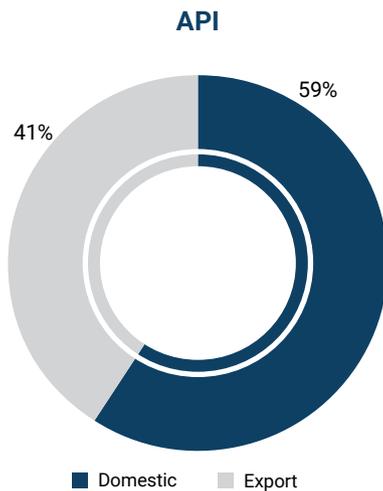
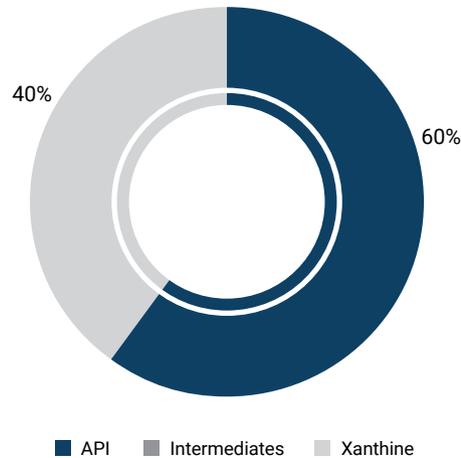
The products are exported to key regulated markets globally, namely the USA, various nations in the European Union and Japan. More importantly, the Company has backward integrated intermediaries for most APIs that are manufactured. ALL manufactured Xanthine derivatives are used in beverages, nutraceuticals and pharmaceuticals, and the Company has two dedicated manufacturing facilities for Xanthine derivatives with star certifications such as Star Kosher, HACCP and GMP for manufacturing and testing.

Based on strong demand dynamics and robust market expertise, the Company has started undertaking realising CRAMS opportunities by executing orders of key intermediates. It is also working with select innovators, global pharma companies to evaluate prospects around API intermediates. To capitalise this, AIL is building a universal capacity for CRAMS which will largely be targeted at newer opportunities.

In August 2021, the Company’s Board of Directors approved the demerger of the Pharmaceuticals’ segment allied activities into Aarti Pharmed Labs Limited (formerly known as Aarti Organics Limited), a wholly owned subsidiary Company of Aarti Industries Limited. This strategic decision was taken with the rationale of achieving operational efficiencies by streamlining the businesses. In line with this, the NCLT hearing and further activities are in process. Post favourable hearing, it would take two to three months for completing the formalities related to demerger, allotment of new shares by Aarti Pharmed Labs Ltd. and listing of those shares on the respective exchanges.

## Management Discussion and Analysis

### FY 22 Revenue Split



### 1. Active Pharmaceutical Ingredient (API) Manufacturing Division

The Company has dedicated manufacturing units for steroids and oncological APIs and has backward integration processes in place of key raw materials for most of its products which enables it to sustain its leadership position and mitigates impact of raw material volatility. It manufactures APIs for a wide range of therapeutic purposes like anti-hypertensive, anti-asthmatic, anti-cancer, Central Nervous System (CNS) agents, skincare, decongestant, anti-thalassaemic, analgesic and ophthalmologic. Aarti Industries also manufactures intermediates for over 35 APIs and are exported to regulated markets across geographies including the US, several countries in the European Union and Japan.

### 2. Intermediates Division – CRAMS

The Company forayed in Contract Research and Manufacturing Services (CRAMS) in 2007 with focus on intermediates manufacturing. It is one of the leading cost-competitive and quality compliant manufacturing hubs for many global players, including large pharma companies.

This division consists of Contract Research Organisations (CROs) and Contract Manufacturing Organisations (CMOs). CROs offer Advanced intermediates for APIs, process development, validation of batches for intermediates, commercial production, contract manufacturing services in dedicated anti-cancer block for Phase-1 to final drug substance and regulatory support/ quality assurance and European Goods Manufacturing Practice (GMP) documentation. While CMOs offer 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 Intermediaries.

### 3. Xanthine Division

This division manufactures various derivatives that are used in beverages, nutraceuticals, and pharmaceuticals. These are caffeine theophylline anhydrous, aminophylline, etophylline, theobromine, etc. The segment has two dedicated manufacturing facilities with star certifications such as Star K kosher, Hazard Analysis Critical Control Point (HACCP) and GMP for manufacturing and testing.

#### Financial Performance – Pharmaceuticals

During the financial year 2021-22, the Pharmaceuticals' segment contributed to 16% of overall revenues. In FY22, it clocked a robust performance, growing by 37% Y-o-Y to ₹ 1,300 crore as compared to ₹ 952 crore in FY21. This was on account of strong volume growth backed by continued positive demand landscape and higher off take from generic pharma companies and Xanthine businesses. EBIT in FY22 was at ₹ 220 crore as against ₹ 211 crore in FY21. The expansion of the block at the USFDA approved API facility is in the final stages and would be commercialized in early FY23.

The Company was able to pass on part of spikes in raw material costs and other utilities to its customers, which resulted in improved realisations. While doing so, there is a working capital cycle gap to get the same converted to cash, which enhances the company's resources getting deployed in working capital. The Company is closely monitoring this and taking all efforts to reduce this. In the first half of the financial year, there was an impact on account of a lag in terms of input and logistics costs and trial runs at the API facility and higher inventory which resulted in impacted EBIT margins at that time. EBIT Margins for the segment came in at 17% in FY22 as compared to 22% in FY21.

In general, the business visibility appears strong, and AIL is suitably placed to realise the growth potential in this segment based on strong product line-up, timely introduction of newer products and attractive pipeline of approvals in cardiovascular, anti-hypertensive, oncology and corticosteroids.

#### Segment Performance – Pharmaceuticals

Specialty Chemicals	(₹ in Cr)				
	FY22	FY21	FY20	FY19	FY18
Sales	1,300	952	756	726	556
% of total sales	16%	19%	16%	16%	15%
Export	524	423	335	352	248
% of segment sales	40%	49%	44%	49%	45%
Segment EBIT	220	211	137	113	79
EBIT %	17%	22%	18%	16%	14%

#### Consolidated performance overview and Business updates – FY22

The year under review witnessed extreme challenges in terms of resurgent second wave of COVID-19 pandemic and other variants, Russia-Ukraine conflict impacting global supply chains, inflationary trend in key raw materials and other utilities including crude oil, coal, other fuels and petrochemical intermediates. And on the supply side, shortage of Nitric Acid which is key raw material for the Company, thereby impacting volumes in the second half of the financial year. Despite these distractions, the Company demonstrated immense resilience to deliver sustained growth in revenues and profitability.

FY22 financials includes an impact of termination fees received with respect to the first long-term contract to the tune of ₹ 631 crore. The Company reported consolidated revenues of ₹ 7,919 crore in FY22 (₹ 7,288 without termination income) as against ₹ 5,023 crore in FY21. This was driven by healthy volume gains and better realisation trends owing to Company's ability to pass on sharp spikes in RM costs and other utilities. The Company does not have any significant business presence in the conflict hit region of Russia-Ukraine and accordingly no significant impact was witnessed on the business operations.

EBITDA came in at ₹ 1,930 crore, higher by 96%, translating to margin of 24.4% (₹ 1,320 crore with a margin of 18.1% without termination income). The Company achieved its highest-ever EBITDA in FY22 even after netting off the impact from termination income. Profit Before Tax for the financial year 2021-22 was at ₹ 1,527 crore (₹ 917 crore without termination income) seeing 130% increase in comparison to ₹ 665 crore in FY21. Profit After Tax was at ₹ 1,307 crore in FY22, representing a gain of 150% over FY21.

Aarti Industries' export revenues in FY22 were at ₹ 3,478 crore as against ₹ 2,188 crore in FY21. Accordingly, exports contributed 44% to the total revenues, and 56% contribution from domestic. China+1 strategy was prevalent during the year, thereby giving impetus to exports. The Company continues to leverage strong relationships with global customers to elevate this trajectory.

For the financial year 2021-22, the Company declared a final dividend of ₹ 1.50 per equity share. This was in addition to an interim dividend of ₹ 2.00 per share distributed during the year. Total dividend in FY22 stands at ₹ 3.50 per share i.e., 70% of the face value.

In June 2021, to realise various growth initiatives, the Company raised funds to the tune of ₹ 1,200 crore via QIP (Qualified Institutional Placement). This issue was oversubscribed with high quality institutional investors laying their confidence on the growth plans of AIL. The participation of long-term investors accounted for over 70% of the issue, of which FII's had a larger share.

## Management Discussion and Analysis

During the year under review, the Company was awarded the prestigious Responsible Care certification by Indian Chemical Council (ICC). Responsible Care is a global initiative to drive continuous improvement in safe chemicals management and achieve excellence in Environmental, Health, Safety and Security (EHSS) performance.

### Update on key projects and CAPEX initiatives

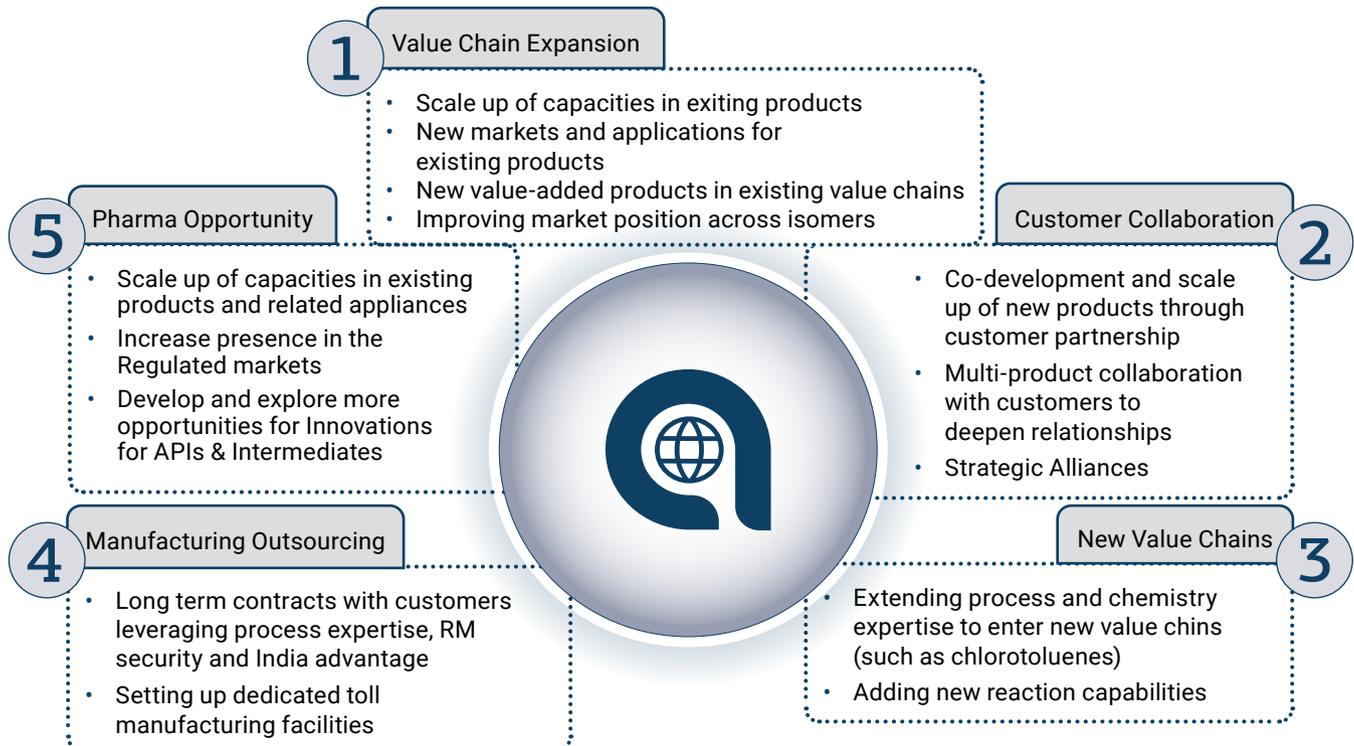
The Company incurred a CAPEX of over ₹ 1,300 crore in FY22. During the year, it commissioned the unit for the 2nd Long Term Contract. The key projects in the pipeline are progressing well. These include the capex on asset construction activities for existing units, Expansion for Acid Unit, Unit for 3rd Long Term Contract at Jhagadia, NCB expansion at Vapi and the expansion for Pharma USFDA unit at Tarapur.

Other growth initiatives that are underway include – the introduction of Chloro Toulenes Value Chain, newer value-added products and other products in Speciality Chemicals segment, and introduction of a range of Pharma APIs & Intermediates, opportunities for long term manufacturing outsourcing/ strategic alliances and setting up UMPP. Foray into chlorotoluene and various other downstream products will have very strong revenue potential as no major domestic manufacturers are present currently.

Aarti Industries aims to undertake R&D and innovation-led projects where it has 40+ products in Chemicals and 50+ products in Pharma at various stages of R&D pipeline. The Company remains committed to collectively deploy ~₹ 3,000 crore across Speciality Chemicals and Pharma over the next two years to achieve the growth aspirations. Not only will this lend visibility but will also help to achieve the growth guidance for FY27.

Since many of the key capex projects are expected to come on stream in FY2022-23, and the volume ramp up for these would take about 3 to 4 years, the fixed costs will start coming in from FY2022-23 itself. As a result, the growth for FY2022-23 is expected to be in the high single digit. With the volume ramp up coming in from FY2023-24 and beyond, the incremental gross profit will significantly add to the growth in the EBIDTA in those years. Hence, while the year of FY2022-23 is the year of consolidation and operationalization for newer projects, the EBIDTA growth is expected to be contributing meaningfully from FY2023-24 and beyond. The company is expected to be able to meet its long term guidances of FY2023-24 as given in FY2021-22.

## GROWTH STRATEGY





## RISKS AND MITIGATION

Risk	Description	Mitigation
1. Regulatory Risk	Your Company operates in a number of global markets and is exposed to the risk of changing regulations	Your Company has remained cognizant of the importance of adopting Safety, Health and Environment (SH&E) norms. Your Company follows highest SH&E standards. Your Company also judiciously follows reduce-reuse-recover principle across all sites. To be in a favorable place with European nations, your Company has been REACH compliant since 2012.
2. Innovation Risk	Innovation is the key to success in the specialty chemicals market to ensure sustainable growth and profitability. Risk of redundancy and losing out to competition on account of poor R&D is a major overhang.	Your Company is known to be a knowledge-driven Company with three R&D centres – one for specialty chemicals and two for pharmaceutical APIs. Since innovation is at the heart of specialty chemicals, your Company has been focused on strengthening its technical skill-set around niche applications. Your Company has always been focused on product innovation and has bagged many awards for innovation in the field of chemical engineering. Your Company's benchmark R&D programme comprises over 400+ engineers & scientists. Its innovation programme stems from transfer of knowledge from strategic customer relationships. Strong R&D push, helps innovate specialised products with unique features and generate high margins. Your company has set-up new R&D centre and Scale-up unit at Navi Mumbai will facilitate the further enhancement of product portfolio.
3. Forex Risk	Being exposed to a significant number of geographies, your Company deals in a number of currencies and runs the risk of unfavourable movement in any currency leading to financial losses.	Around 44% of your Company's revenue is contributed through exports. Majority of global sales are US\$ dominated reducing the risk of cross currency volatility. Your Company keeps a close watch on rupee movement and enters hedging contracts of maturities ranging from 3 months to 3 years to protect committed business.
4. Raw Material Risk	Your Company runs the risk of issue in availability of raw materials and fluctuation in raw material prices.	Your Company has fostered long-standing relationships with its suppliers to ensure steady availability of raw materials at competitive prices. Your Company follows a RM-plus pricing mechanism for its various specialty chemicals. This reduces risks on margin pressure / topline pressures in scenario of rising input costs. In addition, the Company is also fully integrated for key products thereby limiting the impact of RM supply shortage

## INTERNAL CONTROLS, SYSTEMS AND ADEQUACY

Given the nature, size and complexity of its business operations, your Company has distinctly laid down various policies, guidelines and procedures. The Company has an adequate system of internal controls and processes, which provides for automatic checks and balances. It focuses on strengthening its already strong internal controls system for financial reporting. It follows stringent 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 monitors the overall 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. Variations if any are promptly reported to the management and appropriate mitigation measures are implemented to keep these exposures at comfortable levels. Timely and adequate procedures are undertaken to ensure smooth functioning of the business at all times.

## CAUTIONARY STATEMENTS

*Your Company may, from time to time, make additional written and oral forward-looking statements, including statements contained in your Company's filings with Bombay Stock Exchange and National Stock Exchange, and our reports to shareholders. Your Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of your Company. All information contained in this presentation has been prepared solely by your Company. Your Company does not accept any liability whatsoever for any loss, howsoever, arising from any use or reliance on this Annual Report or its contents or otherwise arising in connection therewith.*

## Director's Report

### To The Members of AARTI INDUSTRIES LIMITED

Your Board of Directors ("Board") are pleased to present this Thirty Ninth 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, 2022.

### Financial Results

Particulars	₹ in Crores			
	Standalone		Consolidated	
	2021-22	2020-21	2021-22	2020-21
Total Income from Operations (Gross)	7,765	4,808	7,919	5,023
EBIDTA	1,891	935	1,929	982
Depreciation & Amortisation	281	218	289	231
Profit from Operations before Other Income, Finance Costs and Exceptional Items	1,609	716	1,640	750
Other Income	3	2	1	1
Profit before Finance Costs	1,612	718	1,641	751
Finance Costs	113	86	114	86
Profit before Tax	1,500	632	1,527	665
Total Tax Expenses	211	119	219	129
Non-controlling Interest	-	-	-	(12)
Net Profit for the period	1,289	514	1,307	523
Other Comprehensive Income (net of taxes)	25	40	22	48
Total Comprehensive income for the year	1,314	554	1,329	571
Earnings Per Share (₹) (Basic & Diluted)	35.55	29.47	36.06	30.04
Book Value Per Share (₹)	160	196	163	202

### Financial Performance

Your Company reported Gross Total Income from operations at ₹ 7,765 Crores for FY 2021-22 as against ₹ 4,808 Crores for FY 2020-21. Similarly the exports for the year were at ₹ 3,358 Crores for FY 2021-22 as against ₹ 2,004 Crores for FY 2020-21.

Your Company's Earnings Before Interest Depreciation and Taxes stood at ₹ 1,891 Crores in FY 2021-22 as compared to ₹ 935 Crores in FY 2020-21, registering a growth of 102%. Likewise Profit Before Tax stood at ₹ 1,500 Crores in FY 2021-22 as compared to ₹ 632 Crores in FY 2020-21.

Likewise, Net Profit after Tax & Deferred Tax stood at ₹ 1,289 Crores in FY 2021-22 as compared to ₹ 514 Crores in FY 2020-21.

Likewise the Consolidated Total income from operations for FY 2021-22 stood at ₹ 7,919 Crores as compared to ₹ 5,023 Crores for FY 2020-21 and exports for FY 2021-22 was ₹ 3,478 Crores v/s ₹ 2,188 Crores for FY 2020-21.

On a Consolidated basis, your Company's Earnings Before Interest Depreciation and Taxes stood at ₹ 1,929 Crores in FY 2021-22 as compared to ₹ 982 Crores in FY 2020-21, registering a growth of 96%. Similarly, Net Profit after

consolidation stood at ₹ 1,307 Crores in FY 2021-22 as compared to ₹ 523 Crores in FY 2020-21.

### Dividend

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

Your Directors recommend a Final Dividend of ₹ 1.50 (@ 30%) per share, aggregating to a total Dividend of ₹ 3.50 (@ 70%) per share (of ₹ 5 each) for the financial year 2021-22, resulting in a total payout ₹ 126.88 Crores (Previous Year: ₹ 80.51 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](https://www.aarti-industries.com/investors/GetReport?strcont_id=b22bcY6v1CAOIQL33MM)

### Transfer to Reserves

Your Company has transferred ₹ 129 Crores to General Reserve (Previous Year: ₹ 51.50 Crores).

### Change in Share Capital

During the year 2021-22, there was change in the authorised and paid up share capital of the Company.

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

- Cluster and Rural Development
- Education and Skill Development
- Childcare and Health 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=rQxVNYkXxlkOIQL33MM](https://www.aarti-industries.com/investors/GetReport?strcont_id=rQxVNYkXxlkOIQL33MM)

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

All related party transactions that were entered into during the FY 2021-22 were on arm's length basis and were carried out in the ordinary course of the business. There are no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other Designated Persons which may have potential conflict with interest of the Company at large.

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

## Director's Report

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

At AIL, employee well-being and growth form the core of everything we do and we consistently strive to co-create practices that help us in building a world-class experience for our people.

To meet our growth aspirations, we onboarded around **1500 bright talents last year**. We created various growth avenues for our internal talent, thus **accomplishing 18% internal growth transitions in FY 22**. In our endeavor to become a **Best Place to Work**, we accomplished the second set of Voice survey receiving participation from over 99% employees while formulating a vertical wise action plan on the basis of feedback from the survey.

We nurture the culture of **One Team, One Voice** on the journey of **Building Future Together**, with an unwavering focus on **Excellence and High Performance**. As part of this effort, our Talent Management and Capability Building teams collectively work towards the Organization's Vision and Mission by assessing, developing & leveraging the capabilities of employees to build a motivated, engaged, high-performing environment, and bringing holistic capability building opportunities and solutions at individual, team and organizational levels. We have launched below initiatives this year, as a part of our employee development and well-being:

### Cross-Functional Learning Through Kshitij

Cross-functional skills provide better value to talent, as chances of innovation and creativity are higher among groups having cross-functional collaborations. Mindful of this aspect, we launched Kshitij, a cross-functional domain learning in April 2022. Under Kshitij we have had 5 batches across various locations & have completed 3 sessions.

### Developing Employee Career Path Through Eklavya

Focusing on the developmental journey of Field Operator and DCS Supervisor, we launched Eklavya, a career development initiative in May 2022. 31 Field Operators & 13 DCS Supervisors have been already nominated to start their journey in respective areas under Eklavya.

### Meraki- an Initiative for the Development of OTS/MTS

With an objective to sensitize OT/MTs batch on setting smart goals and preparing one's Swot analysis, Meraki was launched in May 2022. The session created awareness around mentoring, benefits of the program and self-development.

### Samvad

Started with the objective to converse the values and culture of AIL to Associate employees, Samvad is an awareness session on AIL's various HR Policies & Employee Benefits.

### Utkarsh

With an objective to provide employees an opportunity to get certified as a LEAN Practitioner, Utkarsh was launched in May 2022. Conducted across 3 and half months, 3 batches of Utkarsh have been held impacting 90+ employees.

### Nipun-Training the Trainers

With the objective to train the internal trainers and create a pool for the need of future capabilities, the Nipun Initiative was launched across AIL in May 2022. Spread across three batches, the programme will cover 90+ employees.

### Honing Leadership Competencies with Agility Workshop

To establish the foundation for Aarti's 2022-26 goals and to have an agile and responsive leadership team, we conducted an Agility workshop for leaders and above job families in association with a third party vendor. The workshop focused on case study models, team activity and "Shark Tank" to emphasize on the significance of agile decision making. 200 hours of workshop sessions have been conducted for the Executive & Senior Leader job family and 388 hours of sessions have been held for the Leader job family.



### 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

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 2021-22, together with the Auditors' Report, forms 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 ₹ 48,43,265/-. Further 22,215 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, 2022 is available in prescribed format on the Company's website on [www.aarti-industries.com](http://www.aarti-industries.com)

### Subsidiary Companies

As on March 31, 2022, the Company has 9 (Nine) direct subsidiaries namely, Aarti Corporate Services Limited, Innovative Envirocare Jhagadia Limited, Aarti Polychem Private Limited, Aarti Pharmalabs 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.

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=A8DuSuG1AT8OIQ133MM](https://www.aarti-industries.com/investors/GetReport?strcont_id=A8DuSuG1AT8OIQ133MM).

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 forms 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, 2022, 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 the Postal Ballot held on November 24, 2021, Smt. Natasha Kersi Treasurywala (DIN: 07049212) has been appointed as the Independent Director for a period of three years w.e.f. October 14, 2021. In accordance with the provisions of Section 152 of Companies Act, 2013, Shri Renil Rajendra Gogri (DIN: 01582147) and Shri Manoj Mulji Chheda (DIN: 00022699), Executive Directors of the Company are liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment. The Board recommends their re-appointment for the consideration of the

## Director's Report

Members. The existing term of the Chairman and Managing Director Shri Rajendra Vallabhaji Gogri (DIN: 00061003) will come to an end on June 30, 2023. Based upon the performance evaluation rating, merits and recommendation of the Nomination and Remuneration Committee of the Board, your Directors recommend his re-appointment for a further period of Five years effective from July 1, 2023.

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 debarred as per SEBI order 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/Familiarisation-Programme-FY-2021-22.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, 2022, 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 judgements 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 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 and Sustainability 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 and SEBI/HO/CFD/CMD-2/P/CIR/2021/562 dated November 4, 2015 and May 10, 2021 respectively, are in a separate section forming part of the Annual Report.

### Meetings

The Board of Directors met Seven(7) times during the financial year under review. The details of the number of meetings of the Board held during the Financial Year 2021-22 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 V. Gogri (Chairman), Shri Rashesh Gogri, Shri Bhavesh R. Vora, Smt. Hetal Gogri Gala, Shri Renil Gogri, Shri Narendra J. Salvi, Shri Chetan B. 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 2021-22, 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 a Responsible Care (RC) logo. RC is a global chemical manufacturing industry's environmental, health, safety and security performance initiative. RC logo is not only an endorsement of our exemplary EH&S practices but also it shall help us in improving our environmental, health, safety and security (EHS&S) performance for facilities, processes and products throughout the entire operating system through its guiding principles.

### EcoVadis

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

## Director's Report

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, 16 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](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 the 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.

In view of the above, the Board on the recommendation of the Audit Committee appointed Gokhale & Sathe, Chartered Accountants (Firm Registration. No. 103264W) as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of 44th Annual General Meeting to be held in 2027. At the request of the Company, Gokhale & Sathe have communicated their eligibility and willingness to accept the office, if appointed. Members are requested to appoint Auditors and to fix their remuneration as mentioned at Item No. 5 of the notice.



## 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 Ketki D. Visariya, Cost Accountants, (Membership No.16028) as the Cost Auditors of the Company for FY 2022-23 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 approval. Accordingly, a resolution for seeking Member's approval for the remuneration payable to Ketki D. Visariya, Cost Accountants, is included at Item No. 9 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, 2022 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 forms 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 Workplace (Prevention, Prohibition and Redressal) Act, 2013

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

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

Status of the Complaints during the FY 2021-22 is as follows:

Particulars	No. of Complaints
Number of Complaints pending as on beginning of the Financial Year	0
Number of Complaints filed and resolved during the Financial Year	2
Number of Complaints pending as on the end of the Financial Year	0

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.

## Director's Report

### **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

**Rajendra V. Gogri**

Chairman and Managing Director

DIN: 00061003

Mumbai/August 10, 2022



## Annexure - A

### The Annual Report on [CSR Activities Carried Out During FY 2021-22]

#### 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 KVS Shyam Sunder	Chairman	Independent Director	One meeting - attended by all the members
Shri Kirit R. Mehta	Member	Executive Director	
Smt. Hetal Gogri Gala	Member	Executive Director	
Smt. Priti P. Savla	Member	Independent 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/investors/GetReport?strcont\\_id=rQxVNYkXxlkOIQl33MM](https://www.aarti-industries.com/investors/GetReport?strcont_id=rQxVNYkXxlkOIQl33MM)).

#### 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 2021-22, 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 ₹)
2021-22	3.46 Crs.	NIL

#### 6 Average net profit of the company as per section 135(5) for the FY 2021-22: ₹ 622.97 Crs.

2% of average net profit of the Company as per section 135(5) FY 2021-22 (a)	Surplus arising out of the CSR projects of programmes or activities of the previous financial years (b)	Amount require to be set off for the FY 2021-22 if any (c)	Total CSR obligation for the FY 2021-22 (a+b+c)
12.46 Crs.	NIL	NIL	12.46 Crs.

#### 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
12.62	Not Applicable		Not Applicable		

## Director's Report

### 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 (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) of Schedule VII of the Companies Act, 2013	Yes	Gujarat & Maharashtra	Kutch, Bharuch, Ahmedabad, Sagbara, Songadh, Pune, Mumbai	Within 3 yrs	1.10	1.03	NA	Both	Direct	
											Aarti Foundation	CSR00000537
2	Environment Conservation	(iv) of Schedule VII of the Companies Act, 2013	Yes	Gujarat	Vapi		0.35	0.42	NA	Both	Aarti Foundation	CSR00000537
3	Healthcare	(i) of Schedule VII of the Companies Act, 2013	Yes	Maharashtra	Thane	Within 3 yrs	0.95	1.00	NA	Both	JITO Aarti Foundation	CSR0000XXX CSR00000537
							<b>2.40</b>	<b>2.45</b>				

### 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	Education and Skill Development	(ii)	Yes	Gujarat & Maharashtra	Various states of Gujarat & Maharashtra	3.06	Both	Direct		
								Kutchi Visa Oswal Jain Mahajan	CSR00002047	
2	Healthcare	(i)	Yes	Gujarat & Maharashtra	Various states of Gujarat & Maharashtra	0.38	No	Aarti Foundation	CSR00000537	
3	Tribal Welfare & Rural Development	(x)	Yes	Various states of India	Multiple districts	1.16	No	Aarti Foundation	CSR00000537	
4	Disaster Relief	(xii)	Yes	Gujarat & Maharashtra	Saurashtra, Chiplun & Konkan	0.25	No	Aarti Foundation	CSR00000537	
5	Environment Conservation	(iv)	Yes	Gujarat	Kutch	0.37	No	Aarti Foundation	CSR00000537	
6	Women Empowerment	(iii)	Yes	Bihar & Gujarat	Various districts of Bihar, Kutch in Gujarat	1.06	No	Aarti Foundation	CSR00000537	
7	Covid Relief & Support	(i)	Yes	Gujarat & Maharashtra	Various states of Gujarat & Maharashtra	3.01	No	Aarti Foundation	CSR00000537	
							<b>10.17</b>			

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): ₹ 12.62 Crs.

g. Excess amount for set-off, if any: ₹ 0.16 Crs.



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

1	2	3	4	5			6
Sr. 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	
	Nil	NA	NA	NA	NA	NA	NA

**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	
Sr. 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.
	NA	NA	NA	NA	NA		NA	NA	NA

**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).	
(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.	Not Applicable
(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

Mumbai / August 10, 2022

## Director's Report

# Annexure - B

### Form No. MR - 3

#### SECRETARIAL AUDIT REPORT

For the Financial year ended on March 31, 2022

(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, 2022 ('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, 2022 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 and Sweat Equity) Regulations, 2021 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, 2018 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 has been delay of 25 days in crediting 5688 equity 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.

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

- (a) Petroleum Act, 1934 and Rules made thereunder;
- (b) Drugs and Cosmetic Act, 1940 and Rules made thereunder;
- (c) Fertilizer (Control) order 1985;
- (d) The Explosive Act 1884 and Rules made thereunder;
- (e) The Insecticides Act, 1968;
- (f) Narcotic Drugs and Psychotropic Substances Act, 1985;
- (g) The Indian Boilers Act, 1923 & The Indian Boilers Regulations 1950;
- (h) The Chemical weapon convention Act 2000, and the Rules made thereunder;
- (i) Air (Prevention and Control of Pollution) Act 1981;
- (j) Water(Prevention and Control of Pollution) Act 1974;
- (k) The Noise (Regulation and Control) Rules 2000;
- (l) Environment Protection Act, 1986 and other environmental laws;
- (m) Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2016; and

- (n) Public Liability Insurance Act 1991.

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

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

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

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

**I further report that** during the Audit Period under review, the Company had allotted on June 24, 2021, 17,42,34,474 Equity Shares of ₹ 5/- each as bonus shares to the shareholders and further allotted on June 30, 2021, 14,035,087 Equity shares of nominal value of ₹ 5/- each at an issue price of ₹ 855/- per share to Qualified Institutional Buyers under Qualified Institutional Placement. There were no other specific events / actions, in my view, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

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

**CS Sunil M. Dedhia**

Proprietor, Sunil M. Dedhia & Co.  
Practising Company Secretary  
FCS No: 3483 C.P. No. 2031  
Peer Review Certificate No. 867/2020  
UDIN: F003483D000520659

Place: Milpitas, CA, USA  
Date: June 23, 2022

## Director's Report

# 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: F003483D000520659

Place: Milpitas, CA, USA  
Date: June 23, 2022



## Annexure - C

### FORM AOC-1

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

#### PART "A" : SUBSIDIARIES

Sr. No.	Name of Subsidiary Company	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover/ Total Income	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend	% Of Shareholding
1	Aarti Corporate Services Limited	INR	2.02	19.81	32.93	11.09	30.97	0.35	-0.68	0.01	-0.69	-	100.00
2	Innovative Envirocare Jhagadia Limited	INR	0.35	-0.18	0.18	0.01	-	-	-0.01	-	-0.01	-	100.00
3	Aarti Polychem Private Limited	INR	-	-0.01	0.01	0.02	-	-	-0.01	-	-0.01	-	100.00
4	Aarti Pharmalabs Limited	INR	0.25	-0.10	0.16	0.01	-	-	-0.08	-	-0.08	-	100.00
5	Aarti Bharuch Limited	INR	0.25	-0.03	0.22	-	-	-	-0.01	-	-0.01	-	100.00
6	Aarti Spechem Limited	INR	0.25	-0.03	0.22	-	-	-	-0.01	-	-0.01	-	100.00
7	Aarti Pharmachem Limited	INR	0.25	-0.03	0.22	-	-	-	-0.01	-	-0.01	-	100.00
8	Ganesh Polychem Limited	INR	6.20	222.44	307.45	78.82	-	371.98	58.55	17.53	41.02	-	50.00
9	Shanti Intermediates Private Limited	INR	0.07	0.49	5.23	4.67	0.01	17.88	0.33	0.13	0.20	-	100.00
10	Nascent Chemical Industries Limited	INR	0.60	-0.08	0.53	0.01	-	0.05	-0.26	-	-0.26	-	50.49
11	Alchemie (Europe) Ltd.	GBP	0.01	-0.02	0.50	0.51	-	1.19	-0.02	-	-0.02	-	88.89
		INR	0.92	0.85	77.77	76.00	-	170.97	2.07	-	2.07	-	
12	Aarti USA Inc.	USD	0.01	-0.01	1.11	1.10	0.08	2.45	0.02	-	0.02	-	100.00
		INR	0.66	-0.40	83.96	83.70	5.87	182.64	1.79	-	1.79	-	

The Financial Statement of Alchemie (Europe) Limited and Aarti 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, 2022 GBP 1 = ₹ 99.46 and USD 1 = ₹ 75.79.

## Director's Report

# Annexure - D

## A) Conservation for Energy

The Steps Taken or Impact on Conservation of Energy;

AIL has an Utility expert group at each location to conceptualize and implement energy saving initiatives and reduce carbon footprint. We have invited all the employees to provide ideas and suggestions on potential energy saving projects. We have also encouraged them to conceptualize and implement quality circle projects on energy saving. We have adopted three pronged strategy towards energy conservation:

- Minimizing energy leaks and upgrading equipments
- Process optimization
- Adopting new technologies

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. We have adopted several energy-saving projects during the period 2021–22 such as replacement of old pumps with high efficiency pumps, replacement of old conventional light fittings with LED and day timer for streetlights, air compressor with VFD, air conditioners with variable regulating volume (VRV) systems. Based on our energy efficiency initiatives, we have saved approx. 0.5 million KWH of energy in 2021-22. Further, to boast about our excellence in energy efficiency activities, we participated in and won the National Energy Efficiency Circle Competition for large-scale deployment of energy efficiency motors.

We have installed cogeneration power plants at our various locations to optimize usage of coal as a source of energy, also we have implemented systems and processes to reuse steam for processes and electricity generation. Part of the unit's steam requirements are met by utilizing the waste heat, which reduces carbon emissions. We have recovered 959,966 GJ of steam from the distillation condenser during 2021-22.

We have also been successful in converting waste steam to useful refrigeration for chilled water production by installing a two nos 250 TR Vapor Absorption Machine (VAM) at our kutch facility, saving power consumption corresponding to the chilling compressor operation, resulting in reduction of approx. 7 million GJ of energy consumption. We would be replicating the same at our other facilities too.

Furthermore, we have implemented process condensers to utilize the energy of low-pressure steam, which was earlier vented. Other process initiatives include improvement in the distillation section leading to reduction of reflux ratio and ultimately steam saving; installation of compabloc heat exchangers to enhance steam recovery and chilled water generation by utilizing energy required to evaporate chlorine. With these initiatives, we have been able to conserve 1 million GJ of energy during 2021-22.

To manage and optimize our energy demand and supply, we have adopted an IT-based Energy Management System (EMS). Implementation of EMS will be useful to identify energy-saving opportunities and reap long-term benefits by efficient means of controlling, monitoring, and conserving energy. EMS will support us in monitoring critical electrical data & parameters, provide auto-generated customized energy reports and provision of real-time data for electrical systems. We have implemented EMS in Zone-1, the same will be replicated in other locations.

Generation of steam from acidic effluent and recycling of effluent in process, leading to saving of energy as well as effluent processing.

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.

We have also been able to reduce our freshwater consumption for cooling tower make-up by 33 KLD by implementation of SCALEBAN technology. Additionally, Biological treatment of effluent followed by processing in RO unit, has led to reduction in effluent generation as well as steam consumption corresponding to 30 KLD MEE feed.

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

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

- AIL is significantly investing in revamping its Acid plant by adopting latest technologies, thereby enhancing steam economy ratio by > 15 % along with productivity improvement. We are investing



150 crores in the debottlenecking of a waste heat recovery boiler at Vapi to maximize the steam generation, which will reduce our CO<sub>2</sub> emissions by 30,000 TCO<sub>2</sub>e.

- A proposal is into active consideration for co-incineration of waste gasses & 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 minimize the carbon intensity of our operations, we have developed near-term plans to minimize coal consumption by using coal-bio-briquette mixture in coal-based boilers and installing natural gas-based boilers wherever feasible.
- The Mechanical Vapor Recompression technology to reduce the energy consumption for waste water evaporation.

Also, we are exploring opportunities for increasing the consumption of energy from renewable sources. Presently, we have a 697 kW rooftop solar power plant which produced 400+ MWH of renewable energy in FY22. To improve our energy mix, we have entered into a power purchase agreement of 148 MWH/day of hybrid renewable energy through a group captive model. We will be investing 18 cr in this project. This initiative will reduce our CO<sub>2</sub> emissions by 38,394 TCO<sub>2</sub>e GHG emissions / annum.

#### **The Capital Investment on Environment & Greenfield Projects.**

- Our Company has invested over 300 crore in a time span of 3 years (2019-22) for Environment & Energy Efficiency Projects.
- In order to improve the NO<sub>x</sub> 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.
- 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, the project is planned for commissioning in FY 2022-23.

- Stripping of effluent coming from one of the hydrogenation streams and recycling back the stripper's top back to the process has yield of Raw Material by 1 % as well led to significant reduction in effluent.
- Generation of low pressure steam by recovery of energy from the new toluene value chain.

#### **B) Technology Absorption, Adaption, and Innovation** **Efforts made towards Technology Absorption, Adaptation, and Innovation:**

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

#### **Benefits derived as a result of above efforts:**

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

**Information regarding technology imported during the last 3 years**

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

- Technology for Sulfuric Acid Regeneration plant (SAR) is under discussion.
- Spent Acid Concentration (SAC) technology for Nitration Plant.
- Technology upgradation for Hydrogenation to enhance productivity and convert from semi batch to continuous mode of operation.
- Technology upgradation to convert drum flaker to belt flaker to reduce chemical exposure.
- Conversion of high pressure triplex plunger pump to double diaphragm pumps to ensure zero chemical leakage from glands.

- Installation of MAG driven pumps in place of regular seal pumps.

**Expenditure incurred on Research and Development:**

₹ in crores	2021-2022	2020-2021	2019-2020
Revenue	13.93	55.10	27.01
Capital (incl. of WIP)	103.18	31.58	38.34
<b>Total</b>	<b>117.11</b>	<b>86.68</b>	<b>65.35</b>

**C) Total Foreign Exchange Earnings and Outgo**

The Foreign Exchange Earnings and Outgo were ₹ 3,358.75 Crs & ₹ 942.19 Crs respectively (previous year ₹ 2,004.29 Crores and ₹ 762.32 Crores respectively).

For and on behalf of the Board

**Rajendra V. Gogri**  
Chairman and Managing Director

Mumbai/August 10, 2022



## Report on Corporate Governance

The Company's Report on Corporate Governance for the financial year ended March 31, 2022 is in compliance with the principles of Corporate Governance as prescribed in Regulation 34(3) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations")

### 1. Company's Philosophy on Code of Governance:

Guided by its core values; Care, Integrity and Excellence, the Company is committed to continue to 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 for increased awareness for responsibility, transparency and professionalism in management of the Organisation. The Board believes that Corporate Governance is not an end, it is just the beginning towards growth of the Company for long term prosperity. Continuous efforts taken towards strong governance practice have rewarded the Company in the sphere of stakeholders' confidence, valuation, market capitalisation and high credit rating.

### 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, 2022, the Board comprises Sixteen (16) Directors, out of which 8 (Eight) are Executive Directors and 8 (Eight) are Independent

**Board Meetings** – 7 (Seven) Board Meetings were held during the Financial Year 2021-22:

Board Meeting Dates	May 18, 2021	August 06, 2021	August 19, 2021	October 14, 2021	October 30, 2021	December 17, 2021	February 5, 2022
Start Timing	1:30 pm	2:00 pm	12:00 pm	11:30 am	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.

Directors. As on March 31, 2022 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.

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

**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.

## Report on Corporate Governance

**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, 2022, are as under:

Name of the Director	Attendance at meetings of Aarti Industries Limited held during the FY 2021-22 through Video Conferencing		Directorship in Listed Companies	Category		Statutory Committees				
	Board (out of 7)	Last AGM held on September 28, 2021		P/PG	ED / NED / ID	AC	NRC	SRC	CSR	RMC
Shri Rajendra V. Gogri DIN: 00061003	7	✓	Aarti Industries Limited Prince Pipes and Fittings Limited	P ID	ED	M -	M -	M -	- -	C -
Shri Rashesh C. Gogri DIN: 00066291	7	✓	Aarti Industries Limited Aarti Drugs Limited	PG PG	ED ED	M M	- -	M -	- -	M M
Shri Parimal H. Desai DIN: 00009272	6	✓	Aarti Industries Limited	P	ED	M	-	-	-	-
Shri Manoj M Chheda DIN: 00022699	6	✓	Aarti Industries Limited	-	ED	-	-	M	-	-
Shri Kirit R. Mehta DIN: 00051703	7	✓	Aarti Industries Limited	-	ED	-	-	-	M	-
Smt. Hetal Gogri Gala DIN: 00005499	7	✓	Aarti Industries Limited	PG	ED	-	-	M	M	M
Shri Renil R Gogri DIN: 01582147	7	✓	Aarti Industries Limited	PG	ED	-	-	-	-	M
Shri Narendra J. Salvi DIN: 00299202	7	✓	Aarti Industries Limited Aarti Drugs Limited	- -	ED NED	- -	- -	- -	- -	M -
Shri P.A. Sethi DIN: 00004038	7	✓	Aarti Industries Limited	-	ID	M	C	-	-	-
Shri KVS Shyamsunder DIN: 00502621	7	✓	Aarti Industries Limited	-	ID	C	M	C	-	-
Shri Ramdas M Gandhi DIN: 00004038 (Ceased to be a Director w.e.f. July 16, 2021 due to demise)	1	NA	Aarti Industries Limited Aarti Drugs Limited	- -	ID ID	M C	M M	- -	C -	- -
Shri Bhavesh R. Vora DIN: 00267604	7	✓	Aarti Industries Limited Aarti Drugs Limited	- -	ID ID	M M	M C	- C	- -	M -
Prof. Ganapati D. Yadav DIN: 02235661	7	✓	Aarti Industries Limited Meghmani Organics Limited Clean Science and Technology Limited Bhageria Industries Limited Godrej Industries Limited	- - - - -	ID ID ID ID ID	M M M C M	- M C -	- - - -	- - C -	- - - M M
Smt. Priti P. Savla DIN: 00662996	7	✓	Aarti Industries Limited Aarti Drugs Limited IRB Infrastructure Developers Limited	- - -	ID ID ID	- M M	- -	- -	M -	- - -
Shri Vinay Gopal Nayak DIN: 02577389	7	✓	Aarti Industries Limited	-	ID	-	-	-	-	-
Shri Lalitkumar S Naik DIN: 02943588	7	✓	Aarti Industries Limited	-	ID	M	-	-	-	-
Smt. Natasha Kersi Treasurywala DIN: 07049212 (Appointed w.e.f October 14, 2021)	3	NA	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, Shri 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 KVS Shyamsunder
Legal/Governance/ Compliance	In order to strengthen and maintain the governance levels & practices in the organisation	Shri Bhavesh R. Vora Smt. Priti P. Savla Smt. Natasha Kersi Treasurywala

#### **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.

#### **KYC of Directors-**

Pursuant to Companies (Appointment and Qualification of Directors) Fourth Amendment Rules, 2018, all the Directors of the Company have completed the KYC for the Financial Year 2022-23.

#### **Independent director databank registration -**

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

**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 <https://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, 2022 the Board members and the senior management personnel have affirmed the compliance with the code of ethics laid down by the Company, has been included in this Report.

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

The Board has approved and adopted the code of practices and procedures for fair disclosure of unpublished price sensitive information and the code of conduct to regulate, monitor and report trading by insiders in terms of Regulation 8 and 9 of SEBI (Prohibition of Insider Trading) Regulations, 2015.

**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](http://www.aarti-industries.com) and the web link thereto <https://www.aarti-industries.com/Upload/PDF/Familiarisation-Programme-FY-2021-22.pdf>.

## Report on Corporate Governance

### 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 1, 2021 & March 30, 2022 without the participation of non-Independent Directors and the members of the management. The Independent Directors discussed various aspects, viz. performance of non-Independent Directors and the Board as a whole, performance of the chairperson of the Company, quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform duties.

### 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 2021–22 Audit Committee met 6(Six) times. 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 18, 2021	August 06, 2021	August 19, 2021	October 30, 2021	February 05, 2022	March 30, 2022
		Start Timing	11:30 am	11:30 am	10:30 am	11:30 am	11:30 am	11:30 am
Shri KVS Shyamsunder Rammurthy (Chairman)	Independent Director	6	✓	✓	✓	✓	✓	✓
Shri Premchandra Amolak Sethi	Independent Director	6	✓	✓	✓	✓	✓	✓
Shri Bhavesh Rasiklal Vora	Independent Director	6	✓	✓	✓	✓	✓	✓
Smt. Priti Paras Savla	Independent Director	6	✓	✓	✓	✓	✓	✓
Prof. Ganapati Dadasaheb Yadav	Independent Director	5	✓	✓	✓	✓	✓	-
Shri Lalitkumar Shantaram Naik*	Independent Director	3	-	-	-	✓	✓	✓
Shri Parimal Has Mukhlal Desai	Executive Director	5	✓	-	✓	✓	✓	✓
Shri Rashesh Chandrakant Gogri	Executive Director	5	✓	✓	✓	✓	✓	-
Shri Rajendra Vallabhaji Gogri	Executive Director	6	✓	✓	✓	✓	✓	✓
Shri Ramdas M Gandhi**	Independent Director	1	✓	-	-	-	-	-

\* Appointed as a member of the Committee w.e.f. October 14, 2021.

\*\*Ceased to be a 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 38th Annual General Meeting held on 28th day of September, 2021.

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:

- 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 subsection (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;

## Report on Corporate Governance

- 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 2021– 22 Stakeholders Relationship Committee met twice through Video Conferencing. The Composition of the Committee, date of the meeting and attendance of Stakeholders Relationship Committee members in the said meeting is given below –

Members	Category	Meeting Dates	May 17, 2021	March 10, 2022
		Start Timing	10:00 am	9:30 am
Shri KVS Shyamsunder Rammurthy (Chairman)	Independent Director	2	√	√
Shri Rajendra Vallabhaji Gogri	Executive Director	2	√	√
Shri Manoj Mulji Chheda	Executive Director	2	√	√
Shri Rashesh Chandrakant Gogri	Executive Director	2	√	√
Smt. Hetal Gogri Gala	Executive Director	2	√	√

### 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.

**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](mailto:investorrelations@aarti-industries.com); Website: <https://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](mailto:investorrelations@aarti-industries.com)) exclusively for registering complaints by investors.

**Status of investors’ complaints as on March 31, 2022** – During the year, 21 Complaints were received through the 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, 2022.

- (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 2021–22 Nomination and Remuneration Committee met three 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 Dates	May 17, 2021	August 06, 2021	October 14, 2021
		Start Timing	10:30 am	11:00 am	11:00 am
Shri Premchandra Amolak Sethi (Chairman)*	Independent Director	3	✓	✓	✓
Shri KVS Shyamsunder Rammurthy	Independent Director	3	✓	✓	✓
Shri Bhavesh Rasiklal Vora**	Independent Director	-	-	-	-
Shri Rajendra Vallabhaji Gogri	Executive Director	3	✓	✓	✓
Shri Ramdas M Gandhi***	Independent Director	1	✓	-	-

\* Appointed as a Chairman w.e.f. October 14, 2021.

\*\* Appointed as a Member w.e.f. October 14, 2021

\*\*\* Ceased to be a 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.

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

## 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

## Report on Corporate Governance

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, and performance of each employee.

### Remuneration to Executive Directors –

Name of Director(s)	(₹ In Lakh)		
	Salary	Commission	Total Remuneration
Shri Rajendra Vallabhaji Gogri	93.00	1135.76	1228.76
Shri Rashesh Chandrakant Gogri	93.00	1135.76	1228.76
Shri Parimal Has Mukhlal Desai	80.00	220.54	300.54
Shri Manoj Mulji Chheda	80.00	220.54	300.54
Shri Kirit Ratilal Mehta	56.00	44.10	100.10
Smt. Hetal Gogri Gala	80.00	1102.68	1182.68
Shri Renil Rajendra Gogri	68.00	551.34	619.34
Shri Narendra Jagannath Salvi	80.00	86.33	166.33

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, 2022 are as under:

Name of Directors	Sitting fees (₹ in Lakh)	Stock options granted	Shareholding in the Company	% of Total Shareholding
Shri KVS Shyamsunder Rammurthy	6.10	Nil	Nil	Nil
Shri Premchandra Amolak Sethi	5.40	Nil	Nil	Nil
Shri Bhavesh Rasiklal Vora	5.30	Nil	Nil	Nil
Prof. Ganapati Dadasaheb Yadav	4.40	Nil	4,800	0.00
Smt. Priti Paras Savla	4.70	Nil	Nil	Nil
Shri Vinay Gopal Nayak	2.50	Nil	Nil	Nil
Shri Lalitkumar Shantaram Naik	3.70	Nil	Nil	Nil
Smt. Natasha Kersi Treasurywala*	1.20	Nil	Nil	Nil
Shri Ramdas M. Gandhi**	1.10	Nil	19,064	0.01

\* Appointed as a Director w.e.f. October 14, 2021

\*\*Ceased to be a 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 the 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 2021– 22 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 Dates	
		Start Timing	May 17, 2021 11:00 am
Shri KVS Shyamsunder Rammurthy (Chairman)*	Independent Director	1	✓
Smt. Priti Paras Savla**	Independent Director	-	-
Smt. Hetal Gogri Gala	Executive Director	1	✓
Shri Kirit Ratilal Mehta	Executive Director	-	-
Shri Ramdas M Gandhi***	Independent Director	1	✓

\* Appointed as Chairman w.e.f. October 14, 2021

\*\* Appointed as a Member w.e.f. October 14, 2021

\*\*\*Ceased to be a 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 2021– 22 Risk Management Committee met twice 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 Dates		
		Start Timing	March 10, 2022 4:00 pm	March 30, 2022 11:30 am
Shri Rajendra Vallabhaji Gogri (Chairman)	Executive Director	2	✓	✓
Shri Rashesh Chandrakant Gogri	Executive Director	1	✓	-
Smt. Hetal Gogri Gala	Executive Director	2	✓	✓
Shri Renil Rajendra Gogri	Executive Director	2	✓	✓
Shri Narendra Jagannath Salvi	Executive Director	2	✓	✓
Shri Bhavesh Rasiklal Vora	Independent Director	2	✓	✓
Shri Chetan Bipin Gandhi	Chief Financial Officer	2	✓	✓
Shri Ajaykumar Gupta	Chief Manufacturing Officer	1	✓	-

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**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 –

**Details of Last three Annual General Meetings are as under –**

Financial Year	Day, Date & Time	Venue	Special resolution passed for
2020-21	Tuesday, September 28, 2021 11:00 a.m	(through Video Conferencing)	-
2019-20	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	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 KVS 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.

### Extraordinary General Meetings

During the year, following Resolutions were passed by the Company through Extraordinary General Meeting.

Sr. No.	Particulars of Resolution	Resolution Type
1.	Increase the Authorised Share Capital of the Company to enable further issue of shares and alter the Capital clause of the 'Memorandum of Association' of the Company	Ordinary Resolution
2.	Issue of Bonus Shares in the ratio of 1:1.	Ordinary Resolution
3.	To approve raising of funds in one or more tranches, by issuance of securities by way of private offerings, qualified institutions placement(s) and/or any combination thereof or any other method as may be permitted under applicable law for an amount up to ₹ 1500 crore.	Special Resolution

### Details of resolutions passed through Postal Ballot

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

Sr. No.	Particulars of Resolution	Resolution Type
1.	Appointment of Smt. Natasha Kersi Treasurywala (DIN: 07049212) as an Independent Director for a period of 3 (Three) years.	Special Resolution

### Voting Pattern

Particulars	% of Votes
Votes in favour of the Resolution	99.9905%
Votes against the Resolution	0.0095%



### Procedure for Postal ballot

Pursuant to the provisions of Section 110 of the Act read with Rule 22 of Companies (Management and Administration) Rules, 2014 (Management Rules), as amended, the Company had issued Postal Ballot Notice dated 14th October, 2021 to the Members, seeking their consent with respect to appointment of Smt. Natasha Kersi Treasurywala (DIN: 07049212) as an Independent Director of the Company for a period of Three consecutive years with effect from 14th October, 2021. In compliance with provisions of Section 108 and Section 110 and other applicable provisions of the Act read with the Management Rules, the Company had provided remote e-voting facility to all the Members of the Company.

The Company engaged the services of Link InTime India Private Limited, Registrar and Share Transfer Agents (RTA) of the Company for facilitating e-voting to enable the Members to cast their votes electronically. The Board of Directors had appointed Mr. Sunil M. Dedhia, Practicing Company Secretary (FCS 3483, COP 2031), Proprietor of Sunil M. Dedhia and Co., Company Secretaries, as Scrutinizer for conducting the Postal Ballot. The voting period commenced on Tuesday, October 26, 2021 at 9:00 a.m. and ended on Wednesday, November 24, 2021 at 5:00 p.m. The cut-off date, for the purpose of determining the number of Members was Friday, October 15, 2021 and the total number of Members as on cut-off date was 2,63,433.

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

The consolidated results of the voting by Postal Ballot and e-voting were announced on November 26, 2021. The results were also displayed on the website of the Company at <https://www.aarti-industries.com/> and also communicated to BSE Limited (BSE), National Stock Exchange of India Limited (NSE).

## 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 (<https://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 (<https://www.nseindia.com/>) and BSE Ltd. ([www.bseindia.com](http://www.bseindia.com)) and available on their websites as well.

Detailed presentations are made to institutional investors and financial analysts on the Company's audited quarterly and yearly financial results. These presentations/Concall transcripts are also uploaded on the Company's website (<https://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](mailto:investorrelations@aarti-industries.com)

## 6. General Shareholders Information

Our prolific journey of last 38 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 39th Annual General Meeting:

Day	Date	Time
Monday	September 26, 2022	11:00 a.m.

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

### ii. Tentative Financial Calendar:

Financial Year	April 01, 2022 to March 31, 2023
Adoption of Quarterly Results for the quarter ending :	
June, 2022	1st/2nd week of August, 2022
September, 2022	1st/2nd week of November, 2022
December, 2022	1st/2nd week of February, 2023
March, 2023	1st/2nd/3rd week of May, 2023

### iii. Record Date: September 19, 2022

### iv. Payment of Dividend: On or before October 25, 2022

## Report on Corporate Governance

### v. Listing on Stock Exchanges:

Stock Exchange	Stock Code/ Symbol
<b>National Stock Exchange of India Limited</b> Address: Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051	AARTIIND
<b>BSE Ltd.</b> 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 Depositories for the year 2022-23.

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

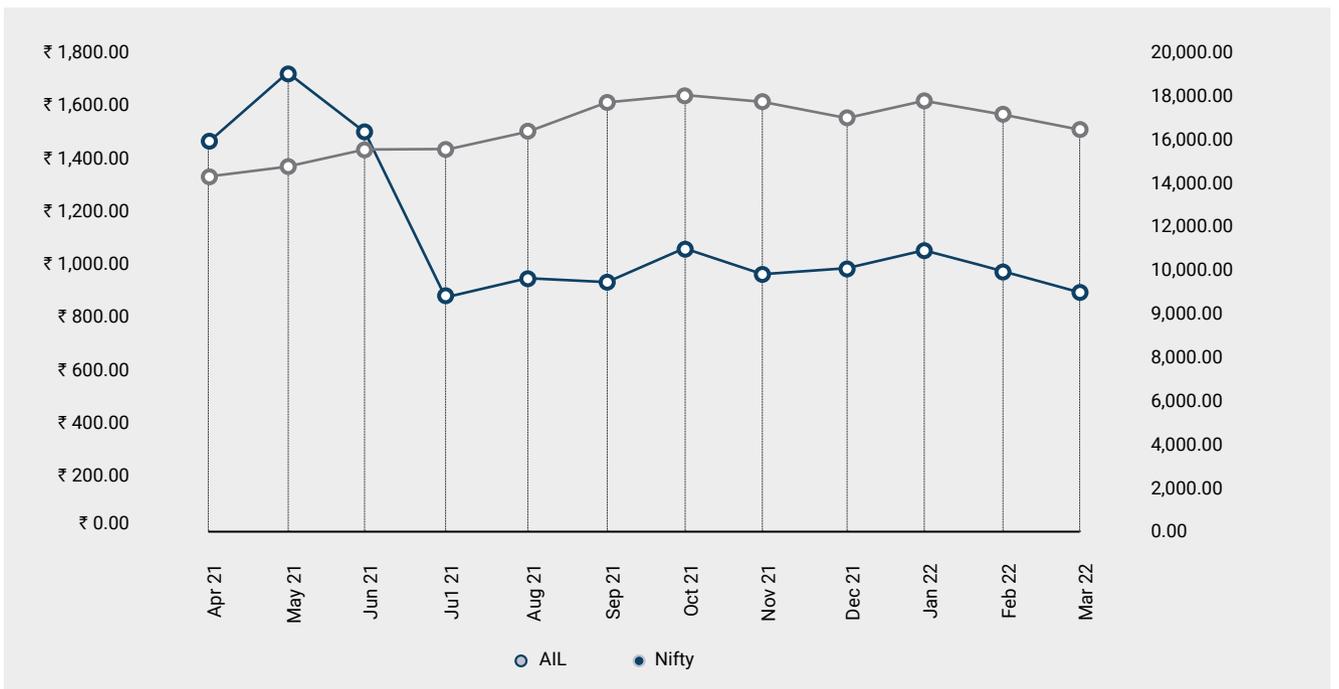
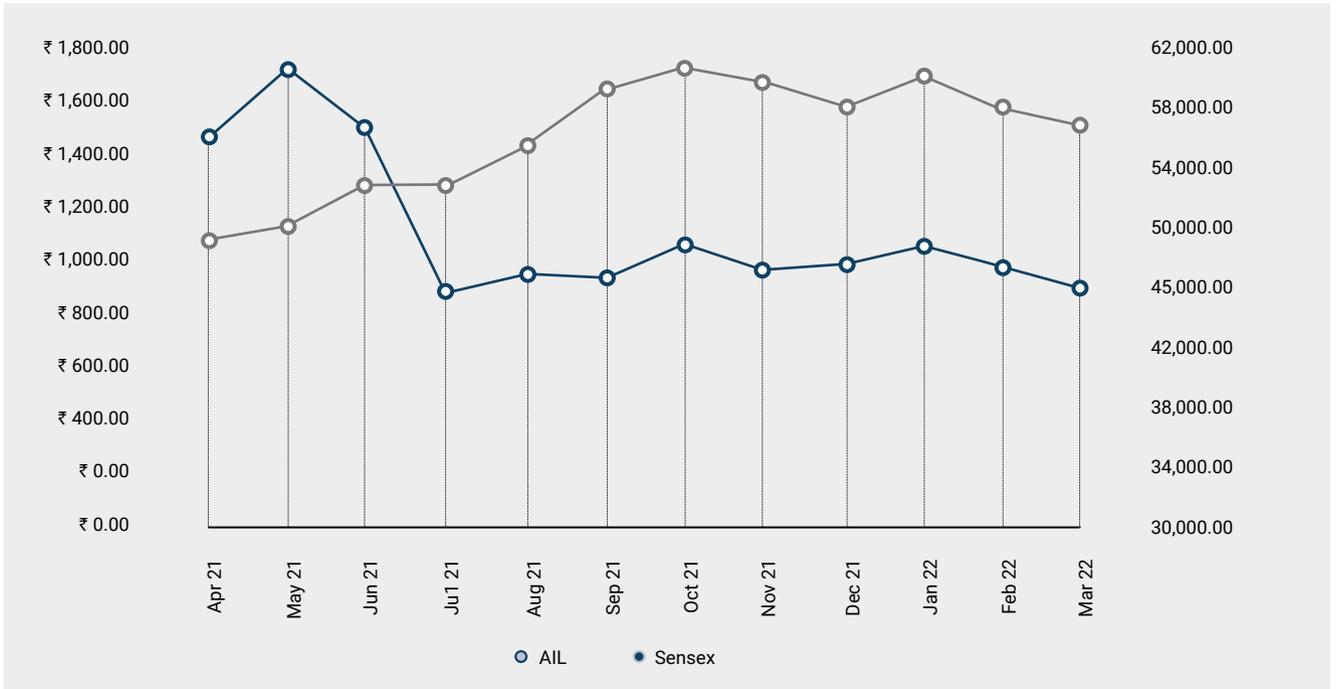
Month	BSE Ltd. (BSE)			National Stock Exchange of India Limited (NSE)		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April, 2021	1,643.85	1,316.15	4,80,729	1,644.75	1,315.00	92,55,158
May, 2021	1,815.35	1,596.05	12,34,304	1,815.05	1,595.80	1,83,40,158
June, 2021*	1,887.65	845.20	15,25,503	1,863.65	845.05	2,08,49,910
July, 2021	942.00	840.00	16,12,432	941.95	840.50	2,27,42,277
August, 2021	987.20	894.00	18,44,947	987.00	893.95	2,54,57,525
September, 2021	963.25	880.70	17,19,830	963.65	880.50	2,35,41,920
October, 2021	1,168.40	918.15	18,64,917	1,168.00	917.45	3,06,08,027
November, 2021	996.30	900.00	18,29,001	996.00	900.00	1,64,82,004
December, 2021	1,014.80	903.20	14,86,236	1,014.80	903.15	1,43,51,257
January, 2022	1,118.65	950.05	9,80,837	1,118.00	950.00	1,55,32,832
February, 2022	1,050.00	860.05	11,05,208	1,040.95	861.00	1,48,18,585
March, 2022	961.60	787.25	11,91,548	962.00	782.55	1,99,82,349

\*Allotment of Bonus Shares w.e.f from June 14, 2021.

### viii. Performance in comparison to broad based indices BSE Sensex and NSE Nifty:

Month	BSE Ltd. (BSE)		National Stock Exchange of India Limited (NSE)	
	AIL Price	Sensex	AIL Price	NIFTY
April, 2021	1,434.88	48,877.90	1,434.89	14,613.85
May, 2021	1,695.51	49,822.90	1,695.31	14,983.53
June, 2021*	1,482.49	52,399.70	1,482.26	15,733.68
July, 2021	869.92	52,694.25	870.24	15,783.10
August, 2021	934.40	55,237.51	934.98	16,470.46
September, 2021	921.43	58,780.95	921.69	17,508.61
October, 2021	1,049.57	60,421.92	1,049.64	18,020.22
November, 2021	950.83	59,416.48	950.74	17,718.89
December, 2021	970.84	57,663.12	971.07	17,174.27
January, 2022	1,039.55	59,586.75	1,039.35	17,770.62
February, 2022	969.27	57,697.50	969.05	17,225.94
March, 2022	881.95	56,404.37	882.08	16,864.67

\*Allotment of Bonus Shares w.e.f from June 14, 2021.



## Report on Corporate Governance

### ix. Registrar and Transfer Agent

Link Intime India Private Limited  
C 101, 247 Park,  
LBS Marg, Vikhroli West,  
Mumbai 400083  
Tel No: +91 22 49186000  
Fax: . 022 – 4918 6060  
e-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
Website: [www.linkintime.co.in](http://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.

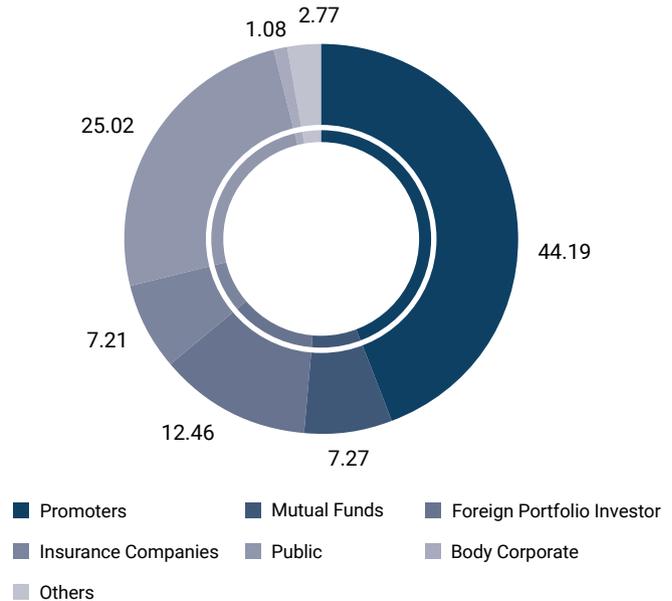
### x. Share Transfer System:

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.

### xi. Shareholding Pattern as on March 31, 2022

Category	No. of Shares	%
Promoters	16,01,95,656	44.19
Public	9,07,00,463	25.02
Foreign Portfolio Investor	4,51,58,877	12.46
Mutual Funds	2,63,52,551	7.27
Insurance Companies	2,61,54,218	7.21
Others	1,00,40,513	2.77
Body Corporate	39,01,757	1.08
<b>Total</b>	<b>36,25,04,035</b>	<b>100.00</b>

### Shareholding Pattern as on March 31, 2022 (%)



### xii. Distribution of Shareholding as on March 31, 2022

No. of Shares	Shareholders		Shares	
	Number	%	Number	%
1-2500	2,88,114	94.59	1,50,83,657	4.16
2501-5000	7,511	2.47	53,63,861	1.48
5001-10000	3,670	1.20	53,35,576	1.47
10001-15000	1,702	0.56	42,11,883	1.16
15001-20000	814	0.27	29,28,689	0.81
20001-25000	901	0.30	42,24,431	1.17
25001-50000	801	0.26	56,89,145	1.57
above 50001	1,094	0.36	31,96,66,793	88.18
<b>Total</b>	<b>3,04,607</b>	<b>100.00</b>	<b>36,25,04,035</b>	<b>100.00</b>

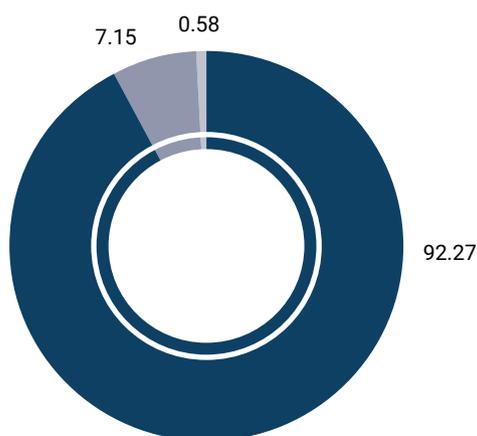


### xiii. Dematerialisation of shares and liquidity

99.42% 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, 2022 under ISIN: INE769A01020.

Particulars	NSDL	CDSL	Physical	Total
Shares (nos.)	334477162	25934467	2092406	362504035
Shares (%)	92.27	7.15	0.58	100

### Dematerialisation of shares and liquidity (%)



■ NSDL      ■ CDSL      ■ Physical

### xiv. Liquidity of Shares

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

### xv. Green Initiative

As a responsible corporate citizen, the Company welcomes and supports the 'Green Initiative' undertaken by the Ministry of Corporate Affairs, Government of India, enabling electronic delivery of documents including the Annual Report to shareholders at their e-mail address registered with the Depository Participant (DPs) and Registrar and Transfer Agent (RTA). Shareholders who have not registered their e-mail addresses so far are requested to do the same. Those holding shares in demat form can register their e-mail address with their concerned DPs. Shareholders who hold shares in physical form are requested to register their e-mail addresses with RTA, by sending a letter, duly signed by the first/joint holder quoting details of Folio Number.

### xvi. ADRs/GDRs/Warrants

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

### xvii. Commodity Price Risk or Foreign exchange risk and hedging activities

During the year 2021-22, 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. 37 to the Annual Accounts.

### xviii. Plant Locations

- Plot No. 801/23, III Phase, GIDC, Vapi - 396195
- Plot No. 801/15 to 19, 21 & 22, III Phase, GIDC, Vapi - 396195
- Plot No. 802, 803, 804/3, III Phase, GIDC, Vapi - 396195
- Plot No. 801/15 To 19, 21 & 22, III Phase, GIDC, Vapi - 396195
- Plot No. 902, III Phase, GIDC, Vapi - 396195
- Plot No. 285, 286/1 A-1-322/23 & 24, II Phase, GIDC, Vapi - 396195
- Plot No. 24, Phase-I, GIDC, Vapi - 396195
- Plot No. 758/1-2-3, GIDC Estate, Jhagadia, Dist: Bharuch - 393110
- Plot No. 756 /2 A&B, 756/3 A&B, 756/4 A&B, 756/5 A&B, 756/6 & 779, GIDC Estate, Jhagadia, Dist: Bharuch - 393110
- Plot No. L-5, L-8, L-9, MIDC Tarapur, Tal & Dist Palghar - 401506
- Plot No. L-10, MIDC Tarapur, Tal & Dist Palghar - 401506
- Plot No. Z/103/H, Tal. Vagra, SEZ- II, Dahej, Gujarat - 392130
- Plot No. Z/103/C, Tal. Vagra, SEZ- II, Dahej, Gujarat - 392130
- Plot No. 1430/1, N.H No -8A, Bhachau - 370140, Dist: Kutch
- Plot No. D - 18, Spack Division, Shivaji Nagar Road, MIDC Tarapur, Boisar - 401506
- Unit-I, Plot No. D-53-60, MIDC, Phase-II, Dombivli (E), Maharashtra - 421204

## Report on Corporate Governance

- Unit III, K-17/18/19, M.I.D.C Tarapur, Boisar, (W), Maharashtra - 401506
- Unit-IV, E-50, MIDC Tarapur, Boisar, Tal & Dist. Palghar - 401506.
- Unit -V, Plot No. L 28/29, MIDC, Tarapur, Tal & Dist. - Palghar, Pin - 401506.
- Plot No. 22/C-1, 1st Phase, G.I.D.C, Vapi Dist: Valsad - 396195
- Plot No. Z/111/C, Tal. Vagra, SEZ-II, Dahej, Gujarat - 392130

### xix. Address for correspondence

- **Corporate and Head office:** 71, Udyog Kshetra, 2nd Floor, Mulund-Goregaon Link Road, L.B.S. Marg, Mulund (West), Mumbai-400 080
- **Registered office:** Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi-396 195, Dist. Valsad, Gujarat.

### xxii. 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, 2021.	102	1,88,740	-	-
Number of shareholders who approached the Company for transfer of shares from suspense accounts during the year	14	37,840	-	-
Number of shareholders to whom shares were transferred from the suspense account during the year	14	37,840	-	-
Shares Transferred to IEPF A/c	-	-	-	-
Undelivered Share Certificate cancelled and Transferred to Unclaimed Suspense Account by the Company	122	64,256	-	-
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2022	210	4,03,896	-	-

The voting rights on the shares outstanding in the suspense accounts as on March 31, 2022 shall remain frozen till the rightful owner of such shares claim the shares.

### xxiii. CEO/CFO Certification

As required under Regulations 17(8) of Listing Regulations, certificates are duly signed by Shri Rajendra V. Gogri, CEO and Shri Chetan B. Gandhi, CFO were placed at the Meeting of the Board of Directors held on August 10, 2022 copy of which is attached in this Annual Report. The CEO and the CFO also give quarterly certification on financial results while placing the financial results

### xx. List of all credit rating

During the Financial Year, there was no change in the Credit Ratings.

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

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

### xxi. R & D Centres

- Plot No. 801, GIDC Estate, Phase III, Vapi- 396 195, Valsad Gujarat
- Plot No. D-54, MIDC, Phase II, Dombivali (East)- 421204, Dist. Thane, Maharashtra.
- Plot No. 22/C/1, GIDC Estate, Phase I, Vapi – 396 195, Dist. Valsad, Gujarat
- Plot No. A-94/1, Trans Thane Creek Industrial Area, Kopar Khairane, Navi Mumbai - 400709

before the Board in terms of Regulation 33(2)(a) of the Listing Regulations.

## 7. Disclosures

- 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 (Listing Obligations and Disclosure Requirements) 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/GetReport?strcont\\_id=TJJu6Gnbr7sOIQL33MM](https://www.aarti-industries.com/investors/GetReport?strcont_id=TJJu6Gnbr7sOIQL33MM)

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/GetReport?strcont\\_id=Pluse33MMrQlx998GpUOIQL33MM](https://www.aarti-industries.com/investors/GetReport?strcont_id=Pluse33MMrQlx998GpUOIQL33MM)

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/GetReport?strcont\\_id=EjQwZCXRJPkOIQL33MM](https://www.aarti-industries.com/investors/GetReport?strcont_id=EjQwZCXRJPkOIQL33MM)

v. To determine 'material subsidiary', the Company has adopted a 'Policy for Determining Material Subsidiary' and the same has been hosted on the website of the Company on the following web link: [https://www.aarti-industries.com/investors/GetReport?strcont\\_id=A8DuSuG1AT8OIQL33MM](https://www.aarti-industries.com/investors/GetReport?strcont_id=A8DuSuG1AT8OIQL33MM)

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 2021-22 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 lakhs
Audit Fees	36
Certification Charges	8
Out of pocket expenses	1
<b>Total</b>	<b>45</b>

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	2
Number of complaints disposed of during the financial year	2
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.

xii. None of the Independent Directors of the Company have resigned before the expiry of their tenure. Thus, disclosure of detailed reasons for their resignation along with their confirmation that there are no material reasons, other than those provided by them is not applicable.

## 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	Audit Qualifications	The Company's financial statement for the year 2021-22 is unmodified
3	Separate posts of Chairman and CEO	The Company does not have a separate post of Chairman and MD/CEO.
4	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

Mumbai/ August 10, 2022

## Report on Corporate Governance

### 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 and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For and on behalf of the Board

**Rajendra V. Gogri**  
Chairman and Managing Director

Mumbai / August 10, 2022



**CEO/CFO CERTIFICATION IN RESPECT OF FINANCIAL STATEMENTS AND CASH FLOW STATEMENT (PURSUANT TO REGULATION 17(8) OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022**

We have reviewed the Financial Statements and the Cash Flow Statement for the year ended March 31, 2022 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, 2022 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  
ICAI M. No.: 111481

Mumbai / August 10, 2022

## Report on Corporate Governance

### 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](http://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, 2022** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

DIN	Name	Designation	Begin date
00004038	PREMCHANDRA AMOLAK SETHI	Director	23/09/2008
00005499	HETAL GOGRI GALA	Wholetime Director	01/11/2006
00009272	PARIMAL HASMUKHLAL DESAI	Wholetime Director	28/09/1984
00022699	MANOJ MULJI CHHEDA	Wholetime Director	25/11/1993
00051703	KIRIT RATILAL MEHTA	Wholetime Director	18/09/2000
00061003	RAJENDRA VALLABHAJI GOGRI	Managing Director	01/07/2013
00066291	RASHESH CHANDRAKANT GOGRI	Managing Director	09/06/1997
00267604	BHAVESH RASIKLAL VORA	Director	23/09/2008
00299202	NARENDRA JAGANNATH SALVI	Wholetime Director	01/04/2020
00502621	KVS SHYAMSUNDER RAMMURTHY	Director	23/09/2008
00662996	PRITI PARAS SAVLA	Director	25/09/2014
01582147	RENIL RAJENDRA GOGRI	Wholetime Director	16/08/2012
02235661	GANAPATI DADASAHEB YADAV	Director	25/09/2014
02577389	VINAY GOPAL NAYAK	Director	18/12/2018
02943588	LALITKUMAR SHANTARAM NAIK	Director	21/05/2019
07049212	NATASHA KERSI TREASURYWALA	Director	14/10/2021

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

#### CS Sunil M. Dedhia

(Peer Review Certificate No. 867/2020)  
Proprietor, Sunil M. Dedhia & Co.  
Company Secretaries  
FCS No: 3483 C.P. No. 2031  
UDIN: F003483D000335408  
Mumbai, Dated May 17, 2022



## 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, 2022.

### 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.

## Report on Corporate Governance

### 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 Bhawe**  
Partner  
Membership No.: 047973  
UDIN: 22047973APESBQ5533

Place: Mumbai  
Date: August 10, 2022



## 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 office of the Company	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 01, 2021 to March 31, 2022
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) (b) Number of National Locations	Nil 21 Manufacturing Facilities and 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, 2022 the paid up capital of the Company stood at ₹ 181.25 crores consisting of 36,25,04,035 nos. of Equity Shares of ₹ 5 each.
2. Total Turnover (INR)	As on March 31, 2022; The Turnover of the Company is ₹ 7,919 crores.
3. Total profit after taxes (INR)	As on March 31, 2022; The Net Profit of the Company is ₹ 1,307 crores.
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Pl. refer. Summary of CSR spending on page no. 80.
5. List of activities in which expenditure in 4 above has been incurred:	Pl. refer. Project wise summary under CSR Report on page no. 80.

### Section C: Other Details

1. Does the Company have any Subsidiary Company/ Companies?	The Company has 11 subsidiary companies as on March 31, 2022: <ul style="list-style-type: none"> <li>• Aarti Corporate Services Limited</li> <li>• Aarti Polychem Private Limited</li> <li>• Innovative Envirocare Jhagadia Limited</li> <li>• Alchemie (Europe) Limited</li> <li>• Aarti USA Inc.</li> <li>• Shanti Intermediates Private Limited</li> <li>• Nascent Chemical Industries Limited</li> <li>• Aarti Bharuch Limited</li> <li>• Aarti Pharmachem Limited</li> <li>• Aarti Spechem Limited</li> <li>• Aarti Pharmalabs Limited</li> </ul>
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.

## Business Responsibility Report

### Section D: BR Information

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

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

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

Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
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 been 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 a Global Partner of Choice, the Company believes in benchmarking practices and global standards - to the best possible extent.								
4 Has the policy been approved by the Board? Is yes, has it been signed by the 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 have 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?	<a href="https://www.aarti-industries.com/investors/code-and-policies">https://www.aarti-industries.com/investors/code-and-policies</a>								
7 In addition to the Statutory Audit Certification, a periodical internal assessment is a part of our culture to oversee implementation of principles laid down.	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 training and workshops with specific focus have been conducted from time to time.								
8 Does the company have in-house structure to implement the policy/policies?	Company's Vigil Mechanism/Whistle Blower Policy is an effective tool towards grievance redressal mechanism								
9 Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Company's 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.								

### Section E: Principle-Wise Performance

#### 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 of 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 framework 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

## Business Responsibility Report

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 understand 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 assumes 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 the state of Gujarat, India which is a 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 a 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 reoccurrence. 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 (IICChE)
- 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 feedback is 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 focuses on developing the processes and products that have minimal impact on the environment, and enhancing safety during manufacturing and adding more value to our customers by improving its performance. The core of these developments is a commitment to sustainability by designing processes 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 and Managing Director

Mumbai / August 10, 2022

## 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, 2022, 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 information.

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, 2022, and profit, total comprehensive income, 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. We have determined the matters described below to the Key Audit Matters to be communicated in the Report.

Sr. No.	Key Audit Matter	Auditor's Response (Audit Procedures followed)
1	<p>Accuracy, Completeness and disclosure with reference to Ind AS 16 of Property, Plant and Equipment (Including Capex)</p> <p>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.</p> <p>Further, technical complexities require management to assess and make estimates/judgments about capitalization, estimated useful life, impairment etc. which has material impact on Balance Sheet and operating results</p> <p>Refer note 1 to financial statements</p>	<p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <p>(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.</p> <p>(b) We have carried out substantive audit procedures at financial and assertion level to verify the capitalization of asset as Property, Plant and Equipment</p> <p>(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.</p> <p>(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.</p> <p>(e) Due to pandemic restrictions physical verification on sample basis was done in respect of few locations. We have relied on physical verification conducted by management and management representations.</p> <p>(f) We have verified the capitalization of borrowing cost incurred on qualifying asset in accordance with the Indian Accounting Standard 23</p>



Sr. No.	Key Audit Matter	Auditor's Response (Audit Procedures followed)
2	<p>Valuation, Accuracy, Completeness and disclosures pertaining to Inventories with reference to Ind AS 2</p> <p>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</p>	<p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>(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.</li> <li>(b) We have evaluated the design of Internal Controls relating to recording and valuation of Inventory.</li> <li>(c) We have carried out substantive audit procedures to verify the allocation of overheads to Inventory.</li> <li>(d) Due to pandemic restrictions physical verification on sample basis was done in respect of few locations. We have relied on physical verification conducted by management and management representations.</li> <li>(e) We have verified consistency in respect of valuation process and methodology followed</li> </ul>

## INFORMATION OTHER THAN THE STANDALONE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the Other Information. The other information comprises the information included in the Board's Report including Annexures to the Board's Report, 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 in the 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.

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.

Those 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.

## Standalone

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 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.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by 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 including Other Comprehensive income, 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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 the respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of the Section 197 of the Act.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 26 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 (or, following are the instances of delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

iv. (a) The Management has represented that, to the best of its knowledge and belief, other than disclosed in the notes, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity (**"Intermediaries"**), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend

or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (**"Ultimate Beneficiaries"**) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented that, to the best of its knowledge and belief, other than disclosed in the notes to accounts, no funds have been received by the Company from any person or entity, including foreign entity (**"Funding Parties"**), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (**"Ultimate Beneficiaries"**) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The dividend declared or paid during the year by the company is in compliance with section 123 of the Companies Act, 2013.

2. As required by the Companies (Auditor's Report) Order, 2020 (**"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 Bhawe**  
**Partner**

M. No. 047973

UDIN : 22047973AJTMDJ8533

Place: Mumbai.

Date: May 27, 2022

Standalone

## 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, 2022 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, 2022, 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**

Place: Mumbai.  
Date: May 27, 2022

M. No. 047973  
UDIN : 22047973AJTMDJ8533

## 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, 2022.

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) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment;
- (B) The company is maintaining proper records showing full particulars of intangible assets;
- (b) As explained to us, the Company has phased programme of physical verification of Property, Plant & Equipment by which all Property, Plant & Equipment are verified over a period of three years. In our opinion, periodicity of the physical verification is reasonable having the regard to the size of the Company and nature of assets. According to the information and explanation given 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, no immovable properties are held in the name of the Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its property, plant and equipment (including Right-of-use assets) or Intangible assets or both during the year.
- (e) According to the information and explanation given to us and on the basis of examination of the records of the Company, there are no proceedings are initiated or no pending cases against the company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made there under;
- (ii) (a) The Management has been conducted physical verification of the inventories at reasonable intervals, and as per our opinion, the coverage and procedure of such verification by the management

is appropriate; no material discrepancies were noticed, all immaterial discrepancies have been properly dealt with books of accounts.

- (b) During the year, the company has been sanctioned working capital limits in excess of Five crores rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has requested the consortium banks to waive off requirement of submission of QIS/FFR considering the company being a listed company and quarterly financials are available in public domain as such the quarterly returns or statements are not filed by the company with banks or financial institutions during the year.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year except the loan granted to one company during the year, details of the loan is stated in sub clause (a) below.
- (a) A. Based on the audit procedures carried on by us and as per the information and explanation given to us, the company has granted loan to one subsidiary company as below.

(₹ in crores)	
Particulars	Amount
Aggregate amount during the year – Subsidiary	4.30
Balance outstanding as at balance sheet date – Subsidiary	10.18

- B. Based on the audit procedures carried on by us and as per the information and explanation given to us, the company has granted loan to three parties other than subsidiaries as below:

(₹ in crores)	
Particulars	Amount
Aggregate amount during the year – other than Subsidiary	0.00
Balance outstanding as at balance sheet date – other than Subsidiary	07.46



- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the terms and conditions of the loans given are, *prima facie*, not prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, the repayment of principal and payment of interest has been stipulated and there payments or receipts have been regular.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan given falling due during the year, which has been renewed or extended or fresh loans given to settle the over dues of existing loans given to the same party.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans either repayable on demand or without specifying any terms or period of repayment.
- (iv) In respect of loans, investments, guarantees, and security, provisions of Section 185 & 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. Accordingly, Clause 3(v) of the order is not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government of India for the maintenance of cost records under Section 148(1) of the Act, and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us and based on the records of the company examined by us, in respect of Statutory Dues,
- (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, 2022 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 for the following:

Nature of Statute	Nature of Dues	Period for which amount relates	Forum where Dispute is pending	₹ in crores
The Central Excise Act, 1944, Customs Act, 1962	Central Excise Duty, Customs Duty, Electricity Duty, interest and penalty	FY2005-06 to 2018-19	Commissionerate	11.03
			Appellate Authorities/Tribunal	10.20
Finance Act, 1994	Service Tax, Interest and Penalty	FY2005-06 to 2016-17	Commissionerate	4.70
			Appellate Authorities/Tribunal	11.55
Goods and Service Tax Act, 2017	GST and interest	FY2017-18 to 2019-20	Commissionerate	0.96
Income Tax Act, 1961	Income Tax and interest	AY2010-11 to 2020-21	Commissionerate	98.35
The Central Sales Tax Act, 1956 and Value Added Tax Act	Sales Tax and interest	FY2010-11 to 2017-18	Commissionerate	2.13

## Standalone

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our audit procedures, the company has not defaulted in repayment of loans or other borrowings or in the payments of interest thereon to any lender; Accordingly, clause 3(ix)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has not been declared willful defaulter by any bank or financial institution or government or any government authority. Accordingly, clause 3(ix)(b) of the Order is not applicable.
- (c) According to the information and explanations given to us and on the basis of our audit procedure, the term loans were applied for the purpose for which the loan were obtained
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that no funds raised on short term basis have been used for long term purposes by the company. Accordingly, clause 3(ix)(d) of the Order is not applicable
- (e) According to the information and explanations given to us, and the procedures performed by us, Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(e) of the Order is not applicable.
- (f) According to the information and explanations given to us, and the procedures performed by us, the Company has not raised loans during the year on the pledge of securities held by the subsidiaries, associates or joint ventures as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(f) of the Order is not applicable.
- (x) (a) According to the information and explanations given to us, and the procedures performed by us, monies raised by way of initial public offer or further public offer (including debt instruments) during the year were applied for the purposes for which those are raise.
- (b) According to the information and explanations given to us, and on the basis of our examination of the records of the company, the company has made preferential allotment and private placement of shares. The Company has complied with the requirement of Section 42 of the Act and amount raised have been used for the purposes for which the funds were raised other than temporary deployment pending application of proceeds.
- (xi) (a) No fraud by the company or on the company has been noticed or reported during the year.
- (b) According to the information and explanations given to us, no report under subsection (12) of section 143 of the Companies Act 2013 has been filed by the auditors in Form ADT4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) According to the information and explanations given to us, and the procedures performed by us, there are no whistleblower complaints received by the Company during the year (and up to the date of this Report)
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.



(xiv) (a) Based on information and explanations provided to us and our audit procedure, in our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

(xv) In our Opinion during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with its Directors. and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) In our opinion, the Company is not required to be registered under section 451A of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.

In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of

the Board of Directors and management plans, and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date;

We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to subsection (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.

(b) There is no amount remaining unspent under section (5) of section 135 of Companies Act, pursuant to any ongoing project.

**For Kirtane & Pandit LLP,  
Chartered Accountants**

Firm's Registration No. 105215W/W100057

**Milind Bhawe  
Partner**

M. No. 047973

UDIN : 22047973AJTMDJ8533

Place: Mumbai.

Date: May 27, 2022

## Standalone

## Balance Sheet

as at 31st March, 2022

Particulars	Note No.	(₹ in Crs)	
		As at 31st March, 2022	As at 31st March, 2021
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	1	4,335.97	3,510.67
Capital Work-in-Progress	1	1,490.38	1,297.91
Intangible Assets	1	0.19	0.10
Financial Assets			
Investments	2	43.42	36.26
Other Non-Current Assets	3	414.90	317.14
<b>Total Non-Current Assets</b>		<b>6,284.86</b>	<b>5,162.08</b>
<b>Current Assets</b>			
Inventories	4	1,342.93	901.46
Financial Assets			
Trade Receivables	5	1,435.10	819.08
Cash and Cash Equivalents	6	223.73	405.99
Others Current Financial Assets	7	170.00	187.01
Other Current Assets	8	47.00	37.92
<b>Total Current Assets</b>		<b>3,218.76</b>	<b>2,351.46</b>
<b>TOTAL ASSETS</b>		<b>9,503.62</b>	<b>7,513.54</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share Capital	9	181.25	87.12
Other Equity	10	5,604.17	3,324.62
<b>Total Equity</b>		<b>5,785.42</b>	<b>3,411.74</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Financial Liabilities			
Borrowings	11	929.85	1,268.05
Lease Liabilities	12(i)	16.45	13.12
Other Non Current Liabilities	12(ii)	223.58	211.29
Deferred Tax Liabilities (Net)	13	237.98	210.98
<b>Total Non-Current Liabilities</b>		<b>1,407.86</b>	<b>1,703.44</b>
<b>Current Liabilities</b>			
Financial Liabilities			
Borrowings	14	1,272.48	1,219.29
Trade Payables due to:	15		
Micro and Small Enterprise		75.54	96.85
Other than Micro and Small Enterprise		407.54	487.60
Other Current Liabilities	16	455.69	557.58
Provisions	17	99.09	37.04
<b>Total Current Liabilities</b>		<b>2,310.34</b>	<b>2,398.36</b>
<b>Total Liabilities</b>		<b>3,718.20</b>	<b>4,101.80</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,503.62</b>	<b>7,513.54</b>
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1-39		

As per our report of even date

For and on behalf of the Board

For **Kirtane & Pandit LLP**  
Chartered Accountants  
FRN: 105215W/W100057

**Rajendra V. Gogri**  
Chairman and Managing Director  
DIN: 00061003

**Rashesh C. Gogri**  
Vice Chairman and Managing Director  
DIN: 00066291

**Milind Bhave**  
Partner  
M. No. 047973  
Place: Mumbai  
Date: May 27, 2022

**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, 2022

(₹ in Crs)

Particulars	Note No.	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
<b>REVENUE</b>			
Revenue from Operations	18	7,764.96	4,807.82
Less: GST Collected		899.69	491.11
Net Revenue from Operations		6,865.27	4,316.71
Other Income	19	3.20	1.95
<b>Total Revenue</b>		<b>6,868.47</b>	<b>4,318.66</b>
<b>EXPENSES</b>			
Cost of Materials Consumed (Incl. Packing Material, Fuel, Stores & Spares)	20	3,266.89	1,922.84
Purchases of Stock-in-Trade		210.88	185.79
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	21	(229.54)	(65.41)
Employee Benefits Expense	22	433.56	358.28
Finance Costs	23	112.88	86.16
Depreciation and Amortisation Expenses	1	281.41	218.31
Other Expenses	24	1,292.79	980.69
<b>Total Expenses</b>		<b>5,368.87</b>	<b>3,686.66</b>
<b>PROFIT BEFORE TAX</b>		<b>1,499.60</b>	<b>632.00</b>
<b>TAX EXPENSES</b>			
Current Year Tax		261.75	110.00
MAT Credit Entitlement		(78.00)	(13.50)
Deferred Tax		27.00	22.00
<b>Total Tax Expenses</b>		<b>210.75</b>	<b>118.50</b>
<b>PROFIT AFTER TAX</b>		<b>1,288.85</b>	<b>513.50</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that will not be reclassified to Statement of Profit and Loss			
Fair Value of Various Qualifying Items		25.02	39.97
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>1,313.87</b>	<b>553.47</b>
<b>Earnings Per Equity Share (EPS) (in ₹)</b>	25		
Basic/Diluted		35.55	29.47
Basic/Diluted after considering issue of bonus equity shares		35.55	14.74
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1-39		

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 27, 2022

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

## Standalone

## Statement of Changes in Equity

for the year ended 31st March, 2022

### A. EQUITY SHARE CAPITAL

	(₹ in Crs)
<b>As at 1st April, 2020</b>	<b>87.12</b>
Changes in equity share capital during the year 2020-21	NIL
<b>As at 31st March, 2021</b>	<b>87.12</b>
Changes in equity share capital during the year 2021-22	94.13
<b>As at 31st March, 2022</b>	<b>181.25</b>

### B. OTHER EQUITY

Particulars	Other Equity						Other Comprehensive Income	Total Other Equity
	Reserves and Surplus							
	Capital Reserve	Debenture Redemption Reserve	Securities Premium	General Reserve	Forfeiture Reserve	Retained Earnings		
<b>Balance as at 1st April, 2020</b>	<b>9.70</b>	<b>80.00</b>	<b>696.12</b>	<b>201.70</b>	<b>1.85</b>	<b>1,878.61</b>	<b>(53.28)</b>	<b>2,814.70</b>
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
<b>Balance as at 31st March, 2021</b>	<b>9.70</b>	<b>NIL</b>	<b>696.12</b>	<b>333.20</b>	<b>1.85</b>	<b>2,297.05</b>	<b>(13.31)</b>	<b>3,324.62</b>
QIP Allotment (Net of Expenses)	-	-	1,179.68	-	-	-	-	1,179.68
Bonus Shares Issued	-	-	(87.12)	-	-	-	-	(87.12)
Dividend Paid	-	-	-	-	-	(126.88)	-	(126.88)
Transfer to Other Reserves from Retained Earnings	-	-	-	129.00	-	(129.00)	-	NIL
Profit for the Period	-	-	-	-	-	1,288.85	-	1,288.85
Other Comprehensive Income	-	-	-	-	-	-	25.02	25.02
<b>Balance as at 31st March, 2022</b>	<b>9.70</b>	<b>NIL</b>	<b>1,788.68</b>	<b>462.20</b>	<b>1.85</b>	<b>3,330.03</b>	<b>11.71</b>	<b>5,604.17</b>

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 27, 2022

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, 2022

(₹ in Crs)

Sr. No.	Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
<b>A.</b>	<b>Cash Flow from Operating Activities:</b>		
	Net Profit before Tax and Exceptional/Extraordinary Items	1,499.60	632.00
	<b>Adjustments for:</b>		
	Finance Costs	112.88	86.16
	Depreciation and Amortisation Expenses	281.41	218.31
		<b>1,893.89</b>	<b>936.47</b>
	Profit on Sale of Assets/Investments	(0.59)	(0.34)
	Dividend Income	(2.48)	(1.55)
	Lease Rent Income	(0.05)	(0.05)
	<b>Operating Profit before Working Capital Changes</b>	<b>1,890.77</b>	<b>934.53</b>
	<b>Adjustments for:</b>		
	(Increase)/Decrease in Trade and Other Receivables	(621.68)	(25.54)
	Increase/(Decrease) in Trade Payables and Other Current Liabilities	(125.86)	148.68
	(Increase)/Decrease in Inventories	(441.47)	(119.98)
	<b>Cash Generated from Operations</b>	<b>701.76</b>	<b>937.69</b>
	Direct Taxes Paid	(259.62)	(93.82)
	<b>Net Cash Flow from Operating Activities (A)</b>	<b>442.14</b>	<b>843.87</b>
<b>B.</b>	<b>Cash Flow from Investing Activities:</b>		
	Addition to Property, Plant & Equipment/Capital WIP	(1,299.41)	(1,307.78)
	Sale/Written off of Property, Plant & Equipment	0.42	0.44
	(Increase)/Decrease in Investments in Subsidiary Companies	NIL	(0.80)
	Dividend Income from Subsidiary Companies	2.48	1.55
	Profit on Sale of Investments	0.52	NIL
	Lease Rent Income	0.05	0.05
	<b>Net Cash Flow from Investing Activities (B)</b>	<b>(1,295.94)</b>	<b>(1,306.54)</b>
<b>C.</b>	<b>Cash Flow from Financing Activities:</b>		
	Proceeds/Repayment of Long-Term Borrowings	(328.58)	757.14
	Proceeds/(Repayment) of Other Borrowings	53.19	7.87
	Finance Costs	(112.88)	(86.16)
	Increase in Equity by QIP (Net of Expenses)	1,186.69	NIL
	Dividend Paid	(126.88)	(43.56)
	<b>Net Cash Flow from Financing Activities (C)</b>	<b>671.54</b>	<b>635.29</b>
	<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(182.26)</b>	<b>172.62</b>
	Cash and Cash Equivalents (Opening Balance)	<b>405.99</b>	233.37
	Cash and Cash Equivalents (Closing Balance)	<b>223.73</b>	405.99

### Notes:

- Cash and Cash Equivalent is Cash and Bank Balances as per Balance Sheet.
- Amounts of the previous year have been regrouped and rearranged wherever necessary.

As per our report of even date

For and on behalf of the Board

For **Kirtane & Pandit LLP**  
Chartered Accountants  
FRN: 105215W/W100057

**Rajendra V. Gogri**  
Chairman and Managing Director  
DIN: 00061003

**Rashesh C. Gogri**  
Vice Chairman and Managing Director  
DIN: 00066291

**Milind Bhave**  
Partner  
M. No. 047973  
Place: Mumbai  
Date: May 27, 2022

**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.

## NOTE IN RESPECT OF PROPOSED SCHEME OF ARRANGEMENT

The Company at its Board meeting held on August 19, 2021 had considered and approved a Scheme of Arrangement ("Scheme") whereby the Pharma Business and allied activities of Aarti Industries Limited ("Demerged Company") would be demerged into Aarti Pharmed Labs Limited (Formerly known as Aarti Organics Limited), a wholly owned subsidiary Company of Aarti Industries Limited ("the Resulting Company"), as a going concern basis with effect from the Appointed Date i.e. July 1, 2021.

( As per the proposed Scheme of Arrangement, the Demerged Company would demerge its Pharma business and allied activities along with a part of Speciality Chemical Business, which is a backward integrated facility providing feeding material to the Pharma Business. As per the restructuring proposed in the Scheme, the Company has restated the Segment Financials by reclassifying the part of Speciality Chemical Business (which is being demerged) under the Pharmaceuticals Segment in this segment report. The figures related to prior periods have also been rearranged in a similar manner.)

As of the date of approval of these financial statements by the Board, the said Scheme is awaiting approval from Hon. NCLT, Ahmedabad. Once approved, the financials for FY2021-22 will be appropriately re-casted to provide for the effect of the said Scheme.

## 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 in respect of and related to 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



## Corporate Information and Significant Accounting Policies:

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 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 conform to the requirements of the Companies Act, 2013. The useful life for various class of assets is as follows:

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 other than for Development activities are charged to Profit and Loss Account for the year. Development activities involve a plan or design for the production of new or substantially improved products and process. Development expenditures are treated as capital expenditures only if,

- development costs can be measured reliably;
- The product or process is technically and commercially feasible;
- future economic benefits are probable; and
- The company intends to, and has sufficient resources to complete development and to use or sell the asset.

The expenditures to be capitalized include the cost of materials and other costs directly attributable to preparing the assets for its intended use. The same are appropriately amortised or impaired for based on the useful life of such assets.

Expenditures on Property, Plant & Equipment related to the Research and Development is included as a part of Property, Plant & Equipment and depreciation is provided on the same basis as for the 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.

## Standalone

# Corporate Information and Significant Accounting Policies:

### (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 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, 2022

### 1. PROPERTY, PLANT AND EQUIPMENT:

F.Y. 2021-22	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK	
	Balance as at 1st April, 2021	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 1st April, 2021	Depreciation charge for the year	Deduction/ Adjustment	Balance as at 31st March, 2022	Balance as at 31st March, 2021
<b>(i) Tangible Assets</b>								
Free hold Land	3.57	-	-	0.26	-	-	0.26	3.31
Lease Hold Land	229.25	22.16	-	10.60	0.29	-	10.89	218.65
Lease Assets Right to Used	26.83	9.30	-	10.84	5.89	-	16.73	15.99
Buildings	453.57	119.40	-	109.14	25.50	-	134.64	344.43
Plant and Equipment	4,035.33	924.20	5.61	1,263.25	234.70	5.33	1,492.62	2,772.08
R & D Assets	155.09	29.88	-	32.92	11.84	-	44.76	122.17
Furniture and Fixtures	54.31	5.90	-	31.54	8.05	-	39.59	22.77
Vehicles	30.75	4.40	0.09	19.48	3.32	0.02	22.78	11.27
<b>Total (i)</b>	<b>4,988.70</b>	<b>1,115.24</b>	<b>5.70</b>	<b>1,478.03</b>	<b>289.59</b>	<b>5.35</b>	<b>1,762.27</b>	<b>3,510.67</b>
<b>(ii) Intangible Assets</b>								
Process Development	21.96	-	-	21.86	0.10	-	21.97	0.10
Technical Knowhow	0.08	-	-	0.08	-	-	0.08	NIL
Goodwill	6.16	-	-	6.16	-	-	6.16	NIL
Computer Software	0.38	0.21	-	0.38	0.02	-	0.40	NIL
Copyrights and Patents	9.65	-	-	9.65	-	-	9.65	NIL
<b>Total (ii)</b>	<b>38.23</b>	<b>0.21</b>	<b>NIL</b>	<b>38.13</b>	<b>0.12</b>	<b>NIL</b>	<b>38.26</b>	<b>0.10</b>
<b>TOTAL (i+ii)</b>	<b>5,026.93</b>	<b>1,115.45</b>	<b>5.70</b>	<b>1,516.16</b>	<b>289.71</b>	<b>5.35</b>	<b>1,800.53</b>	<b>3,510.77</b>
<b>(iii) Capital Work-in-Progress</b>								
								<b>1,297.91</b>

(₹ in Crs)

## Standalone

## Notes to the Financial Statements

for the year ended 31st March, 2022

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



## Notes to the Financial Statements

for the year ended 31st March, 2022

### Capital-Work-in Progress (CWIP)

#### (a) Capital Work-In-Progress (CWIP) Ageing Schedule as on March 31, 2022:

(₹ in Crs)

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	719.02	559.44	115.59	53.36	1,447.41
Projects temporarily suspended	-	-	-	-	-

#### Capital Work-In-Progress (CWIP) Ageing Schedule as on March 31, 2021:

(₹ in Crs)

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	676.50	490.11	100.66	30.64	1,297.91
Projects temporarily suspended	NIL	NIL	NIL	NIL	NIL

### Intangible assets under development:

#### Intangible assets under development ageing schedule as on March 31, 2022

(₹ in Crs)

Intangible assets under development	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	42.97	-	-	-	42.97
Projects temporarily suspended	-	-	-	-	-

#### Intangible assets under development ageing schedule as on March 31, 2021

(₹ in Crs)

Intangible assets under development	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

## Standalone

## Notes to the Financial Statements

for the year ended 31st March, 2022

### 2. NON-CURRENT INVESTMENTS:

Name of the Company	No. of Shares/Units	As at 31st March, 2022	(₹ in Crs)	
			No. of Shares/Units	As at 31st March, 2021
<b>Investments – (Unquoted) in Equity Shares of Subsidiary Companies</b>				
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 Pharmed Labs Limited (formerly known as 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
		<b>4.28</b>		<b>4.28</b>
<b>Investments – (Unquoted) in Equity Shares of Joint Control/ Associates Companies</b>				
Ganesh Polychem Limited	3,098,257	12.61	3,098,257	12.61
		<b>12.61</b>		<b>12.61</b>
<b>Investments – (Unquoted) in Equity Shares of Other Companies</b>				
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	10.41	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
		<b>22.86</b>		<b>15.70</b>
<b>Investments – (Unquoted) in Limited Liability Partnership</b>				
Aarti Udyog Limited Liability Partnership	NA	3.67	NA	3.67
		<b>3.67</b>		<b>3.67</b>
<b>TOTAL</b>		<b>43.42</b>		<b>36.26</b>

### 3. OTHER NON-CURRENT ASSETS:

Particulars	(₹ in Crs)	
	As at 31st March, 2022	As at 31st March, 2021
Capital Advances	102.66	91.50
Other Deposits	57.31	46.58
Advance Tax and Tax Deducted at Source (Net of Provisions)	254.93	179.06
<b>TOTAL</b>	<b>414.90</b>	<b>317.14</b>



## Notes to the Financial Statements

for the year ended 31st March, 2022

### 4. INVENTORIES:

Particulars	(₹ in Crs)	
	As at 31st March, 2022	As at 31st March, 2021
Raw Materials and Components (incl In-transit stock)	442.31	288.22
Work-in-progress	313.51	237.67
Finished Goods (incl In-transit stock)	392.07	265.29
Stock-in-trade	35.03	8.11
Stores and spares	138.33	90.94
Fuel (incl In-transit stock)	13.02	5.57
Packing Materials	8.66	5.65
<b>TOTAL</b>	<b>1,342.93</b>	<b>901.46</b>

#### 4.1 IN-TRANSIT INVENTORIES:

Particulars	(₹ in Crs)	
	As at 31st March, 2022	As at 31st March, 2021
Raw Materials	59.96	40.83
Finished Goods	86.35	54.11
Fuel	0.15	2.44
<b>TOTAL</b>	<b>146.46</b>	<b>97.38</b>

### 5. TRADE RECEIVABLES:

Particulars	(₹ in Crs)	
	As at 31st March, 2022	As at 31st March, 2021
Trade Receivables considered good – Unsecured	1,435.10	819.08
<b>TOTAL</b>	<b>1,435.10</b>	<b>819.08</b>

#### Trade Receivables ageing schedule as on March 31, 2022

Particulars	Outstanding for following periods from due date of payments *					Total
	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 Years	
(i) Undisputed Trade receivables – considered good	440.44	25.32	2.38	-	-	468.14
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-	-
<b>TOTAL</b>	<b>440.44</b>	<b>25.32</b>	<b>2.38</b>	<b>-</b>	<b>-</b>	<b>468.14</b>

\*Net of Provisions

## Standalone

# Notes to the Financial Statements

for the year ended 31st March, 2022

### Trade Receivables ageing schedule as on March 31, 2021

Particulars	Outstanding for following periods from due date of payments *					(₹ in Crs)
	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 Years	Total
	(i) Undisputed Trade receivables – considered good	316.00	17.29	3.13	-	-
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-	-
<b>TOTAL</b>	<b>316.00</b>	<b>17.29</b>	<b>3.13</b>	<b>-</b>	<b>-</b>	<b>336.42</b>

\*Net of Provisions

### 6. CASH AND CASH EQUIVALENTS:

Particulars	(₹ in Crs)	
	As at 31st March, 2022	As at 31st March, 2021
Cash on hand	0.51	0.56
Bank balance in Current Accounts	86.98	18.57
Bank balance in Deposit Accounts	77.70	331.77
Cash Equivalents investment in highly Liquid Funds/Bonds	56.31	53.04
Earmarked Balances (Unpaid Dividend Accounts)	2.23	2.05
<b>TOTAL</b>	<b>223.73</b>	<b>405.99</b>

### 7. OTHER CURRENT FINANCIAL ASSETS:

Particulars	(₹ in Crs)	
	As at 31st March, 2022	As at 31st March, 2021
Balances with Customs, Port Trust, Central Excise, Sales Tax & Goods & Services Tax Authorities	141.43	166.19
Loans & Advances:		
(i) Employees	10.93	8.36
(ii) Others	7.46	7.03
(iii) Related Parties	10.18	5.43
<b>TOTAL</b>	<b>170.00</b>	<b>187.01</b>

### 8. OTHER CURRENT ASSETS:

Particulars	(₹ in Crs)	
	As at 31st March, 2022	As at 31st March, 2021
Others Receivables	11.96	10.17
Prepaid Expenses	24.65	21.99
Subsidy Receivable	10.39	5.76
<b>TOTAL</b>	<b>47.00</b>	<b>37.92</b>



## Notes to the Financial Statements

for the year ended 31st March, 2022

### 9. EQUITY SHARE CAPITAL:

Particulars	No. of Shares		As at	
	31st March, 2022	As at 31st March, 2021	No. of Shares	As at 31st March, 2021
<b>Authorised Share Capital</b>				
Equity Shares of ₹ 5/- each	<b>3,000,000,000</b>	<b>1,500.00</b>	<b>230,150,320</b>	<b>115.08</b>
<b>Issued, Subscribed &amp; Paid up</b>				
Equity Shares of ₹ 5/- each fully paid up	362,504,035	181.25	174,234,474	87.12
<b>TOTAL</b>		<b>181.25</b>		<b>87.12</b>

(₹ in Crs)

#### 9.1 Reconciliation of the number of Shares outstanding as on March 31, 2022:

Particulars	No. of Shares outstanding	
	As at 31st March, 2022	As at 31st March, 2021
Equity Shares at the beginning of the year	174,234,474	174,234,474
Add: Shares issued during the year	188,269,561	NIL
Less: Shares buy-back during the year	NIL	NIL
<b>Equity Shares at the end of the year</b>	<b>362,504,035</b>	<b>174,234,474</b>

#### 9.2 Details of shareholders holding more than 5% shares:

There are no any shareholder holding more than 5% shares in this year as well as previous year.

#### 9.3 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

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

- During the year 2021-22, 17,42,34,474 shares are issued as Bonus Shares in the ratio of 1:1 equity share of ₹ 5 each.
- During the year 2021-22, 1,40,35,087 Shares were issued through Qualified Institutions Placement at the issue price of ₹ 855 per Equity Share (including ₹ 850 towards share premium) to qualified institutional buyers.
- 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.
- During the year 2019-20, 448,590 Shares were allotted 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.
- 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.
- During the year 2017-18, 820,383 Shares were brought back at a premium of ₹ 1,195/-.

## Standalone

## Notes to the Financial Statements

for the year ended 31st March, 2022

### 9.5 Details of shares held by promoters and promoter group

Promoters Name	As at 31st March 2022		As at 31st March 2021		% change during the year
	Number of Shares held	% of Holding	Number of Shares held	% of Holding	
Rashesh Chandrakant Gogri	15,337,616	4.23	7,668,808	4.40	(0.17)
Mirik Rajendra Gogri	11,172,384	3.08	5,586,192	3.21	(0.12)
Renil Rajendra Gogri	11,171,008	3.08	5,585,504	3.21	(0.12)
Hetal Gogri Gala	10,462,192	2.89	5,231,096	3.00	(0.12)
Anushakti Enterprise Private Limited	9,970,000	2.75	4,985,000	2.86	(0.11)
Jaya Chandrakant Gogri	9,898,548	2.73	5,399,274	3.10	(0.37)
Sarla Shantilal Shah	9,743,322	2.69	4,274,383	2.45	0.23
Labdhi Business Trust	9,200,000	2.54	5,000,000	2.87	(0.33)
Orchid Family Trust	6,596,000	1.82	3,298,000	1.89	(0.07)
Tulip Family Trust	6,596,000	1.82	3,298,000	1.89	(0.07)
Safechem Enterprises Private Limited	5,852,000	1.61	2,926,000	1.68	(0.07)
Rajendra Vallabhaji Gogri	5,703,600	1.57	2,851,800	1.64	(0.06)
Nehal Garewal	4,489,950	1.24	2,244,975	1.29	(0.05)
Heena Family Private Trust	3,335,436	0.92	1,667,718	0.96	(0.04)
Bhavna Family Private Trust	3,216,404	0.89	1,608,202	0.92	(0.04)
Nikhil Parimal Desai	3,075,016	0.85	1,557,554	0.89	(0.05)
Jasmine Family Trust	2,750,000	0.76	1,375,000	0.79	(0.03)
Alchemie Financial Services Limited	2,692,024	0.74	1,346,012	0.77	(0.03)
Lotus Family Trust	2,498,000	0.69	1,249,000	0.72	(0.03)
Manomaya Business Trust	2,400,000	0.66	1,600,000	0.92	(0.26)
Aarnav Rashesh Gogri	2,200,000	0.61	1,100,000	0.63	(0.02)
Aashay Rashesh Gogri	2,200,000	0.61	1,100,000	0.63	(0.02)
Manisha Rashesh Gogri	2,200,000	0.61	1,100,000	0.63	(0.02)
Bhavna Shah Lalka	2,055,764	0.57	1,027,882	0.59	(0.02)
Arti Rajendra Gogri	1,901,024	0.52	950,512	0.55	(0.02)
Parimal Hasmukhlal Desai	1,598,284	0.44	618,608	0.36	0.09
Ratanben Premji Gogri	1,351,230	0.37	713,615	0.41	(0.04)
Heena Bhatia	1,290,352	0.36	645,176	0.37	(0.01)
Rajendra Vallabhaji Gogri (HUF)	1,233,096	0.34	616,548	0.35	(0.01)
Shantilal Tejshi Shah HUF	1,115,526	0.31	557,763	0.32	(0.01)
Alchemie Finserv Private Limited	1,056,420	0.29	528,210	0.30	(0.01)
Gogri Finserv Private Limited	1,056,420	0.29	528,210	0.30	(0.01)
Nikhil Holdings Private Limited	823,566	0.23	462,783	0.27	(0.04)
Indira Madan Dedhia	729,678	0.20	364,839	0.21	(0.01)
Mananjay Singh Garewal	650,040	0.18	325,020	0.19	(0.01)
Chandrakant Vallabhaji Gogri	622,000	0.17	311,000	0.18	(0.01)
Bhanu Pradip Savla	522,948	0.14	261,474	0.15	(0.01)
Monisha Bhatia	484,484	0.13	242,242	0.14	(0.01)
Shreya Suneja	450,000	0.12	260,000	0.15	(0.03)
Gunavanti Navin Shah	346,578	0.10	173,289	0.10	0.00
Jayesh Shah	65,666	0.02	32,833	0.02	0.00
Dilesh Roadlines Private Limited	33,272	0.01	16,636	0.01	0.00
Valiant Organics Limited	30,000	0.01	15,000	0.01	0.00
Prasadi Yogesh Banatwala	18,280	0.01	10,590	0.01	0.00
Pooja Renil Gogri	1,528	0	764	0	0.00
Desai Tarla Parimal	0	0	225,534	0.13	(0.13)
Late Shantilal Tejshi Shah	0	0	640,796	0.37	(0.37)
<b>TOTAL</b>	<b>160,195,656</b>	<b>44.19</b>	<b>81,581,842</b>	<b>46.82</b>	<b>(2.63)</b>



## Notes to the Financial Statements

for the year ended 31st March, 2022

### 10. OTHER EQUITY:

(₹ in Crs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>a. Capital Reserves</b>		
Opening Balance	9.70	9.70
Addition	NIL	NIL
Deduction	NIL	NIL
<b>Closing Balance</b>	<b>9.70</b>	<b>9.70</b>
<b>b. Securities Premium Account</b>		
Opening Balance	696.12	696.12
Addition:	1,192.98	NIL
<b>Deduction:</b>		
QIP Expenses	13.31	NIL
Bonus Shares Issued	87.12	NIL
<b>Closing Balance</b>	<b>1,788.68</b>	<b>696.12</b>
<b>c. Debenture Redemption Reserve</b>		
Opening Balance	NIL	80.00
Addition	NIL	NIL
Deduction	NIL	80.00
<b>Closing Balance</b>	<b>NIL</b>	<b>NIL</b>
<b>d. General Reserve</b>		
Opening Balance	333.20	201.70
Addition:		
Transferred from Debenture Redemption Reserve	NIL	80.00
Transferred from Profit & Loss Account	129.00	51.50
Deduction:	NIL	NIL
<b>Closing Balance</b>	<b>462.20</b>	<b>333.20</b>
<b>e. Profit and Loss Account</b>		
Opening balance	2,297.05	1,878.61
Addition:		
Net Profit/(Loss) for the year	1,288.85	513.50
Deduction:		
Final Dividend paid on Equity Share for the previous year	54.38	17.42
Interim Dividend paid on Equity Share for the year	72.50	26.14
Transferred to General Reserve	129.00	51.50
<b>Closing Balance</b>	<b>3,330.03</b>	<b>2,297.05</b>
<b>f. Other Reserves</b>		
Forfeiture Reserve	1.85	1.85
<b>Closing Balance</b>	<b>1.85</b>	<b>1.85</b>
<b>g. Other Comprehensive Income</b>		
Opening Balance	(13.31)	(53.28)
OCI for the year	25.02	39.97
<b>Closing Balance</b>	<b>11.71</b>	<b>(13.31)</b>
<b>TOTAL</b>	<b>5,604.17</b>	<b>3,324.62</b>

## Standalone

## Notes to the Financial Statements

for the year ended 31st March, 2022

### 11. NON-CURRENT BORROWINGS:

(₹ in Crs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Non-Current	Current	Non-Current	Current
<b>Secured</b>				
(a) ECB/Term loans from Banks/Financial Institutions	925.28	359.30	1,265.09	348.99
(b) Vehicle Loans from Banks/Financial Institutions	4.57	0.64	2.96	1.33
<b>TOTAL</b>	<b>929.85</b>	<b>359.94</b>	<b>1,268.05</b>	<b>350.32</b>

- 11.1 a) Outstanding Term Loans/ECBs to the extent of ₹ 1,284.58 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
NCDs/ECB/Term Loans from Banks/Financial Institutions	359.30	350.12	371.16	203.99
Vehicle Loans from Banks/Financial Institutions	1.53	1.34	1.06	1.28

### 12. OTHER NON CURRENT LIABILITIES

(₹ in Crs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Non-Current	Current	Non-Current	Current
(i) Lease Liabilities Account	16.45	5.32	13.12	4.61
(ii) Long Term Advance for Exports Received From Customer	223.58	72.00	211.29	190.01
<b>TOTAL</b>	<b>240.03</b>	<b>77.32</b>	<b>224.41</b>	<b>194.62</b>

- 12.1 The Company has received advances of ₹ 295.58 Crs (previous year ₹ 401.30 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 ₹ 265.27 Crs (previous year: ₹ 219.33 Crs) in favour of the customer.



## Notes to the Financial Statements

for the year ended 31st March, 2022

### 13. DEFERRED TAX LIABILITIES (NET):

Particulars	(₹ in Crs)	
	As at 31st March, 2022	As at 31st March, 2021
<b>Deferred Tax Liabilities</b>	210.98	188.99
Difference between net book value of depreciable capital assets as per books vis-a-vis written down value as per Tax Laws.	35.13	27.06
<b>Deferred Tax Assets</b>		
Items allowed for tax purpose on payment	(8.13)	(5.06)
<b>Deferred Tax Liabilities (Net)</b>	<b>237.98</b>	<b>210.98</b>

### 14. SHORT-TERM BORROWINGS:

Particulars	(₹ in Crs)	
	As at 31st March, 2022	As at 31st March, 2021
<b>Secured</b>		
Working Capital Loan From Banks	1,223.22	1,143.20
	<b>1,223.22</b>	<b>1,143.20</b>
<b>Unsecured</b>		
From Banks	49.26	76.09
	<b>49.26</b>	<b>76.09</b>
<b>TOTAL</b>	<b>1,272.48</b>	<b>1,219.29</b>

**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 NCDs/ECB/Other Term Lenders.

### 15. TRADE PAYABLES:

Particulars	(₹ in Crs)	
	As at 31st March, 2022	As at 31st March, 2021
<b>Trade payables due to:</b>		
Micro and Small Enterprises (MSME)	75.54	96.85
Other than Micro and Small Enterprises	407.54	487.60
<b>TOTAL</b>	<b>483.08</b>	<b>584.45</b>

## Standalone

## Notes to the Financial Statements

for the year ended 31st March, 2022

### Trade Payables ageing schedule as on March 31, 2022

Particulars	Outstanding for following periods from due date of payments				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 Years	
Micro and Small Enterprises (MSME)	-	-	-	-	-
Other than Micro and Small Enterprises	135.36	7.31	-	-	142.67
Disputed Dues to MSME	-	-	-	-	-
Disputed Dues to Others	-	-	-	-	-
<b>TOTAL</b>	<b>135.36</b>	<b>7.31</b>	<b>-</b>	<b>-</b>	<b>142.67</b>

(₹ in Crs)

### Trade Payables ageing schedule as on March 31, 2021

Particulars	Outstanding for following periods from due date of payments *				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 Years	
Micro and Small Enterprises (MSME)	-	-	-	-	-
Other than Micro and Small Enterprises	93.35	9.23	-	-	102.58
Disputed Dues to MSME	-	-	-	-	-
Disputed Dues to Others	-	-	-	-	-
<b>TOTAL</b>	<b>93.35</b>	<b>9.23</b>	<b>-</b>	<b>-</b>	<b>102.58</b>

(₹ in Crs)

There are no Micro and Small Enterprise, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2022. 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.

### 16. OTHER CURRENT LIABILITIES:

Particulars	(₹ in Crs)	
	As at 31st March, 2022	As at 31st March, 2021
Current maturities of Long-Term Debt	359.30	348.99
Current maturities of Vehicle Loan	0.64	1.33
Current portion of Long Term Advance for Export	72.00	190.01
Lease Liabilities Account	5.32	4.61
Unpaid Dividends	2.23	2.05
Other Current Liabilities & Taxes	16.21	10.60
<b>TOTAL</b>	<b>455.69</b>	<b>557.58</b>

### 17. SHORT-TERM PROVISIONS:

Particulars	(₹ in Crs)	
	As at 31st March, 2022	As at 31st March, 2021
Provision for Employees Benefits	99.09	37.04
<b>TOTAL</b>	<b>99.09</b>	<b>37.04</b>



## Notes to the Financial Statements

for the year ended 31st March, 2022

### 18. REVENUE FROM OPERATIONS:

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Sale of Products & Services	6,864.88	4,609.96
Other Operating Revenues	900.08	197.86
<b>Gross Revenue from Operations</b>	<b>7,764.96</b>	<b>4,807.82</b>
Less: GST Collected	899.69	491.11
<b>Net Revenue from Operations</b>	<b>6,865.27</b>	<b>4,316.71</b>

#### 18.1. GROSS SALES & OPERATING REVENUES:

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
<b>Local Sales:</b>		
Speciality Chemicals	3,630.05	2,295.41
Pharmaceuticals	776.17	508.12
<b>Total (A)</b>	<b>4,406.22</b>	<b>2,803.53</b>
<b>Export Sales:</b>		
Speciality Chemicals	2,834.98	1,560.11
Pharmaceuticals	523.76	444.18
<b>Total (B)</b>	<b>3,358.74</b>	<b>2,004.29</b>
<b>TOTAL (A+B)</b>	<b>7,764.96</b>	<b>4,807.82</b>

#### 18.2. OTHER OPERATING REVENUES:

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Fertilizers Subsidy Received	55.69	20.24
Export Benefits/Incentives Received	23.71	19.05
Contract Shortfall Fees	173.01	147.24
Scrap Sales	16.41	11.32
Termination Fees	631.25	NIL
<b>TOTAL</b>	<b>900.08</b>	<b>197.86</b>

### 19. OTHER INCOME:

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Dividend Income	2.48	1.55
Profit on Sale of Assets/Investments	0.59	0.34
Other Income	0.13	0.06
<b>TOTAL</b>	<b>3.20</b>	<b>1.95</b>

## Standalone

## Notes to the Financial Statements

for the year ended 31st March, 2022

### 20. COST OF MATERIALS CONSUMED:

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Consumption of Raw Materials	2,742.84	1,635.93
Consumption of Packing Materials	57.22	40.56
Consumption of Fuel	324.32	143.74
Consumption of Stores & Spares	142.51	102.61
<b>TOTAL</b>	<b>3,266.89</b>	<b>1,922.84</b>

### 21. CHANGE IN INVENTORY:

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
<b>Opening Stock</b>		
Finished Goods	273.40	252.79
Work-in-Progress	237.67	192.87
<b>Total (A)</b>	<b>511.07</b>	<b>445.66</b>
<b>Closing Stock</b>		
Finished Goods	427.10	273.40
Work-in-Progress	313.51	237.67
<b>Total (B)</b>	<b>740.61</b>	<b>511.07</b>
<b>TOTAL (A-B)</b>	<b>(229.54)</b>	<b>(65.41)</b>

### 22. EMPLOYEE BENEFITS:

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Salaries, Wages & Bonus	365.07	302.09
Contribution to PF and other Funds	36.45	25.97
Workmen & Staff Welfare Expenses	32.04	30.22
<b>TOTAL</b>	<b>433.56</b>	<b>358.28</b>

### 23. FINANCE COST:

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Interest on NCD's	NIL	2.55
Other Interest Expenses	104.69	74.36
Other Borrowing Costs	8.19	9.25
<b>TOTAL</b>	<b>112.88</b>	<b>86.16</b>



## Notes to the Financial Statements

for the year ended 31st March, 2022

### 24. OTHER EXPENSES:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
<b>Manufacturing Expenses:</b>		
Freight, Cartage & Transport	145.62	104.12
Power	158.01	131.37
Water Charges	16.10	12.57
Processing Charges	65.46	53.77
Other Manufacturing Expenses	200.82	157.88
Repairs & Maintenance	160.72	109.99
Insurance Charges	15.45	9.71
Research & Development Expenses	13.93	55.10
Factory Administrative Expenses	93.51	69.55
<b>Total (A)</b>	<b>869.62</b>	<b>704.04</b>
<b>Office Administrative Expenses:</b>		
Rent, Rates and Taxes	1.11	0.98
Travelling and Conveyance	3.29	2.89
Auditor's Remuneration	0.45	0.33
Legal & Professional Charges	18.51	18.01
Postage, Telegraph & Telephone/ Printing & Stationery	1.42	0.90
Other Administrative Expenses	16.78	13.97
<b>Total (B)</b>	<b>41.56</b>	<b>37.08</b>
<b>Selling &amp; Distribution Expenses:</b>		
Advertisement & Sales Promotion	7.49	3.75
Export Freight Expenses	194.11	84.92
Freight and Forwarding Expenses	144.35	106.60
Commission	13.58	15.31
Export Insurance Charges	1.88	1.95
Sample Testing & Analysis Charges	1.88	1.44
Lease Rent Paid	5.65	10.97
Sundry Balance Written Off/(Back)	0.02	0.85
<b>Total (C)</b>	<b>368.96</b>	<b>225.79</b>
<b>Non-Operating Expenses:</b>		
Donations and CSR Expenses	12.65	13.78
<b>Total (D)</b>	<b>12.65</b>	<b>13.78</b>
<b>TOTAL (A+B+C+D)</b>	<b>1,292.79</b>	<b>980.69</b>

#### 24.1 AUDITOR'S REMUNERATION:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Audit Fees	0.36	0.30
Certification Charges	0.08	0.03
Out of Pocket Expenses	0.01	0.00
<b>TOTAL</b>	<b>0.45</b>	<b>0.33</b>

## Standalone

# Notes to the Financial Statements

for the year ended 31st March, 2022

## 25. EARNING PER SHARE (EPS):

Particulars		For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Net Profit available for Equity Shareholders	(₹ in Crs)	1,288.85	513.50
No. of Equity Shares	(Nos.)	362,504,035	174,234,474
Basic & Diluted EPS	(₹)	35.55	29.47
Basic/Diluted after considering issue of bonus equity shares	(₹)	35.55	14.74
Nominal Value of Equity Share	(₹)	5.00	5.00

**25.1** 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.

## 26. CONTINGENT LIABILITIES AND COMMITMENTS:

(to the extent not provided for)

Particulars	(₹ in Crs)	
	As at 31st March, 2022	As at 31st March, 2021
(i) Contingent Liabilities:		
(a) Claims against the company not acknowledged as Debts	138.92	68.10
(b) Letters of Credit, Bank Guarantees & Bills Discounted	450.92	250.90
	<b>589.84</b>	<b>319.00</b>
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	419.06	120.02
	<b>419.06</b>	<b>120.02</b>
<b>TOTAL</b>	<b>1,008.90</b>	<b>439.02</b>

**27.** Interest received of ₹ 12.72 Crs (Tax Deducted at Source ₹ 0.60 Crs) [previous year ₹ 13.15 Crs (Tax Deducted at Source ₹ 0.66 Crs)] 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, 2022

### 29. RESEARCH & DEVELOPMENT ACTIVITIES:

Expenditure	(₹ in Crs)	
	As at 31st March, 2022	As at 31st March, 2021
Revenue Expenditure	13.93	55.10
<b>Capital Expenditure:</b>		
Land & Building	NIL	0.46
Plant & Equipment	29.11	28.27
Furniture and Fixtures	0.78	2.85
<b>Total Capital Expenditure</b>	<b>29.88</b>	<b>31.58</b>

### 30. SEGMENT REPORTING:

Sr. No.	Particulars	(₹ in Crs)	
		Financial Year 2021-22	Financial Year 2020-21
<b>(A) Primary Segments: Business Segments</b>			
<b>1</b>	<b>Segment Revenue:</b>		
	a) Speciality Chemicals	6,465.03	3,855.52
	b) Pharmaceuticals	1,299.93	952.30
	<b>Total Revenue (Gross)</b>	<b>7,764.96</b>	<b>4,807.82</b>
	Less: GST Collected	899.69	491.11
	<b>Total Revenue (Net)</b>	<b>6,865.27</b>	<b>4,316.71</b>
<b>2</b>	<b>Segment Results Profit/(Loss):</b>		
	Before Tax and Interest from each Segment		
	a) Speciality Chemicals	1,578.71	706.54
	b) Pharmaceuticals	220.33	210.96
	<b>Total (A)</b>	<b>1,799.04</b>	<b>917.50</b>
	Less: Interest	112.88	86.16
	Other Unallocable Expenditure (Net)	186.56	199.34
	<b>Total (B)</b>	<b>299.44</b>	<b>285.50</b>
	<b>Total Profit before Tax (A-B)</b>	<b>1,499.60</b>	<b>632.00</b>
<b>3</b>	<b>Segment Assets:</b>		
	a) Speciality Chemicals	7,061.29	5,397.32
	b) Pharmaceuticals	1,675.55	1,341.72
	c) Unallocated Capital	543.06	368.70
	<b>TOTAL</b>	<b>9,279.90</b>	<b>7,107.75</b>
	<b>Segment Liabilities:</b>		
	a) Speciality Chemicals	1,032.92	1,175.73
	b) Pharmaceuticals	244.98	227.95
	c) Unallocated Capital	237.98	210.98
	<b>TOTAL</b>	<b>1,515.88</b>	<b>1,614.66</b>
<b>(B) Secondary Segments: Geographical Segments (Gross)</b>			
	a) India	4,406.21	2,803.53
	b) Out of India	3,358.75	2,004.29
	<b>TOTAL</b>	<b>7,764.96</b>	<b>4,807.82</b>

**Note:**

The above segment report is presented in accordance with the applicable provisions & principles laid down under IND AS 108.

## Standalone

# Notes to the Financial Statements

for the year ended 31st March, 2022

### 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 holding Company: Aarti Corporate Services Limited)
3. Shanti Intermediates Private Limited (Through it holding Company: Aarti Corporate Services Limited)
4. Innovative Envirocare Jhagadia Limited
5. Alchemie (Europe) Limited
6. Aarti USA Inc.
7. Aarti Polychem Private Limited
8. Aarti Pharmalabs Limited (formerly known as 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 Chemicals Private Limited
2. Alchemie Finechem Private Limited (formerly known as 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, 2022

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.

Sr. No.	Description of Transaction	Year	(₹ in Crs)	
			Subsidiary Companies (I)	Other related Enterprises Firms (II)
1	Sales of Finished Goods/Sales Income	CY	295.18	264.20
		PY	251.77	63.84
2	Purchases of Raw Materials/Finished Goods	CY	12.02	46.63
		PY	21.11	15.36
3	Other Manufacturing Expenses	CY	6.54	-
		PY	5.67	-
4	Interest Income on the Inter-Corporate Deposits placed/unsecured loans/NCDs	CY	0.62	-
		PY	0.33	-
5	Dividend Income	CY	2.48	-
		PY	1.55	-
6	Inter-corporate Deposit given/(Received back) during the year	CY	4.30	-
		PY	5.00	-
7	Outstanding items pertaining to the related parties at the balance sheet date Receivable/(Payable)	CY	154.37	44.78
		PY	97.23	53.33

### (B) Details relating to persons referred to in item III above\*

Particulars	(₹ in Crs)	
	Financial Year 2021-22	Financial Year 2020-21
a. Remuneration including perquisites#	8.80	8.46
b. Commission to Directors	44.97	18.95
c. Rent paid	1.01	1.07
d. Travelling Expenses	0.25	0.02
e. Telephone Expenses	0.01	0.02
<b>TOTAL</b>	<b>55.04</b>	<b>28.52</b>

\* 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 ₹ 0.03 Crs).

## Standalone

## Notes to the Financial Statements

for the year ended 31st March, 2022

### 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.

Particulars	(₹ in Crs)	
	Gratuity (funded) 2021-22	Gratuity (funded) 2020-21
<b>a. Reconciliation of Opening and Closing balances of Defined Benefit Obligation</b>		
Defined Benefit Obligation at beginning of the Year	33.16	42.49
Current Service Cost	4.88	6.16
Interest Cost	2.18	2.79
Actuarial (Gain)/Loss	0.92	(17.53)
Benefits Paid	(2.28)	(0.74)
<b>Defined Benefit Obligation at year end</b>	<b>38.85</b>	<b>33.16</b>
<b>b. Reconciliation of opening and closing balances fair value of plan assets</b>		
Fair value of plan assets at beginning of the year	26.48	21.26
Expected return of plan assets	1.74	1.39
Assets Transferred In/Acquisitions	NIL	NIL
Return on Plan Assets, Excluding Interest Income	1.55	(0.62)
Employer Contribution	5.93	5.19
Benefits Paid	(2.28)	(0.74)
<b>Fair value of plan assets at year end</b>	<b>33.42</b>	<b>26.48</b>
<b>Actual return on plan assets</b>	<b>3.29</b>	<b>0.77</b>
<b>c. Reconciliation of Fair Value of Assets and Obligations</b>		
Fair Value of Plan Assets	33.42	26.48
Present Value of Benefit Obligation	38.85	33.16
Amount Recognized in Balance Sheet	5.43	6.68
<b>d. Expenses recognized during the year</b>		
Current Service Cost	4.88	6.16
Interest Cost	2.18	2.79
Expected return on plan assets	(1.74)	(1.39)
Net Cost	5.31	7.55
<b>e. Investment Details</b>		
L.I.C Group Gratuity (Cash Accumulation) Policy	100% Invested with L.I.C.	100% Invested with L.I.C.
<b>f. Actuarial assumptions</b>		
Mortality Table (L.I.C.)	2006-08 (Ultimate)	2006-08 (Ultimate)
Discount rate (per annum)	6.57%	6.57%
Expected rate of return on plan assets (per annum)	6.57%	6.57%
Rate of escalation in Salary (per annum)	5.00%	5.00%

#### Note:

The estimate of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion, other relevant factor's including supply and demand in the employment market. The above information is certified by the actuary.

#### Leave Encashment:

Leave Encashment liability amounting to ₹ 27.10 Crs (previous year: ₹ 16.88 Crs) has been provided in the Books of Accounts.



## Notes to the Financial Statements

for the year ended 31st March, 2022

### 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 ₹ 255.13 Crs (previous year: ₹ 318.15 Crs) out of its annual trade related operations (Exports & Imports) aggregating to ₹ 4,222.82 Crs (previous year: ₹ 2,723.68 Crs).

The Company had hedged its currency risks to the tune of ₹ 123.20 Crs (previous year ₹ 179.63 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 ₹ 556.53 Crs (previous year: ₹ 365.50 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 ₹ 17.13 Crs (previous year gain of ₹ 20.22 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 ₹ 17.18 Crs (including gain of ₹ 8.60 Crs for contracts of more than one year) is recognised in the Profit & Loss Account. Company had further provided for Revaluation loss on long term borrowing (ECBs) to the extent of ₹ 25.40 Crs as at March 31, 2022 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.

Particulars	(₹ in Crs)	
	Financial Year 2021-22	Financial Year 2020-21
<b>(A) Details of Raw Material Consumption:</b>		
Benzene	699.28	288.12
Aniline	333.34	151.79
Concentrated Nitric Acid (C.N.A.)	208.31	113.83
Sulphur	152.05	43.22
Phthalic Anhydride	91.98	50.34
Others	1,257.88	988.63
<b>TOTAL</b>	<b>2,744.18</b>	<b>1,635.93</b>
<b>(B) Sales of Products :</b>		
Speciality Chemicals	6,465.03	3,855.52
Pharmaceuticals	1,299.93	952.30
<b>TOTAL</b>	<b>7,764.96</b>	<b>4,807.82</b>

## Standalone

## Notes to the Financial Statements

for the year ended 31st March, 2022

Particulars	(₹ in Crs)	
	Financial Year 2021-22	Financial Year 2020-21
<b>(C) Value and percentage of Raw Materials and Stores and Spares consumed:</b>		
<b>Raw Materials:</b>		
Indigenous	1,958.24	1,030.40
	71.39%	63.17%
Imported	784.60	605.53
	28.61%	36.83%
<b>TOTAL</b>	<b>2,742.84</b>	<b>1,635.93</b>
	<b>100.00%</b>	<b>100.00%</b>
<b>Stores and Spares:</b>		
Indigenous	139.96	101.73
	98.20%	99.14%
Imported	2.56	0.88
	1.80%	0.86%
<b>TOTAL</b>	<b>142.52</b>	<b>102.61</b>
	<b>100.00%</b>	<b>100.00%</b>
<b>Fuel:</b>		
Indigenous	261.95	101.25
	80.77%	70.44%
Imported	62.38	42.49
	19.23%	29.56%
<b>TOTAL</b>	<b>324.32</b>	<b>143.74</b>
	<b>100.00%</b>	<b>100.00%</b>
<b>(D) C.I.F. Value of Imports:</b>		
Capital Goods	38.04	96.21
Raw Materials	762.97	600.21
Stores and Spares	2.56	0.88
Fuel	60.50	22.09
<b>(E) Expenditure in Foreign Currency:</b>		
Commission on Export Sales	9.93	5.84
Import of Goods for Resale	4.87	3.24
Other Expenses	63.32	33.85
<b>(F) Earnings in Foreign Currency:</b>		
F.O.B. Value of Export Sales	2,320.98	1,739.04



## Notes to the Financial Statements

for the year ended 31st March, 2022

### 35. FAIR VALUE MEASUREMENTS:

#### Financial instruments by category

(₹ in Crs)

Particulars	As at 31st March, 2022			As at 31st March, 2021		
	Carrying Amount	Level 1	Level 2	Carrying Amount	Level 1	Level 2
<b>Financial Assets</b>						
<b>At Amortised Cost</b>						
Investments	25.59	-	-	25.59	-	-
Trade Receivables	1,435.10	-	-	891.08	-	-
Cash and Cash Equivalents	223.73	-	-	405.99	-	-
Other Financial Assets	195.23	-	-	181.46	-	-
<b>At FVTOCI</b>						
Investments	17.83	-	17.83	10.67	-	10.67
<b>Financial Liabilities</b>						
<b>At Amortised Cost</b>						
Borrowings	2,202.33	-	-	2,487.34	-	-
Trade Payables	483.08	-	-	584.64	-	-
Other Non Current Liabilities	240.03	-	-	224.41	-	-
Other Current Financial Liabilities	554.78	-	-	594.62	-	-

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	31st March 2022	31st March 2021
Gross Debts	2,562.27	2,837.66
Less: Cash and Marketable Securities	(223.73)	(405.99)
<b>Net Debt (A)</b>	<b>2,338.54</b>	<b>2,431.67</b>
<b>Total Equity (B)</b>	<b>5,785.42</b>	<b>3,411.74</b>
<b>Net Gearing ratio (A/B)</b>	<b>0.40</b>	<b>0.71</b>

## Standalone

# Notes to the Financial Statements

for the year ended 31st March, 2022

## Dividends

Particulars	(₹ in Crs)	
	31st March 2022	31st March 2021
<b>(i) Equity shares</b>		
Final dividend for the year ended 31st March 2021 of ₹ 1.5 per fully paid share & Interim Dividend for 2021-22 @ ₹ 2.00 per Share paid during the year 2021-22	126.88	43.56
<b>(ii) Dividends not recognised at the end of the reporting period</b>		
In addition to the above dividends, since year end the directors have recommended the payment of dividend of ₹ 1.5 (31st March 2021: ₹ 1.5) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	54.38	54.38

## 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 ALL.

#### Credit Risk Management

To manage the credit risk, the Company follows an adequate credit control policy and also has an external credit insurance cover with ECGC policy wherein the customers are required to make an advance payment before procurement of goods. Thus, the requirement of assessing the impairment loss on trade receivables does not arise, since the collectability risk is mitigated.

Bank balances are held with only high rated banks and majority of other security deposits are placed majorly with government/statutory agencies.



## Notes to the Financial Statements

for the year ended 31st March, 2022

### 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 2022

##### Maturities of non-derivative financial liabilities

(₹ in Crs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	483.08	-	-	483.08
Other financial liabilities	1,827.26	1,169.88	-	2,997.14
<b>Total</b>	<b>2,310.34</b>	<b>1,169.88</b>	-	<b>3,480.22</b>

#### 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
<b>Total</b>	<b>2,398.55</b>	<b>1,492.46</b>	-	<b>3,891.01</b>

### 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.

## Standalone

## Notes to the Financial Statements

for the year ended 31st March, 2022

### 38. RATIO ANALYSIS:

Particulars	Numerator	Denominator	31st March 2022	31st March 2021	% Variance
Current Ratio <sup>(a)</sup>	Total Current Assets	Total Current Liabilities	1.39	0.98	41.84%
Debt-Equity Ratio <sup>(b)</sup>	Total Debt	Total Equity	0.44	0.83	-46.99%
Debt Service Coverage Ratio <sup>(c)</sup>	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest + Principal repayments of Long Term Borrowings	3.68	2.16	70.37%
Return on Equity Ratio <sup>(d)</sup>	Net Profits after Taxes	Average Total Equity	28.03	16.27	72.30%
Inventory Turnover Ratio <sup>(e)</sup>	Cost of Goods Sold	Average Inventory	4.49	3.53	27.20%
Trade Receivables Turnover Ratio	Revenue from Operations	Average Trade Receivable	6.09	5.39	12.99%
Trade Payables Turnover Ratio <sup>(f)</sup>	Purchase of materials and stock in trade	Average Trade Payables	6.91	4.76	45.17%
Net Capital Turnover Ratio <sup>(g)</sup>	Revenue from Operations	Working capital = Current assets – Current liabilities	5.11	8.68	-41.13%
Net Profit Ratio <sup>(h)</sup>	Net Profit after Tax	Revenue from Operations	16.60	10.68	55.43%
Return on Capital Employed <sup>(i)</sup>	Earnings before Interest and Taxes & Depreciation	Average Capital Employed = Tangible Net Worth + Total Debt	25.95	16.69	55.50%
Return on Investment <sup>(j)</sup>	Profit for the year	Total Equity	22.28	15.05	48.04%

#### Notes for Ratio

- Current ratio has increased due to increase in current assets (viz inventory and trade receivables primarily due to increase in the input costs).
- Debt Equity ratio had declined due to higher profits for the year and also on account of the equity raise by way of QIP in the year.
- Debt service coverage ratio improved because of higher profits and lower finance costs during the year.
- Return on Equity has increased due to higher profits or the year and also on account of the equity raise by way of QIP in the year.
- Inventory turnover ratio increased primarily due to increase in the input costs.
- Trade payable Turnover ratio increased primarily due to increase in the pieces of feed stocks.
- Net Capital turnover ratio decreased due to increase in current assets (viz inventory and trade receivables primarily due to increase in the input costs).
- Net profit ratio increased due to higher profit (also inclusive of the termination income) during the year.
- Return on Capital employed increased due to higher operating profit (also inclusive of the termination income) during the year.
- Return on Investment increased due to higher profits (also inclusive of the termination income) during the year.

### 39. 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 27, 2022

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



## 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") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2022, 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, 2022, of consolidated profit, their consolidated total comprehensive income 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 Companies act, 2013. 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 ICAI, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. 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. We have determined the matters described below to the Key Audit Matters to be communicated in the Report.

Sr. No.	Key Audit Matter	Auditor's Response
1.	<p>Accuracy, Completeness and disclosure with reference to Ind AS 16 of Property, Plant and Equipment (Including Capex)</p> <p>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.</p> <p>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</p> <p>Refer note 1 to financial statements</p>	<p>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:</p> <p>(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.</p> <p>(b) We have carried out substantive audit procedures at financial and assertion level to verify the capitalization of asset as Property, Plant and Equipment.</p> <p>(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.</p> <p>(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.</p> <p>(e) Due to pandemic restrictions physical verification on sample basis was done in respect of few locations. We have relied on physical verification conducted by management and management representations.</p> <p>(f) We have verified the capitalization of borrowing cost incurred on qualifying asset in accordance with the Indian Accounting Standard 23</p>

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Sr. No.	Key Audit Matter	Auditor's Response
2.	<p>Valuation, Accuracy, Completeness and disclosures pertaining to Inventories with reference to Ind AS 2</p> <p>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.</p>	<p>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:</p> <p>(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.</p> <p>(b) We have evaluated the design of Internal Controls relating to recording and valuation of Inventory.</p> <p>(c) We have carried out substantive audit procedures to verify the allocation of overheads to Inventory.</p> <p>(d) Due to pandemic restrictions physical verification on sample basis was done in respect of few locations. We have relied on physical verification conducted by management and management representations.</p> <p>(e) We have verified consistency in respect of valuation process and methodology followed</p>

### INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the Other Information The other information comprises the information included in the Board's Report including Annexures to the Board's Report thereon, Directors Report, Management and Discussion Analysis, Business Responsibility Report, but does not include Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the 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.

### 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 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 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 are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.



## 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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so

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would reasonably be expected to outweigh the public interest benefits of such communication.

### OTHER MATTERS

We did not audit the financial statements/financial information of 11 subsidiaries, and 1 jointly controlled entity, whose financial statements/financial information reflect total assets of ₹ 344.40 crores as at March 31, 2022, total revenues of ₹ 509.79 crores and net cash flows amounting to ₹ 33.11 crores for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of Sub-Sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the Management.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. 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 including Other Comprehensive Income, 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, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2022 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 – Refer Note 26 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 contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies,
  - iv. (a) The respective Management of the Company and its subsidiaries which are companies incorporated in India, whose Financial Statements have been audited under the Act, have represented to us that, to the best of its knowledge and belief, other than disclosed in the notes, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources



or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (b) The respective Management of the Company and its subsidiaries which are companies incorporated in India, whose Financial Statements have been audited under the Act, have represented to us that, to the best of its knowledge and belief, other than disclosed in the notes to accounts, no funds have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on such audit procedures that have been considered reasonable

and appropriate in the circumstances performed by us on the Company and its subsidiaries which are incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- v. The dividend declared or paid during the year by the company is in compliance with section 123 of the Companies Act, 2013.
2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/"CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its subsidiaries included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

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

**Milind Bhawe**  
**Partner**

M. No. 047973

UDIN - 22047973AJTMJX5784

Place: Mumbai.

Date: May 27, 2022

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## 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, 2022, we have audited the internal financial controls over financial reporting of Aarti Industries Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (together referred to as "the Group") as of that date.

#### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company and its subsidiaries, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by 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 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 and its subsidiaries, 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, 2022,

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 Financial Statements of two subsidiaries which are incorporated in 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 - 22047973AJTMJX5784

Place: Mumbai.

Date: May 27, 2022

## Consolidated

## Consolidated Balance Sheet

as at 31st March, 2022

Particulars	Note No.	(₹ in Crs)	
		As at 31st March, 2022	As at 31st March, 2021
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	1	4,417.74	3,592.48
Capital Work-in-Progress	1	1,490.38	1,297.91
Intangible Assets	1	0.19	0.10
Financial Assets:			
Investments	2	73.13	63.52
Other Non-Current Assets	3	417.66	320.07
<b>Total Non-Current Assets</b>		<b>6,399.10</b>	<b>5,274.08</b>
<b>Current Assets</b>			
Inventories	4	1,411.33	935.68
Financial Assets:			
Trade Receivables	5	1,390.50	793.73
Cash and Cash Equivalents	6	256.84	412.32
Others Current Financial Assets	7	166.88	187.48
Other Current Assets	8	48.15	38.39
<b>Total Current Assets</b>		<b>3,273.70</b>	<b>2,367.60</b>
<b>TOTAL ASSETS</b>		<b>9,672.80</b>	<b>7,641.68</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share Capital	9	181.25	87.12
Other Equity	10	5,733.21	3,415.78
Non Controlling Interest		0.72	12.24
<b>Total Equity</b>		<b>5,915.18</b>	<b>3,515.14</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Financial Liabilities			
Borrowings	11	930.41	1,268.05
Lease Liabilities	12	16.45	13.12
Other Non-Current Liabilities	12	223.58	211.29
Deferred Tax Liabilities (Net)	13	250.23	233.94
<b>Total Non-Current Liabilities</b>		<b>1,420.67</b>	<b>1,726.40</b>
<b>Current Liabilities</b>			
Financial Liabilities			
Borrowings	14	1,287.21	1,224.07
Trade Payables due to:	15		
Micro and Small Enterprise		75.54	96.85
Other than Micro and Small Enterprise		414.54	479.48
Other Current Liabilities	16	456.62	559.62
Provisions	17	103.04	40.12
<b>Total Current Liabilities</b>		<b>2,336.95</b>	<b>2,400.14</b>
<b>Total Liabilities</b>		<b>3,757.62</b>	<b>4,126.54</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,672.80</b>	<b>7,641.68</b>
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1-34		

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 27, 2022

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



## Consolidated Statement of Profit and Loss

for the year ended 31st March, 2022

(₹ in Crs)

Particulars	Note No.	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
<b>REVENUE</b>			
Revenue from Operations	18	7,919.31	5,023.28
Less: GST Collected		919.35	517.18
Net Revenue from Operations		6,999.96	4,506.10
Other Income	19	0.80	0.70
<b>Total Revenue</b>		<b>7,000.76</b>	<b>4,506.80</b>
<b>EXPENSES</b>			
Cost of Materials Consumed (Incl. Packing Material, Fuel, Stores & Spares)	20	3,268.59	1,937.57
Purchases of Stock-in-Trade		286.51	244.24
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	21	(261.28)	(53.25)
Employee Benefits Expenses	22	442.08	371.38
Finance Costs	23	114.29	86.37
Depreciation and Amortisation Expenses		288.52	231.31
Other Expenses	24	1,335.25	1,024.63
<b>Total Expenses</b>		<b>5,473.96</b>	<b>3,842.25</b>
<b>PROFIT BEFORE TAX</b>		<b>1,526.80</b>	<b>664.55</b>
<b>TAX EXPENSES</b>			
Current Year Tax		268.12	116.03
Earlier Year Tax		0.01	0.00
MAT Credit Entitlement		(75.88)	(9.80)
Deferred Tax		27.13	23.10
<b>Total Tax Expenses</b>		<b>219.38</b>	<b>129.33</b>
<b>PROFIT AFTER TAX BEFORE NON CONTROLLING INTEREST AND SHARE OF PROFIT/(LOSS) OF ASSOCIATES</b>		<b>1,307.42</b>	<b>535.22</b>
Profit attributable to Non Controlling Interest		(0.23)	(11.75)
<b>Profit/(Loss) for the period</b>		<b>1,307.19</b>	<b>523.47</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that will not be reclassified to Statement of Profit and Loss			
Fair Value of various Qualifying Items		22.29	47.94
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>1,329.48</b>	<b>571.41</b>
<b>Earnings Per Equity Share (EPS) (in ₹)</b>	25		
Basic/Diluted		36.06	30.04
Basic/Diluted after considering issue of bonus equity shares		36.06	15.02
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1-34		

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 27, 2022

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

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## Statement of Changes in Equity

for the year ended 31st March, 2022

### A. EQUITY SHARE CAPITAL

	(₹ in Crs)
<b>As at 1st April, 2020</b>	<b>87.12</b>
Changes in equity share capital during the year 2020-21	NIL
<b>As at 31st March, 2021</b>	<b>87.12</b>
Changes in equity share capital during the year 2021-22	94.13
<b>As at 31st March, 2022</b>	<b>181.25</b>

### B. OTHER EQUITY

Particulars	Other Equity										Comprehensive Income	Total Other Equity	
	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	Debtenture Redemption Reserve	General Reserve	Forfeiture Reserve	Revaluation Reserve	Reserve U/s 45(IC)	RBI Reserve	Retained Earnings			
<b>Balance as at 1st April, 2020</b>	<b>13.89</b>	<b>0.72</b>	<b>697.49</b>	<b>80.00</b>	<b>213.65</b>	<b>1.85</b>	<b>0.51</b>	<b>3.70</b>	<b>1,931.18</b>	<b>3.70</b>	<b>1,931.18</b>	<b>(51.34)</b>	<b>2,891.65</b>
Transfer to Other Reserves from Retained Earnings	-	-	-	(80.00)	132.66	-	-	-	(52.66)	-	-	-	NIL
Consolidation Adjustment	(0.56)	-	0.21	-	-	-	-	-	(46.65)	-	-	-	(0.35)
Dividend Paid	-	-	-	-	-	-	-	-	1.55	-	-	-	(46.65)
Inter-group 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
<b>As at 31st March, 2021</b>	<b>13.33</b>	<b>0.72</b>	<b>697.70</b>	<b>NIL</b>	<b>346.31</b>	<b>1.85</b>	<b>0.51</b>	<b>3.70</b>	<b>2,355.07</b>	<b>3.70</b>	<b>2,355.07</b>	<b>(3.41)</b>	<b>3,415.78</b>
Transfer to Other Reserves from Retained Earnings	-	-	-	-	131.05	-	-	-	(98.08)	-	-	-	32.97
Consolidation Adjustment	(3.63)	(0.36)	(0.47)	-	(6.30)	-	-	-	-	-	-	-	(10.76)
Upon QIP Proceeds (net of expenses)	-	-	1,179.67	-	-	-	-	-	-	-	-	-	1,179.67
Upon Bonus Shares issued	-	-	(87.12)	-	-	-	-	-	(126.88)	-	-	-	(87.12)
Dividend Paid	-	-	-	-	-	-	-	-	0.05	-	-	-	(126.88)
Foreign Exchange Difference on Translation	-	-	-	-	-	-	-	-	-	-	-	-	0.05
Profit for the Period	-	-	-	-	-	-	-	-	1,307.19	-	-	-	1,307.19
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	22.29	22.29
<b>Balance as at 31st March, 2022</b>	<b>9.70</b>	<b>0.36</b>	<b>1,789.78</b>	<b>NIL</b>	<b>471.06</b>	<b>1.85</b>	<b>0.51</b>	<b>3.70</b>	<b>3,437.37</b>	<b>3.70</b>	<b>3,437.37</b>	<b>18.88</b>	<b>5,733.21</b>

As per our report of even date

For and on behalf of the Board

**For Kirtane & Pandit LLP**  
Chartered Accountants  
FRN: 105215W/W100057

**Rajendra V. Gogri**  
Chairman and Managing Director  
DIN: 00061003

**Rashesh C. Gogri**  
Vice Chairman and Managing Director  
DIN: 00066291

**Milind Bhawe**  
Partner

M. No. 047973  
Place: Mumbai

Date: May 27, 2022

**Chetan Gandhi**  
Chief Financial Officer  
ICAI M. No. 111481

**Raj Sarraf**  
Company Secretary  
ICSI M. No. A15526



## Consolidated Cash Flow Statement

for the year ended 31st March, 2022

(₹ in Crs)

Sr. No.	Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
<b>A.</b>	<b>Cash Flow from Operating Activities:</b>		
	Net Profit before Tax and Exceptional/Extraordinary Items	1,526.80	664.55
	<b>Adjustments for:</b>		
	Finance Costs	114.29	86.37
	Depreciation	288.52	231.31
	Consolidated Adjustments	(5.43)	(5.26)
		<b>1,924.18</b>	<b>976.97</b>
	Profit on Sale of Investments/Assets	(0.60)	(0.34)
	Dividend Received from other Investments	NIL	(0.02)
	Lease Rent Received	(0.05)	(0.05)
	<b>Operating Profit before Working Capital Changes</b>	<b>1,923.53</b>	<b>976.56</b>
	<b>Adjustments for:</b>		
	(Increase)/Decrease in Trade and Other Receivables	(600.56)	(25.01)
	Increase/(Decrease) in Trade Payables and Other Current Liabilities	(109.59)	128.78
	(Increase)/Decrease in Inventories	(475.65)	(111.00)
	<b>Cash Generated from Operations</b>	<b>737.73</b>	<b>969.33</b>
	Direct Taxes Paid	(266.97)	(96.62)
	<b>Net Cash Flow from Operating Activities (A)</b>	<b>470.76</b>	<b>872.71</b>
<b>B.</b>	<b>Cash Flow from Investing Activities:</b>		
	Addition to Property, Plant & Equipment/Capital WIP	(1,306.57)	(1,314.82)
	Sale/Written off of Property, Plant & Equipment	0.52	0.43
	(Increase)/Decrease in Other Investments	NIL	(7.82)
	Dividend Received from Other Investments	NIL	0.02
	Profit on Sale of Investments	0.52	NIL
	Lease Rent Received	0.05	0.05
	<b>Net Cash Flow from Investing Activities (B)</b>	<b>(1,305.48)</b>	<b>(1,322.14)</b>
<b>C.</b>	<b>Cash Flow from Financing Activities:</b>		
	Proceeds/(Repayment) of Long-Term Borrowings	(329.42)	751.51
	Proceeds/(Repayment) of Other Borrowings	63.14	(5.59)
	Increase in Equity through QIP Allotment (Net of Expenses)	1,186.69	NIL
	Finance Costs	(114.29)	(86.37)
	Dividend Paid	(126.88)	(45.09)
	<b>Net Cash Flow from Financing Activities (C)</b>	<b>679.24</b>	<b>614.46</b>
	<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(155.48)</b>	<b>165.03</b>
	Cash and Cash Equivalents (Opening Balance)	412.32	247.29
	Cash and Cash Equivalents (Closing Balance)	256.84	412.32

### Notes:

- Cash and Cash Equivalent is Cash and Bank Balances as per Balance Sheet.
- Amounts of the previous year have been regrouped and rearranged wherever necessary.

As per our report of even date

For and on behalf of the Board

For **Kirtane & Pandit LLP**  
Chartered Accountants  
FRN: 105215W/W100057

**Rajendra V. Gogri**  
Chairman and Managing Director  
DIN: 00061003

**Rashesh C. Gogri**  
Vice Chairman and Managing Director  
DIN: 00066291

**Milind Bhawe**  
Partner  
M. No. 047973  
Place: Mumbai  
Date: May 27, 2022

**Chetan Gandhi**  
Chief Financial Officer  
ICAI M. No. 111481

**Raj Sarraf**  
Company Secretary  
ICSI M. No. A15526

## Consolidated

# Corporate Information and Significant Accounting Policies:

## CORPORATE INFORMATION

The Consolidated Financial Statements comprise financial statements of Aarti Industries Limited ("The Holding Company") subsidiaries and joint control entity (collectively referred to as "the Group") for the year ended 31st March 2022.

The principal activities of the Group consists of manufacturing and dealing in Speciality Chemicals and Pharmaceuticals.

## NOTE IN RESPECT OF PROPOSED SCHEME OF ARRANGEMENT

The Company at its Board meeting held on August 19, 2021 had considered and approved a Scheme of Arrangement ("Scheme") whereby the Pharma Business and allied activities of Aarti Industries Limited ("Demerged Company") would be demerged into Aarti Pharmalabs Limited (Formerly known as Aarti Organics Limited), a wholly owned subsidiary Company of Aarti Industries Limited ("the Resulting Company"), as a

going concern basis with effect from the Appointed Date i.e. July 1, 2021.

(As per the proposed Scheme of Arrangement, the Demerged Company would demerge its Pharma business and allied activities along with a part of Speciality Chemical Business, which is a backward integrated facility providing feeding material to the Pharma Business. As per the restructuring proposed in the Scheme, the Company has restated the Segment Financials by reclassifying the part of Speciality Chemical Business (which is being demerged) under the Pharmaceuticals Segment in this segment report. The figures related to prior periods have also been rearranged in a similar manner.)

As of the date of approval of these financial statements by the Board, the said Scheme is awaiting approval from Hon. NCLT, Ahmedabad. Once approved, the financials for FY2021-22 will be appropriately re-casted to provide for the effect of the said Scheme.

## SIGNIFICANT ACCOUNTING POLICIES

### (a) Background:

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest (%)
<b>Indian Subsidiary:</b>		
(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 Pharmalabs Limited (formerly known as 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%
<b>Foreign Subsidiary:</b>		
(x) Alchemie (Europe) Limited	United Kingdom	88.89%
(xi) Aarti USA Inc.	USA	100.00%
<b>Joint Control:</b>		
(xii) Ganesh Polychem Limited	India	50.00%

### (b) Basis of Preparation and Presentation:

Significant Accounting policies and Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosures and a guide to better understanding of the consolidated position of the Companies. Recognizing this purpose, the Company has disclosed only such Policies and Notes from the

individual financial statements, which fairly present the needed disclosures.

The Consolidated Financial Statements of the Group have been prepared in accordance with Indian Accounting Standards (IND AS) notified under the Companies (Indian Accounting Standards) Rules, 2015



## Corporate Information and Significant Accounting Policies:

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, 2022.
- (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.
- (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.
- (viii) Investments in joint operations are accounted using the Proportionate Consolidation Method as per Indian Accounting Standard (Ind AS) 111 "Joint Arrangements".

### (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

## Consolidated

# Corporate Information and Significant Accounting Policies:

that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

### (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 conform to the requirements of the Companies Act, 2013. The useful life for various class of assets is as follows:

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.

### (f) Research and Development:

Revenue Expenditure on Research and Development other than for Development activities are charged to Profit and Loss Account for the year. Development activities involve a plan or design for the production of new or substantially improved products and process. Development expenditures are treated as capital expenditures only if,

- development costs can be measured reliably;
- The product or process is technically and commercially feasible;
- future economic benefits are probable; and
- The company intends to, and has sufficient resources to complete development and to use or sell the asset.

The expenditures to be capitalized include the cost of materials and other costs directly attributable to preparing the assets for its intended use. The same are appropriately amortised or impaired for based on the useful life of such assets.

Expenditures on Property, Plant & Equipment related to the Research and Development is included as a part of Property, Plant & Equipment and depreciation is provided on the same basis as for the 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.



## Corporate Information and Significant Accounting Policies:

### (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 appropriately dealt in the financial statements in accordance with the applicable 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.

### (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 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.

## Consolidated

## Notes to the Consolidated Financial Statements

for the year ended 31st March, 2022

### 1. PROPERTY, PLANT AND EQUIPMENT:

F.Y. 2021-22 Particulars	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK	
	Balance as at 1st April, 2021	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 1st April, 2021	Depreciation charge for the year	Deduction/ Adjustment	Balance as at 31st March, 2022	Balance as at 31st March, 2021
<b>(i) Tangible Assets</b>								
Free hold Land	3.68	-	-	0.26	-	-	3.42	3.42
Lease Hold Land	240.32	22.16	-	11.25	0.37	-	250.86	229.07
Lease Assets Used	26.83	9.30	-	10.84	5.89	-	19.40	15.99
Residential Flat	-	-	-	-	-	-	-	-
Buildings	457.59	120.00	-	110.19	25.64	-	441.76	347.40
Plant and Equipment	4,141.71	929.31	5.61	1,302.13	241.00	5.33	3,527.61	2,839.58
R & D Assets	155.09	29.88	-	32.92	11.84	-	140.21	122.17
Furniture and Fixtures	54.95	5.94	-	32.35	8.19	-	20.35	22.60
Vehicles	34.51	5.81	0.61	22.26	3.77	0.45	14.13	12.25
<b>Total (i)</b>	<b>5,114.68</b>	<b>1,122.40</b>	<b>6.22</b>	<b>1,522.20</b>	<b>296.70</b>	<b>5.78</b>	<b>4,417.75</b>	<b>3,592.48</b>
<b>(ii) Intangible Assets</b>								
Process Development	21.96	-	-	21.86	0.10	-	NIL	0.10
Technical Knowhow	1.38	-	-	1.38	-	-	NIL	NIL
Goodwill	6.19	-	-	6.19	-	-	NIL	NIL
Computer Software	0.38	0.21	-	0.38	0.02	-	0.19	NIL
Copyrights and Patents	9.66	-	-	9.66	-	-	NIL	NIL
Goodwill on Consolidation	1.24	-	-	1.24	-	-	NIL	NIL
<b>Total (ii)</b>	<b>40.81</b>	<b>0.21</b>	<b>-</b>	<b>40.71</b>	<b>0.12</b>	<b>-</b>	<b>0.19</b>	<b>0.10</b>
<b>TOTAL (i+ii)</b>	<b>5,155.49</b>	<b>1,122.61</b>	<b>6.22</b>	<b>1,562.91</b>	<b>296.82</b>	<b>5.78</b>	<b>4,417.94</b>	<b>3,592.58</b>
<b>(iii) Capital Work-in-Progress</b>							<b>1,490.38</b>	<b>1,297.91</b>

(₹ in Crs)



## Notes to the Consolidated Financial Statements

for the year ended 31st March, 2022

F.Y. 2020-21	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK	
	Balance as at 1st April, 2020	Adjustment on Consolidation	Balance as at 31st March, 2021	Balance as at 1st April, 2020	Adjustment on Consolidation	Balance as at 31st March, 2021	Balance as at 31st March, 2021	Balance as at 31st March, 2020
<b>(i) Tangible Assets</b>								
Free hold Land	3.68	-	3.68	0.26	-	0.26	3.42	3.42
Lease Hold Land	163.96	4.66	240.32	9.78	0.51	11.25	229.07	154.18
Lease Assets Used	25.35	-	26.83	5.11	-	10.84	15.99	20.24
Residential Flat	-	-	-	-	-	-	-	-
Buildings	333.13	3.52	457.59	91.20	0.64	110.19	347.40	241.93
Plant and Equipment	3,070.74	101.86	4,141.71	1,151.43	28.61	1,302.13	2,839.58	1,919.31
R & D Assets	123.51	-	155.09	23.28	-	32.92	122.17	100.23
Furniture and Fixtures	42.21	0.47	54.95	26.76	0.28	32.35	22.60	15.45
Vehicles	33.65	1.94	34.51	20.84	1.06	22.26	12.25	12.81
<b>Total (i)</b>	<b>3,796.23</b>	<b>112.45</b>	<b>5,114.68</b>	<b>1,328.66</b>	<b>31.10</b>	<b>1,522.20</b>	<b>3,592.48</b>	<b>2,467.57</b>
<b>(ii) Intangible Assets</b>								
Process Development	21.96	-	21.96	21.46	-	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	-	1.24	NIL	0.42
<b>Total (ii)</b>	<b>40.81</b>	<b>NIL</b>	<b>40.81</b>	<b>39.89</b>	<b>NIL</b>	<b>40.71</b>	<b>0.10</b>	<b>0.92</b>
<b>TOTAL (i+ii)</b>	<b>3,837.04</b>	<b>112.45</b>	<b>5,155.49</b>	<b>1,368.55</b>	<b>31.10</b>	<b>1,562.91</b>	<b>3,592.58</b>	<b>2,468.49</b>
<b>(iii) Capital Work-in-Progress</b>							<b>1,297.91</b>	<b>1,417.64</b>

## Consolidated

## Notes to the Consolidated Financial Statements

for the year ended 31st March, 2022

### Capital-Work-in Progress (CWIP)

#### (a) Capital Work-In-Progress (CWIP) Ageing Schedule as on March 31, 2022:

(₹ in Crs)

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	719.02	559.44	115.59	53.36	1447.41
Projects temporarily suspended	-	-	-	-	-

#### Capital Work-In-Progress (CWIP) Ageing Schedule as on March 31, 2021:

(₹ in Crs)

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	676.50	490.11	100.66	30.64	1,297.91
Projects temporarily suspended	NIL	NIL	NIL	NIL	NIL

### Intangible assets under development:

#### Intangible assets under development aging schedule as on March 31, 2022

(₹ in Crs)

Intangible assets under development	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	42.97	-	-	-	42.97
Projects temporarily suspended	-	-	-	-	-

#### Intangible assets under development aging schedule as on March 31, 2021

(₹ in Crs)

Intangible assets under development	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-



## Notes to the Consolidated Financial Statements

for the year ended 31st March, 2022

### 2. NON-CURRENT INVESTMENTS:

(₹ in Crs)

Name of the Company	No. of Shares/Units	As at 31st March, 2022	No. of Shares/Units	As at 31st March, 2021
<b>Investments – (Unquoted) in Equity Shares of Other Companies</b>				
Ichalkaranji Janata Sahakari Bank Limited	1,020	0.01	1,020	0.01
Ganesh Polychem Limited	3,098,257	12.61	3,098,257	12.61
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	10.41	464,550	3.25
U.K.I.P. Co-Op. Soc. Limited	80	0.00	80	0.00
Aarti Ventures Limited	917,000	7.39	917,000	7.40
Tarapur Environment Protection Society	32,489	0.62	32,489	0.62
Derma Touch Inc.	125,000	8.99	125,000	8.82
Invatech	100,000	1.14	100,000	1.10
SBPP Bank Limited	783	0.01	783	0.01
Deltecs Infotech Private Limited	858	0.13	858	0.07
Bewakoof Brands Private Limited	4,033	5.37	4,033	4.51
Valiant Organic Limited	99,412	9.16	99,412	12.84
Polygamma Industries Private Limited	533,358	0.00	533,358	0.00
Numbermask Digital Private Limited	1,125	0.00	1,125	0.00
Trans Retail Ventures Private Limited	28,796	0.01	28,796	0.00
Aarti Biotech Limited	421,700	0.13	421,700	0.12
Aarti Intermediates Private Limited	22,125	0.00	22,125	0.00
Perfect Enviro Control Systems Limited	380,640	0.25	380,640	0.22
Shamrao Vithal Co-op. Bank Limited	100	0.00	100	0.00
		<b>56.37</b>		<b>51.73</b>
<b>Investments – (Unquoted) Convertible Pref. Shares</b>				
Deltecs Infotech Private Limited	750,000	0.26	750,000	0.26
Bewakoof Brands Private Limited	1,513	10.00	NIL	NIL
Valiant Oranics Limited	2,614	0.00	5,014	0.03
		<b>10.26</b>		<b>0.29</b>
<b>Investments – (Unquoted) in Warrant Certificate</b>				
Deltecs Infotech Private Limited	93	0.00	93	0.00
		<b>0.00</b>		<b>0.00</b>
<b>Investments – (Unquoted) in Limited Liability Partnership</b>				
Aarti Udyog Limited Liability Partnership	NA	3.67	NA	3.67
		<b>3.67</b>		<b>3.67</b>
<b>Investments – (Unquoted) in Unsecured Non-Convertible Debentures</b>				
Polygamma Industries Private Limited	282,448	2.83	282,448	2.83
		<b>2.83</b>		<b>2.83</b>
<b>Investments – (Unquoted) in Unsecured Convertible Debentures</b>				
Bewakoof Brands Private Limited	NIL	NIL	869	5.00
		<b>NIL</b>		<b>5.00</b>
<b>TOTAL</b>		<b>73.13</b>		<b>63.52</b>

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## Notes to the Consolidated Financial Statements

for the year ended 31st March, 2022

### 3. OTHER NON-CURRENT ASSETS:

Particulars	(₹ in Crs)	
	As at 31st March, 2022	As at 31st March, 2021
Capital Advances	103.83	92.10
Other Deposits	58.23	47.10
Advance Tax and Tax Deducted at Source (Net of Provisions)	255.59	180.87
<b>TOTAL</b>	<b>417.66</b>	<b>320.07</b>

### 4. INVENTORIES:

Particulars	(₹ in Crs)	
	As at 31st March, 2022	As at 31st March, 2021
Raw Materials and Components	414.96	278.80
Work-in-progress	322.07	240.40
Finished Goods	484.83	277.53
Stock-in-trade	28.41	28.21
Stores and spares	138.40	91.02
Fuel	13.84	13.90
Packing Materials	8.82	5.81
<b>TOTAL</b>	<b>1,411.33</b>	<b>935.68</b>

### 5. TRADE RECEIVABLES:

Particulars	(₹ in Crs)	
	As at 31st March, 2022	As at 31st March, 2021
Trade Receivables considered good – Unsecured	1,390.50	793.73
<b>TOTAL</b>	<b>1,390.50</b>	<b>793.73</b>

#### Trade Receivables ageing schedule

As on March 31, 2022

Particulars	(₹ in Crs)					Total
	Outstanding for following periods from due date of payments *					
	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 Years	
(i) Undisputed Trade receivables – considered good	440.44	25.32	2.38	-	-	468.14
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-	-
<b>TOTAL</b>	<b>440.44</b>	<b>25.32</b>	<b>2.38</b>	<b>-</b>	<b>-</b>	<b>468.14</b>



## Notes to the Consolidated Financial Statements

for the year ended 31st March, 2022

### As on March 31, 2021

Particulars	Outstanding for following periods from due date of payments *					(₹ in Crs)
	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 Years	Total
	(i) Undisputed Trade receivables – considered good	316.00	17.29	3.13	-	-
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-	-
<b>TOTAL</b>	<b>316.00</b>	<b>17.29</b>	<b>3.13</b>	<b>-</b>	<b>-</b>	<b>336.42</b>

\* Net of Provisions

### 6. CASH AND CASH EQUIVALENTS:

Particulars	(₹ in Crs)	
	As at 31st March, 2022	As at 31st March, 2021
Cash on hand	0.57	1.46
Bank balance in Current Accounts	120.03	23.25
Bank balance in Deposit Accounts	77.70	332.52
Earmarked Balances (Unpaid Dividend Accounts)	2.23	2.05
Cash Equivalents investment in highly Liquid Funds/Bonds	56.31	53.04
<b>TOTAL</b>	<b>256.84</b>	<b>412.32</b>

### 7. OTHER CURRENT FINANCIAL ASSETS:

Particulars	(₹ in Crs)	
	As at 31st March, 2022	As at 31st March, 2021
Balances with Customs, Port Trust, Central Excise, Sales Tax and Goods & Services Tax Authorities	147.95	171.45
<b>Loans Given to:</b>		
(i) Employees	11.18	8.57
(ii) Others	7.75	7.46
<b>TOTAL</b>	<b>166.88</b>	<b>187.48</b>

### 8. OTHER CURRENT ASSETS:

Particulars	(₹ in Crs)	
	As at 31st March, 2022	As at 31st March, 2021
Others Receivables	12.84	10.42
Prepaid Expenses	24.92	22.22
Subsidy Receivable	10.39	5.75
<b>TOTAL</b>	<b>48.15</b>	<b>38.39</b>

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## Notes to the Consolidated Financial Statements

for the year ended 31st March, 2022

### 9. EQUITY SHARE CAPITAL:

Particulars	No. of Shares		As at	
		31st March, 2022		31st March, 2021
<b>Authorised Share Capital</b>				
Equity Shares of ₹ 5/- each	<b>3,000,000,000</b>	<b>1,500.00</b>	<b>230,150,320</b>	<b>115.08</b>
<b>Issued, Subscribed &amp; Paid up</b>				
Equity Shares of ₹ 5/- each fully paid up	362,504,035	181.25	174,234,474	87.12
<b>TOTAL</b>		<b>181.25</b>		<b>87.12</b>

(₹ in Crs)

#### 9.1 Reconciliation of the number of Shares outstanding as on 31st March, 2022:

Particulars	No. of Shares outstanding	
	As at 31st March, 2022	As at 31st March, 2021
Equity Shares at the beginning of the year	174,234,474	174,234,474
Add: Shares issued during the year	188,269,561	NIL
Less: Shares buy-back during the year	NIL	NIL
<b>Equity Shares at the end of the year</b>	<b>362,504,035</b>	<b>174,234,474</b>

#### 9.2 Details of shareholders holding more than 5% shares:

There are no any shareholder holding more than 5% shares in this year as well as previous year.

#### 9.3 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

(Refer Note No. 9.4)

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

- During the year 2021-22, 17,42,34,474 shares are issued as Bonus Shares in the ratio of 1:1 equity share of ₹ 5 each.
- During the year 2021-22, 1,40,35,087 Shares were issued through Qualified Institutions Placement at the issue price of ₹ 855 per Equity Share (including ₹ 850 towards share premium) to qualified institutional buyers.
- 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.
- During the year 2019-20, 448,590 Shares were allotted 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.
- 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.
- During the year 2017-18, 820,383 Shares were brought back at a premium of ₹ 1,195/-.



## Notes to the Consolidated Financial Statements

for the year ended 31st March, 2022

### 9.5 Details of shareholding of Promoters

Promoters Name	As at 31st March 2022		As at 31st March 2021		% change during the year
	Number of Shares held	% of Holding	Number of Shares held	% of Holding	
Rashesh Chandrakant Gogri	15,337,616	4.23	7,668,808	4.40	(0.17)
Mirik Rajendra Gogri	11,172,384	3.08	5,586,192	3.21	(0.12)
Renil Rajendra Gogri	11,171,008	3.08	5,585,504	3.21	(0.12)
Hetal Gogri Gala	10,462,192	2.89	5,231,096	3.00	(0.12)
Anushakti Enterprise Private Limited	9,970,000	2.75	4,985,000	2.86	(0.11)
Jaya Chandrakant Gogri	9,898,548	2.73	5,399,274	3.10	(0.37)
Sarla Shantilal Shah	9,743,322	2.69	4,274,383	2.45	0.23
Labdhi Business Trust	9,200,000	2.54	5,000,000	2.87	(0.33)
Orchid Family Trust	6,596,000	1.82	3,298,000	1.89	(0.07)
Tulip Family Trust	6,596,000	1.82	3,298,000	1.89	(0.07)
Safechem Enterprises Private Limited	5,852,000	1.61	2,926,000	1.68	(0.07)
Rajendra Vallabhaji Gogri	5,703,600	1.57	2,851,800	1.64	(0.06)
Nehal Garewal	4,489,950	1.24	2,244,975	1.29	(0.05)
Heena Family Private Trust	3,335,436	0.92	1,667,718	0.96	(0.04)
Bhavna Family Private Trust	3,216,404	0.89	1,608,202	0.92	(0.04)
Nikhil Parimal Desai	3,075,016	0.85	1,557,554	0.89	(0.05)
Jasmine Family Trust	2,750,000	0.76	1,375,000	0.79	(0.03)
Alchemie Financial Services Limited	2,692,024	0.74	1,346,012	0.77	(0.03)
Lotus Family Trust	2,498,000	0.69	1,249,000	0.72	(0.03)
Manomaya Business Trust	2,400,000	0.66	1,600,000	0.92	(0.26)
Aarnav Rashesh Gogri	2,200,000	0.61	1,100,000	0.63	(0.02)
Aashay Rashesh Gogri	2,200,000	0.61	1,100,000	0.63	(0.02)
Manisha Rashesh Gogri	2,200,000	0.61	1,100,000	0.63	(0.02)
Bhavna Shah Lalka	2,055,764	0.57	1,027,882	0.59	(0.02)
Arti Rajendra Gogri	1,901,024	0.52	950,512	0.55	(0.02)
Parimal Hasmukhlal Desai	1,598,284	0.44	618,608	0.36	0.09
Ratanben Premji Gogri	1,351,230	0.37	713,615	0.41	(0.04)
Heena Bhatia	1,290,352	0.36	645,176	0.37	(0.01)
Rajendra Vallabhaji Gogri (HUF)	1,233,096	0.34	616,548	0.35	(0.01)
Shantilal Tejshi Shah HUF	1,115,526	0.31	557,763	0.32	(0.01)
Alchemie Finserv Private Limited	1,056,420	0.29	528,210	0.30	(0.01)
Gogri Finserv Private Limited	1,056,420	0.29	528,210	0.30	(0.01)
Nikhil Holdings Private Limited	823,566	0.23	462,783	0.27	(0.04)
Indira Madan Dedhia	729,678	0.20	364,839	0.21	(0.01)
Mananjay Singh Garewal	650,040	0.18	325,020	0.19	(0.01)
Chandrakant Vallabhaji Gogri	622,000	0.17	311,000	0.18	(0.01)
Bhanu Pradip Savla	522,948	0.14	261,474	0.15	(0.01)
Monisha Bhatia	484,484	0.13	242,242	0.14	(0.01)
Shreya Suneja	450,000	0.12	260,000	0.15	(0.03)
Gunavanti Navin Shah	346,578	0.10	173,289	0.10	0.00
Jayesh Shah	65,666	0.02	32,833	0.02	0.00
Dilesh Roadlines Private Limited	33,272	0.01	16,636	0.01	0.00
Valiant Organics Limited	30,000	0.01	15,000	0.01	0.00
Prasadi Yogesh Banatwala	18,280	0.01	10,590	0.01	0.00
Pooja Renil Gogri	1,528	0	764	0	0.00
Desai Tarla Parimal	0	0	225,534	0.13	(0.13)
Late Shantilal Tejshi Shah	0	0	640,796	0.37	(0.37)
<b>TOTAL</b>	<b>160,195,656</b>	<b>44.19</b>	<b>81,581,842</b>	<b>46.82</b>	<b>(2.63)</b>

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## Notes to the Consolidated Financial Statements

for the year ended 31st March, 2022

### 10. OTHER EQUITY:

Particulars	(₹ in Crs)	
	As at 31st March, 2022	As at 31st March, 2021
<b>a. Capital Reserves</b>		
Opening Balance	13.33	13.89
Addition:		
Deduction	3.63	0.56
<b>Closing Balance</b>	<b>9.70</b>	<b>13.33</b>
<b>b. Capital Redemption Reserve</b>		
Opening Balance	0.72	0.72
Addition:		
Deduction:	0.36	
<b>Closing Balance</b>	<b>0.36</b>	<b>0.72</b>
<b>c. Securities Premium Account</b>		
Opening Balance	697.70	697.49
Addition:	1,192.98	0.21
Deduction:	0.47	
QIP Expenses	13.31	NIL
Issue of Bonus Shares	87.12	NIL
<b>Closing Balance</b>	<b>1,789.78</b>	<b>697.70</b>
<b>d. Debenture Redemption Reserve</b>		
Opening Balance	NIL	80.00
Addition: Transferred from Profit & Loss Account	NIL	NIL
Deduction:		
Transferred to General Reserve	NIL	80.00
<b>Closing Balance</b>	<b>NIL</b>	<b>NIL</b>
<b>e. RBI Reserve U/s 45 (IC)</b>		
Opening Balance	3.70	3.70
Addition	NIL	NIL
Deduction	NIL	NIL
<b>Closing Balance</b>	<b>3.70</b>	<b>3.70</b>
<b>f. General Reserve</b>		
Opening Balance	346.31	213.65
Addition:		
Transferred from Debenture Redemption Reserve	NIL	80.00
Transferred from Profit & Loss Account	131.05	52.66
Deduction:	6.30	NIL
<b>Closing Balance</b>	<b>471.06</b>	<b>346.31</b>
<b>g. Profit and Loss Account</b>		
Opening balance	2,355.07	1,931.18
Addition:		
Net Profit/(Loss) for the year	1,307.19	523.47
Deduction:		
Final Dividend Paid on Equity Shares	54.38	20.51
Proposed Dividend		
Interim Dividend paid on Equity Share for the year	72.50	26.14
Foreign Exchange Difference on Translation	(0.05)	1.85
Intergroup Dividend	NIL	(1.55)
Transferred to Reserves/Change due to Change in Control	98.08	52.66
<b>Closing Balance</b>	<b>3,437.37</b>	<b>2,355.07</b>



## Notes to the Consolidated Financial Statements

for the year ended 31st March, 2022

(₹ in Crs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Non-Current	Current	Non-Current	Current
<b>h. Other Reserves</b>				
Revaluation Reserve		0.51		0.51
Forfeiture Reserve		1.85		1.85
<b>Closing Balance</b>		<b>2.36</b>		<b>2.36</b>
<b>i. Other Comprehensive Income</b>				
Opening Balance		(3.41)		(51.35)
OCI for the year		22.29		47.94
<b>Closing Balance</b>		<b>18.88</b>		<b>(3.41)</b>
<b>TOTAL</b>		<b>5,733.21</b>		<b>3,415.78</b>

### 11. NON-CURRENT BORROWINGS:

(₹ in Crs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Non-Current	Current	Non-Current	Current
<b>Secured</b>				
(a) ECB/Term loans from Banks/Financial Institutions	925.28	359.30	1,265.09	350.39
(b) Vehicle Loans from Banks/Financial Institutions	5.13	0.64	2.96	1.33
<b>TOTAL</b>	<b>930.41</b>	<b>359.94</b>	<b>1,268.05</b>	<b>351.72</b>

### 12. OTHER NON CURRENT LIABILITIES

(₹ in Crs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Non-Current	Current	Non-Current	Current
Lease Liabilities Account	16.45	5.32	13.12	4.61
Long Term Advances for Exports received from Customer	223.58	72.00	211.29	190.01
<b>TOTAL</b>	<b>240.03</b>	<b>77.32</b>	<b>224.41</b>	<b>194.62</b>

### 13. DEFERRED TAX LIABILITIES (NET):

(₹ in Crs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Non-Current	Current	Non-Current	Current
<b>Deferred Tax Liabilities</b>				
Difference between net book value of depreciable capital assets as per books vis-a-vis written down value as per Tax Laws.		35.26		28.06
<b>Deferred Tax Assets</b>				
Items allowed for tax purpose on payment		(18.97)		(5.13)
<b>Deferred Tax Liabilities (Net)</b>		<b>250.23</b>		<b>233.94</b>

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## Notes to the Consolidated Financial Statements

for the year ended 31st March, 2022

### 14. SHORT-TERM BORROWINGS:

Particulars	(₹ in Crs)	
	As at 31st March, 2022	As at 31st March, 2021
<b>Secured</b>		
Working Capital Loan From Banks	1,236.32	1,146.51
<b>Total</b>	<b>1,236.32</b>	<b>1,146.51</b>
<b>Unsecured</b>		
From Banks	49.26	76.09
From Other	1.63	1.47
<b>Total</b>	<b>50.89</b>	<b>77.56</b>
<b>TOTAL</b>	<b>1,287.21</b>	<b>1,224.07</b>

### 15. TRADE PAYABLES:

Particulars	(₹ in Crs)	
	As at 31st March, 2022	As at 31st March, 2021
Trade payables due to:		
Micro and Small Enterprises (MSME)	75.54	96.85
Other than Micro and Small Enterprises	414.54	479.48
<b>TOTAL</b>	<b>490.08</b>	<b>576.33</b>

#### Trade Payables ageing schedule as on March 31, 2022

Particulars	(₹ in Crs)				Total
	Outstanding for following periods from due date of payments				
	Less than 1 year	1-2 years	2-3 years	More than 3 Years	
Micro and Small Enterprises (MSME)	-	-	-	-	-
Other than Micro and Small Enterprises	135.36	7.31	-	-	142.67
Disputed Dues to MSME	-	-	-	-	-
Disputed Dues to Others	-	-	-	-	-
<b>TOTAL</b>	<b>135.36</b>	<b>7.31</b>	<b>-</b>	<b>-</b>	<b>142.67</b>

#### Trade Payables ageing schedule as on March 31, 2021

Particulars	(₹ in Crs)				Total
	Outstanding for following periods from due date of payments				
	Less than 1 year	1-2 years	2-3 years	More than 3 Years	
Micro and Small Enterprises (MSME)	-	-	-	-	-
Other than Micro and Small Enterprises	93.35	9.23	-	-	102.58
Disputed Dues to MSME	-	-	-	-	-
Disputed Dues to Others	-	-	-	-	-
<b>TOTAL</b>	<b>93.35</b>	<b>9.23</b>	<b>-</b>	<b>-</b>	<b>102.58</b>



## Notes to the Consolidated Financial Statements

for the year ended 31st March, 2022

### 16. OTHER CURRENT LIABILITIES:

Particulars	(₹ in Crs)	
	As at 31st March, 2022	As at 31st March, 2021
Current maturities of Long-Term Debt	359.30	350.39
Current maturities of Vehicle Loan	0.98	1.33
Long Term Advance for Exports Received From Customer Current Portion	72.00	190.01
Lease Liabilities Account (current)	5.32	4.61
Interest accrued but not due on borrowings	0.28	0.27
Unpaid Dividends	2.23	2.05
Other Current Liabilities & Taxes	16.51	10.96
<b>TOTAL</b>	<b>456.62</b>	<b>559.62</b>

### 17. SHORT-TERM PROVISIONS:

Particulars	(₹ in Crs)	
	As at 31st March, 2022	As at 31st March, 2021
<b>Provision for</b>		
Employees' Benefits	100.74	38.72
Others	2.30	1.40
<b>TOTAL</b>	<b>103.04</b>	<b>40.12</b>

### 18. REVENUE FROM OPERATIONS:

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Sale of Products	7,017.08	4,822.40
Other Operating Revenues	902.23	200.88
<b>GROSS REVENUE OPERATIONS</b>	<b>7,919.31</b>	<b>5,023.28</b>
Less: GST Collected	919.35	517.18
<b>NET REVENUE OPERATIONS</b>	<b>6,999.96</b>	<b>4,506.10</b>

#### 18.1. OTHER OPERATING REVENUES:

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Fertilizers Subsidy Received	55.69	20.24
Export Benefits/Incentives	25.87	21.86
Scrap Sales	16.41	11.53
Contract Shortfall Fees	173.01	147.24
Termination Fees	631.25	NIL
<b>TOTAL</b>	<b>902.23</b>	<b>200.88</b>

## Consolidated

## Notes to the Consolidated Financial Statements

for the year ended 31st March, 2022

### 19. OTHER INCOME:

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Dividend Received	NIL	0.02
Profit on Sale of Assets/Investment	0.60	0.34
Lease Rent Income	0.05	NIL
Other Income	0.15	0.34
<b>TOTAL</b>	<b>0.80</b>	<b>0.70</b>

### 20. COST OF MATERIALS CONSUMED:

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Consumption of Raw Materials	2,713.18	1,610.48
Consumption of Packing Materials	58.53	42.53
Consumption of Fuel	349.19	172.87
Consumption of Stores & Spares	147.69	111.68
<b>TOTAL</b>	<b>3,268.59</b>	<b>1,937.57</b>

### 21. CHANGE IN INVENTORY:

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
<b>Opening Stock</b>		
Finished Goods	301.38	286.40
Work-in-Progress	241.50	208.44
<b>Total (A)</b>	<b>542.88</b>	<b>494.84</b>
<b>Closing Stock</b>		
Finished Goods	482.08	302.77
Work-in-Progress	322.07	245.33
<b>Total (B)</b>	<b>804.16</b>	<b>548.10</b>
<b>TOTAL (A-B)</b>	<b>(261.28)</b>	<b>(53.25)</b>

### 22. EMPLOYEE BENEFITS:

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Salaries, Wages & Bonus	372.48	313.05
Contribution to PF and other Funds	37.00	26.99
Workmen & Staff Welfare Expenses	32.60	31.33
<b>TOTAL</b>	<b>442.08</b>	<b>371.38</b>



## Notes to the Consolidated Financial Statements

for the year ended 31st March, 2022

### 23. FINANCE COST:

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Interest on NCD's	NIL	2.55
Other Interest Expenses	105.71	74.16
Other Borrowing Costs	8.58	9.66
<b>TOTAL</b>	<b>114.29</b>	<b>86.37</b>

### 24. OTHER EXPENSES:

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
<b>Manufacturing Expenses:</b>		
Freight, Cartage & Transport	168.16	118.54
Power	159.03	131.37
Water Charges	17.00	13.99
Processing Charges	58.92	59.47
Other Manufacturing Expenses	209.88	160.40
Repairs & Maintenance	163.62	114.51
Insurance Charges	16.01	10.95
Research & Development Expenses	13.93	55.10
Factory Administrative Expenses	93.75	70.06
<b>Total (A)</b>	<b>900.30</b>	<b>734.39</b>
<b>Office Administrative Expenses:</b>		
Rent, Rates and Taxes	2.08	1.30
Travelling and Conveyance	3.96	3.47
Auditor's Remuneration	0.57	0.47
Legal & Professional Charges	19.04	18.51
Postage, Telegraph & Telephone/Printing & Stationery Expenses	1.56	1.18
Other Administrative Expenses	16.81	14.28
<b>Total (B)</b>	<b>44.02</b>	<b>39.22</b>
<b>Selling &amp; Distribution Expenses:</b>		
Advertisement & Sales Promotion	7.49	3.75
Export Freight Expenses	194.56	85.57
Freight and Forwarding Expenses	151.15	116.21
Commission	15.01	15.53
Export Insurance Charges	1.88	1.95
Sample Testing & Analysis Charges	1.88	1.44
Lease Rent Paid	5.65	10.97
Other Expenses	0.21	0.17
Sales Tax & Other Dues Paid	NIL	0.06
Sundry Balance Written Off/(Back)	0.13	0.87
<b>Total (C)</b>	<b>377.96</b>	<b>236.52</b>
<b>Non-Operating Expenses:</b>		
Donations and CSR Expenses	12.97	14.50
<b>Total (D)</b>	<b>12.97</b>	<b>14.50</b>
<b>TOTAL (A+B+C+D)</b>	<b>1,335.25</b>	<b>1,024.63</b>

## Consolidated

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2022

### 24.1 AUDITOR'S REMUNERATION:

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Audit Fees	0.38	0.38
Certification Charges	0.08	0.03
Out of Pocket Expenses	0.01	NIL
<b>TOTAL</b>	<b>0.47</b>	<b>0.41</b>

### 25. EARNING PER SHARE (EPS):

Particulars		(₹ in Crs)	
		For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Net Profit after Tax	(₹ in Crs)	1,307.42	535.22
Profit attributable to Minority Interest	(₹ in Crs)	(0.23)	(11.75)
Share of Profit/(Loss) of Associates	(₹ in Crs)	NIL	NIL
Net Profit After Consolidation available for Equity Shareholders	(₹ in Crs)	1,307.19	523.47
No. of Equity Shares	(Nos.)	362,504,035	174,234,474
Basic & Diluted EPS	(₹)	36.06	30.04
Basic/Diluted after considering issue of bonus equity shares	(₹)	36.06	15.02
Nominal Value of Equity Share	(₹)	5.00	5.00

**25.1** 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 included 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.

### 26. CONTINGENT LIABILITIES AND COMMITMENTS:

(to the extent not provided for)

Particulars	(₹ in Crs)	
	As at 31st March, 2022	As at 31st March, 2021
<b>(i) Contingent Liabilities:</b>		
(a) Claims against the company not acknowledged as Debts	138.92	68.10
(b) Letters of Credit, Bank Guarantees & Bills Discounted	450.92	250.90
	<b>589.84</b>	<b>319.00</b>
<b>(ii) Commitments:</b>		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	419.06	120.02
	<b>419.06</b>	<b>120.02</b>
<b>TOTAL</b>	<b>1,008.90</b>	<b>439.02</b>



## Notes to the Consolidated Financial Statements

for the year ended 31st March, 2022

### 27. 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 Finechem Private Limited (formerly known as 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       |

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.

Sr. No.	Description of Transaction	Year	(₹ in Crs)
			Other related Enterprises Firms
1	Sales of Finished Goods/Sales Income	CY	264.20
		PY	63.84
2	Purchases of Raw Materials/Finished Goods	CY	46.63
		PY	15.36
3	Outstanding items pertaining to the related parties at the balance sheet date Receivable/(Payable)	CY	44.78
		PY	53.33

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## Notes to the Consolidated Financial Statements

for the year ended 31st March, 2022

**(B) Details relating to persons referred to in item III above\***

Particulars	(₹ in Crs)	
	Financial Year 2021-22	Financial Year 2020-21
a. Remuneration including perquisites #	8.80	8.46
b. Commission to Directors/KMPs	44.97	18.95
c. Rent paid	1.01	1.07
d. Travelling Expenses	0.25	0.02
e. Telephone Expenses	0.01	0.02
<b>TOTAL</b>	<b>55.04</b>	<b>28.52</b>

\* 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: ₹ 0.03 Crs).

**28. SEGMENT REPORTING:**

Sr. No.	Particulars	(₹ in Crs)	
		Financial Year 2021-22	Financial Year 2020-21
<b>(A) Primary Segments: Business Segments</b>			
<b>1</b>	<b>Segment Revenue:</b>		
	a) Speciality Chemicals	6,619.38	4,070.98
	b) Pharmaceuticals	1,299.93	952.30
	<b>Total Revenue (Gross)</b>	<b>7,919.31</b>	<b>5,023.28</b>
	Less: GST Collected	919.35	517.18
	<b>Total Revenue (Net)</b>	<b>6,999.96</b>	<b>4,506.10</b>
<b>2</b>	<b>Segment Results Profit/(Loss):</b>		
	Before Tax and Interest from each Segment		
	a) Speciality Chemicals	1,613.93	746.37
	b) Pharmaceuticals	220.33	210.96
	<b>Total (A)</b>	<b>1,834.26</b>	<b>957.33</b>
	Less: Interest	114.29	86.37
	Other Unallocable Expenditure (Net)	193.17	206.41
	<b>Total (B)</b>	<b>307.46</b>	<b>292.78</b>
	<b>Total Profit before Tax (A-B)</b>	<b>1,526.80</b>	<b>664.55</b>
<b>3</b>	<b>Segment Assets:</b>		
	a) Speciality Chemicals	7,166.99	5,489.86
	b) Pharmaceuticals	1,675.55	1,341.73
	c) Unallocated Capital	573.43	397.77
	<b>TOTAL</b>	<b>9,415.97</b>	<b>7,229.36</b>
	<b>Segment Liabilities:</b>		
	a) Speciality Chemicals	1,044.79	1,172.54
	b) Pharmaceuticals	244.98	227.95
	c) Unallocated Capital	250.23	233.94
	<b>TOTAL</b>	<b>1,540.00</b>	<b>1,634.43</b>
<b>(B) Secondary Segments: Geographical Segments (Gross)</b>			
	a) India	4,441.79	2,835.73
	b) Out of India	3,477.52	2,187.55
	<b>TOTAL</b>	<b>7,919.31</b>	<b>5,023.28</b>

**Note:**

The above segment report is presented in accordance with the applicable provisions & principles laid down under IND AS 108.



## Notes to the Consolidated Financial Statements

for the year ended 31st March, 2022

### 29. 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)
<b>Parent</b>				
Aarti Industries Limited	97.81%	5785.42	98.60%	1288.85
<b>Subsidiaries</b>				
Alchemie (Europe) Limited	0.03%	1.77	0.16%	2.07
Aarti USA Inc.	0.00%	0.26	0.14%	1.79
Aarti Corporate Services Limited	0.37%	21.84	-0.03%	(0.40)
Ganesh Polychem Limited*	1.93%	114.32	1.57%	20.51
Innovative Envirocare Jhagadia Limited	0.00%	0.17	0.00%	0.00
Nascent Chemical Industries Limited	0.01%	0.52	-0.02%	(0.26)
Shanti Intermediates Private Limited	0.01%	0.56	0.02%	0.20
Aarti Polychem Private Limited	0.00%	(0.01)	0.00%	(0.01)
Aarti Pharmalabs Limited (formerly known as Aarti Organics Limited)	0.00%	0.15	-0.01%	(0.08)
Aarti Bharuch Limited	0.00%	0.22	0.00%	(0.01)
Aarti Pharmachem Limited	0.00%	0.22	0.00%	(0.01)
Aarti Spechem Limited	0.00%	0.22	0.00%	(0.01)
<b>Non-controlling Interest in all Subsidiaries</b>	0.01%	0.72	-0.02%	(0.23)
<b>Inter Company Elimination &amp; Consolidation Adjustment</b>	-0.19%	(11.20)	-0.40%	(5.22)
<b>TOTAL</b>	<b>100.00%</b>	<b>5915.18</b>	<b>100.00%</b>	<b>1307.19</b>

### 30. FAIR VALUE MEASUREMENTS:

#### Financial instruments by category

(₹ in Crs)

Particulars	As at 31st March, 2022			As at 31st March, 2021		
	Carrying Amount	Level 1	Level 2	Carrying Amount	Level 1	Level 2
<b>Financial Assets</b>						
<b>At Amortised Cost</b>						
Investments	40.28	-	-	35.11	-	-
Trade Receivables	1,390.50	-	-	793.73	-	-
Cash and Cash Equivalents	256.84	-	-	412.32	-	-
Other Financial Assets	328.95	-	-	326.68	-	-
<b>At FVTOCI</b>						
Investments	32.85	9.16	23.69	28.41	12.84	15.57
<b>Financial Liabilities</b>						
<b>At Amortised Cost</b>						
Borrowings	2,577.56	-	-	2,843.84	-	-
Trade Payables	490.08	-	-	576.33	-	-
Other Non-current Liabilities	223.58	-	-	224.41	-	-
Other Current Financial Liabilities	96.68	-	-	207.90	-	-

## Consolidated

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2022

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.

### 31. 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.

Particulars	(₹ in Crs)	
	31st March 2022	31st March 2021
Gross Debts	2,577.56	2,843.84
Less: Cash and Marketable Securities	(256.84)	(412.32)
<b>Net Debt (A)</b>	<b>2,320.72</b>	<b>2,431.52</b>
<b>Total Equity (B)</b>	<b>5,915.18</b>	<b>3,515.14</b>
<b>Net Gearing ratio (A/B)</b>	<b>0.39</b>	<b>0.69</b>

### Dividends

Particulars	(₹ in Crs)	
	31st March 2022	31st March 2021
<b>(i) Equity shares</b>		
Final dividend for the year ended 31st March 2021 of ₹ 1.50 per fully paid share & Interim Dividend for 2021-22 @ ₹ 2.00 per Share paid during the year 2021-22	126.88	43.56
<b>(ii) Dividends not recognised at the end of the reporting period</b>		
In addition to the above dividends, since year end the directors have recommended the payment of dividend of ₹ 1.50 (31st March 2021: ₹1.50) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	54.38	54.38

### 32. 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.



## Notes to the Consolidated Financial Statements

for the year ended 31st March, 2022

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 ALL.

### 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 2022

Maturities of non-derivative financial liabilities

(₹ in Crs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	490.08	-	-	490.08
Other financial liabilities	1,846.87	1,153.99	-	3,000.86
<b>Total</b>	<b>2,336.95</b>	<b>1,153.99</b>	-	<b>3,490.94</b>

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
<b>Total</b>	<b>2,400.14</b>	<b>1,492.46</b>	-	<b>3,892.60</b>

## 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.

## Consolidated

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2022

### 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.

### 33. RATIO ANALYSIS:

Particulars	Numerator	Denominator	31st March 2022	31st March 2021	% Variance
Current Ratio <sup>(a)</sup>	Total Current Assets	Total Current Liabilities	1.40	0.99	41.41%
Debt-Equity Ratio <sup>(b)</sup>	Total Debt	Total Equity	0.44	0.81	-45.68%
Debt Service Coverage Ratio <sup>(c)</sup>	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest + Principal repayments of Long Term Borrowings	3.73	2.26	65.04%
Return on Equity Ratio <sup>(d)</sup>	Net Profits after Taxes	Average Total Equity	27.72	15.89	74.21%
Inventory Turnover Ratio <sup>(e)</sup>	Cost of Goods Sold	Average Inventory	4.39	4.04	8.66%
Trade Receivables Turnover Ratio	Revenue from Operations	Average Trade Receivable	5.03	5.72	-12.06%
Trade Payables Turnover Ratio <sup>(f)</sup>	Purchase of materials and stock in trade	Average Trade Payables	7.21	4.78	50.84%
Net Capital Turnover Ratio <sup>(g)</sup>	Revenue from Operations	Working capital = Current assets – Current liabilities	5.40	3.65	47.95%
Net Profit Ratio <sup>(h)</sup>	Net Profit after Tax	Revenue from Operations	18.68	11.88	57.24%
Return on Capital Employed <sup>(i)</sup>	Earnings before Interest and Taxes & Depreciation	Average Capital Employed = Tangible Net Worth + Total Debt	25.99	17.04	52.52%
Return on Investment <sup>(j)</sup>	Profit for the year	Total Equity	22.10	15.23	45.11%

#### Notes for Ratio

- Current ratio has increased due to increase in current assets (viz inventory and trade receivables primarily due to increase in the input costs).
- Debt Equity ratio had declined due to higher profits for the year and also on account of the equity raise by way of QIP in the year.
- Debt service coverage ratio improved because of higher profits and lower finance costs during the year.
- Return on Equity has increased due to higher profits or the year and also on account of the equity raise by way of QIP in the year.
- Inventory turnover ratio increased primarily due to increase in the input costs.
- Trade payable Turnover ratio increased primarily due to increase in the pieces of feed stocks.
- Net Capital turnover ratio decreased due to increase in current assets (viz inventory and trade receivables primarily due to increase in the input costs).
- Net profit ratio increased due to higher profit (also inclusive of the termination income) during the year.
- Return on Capital employed increased due to higher operating profit (also inclusive of the termination income) during the year
- Return on Investment increased due to higher profits (also inclusive of the termination income) during the year.

### 34. 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 27, 2022

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



## Notice of Annual General Meeting

Notice is hereby given that the Thirty Ninth Annual General Meeting of the Members of **AARTI INDUSTRIES LIMITED** will be held on **Monday, the 26th day of September, 2022, 11.00 a.m. (IST), through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")**, to transact the following businesses:

### ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements for the financial year ended March 31, 2022 together with the Reports of the Auditors' and the Board of Directors' thereon.
- 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, 2022.
- To appoint a Director in place of Shri Renil Rajendra Gogri (DIN: 01582147), who is liable to retire by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Shri Manoj Mulji Chheda (DIN: 00022699), who is liable to retire by rotation and being eligible, offers himself for re-appointment.
- Appointment of Statutory Auditors 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 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, Gokhale & Sathe, Chartered Accountants (Firm Registration No.: 103264W) be and is hereby appointed as the Statutory Auditors of the Company in place of retiring auditor Kirtane & Pandit LLP, Chartered Accountants (Firm Regn. No. 105215VW/W100057), to hold office from the conclusion of this Annual General Meeting ("AGM") till the conclusion of the forty-fourth AGM to be held in the year 2027, at such remuneration, as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors.

**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."

### SPECIAL BUSINESS:

- To approve the re-appointment of Shri Rajendra V. Gogri (DIN: 00061003) 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 Rajendra V. Gogri (DIN 00061003) as the Managing Director, of the Company for a further period of five years with effect from July 01, 2023 to June 30, 2028 upon terms and conditions including remuneration payable to him as set out in the Explanatory Statement annexed to the Notice convening this meeting, with an authority in favour of the Nomination & Remuneration Committee and the Board to alter and vary the terms and conditions of the said appointment including remuneration in such manner as may be agreed between the Board and Shri Rajendra V. 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."

- To approve 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 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, consent of the Company be and is hereby given on revision in the terms of appointment (Remuneration) of Executive Directors shown hereunder with effect from April 01, 2022.

Name of Directors	Remuneration Salary (₹ in Lakhs)
Shri Rajendra V. Gogri (CMD)	102
Shri Rashesh C. Gogri (VC & MD)	102
Shri Parimal H. Desai (ED)	88
Shri Manoj M. Chheda (ED)	88
Smt. Hetal Gogri Gala (ED)	88
Shri Kirit R. Mehta (ED)	62
Shri Renil R. Gogri (ED)	74
Shri Narendra Salvi (ED)	88

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

## Notice of Annual General Meeting

**RESOLVED FURTHER THAT** the Nomination and Remuneration Committee of the Board of Directors of the Company be and is hereby authorised to determine the manner in which Commission, up to 3% of the Net Profit as calculated in accordance with the provisions of section 198 of the Companies Act, 2013, that can be paid cumulatively to all the Executive Directors in addition to Salary payable to them.

**RESOLVED FURTHER THAT** except the change as stated herein above, other terms & conditions shall remain unchanged.

**RESOLVED FURTHER THAT** the Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

8. To approve holding of office of profit in the Company by Shri Mirik R. Gogri.

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 Section 188 of the Companies Act, 2013 read with Rule 5 of Companies (Meeting of Board and its Powers) Rules, 2014 and other applicable provisions, if any, a consent of the Company be and is hereby accorded for Shri Mirik R. Gogri, to hold and continue to hold an office of profit in the Company, on the terms and conditions as set out in the revised letter of appointment to be issued by the Company.

**RESOLVED FURTHER THAT** the Managing Director Shri Rashesh C. Gogri be and is hereby authorised to alter, vary and communicate, time to time, the terms of appointment / re-appointment subject to maximum remuneration up to ₹ 80 Lakhs per annum.

**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."

9. To approve the remuneration of the Cost Auditors for the Financial Year 2022-23.

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), 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 2022-23.

**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 10, 2022

### 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 and General Circular no. 21/2021 dated December 14, 2021 and General Circular no. 3/2022 dated May 5, 2022 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/CMD /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 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 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](mailto:sunil@sunildedhia.com) with a copy marked to [evoting@nsdl.co.in](mailto: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. 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 re-lodged transfers of securities. Further, SEBI vide its circular no. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/236 dated December 2, 2020 had fixed March 31, 2021 as the cut-off date for re-lodgement of transfer deeds and the shares that are re-lodged for transfer shall be issued only in demat mode. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, mobile/ phone numbers, PAN, mandates, nominations and bank details etc., to their Depository Participants ("DPs") in case shares are held by them in electronic form and to the M/s. Link Intime India Private Limited in Form ISR-1, in case shares are held by them in physical form. Members can contact the Company or Company's Registrars and Transfer Agents, M/s. Link Intime India Private Limited for assistance in this regard. Members may also refer to Frequently Asked Questions ("FAQs") on Company's website [www.aarti-industries.com](http://www.aarti-industries.com).
6. The Company is concerned about the environment. We request you to update your email address with your Depository Participants to enable us to send you communications via email. The Members who have not registered their e-mail addresses, so far, are requested to register their email addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members, who hold shares in physical form are requested to provide their email addresses to the M/s. Link Intime India Private Limited sending an e-mail at [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) or to the Company at [investorrelations@aarti-industries.com](mailto:investorrelations@aarti-industries.com).
7. As per the provisions of Section 72 of the Act, the facility for making nominations is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The said form can be downloaded from the Company's website [www.aarti-industries.com](http://www.aarti-industries.com) Members are requested to submit the said details to their DP in case the shares are held by them in electronic form and to M/s. Link Intime India Private Limited, in case the shares are held in physical form. Further, if Members desire to opt out/ cancel the nomination and to record a fresh nomination, are requested to submit Form ISR-3 (in case of shares held in physical form) or SH-14 (in case of shares held in electronic mode).
8. SEBI has mandated listed companies to issue securities in dematerialized form only, while processing service requests for issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/ exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates / folios; and transmission and transposition. In this regard, members are requested to make requests in Form ISR – 4. It may be noted that any service request can be processed only after the folio is KYC Compliant.
9. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or M/s. Link Intime India Private Limited, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
10. In case of joint holders, the Member whose name appears as the first holder in the order of names as per

## Notice of Annual General Meeting

- the Register of Members of the Company will be entitled to vote during the AGM.
11. In compliance with the MCA Circulars and SEBI Circular, Notice of the AGM along with the Annual Report 2021-22 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories
  12. The Company has fixed Monday, September 19, 2022 as the 'Record Date' for determining entitlement of members to Final Dividend for the financial year ended March 31, 2022, if approved at the AGM.
  13. If the Final Dividend, as recommended by the Board of Directors, is approved at the AGM, payment of such Dividend subject to deduction of tax at source will be made within statutory timeline of 30 days as under:
    - a) To all Beneficial Owners in respect of shares held in dematerialized form as per the data made available by the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL"), collectively "Depositories", as at the close of business hours on Monday, September 19, 2022;
    - 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 Monday, September 19, 2022.
  14. The Company has transferred unclaimed amounts of Final Dividend, for the year 2013-14 and 1st Interim Dividend and 2nd Interim Dividend for the year 2014-15 to the Investor Education and Protection Fund as required under Sections 124 and 125 of the Companies Act, 2013.
  15. The Company has uploaded the information in respect of the Unclaimed Dividends, on the website of the IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in) and under "Investors Section" on the Website of the Company viz. <https://www.aarti-industries.com/>.
  16. The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 contain provisions for transfer of all shares in respect of which dividend has not been paid 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 <https://www.aarti-industries.com/> under "Investors Section".
  17. Attention of Members is invited to the provisions of Section 124(6) of the Companies Act, 2013 with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 amended from time to time ("IEPF Rules"), which inter alia requires the Company to transfer the equity shares, on which the dividend has remained unpaid 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.
  18. To register e-mail address for all future correspondence and update the bank account details, please follow the below process:

Physical Holding	Send a request to M/s. Link Intime India Private Limited at <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a> : <ol style="list-style-type: none"> <li>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)</li> <li>ii) To update bank account details, please send the following additional documents/information followed by the hard copies:               <ol style="list-style-type: none"> <li>a) Name of the bank and branch address</li> <li>b) Type of bank account i.e., savings or current</li> <li>c) Bank account no. allotted after implementation of core banking solutions</li> <li>d) 9-digit MICR code no., and</li> <li>e) 11-digit-digit IFSC code</li> <li>f) Original cancelled cheque bearing the name of the first shareholder, failing which a copy of the bank passbook / statement attested by bank.</li> </ol> </li> </ol>
Demat Holding	Please contact your DP and follow the process advised by your DP



19. Since the AGM will be held through VC / OAVM, the Route Map does not form part of the Notice. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of at item nos. 5 to 9 above is annexed hereto and forms part of the Notice.
20. Members may note that the Notice and Annual Report 2021-22 will also be available on the Company's website <https://www.aarti-industries.com/>, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of NSDL, [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
21. All documents referred to in the accompanying notice and the explanatory statements are open for inspection by the members at the registered office of the Company on all working days during 11:00 AM to 1:00 PM and through electronic means. Members can request the same by sending an email to [investorrelations@aarti-industries.com](mailto:investorrelations@aarti-industries.com) till the date of the AGM.
22. Members seeking any information with regards to Financial Statements or any matters to be placed at the AGM, are requested to write to the Company on or before September 26, 2022 through email at [investorrelations@aarti-industries.com](mailto:investorrelations@aarti-industries.com). The same will be replied by the Company suitably.
23. Pursuant to Finance Act, 2020, dividend income is taxable in the hands of shareholders effective April 01, 2020 and the Company is required to deduct tax at source from dividend paid to the Members at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and the amendments thereof. In general, to enable compliance with TDS requirements, Members are requested to complete and / or update their Residential status, PAN, Category with their depository participants ('DPs') or in case shares are held in physical form, with the Company / Registrars and Transfer Agents ('RTA') by sending documents through email on or before **September 19, 2022**.
24. **Voting through Electronic Means:**

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (LODR) Regulations, 2015 (as amended) and in terms of SEBI vide circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020 in relation to e-voting Facility provided by Listed Entities, the Company is providing facility of remote e-voting to its Members in respect

of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorised e-voting agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by NSDL.

The Members, whose names appear in the Register of Members /list of Beneficial Owners as on **Monday, September 19, 2022** 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 **Monday, September 19, 2022**. 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. **Monday, September 19, 2022** may obtain the login ID and password by sending a request at [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) and/ or [evoting@nsdl.co.in](mailto: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 the Meeting, count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting and at the meeting in the presence of at least two witnesses not in the employment of the Company. Scrutiniser shall within 2 working days of conclusion of the meeting submit a consolidated scrutiniser report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing.

The results along with the Scrutinisers Report shall be placed on the website of the Company and on the website of NSDL and shall be communicated to BSE Limited and National Stock Exchange of India Limited.

## Notice of Annual General Meeting

### I. THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-

The remote e-voting period begins on **Friday, September 23, 2022 at 9:00 a.m. (IST)** and ends on **Sunday, September 25, 2022 at 5:00 p.m. (IST)**. During this

period, Members holding shares either in physical form or in dematerialized form, as on **Monday, September 19, 2022** 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 the e-voting process.

Shareholders are advised to update their mobile number and e-mail ID with their DPs in order to access e-voting facility individual Shareholders holding securities in demat mode with NSDL.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>Existing <b>IDeAS</b> user can visit the e-Services website of NSDL viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “<b>Beneficial Owner</b>” icon under “<b>Login</b>” which is available under ‘<b>IDeAS</b>’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-voting services under Value added services. Click on “<b>Access to e-voting</b>” under e-voting services and you will be able to see e-voting page. Click on company name or <b>e-voting service provider i.e. NSDL</b> and you will be re-directed to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “<b>Register Online for IDeAS Portal</b>” or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on company name or <b>e-voting service provider i.e. NSDL</b> 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 &amp; voting during the meeting.</li> <li>Shareholders/Members can also download NSDL Mobile App “<b>NSDL Speede</b>” facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol> <p style="text-align: center;"><b>NSDL Mobile App is available on</b></p> <div style="display: flex; justify-content: center; gap: 20px;"> <div style="text-align: center;">  App Store         </div> <div style="text-align: center;">  Google Play         </div> </div> <div style="display: flex; justify-content: center; gap: 20px; margin-top: 10px;">   </div>



Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>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 <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Alternatively, the user can directly access e-voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-voting is in progress.</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on company name or e-voting service provider i.e. NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="https://evoting.nsd.com/">https://evoting.nsd.com/</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> 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?

- Visit the e-voting website of NSDL. Open a web browser by typing the following URL: <https://www.evoting.nsd.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 'Shareholders' section.
- A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsd.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.

- 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***

## Notice of Annual General Meeting

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](http://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](http://www.evoting.nsdl.com).
  - (c) If you are still unable to get the password by aforesaid two options, you can send a request at <https://evoting.nsdl.com/> 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 <https://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 <https://evoting.nsdl.com/> or call on toll free no.: 1800-222-990 or can contact NSDL on <https://evoting.nsdl.com/> or contact Further, please find below details of NSDL officials for queries.



Mr. Amit Vishal, Senior Manager, NSDL, 022-2499 4360 or email at [amitv@nsdl.co.in](mailto:amitv@nsdl.co.in)

Ms. Pallavi Mhatre, Manager, NSDL, 022-2499 4545 or email at [pallavid@nsdl.co.in](mailto: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 5 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on a first come first served basis. This will not include Large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are

allowed to attend the AGM without restriction on account of first come first served basis.

6. Members who need assistance before or during the AGM, can contact NSDL on <https://evoting.nsdl.com/> 1800-222- 990.
7. Members who would like to express their views or ask questions during the meeting may register themselves as a speaker by sending their request from their registered email ID mentioning their name, demat account number/ folio number, PAN, mobile number at [investorrelations@aarti-industries.com](mailto:investorrelations@aarti-industries.com) at least 5 days before the date of AGM. Those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
8. Members can raise questions at the AGM through a chat box and they are requested to frame their questions precisely. Once the Member clicks the link for VC/ OAVM in shareholder/members login where the EVEN of Company will be displayed, Members will be able to view AGM VC/OAVM proceedings along with the chat box. The questions raised by the Members will be replied to by the Company suitably.

## III. THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

1. The procedure for e-voting on the day of the AGM is the same as the instructions mentioned above for remote e-voting.
2. Only those Members, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.
3. Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

## Notice of Annual General Meeting

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [investorrelations@aartiindustries.com](mailto:investorrelations@aartiindustries.com)
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [investorrelations@aarti-industries.com](mailto:investorrelations@aarti-industries.com).
3. Alternatively members may send an email request to <https://evoting.nsdl.com/> for obtaining User ID

and Password by providing the details mentioned in Point (1) or (2) as the case may be.

4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-voting facility.

**Registered Office:**

Plot Nos. 801, 801/23  
GIDC Estate, Phase III,  
Dist. Valsad, Gujarat

Mumbai/ August 10, 2022

By order of the Board

Sd/

**Raj Sarraf**

Company Secretary

ICSI M. NO. A15526



## Annexure to the Notice

### Explanatory Statement pursuant to Section 102 of the Companies Act, 2013.

#### Item No. 5

Gokhale & Sathe, Chartered Accountants are proposed to be appointed as the Statutory Auditors by shareholders in the 39th Annual General Meeting to hold the office upto conclusion of 44th Annual General Meeting as per Section 139 of the Companies Act, 2013.

#### Terms and Conditions of Appointment proposed are as under:

Term of Appointment: 5 consecutive years from the conclusion of this AGM till the conclusion of 44th AGM.

Remuneration: After evaluating and considering various factors such as industry experience, competency of the audit team, efficiency in conduct of audit, independence, etc. the remuneration shall be paid as may be mutually agreed between the Board of Directors and Statutory Auditors.

#### Credentials

Gokhale & Sathe, Chartered Accountants ("the firm") is having 38 years of experience. As of date, the firm has 11 partners and staff strength of around 150 of which 20 are Qualified CAs and 75 articled trainees. The firm is empanelled with various authorities like ICAI, C&AG, NHA, CBI, IBA, etc. The firm is having rich clientele of listed manufacturing companies, various financial institutions, banks, non banking financial companies (NBFC's), insurance companies, along with other entities from other sectors.

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 in the said resolution.

#### Item No. 6

Shri Rajendra V. Gogri has been the Director of the Company since June 9, 1989. He has been acting as the Managing Director since July, 1998 and appointed as the Chairman of the Company with effect from August 16, 2012. His present term as Managing Director will expire on June 30, 2023. Based on the recommendation of the Nomination and Remuneration Committee, the Board in its meeting held on August 10, 2022, considered his re-appointment as the Managing Director for a period of five years from July 01, 2023, 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:** July 01, 2023 to June 30, 2028
2. **Remuneration:**
  - (a) **Salary:** As approved by the Shareholders, upon recommendations of the Nomination and Remuneration Committee, and the Board of Directors.
  - (b) **Commission:** In addition to the salary as above, he shall also be entitled for 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 Nomination and Remuneration Committee of 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

## Notice of Annual General Meeting

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 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 6 months 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 of 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 Rajendra V. Gogri is open for

inspection at the Registered Office of the Company on working day between (11:00 am to 1:00 pm) up to the date of Annual General Meeting.

Your Directors recommend the said resolution for your approval as an Ordinary Resolution.

Shri Rajendra V. Gogri and Shri Renil Rajendra Gogri, Executive Director, being related to him are interested in the resolution. The relatives of Shri Rajendra V. 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. 7

The Nomination and Remuneration Committee of the Board in its meeting held on May 26, 2022, 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) as stated in the table below:

Name of Directors	Remuneration Salary (₹ in Lakhs)
Shri Rajendra V. Gogri (CMD)	102
Shri Rashesh C. Gogri (VC & MD)	102
Shri Parimal H. Desai (ED)	88
Shri Manoj M. Chheda (ED)	88
Smt. Hetal Gogri Gala (ED)	88
Shri Kirit R. Mehta (ED)	62
Shri Renil R. Gogri (ED)	74
Shri Narendra Salvi (ED)	88

@ 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 01, 2022 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. 8

Shri Mirik R. Gogri has been holding office of profit under the Company presently as Head-Corporate Strategy.

Shri Mirik Gogri has a Dual Degree in Metallurgical engineering and Material Science from IIT Bombay. He has been working with the organisation since August, 2012. His role includes identifying new products and business opportunities and coordinating with the customers and operations team to fulfil these opportunities.

It is proposed to revise terms of his appointment/remuneration with effect from April 01, 2022 whereby monthly remuneration payable to him will increase beyond ₹ 2,50,000/- per month as set out in the draft letter of appointment to be issued to him.

The Vice Chairman and Managing Director, Shri Rashesh C. Gogri, may determine increments including perquisites etc. from time to time or annually as may be considered appropriate subject to maximum remuneration of ₹ 80 lakhs per annum.

Under the provision of Section 88 of the Companies Act, 2013, consent of the Company by way of resolution is necessary for a relative of a Director to hold and continue to hold an office of profit under the Company carrying a monthly remuneration exceeding ₹ 2,50,000/-.

In view of the business expediency, administrative convenience and to ensure due compliance of the applicable law, it is thus proposed to obtain consents of the Company as such for the payment of remuneration as aforesaid.

Your Directors recommend the resolution at Item No.8 of the Notice for your approval as an Ordinary Resolution.

Shri Rajendra V. Gogri and Shri Renil R. Gogri, being relatives, are considered as concerned or interested in the resolution.

None of the other Directors and Key Managerial Personnel of the Company is, in any way, concerned or interested in the said resolution.

### Item No. 9

Pursuant to Section 148 of the Companies Act, 2013 and Rule 4 of the Companies (Audit and Auditors) Rules, 2014, read with Companies (Cost Records and Audit) Rules, 2014, a proposal for appointment of Cost Auditor to audit the Cost records for the financial year 2022-23 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 27, 2022 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

Mumbai/ August 10, 2022

## Annexure A

Particulars	Shri Renil Rajendra Gogri (DIN: 01582147)	Shri Manoj Mulji Chheda (DIN: 00022699)	Shri Rajendra V. Gogri (DIN: 00061003)
Date of birth and age	April 14, 1987 (35 years)	October 23, 1962 (59 years)	December 16, 1959 (62 years)
Originally Appointed on	August 16, 2012	November 25, 1993	July 01, 1989
Qualifications	B.E. (IIT Mumbai)	B. Com	B.E. from ICT, Masters Degree in Chemical Engineering from U.S.
Experience and expertise in specific functional areas	He has been appointed as a Whole-Time Director of the company from August 16, 2012. He handles the portfolios of systems developments/ improvements in operations, adoption of IT advancement into operation and project execution and other production related activities of the Company.	He has been a Whole - time Director of the Company since November, 1993. He has wide experience of close to 30 years in purchase and marketing of Chemicals	He was appointed as a Chairman in 2012, nearly two decades after having been appointed as the Managing Director of the Company. He has been associated with the Company since its inception. A rank holder from UDCT, Mumbai, he possesses a master's degree in chemical engineering from USA. Along with Shri Chandrakant V. Gogri, he has played a pivotal role in ALL acquiring its present stature. In addition to technical acumen, he possesses a keen understanding of the financial and commercial aspects of the chemical industry. Like Shri Chandrakant V. Gogri, he also was conferred with the prestigious 'Distinguished Alumnus Award' from UDCT in the year 1995 for his entrepreneurial achievements. He was recently honoured with the 'Hurun Most Respected Entrepreneur of the Year – India' award in the year 2019. In the same year, he was also presented by the Indian Chemical Council with the 'Lala Shriram National Award' for leadership in the chemical industry.
Disclosure of Relationships between Director Inter-se	Shri Renil R. Gogri is son of Shri Rajendra V. Gogri, Chairman and Managing Director of the Company.	Nil	Shri Rajendra V. Gogri is father of Shri Renil Rajendra Gogri, Executive Director of the Company.
Directorships held in other Companies	<ul style="list-style-type: none"> <li>● Aar Em Finance and Investments Private Limited</li> <li>● Aarti Polychem Private Limited</li> <li>● Alchemie Finserv Private Limited</li> <li>● Gloire Trusteeship Services Private Limited</li> <li>● Safechem Enterprises Private Limited</li> <li>● Humming Whale Product Innovations Private Limited</li> </ul>	<ul style="list-style-type: none"> <li>● Aarti Corporate Services Limited</li> </ul>	<ul style="list-style-type: none"> <li>● Aarti Polychem Private Limited</li> <li>● Alchemie Finserv Private Limited</li> <li>● Crystal Millennium Realtors Private Limited</li> <li>● Gala Precision Engineering Private Limited</li> <li>● Gloire Trusteeship Services Private Limited</li> <li>● Kutchi Angel Network Private Limited</li> <li>● Prince Pipes and Fittings Limited</li> <li>● Relacion Trusteeship Services Private Limited</li> <li>● Safechem Enterprises Private Limited</li> <li>● Aarti Pharmalabs Limited</li> </ul>
Memberships / Chairmanships of committees of Listed Companies other than Aarti Industries Limited	Nil	Nil	Nil
No. of shares held in the Company	1,11,71,008	33,21,524	57,03,600

**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.



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](http://www.aarti-industries.com)

**Corporate Office**

71, 2nd Floor, Udyog Kshetra,  
Mulund-Goregaon Link Road,  
Salpa Devi Pada, Mulund West,  
Mumbai - 400 080, Maharashtra