AARTI INDUSTRIES®

A **Legacy** of Excellence A **Future** of Possibilities

INTEGRATED ANNUAL REPORT 2024-25

At Aarti Industries Limited (AIL), "A Legacy of Excellence, A Future of Possibilities" is more than a theme; it is the narrative that defines our identity and aspirations. With decades of industry leadership, AIL has developed a formidable presence across various end-use industries, including Agrochemicals, Polymers, Dyes, Pigments, Pharmaceuticals, Fuel Additives, Printing Inks, Rubber Chemicals, FMCG, among others.

Guided by a vision to revolutionise the Indian chemical landscape, we are now leaders in speciality chemicals with a global footprint. Our adaptability and extensive expertise enable us to meet the ever-changing demands of a dynamic global market. This legacy is built on a foundation of operational excellence, process innovation, and a strategically distributed customised customer solutions and research and development (R&D) network. This approach ensures our agility, resilience, and a continuous global supply chain.

This year, we proudly commemorate 40 years of Aarti Industries Limited—a vibrant journey rooted in tradition yet confidently striding ahead. Our theme draws inspiration from the captivating Warli art, a traditional tribal art form from the states of Maharashtra and Gujarat. Each motif is thoughtfully hand-drawn, celebrating the earthy elegance characteristic of Warli designs while seamlessly blending our brand colours to honour our rich heritage.

As we embrace the future, we are dedicated to continuous evolution through innovative sustainability practices and responsible resource management, minimising our environmental footprint. With a diverse portfolio of over 100 products and cutting-edge infrastructure, Aarti Industries Limited is poised to unlock new avenues and set a course for a future brimming with innovation, responsibility, and global impact.

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Our Guiding Principles

Vision

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

Mission

Delighted stakeholders

Our Purpose

Right Chemistry for a Brighter Tomorrow

Values

Care

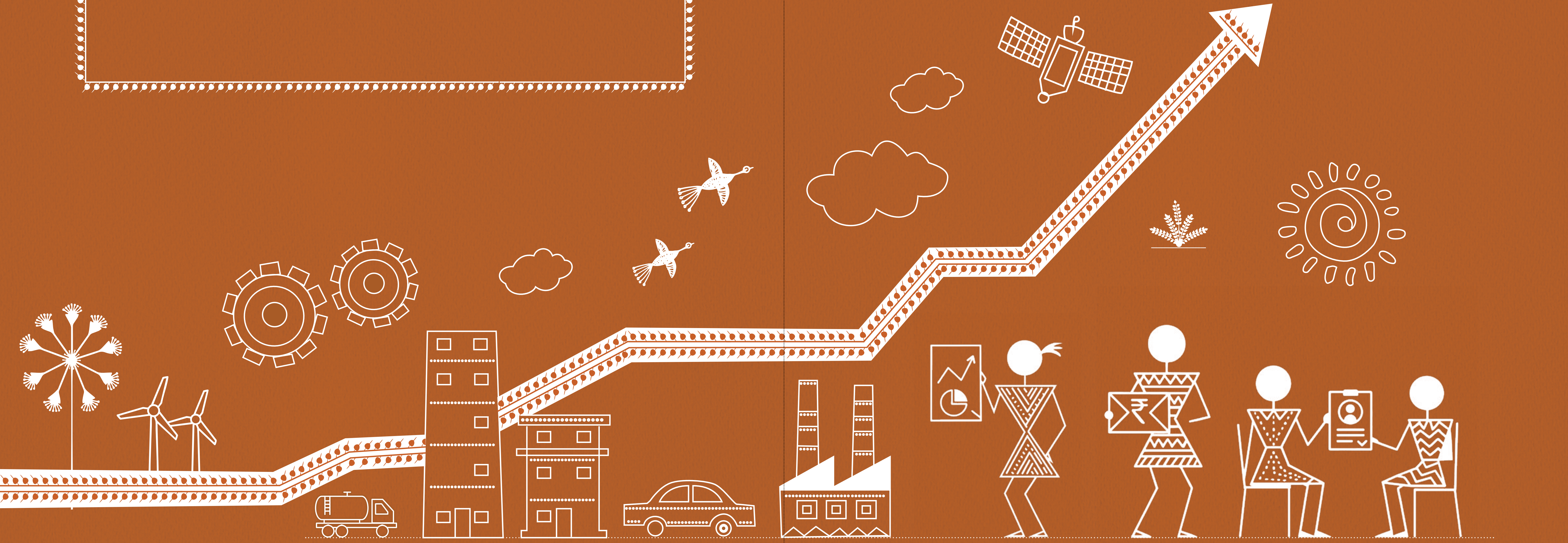
Our commitment to care includes all our stakeholders – our employees, our customers, our suppliers, our community and our environment

Integrity

We practice the highest ethical and moral standards

Excellence

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



About the Report

Reporting Period

April 1, 2024 to March 31, 2025

Approach to Reporting

Aarti Industries Limited is committed to transparent stakeholder communication and creating value for all our stakeholders in the short, medium, and long term. We present our inaugural Integrated Report, aligned with established global reporting standards. The report outlines our achievements, governance, and performance while emphasising sustainable practices and key indicators across six capitals. It highlights our commitment to addressing environmental and social challenges alongside financial metrics, ensuring transparency and connectivity in our operations.

Reporting Frameworks

This report aligns with the applicable principles and guidelines of the:

- International Integrated Reporting <IR> framework of the IFRS Foundation
- The Global Reporting Initiative (GRI) Standards
- United Nations Sustainable Development Goals (UN SDGs)
- Sustainability Accounting Standards Board (SASB)
- Task Force on Climate-related Financial Disclosures (TCFD)
- The Companies Act, 2013 (and the rules made thereunder)
- Indian Accounting Standards
- Business Responsibility and Sustainability Reporting (BRSR) framework of the Securities and Exchange Board of India (SEBI).

Reporting Scope and Boundary

It details the company's primary activities across all operating regions, business segments, and support functions. This report covers sustainability performance of manufacturing plants, Vapi (Divisions: Acid (including Fertiliser and DMS), Amine, Alchemie, Organic, Nascent; Pilot Plant: Apple), Tarapur (Topaz), Jhagadia (Pearl, Ruby, Jade, Gold), Dahej (Neo, Diamond, Saffron), Kutch (Anushakti), Navi Mumbai (ARTC), and corporate offices in Mumbai and Vadodara, along with all subsidiaries. 100% of our revenue contribution is covered by ESG reporting. We have excluded the project sites, constructions, commissioning activities and trading.

Financial and Non-financial Reporting

This report provides a comprehensive view of financial and non-financial performance, encompassing opportunities, risks, and stakeholder impacts that influence our value creation and affect the business model and strategic objectives. It highlights our performance against established plans, illustrates resource utilisation in achieving goals, and highlights areas for improvement.

Our Capitals

This integrated report employs the six capitals in accordance with the <IR> Framework to provide a comprehensive understanding of the company's functioning and value creation process.

Capitals

- Financial Capital
- Manufactured Capital
- Natural Capital
- Intellectual Capital
- Human Capital
- Social and Relationship Capital

Stakeholders

At Aarti Industries Limited, we view stakeholders as key partners in creating long-term, sustainable value. Our approach to engagement emphasises meaningful and transparent relationships, which are essential for building business resilience and trust. By using structured channels and feedback mechanisms, we keep stakeholders informed and engaged, incorporating their input into our sustainability agenda and adaptability.

Our Materiality Approach

This report emphasises the key factors affecting value creation for stakeholders. In FY25, we categorised our material topics into Environment, Social, and Governance (ESG) for strategic planning following the double materiality approach. We evaluated risks and opportunities, identified key stakeholders, and maintained regular engagement with them to address their concerns.

Board of Director's Assurance

The Board of Directors of Aarti Industries Limited confirms that this Integrated Report for the year ended March 31, 2025, presents a fair, balanced, and accurate account of the company's strategy, performance, and value creation. It has been prepared in alignment with the International <IR> Framework, other aforementioned standards, and applicable regulatory requirements.

The Board has reviewed this report and remains committed to upholding transparency, accountability and long-term value creation for all stakeholders. Occasional differences in data and percentages in the graphs and tables are due to the rounding-off effect of values.

External Assurance

The content of this report was subject to review and oversight by our management team, Board of Directors, and Audit Committee to ensure its reliability and transparency. Audit of financial statements is carried out by our statutory auditor, Gokhale & Sathe, found on page no. 308 of this report. TUV India Private Limited has independently assured non-financial information, which can be found on page no. 302 and 447 of this report.

Forward-looking Statement

Certain statements in this document are considered "forward-looking statements," which involve known and unknown risks, opportunities, uncertainties, and other important factors that could lead to materially different results. These statements are typically identified by phrases such as "anticipate," "believe," "estimate," "expect," "foresee," "intend," "may," "plan," "project," "should," "will," and similar expressions. These forward-looking statements reflect our expectations as of this document's date. The company is not obligated to update or revise these statements in light of future events.

Feedback

Please direct any feedback, questions or requests for additional information to our Investor Relations team at info@aarti-industries.com or sustainability@aarti-industries.com or via our website's "Contact Us" page.

Restatement

There have been no significant restatements in previous annual reports regarding financial or non-financial data except where noted. Any changes due to improved data collection or methodology are clearly indicated. Restatements reflect Aarti Industries Limited's commitment to transparency and accuracy in reporting.

Message from Chairman

40 Years of Purposeful Progress: Building Chemistry for a Better Tommorow

Dear Stakeholders,

As we celebrate 40 years of Aarti Industries Limited (AIL), I am brimming with pride, gratitude, and inspiration for the journey we have shared.

What began in 1984 as a small-scale company navigating a complex, licensed economy has, through our shared vision and resilience, evolved into one of the most respected names in the speciality chemical sector. Our collective achievements stand as a testament to our dedication and hard work.

At the heart of this beginning is Shri Chandrakant V. Gogri, our Founder and Chairman Emeritus, a visionary technocrat and a veteran industry leader. His passion for chemistry and entrepreneurial foresight laid the foundation for AIL, along with the Late Shri Shantibhai Shah and Shri Parimal Desai. Their complementary strengths, technical brilliance, commercial foresight, and entrepreneurial conviction laid the cornerstone for a future-ready Indian chemical enterprise. While all three have since retired from their active roles, their enduring legacy continues to shape the culture, resilience, and ambition that define AIL. What began as a modest manufacturing unit in Gujarat has today evolved into a global partner of choice, trusted by over 400 customers across more than 60 countries.

Our Legacy of Care, Integrity and Excellence

Our 40-year journey has been shaped not only by strategy but also by an unwavering commitment to our core values of Care, Integrity, and Excellence. These values have been our guiding light, steering us through challenges and triumphs. In the face of global supply shortages, we upheld our commitments, reinforcing the confidence our customers placed in us.

From forward integration in the 1990s to entering new chemical value chains in the 2000s and expanding across Gujarat and Maharashtra, our journey has always been one of thoughtful progression. The 2010s brought globalisation and technological innovation, while the 2000s were marked by rapid capacity building and process innovation. From 2018, we embarked on a new path, securing numerous remarkable and noteworthy multi-year contracts with global customers, marking a shift toward long-term collaborative growth. In 2024, we further extended our collaborative ethos by entering into strategic joint ventures and partnerships, establishing a new arm of growth through co-creation with our partners. The 2020s are witnessing our transformation through digitalisation, innovation, sustainability, and ESG leadership.

Over the years, as we grew substantially and expanded our capabilities, we also made conscious decisions to demerge certain segments, empowering their independent growth journeys. These included Aarti Surfactants Limited and the most recent demerger of the pharmaceutical business in FY 2022. All this helped us sharpen our focus on core chemistry capabilities. Together, these three entities now represent turnover of over ₹10,000 crores, with AIL accounting for ₹8,046 crores.

The commissioning of our Navi Mumbai R&D centre further reaffirmed our commitment to forward-thinking science and innovation.

Today, we are an organisation driven by knowledge and led by purpose—where sustainable chemistry, continuous improvement, and stakeholder partnerships form the bedrock of our growth. We take pride in having placed an Indian chemical manufacturing company on the global map. Our sustained export presence has contributed meaningfully to the "Make in India" movement, establishing India as a reliable global chemical partner.

> Over the years, AIL has evolved beyond a manufacturing powerhouse to become a respected brand, synonymous with reliability and innovation. Our identity as AIL is today recognised globally not just for our products but for the values we uphold and the solutions we co-create.

Our People: The Foundation of Our Growth

What has remained constant throughout every phase of our journey is our people. From our founding team to plant operators, engineers, researchers, and business leaders, our people have been the driving force behind AIL's progress.

As we evolved, so did our approach to building empowered, future-ready teams. We moved from cluster-based structures to integrated zones, introduced functional CXO leadership and redefined how we lead and collaborate. This transformation also saw the emergence of strong verticals, operating pillars, and governance groups, laying the foundation for a more agile and responsive organisation.

Our focus on safety became more than a compliance measure; it was embedded into our culture and values. Continuous investment in talent, leadership development, and capability building helped shape a high-performance culture that embraces innovation and accountability.

With the recent appointment of Mr Suyog Kotecha as the ED & CEO, we've entered a new chapter that reflects our commitment to a more professional, structured, and scalable leadership model. It signals the confidence we place in people-centric transformation as the foundation of our long-term success.

We continue to invest in our people not just as contributors, but as co-creators of AIL's future, driven by purpose, united by values, and empowered to lead from every level.

Governance and Ethical Stewardship

As we strengthened people-centric structures and leadership, we also reinforced the governance foundation that underpins AIL's long-term sustainability.

Over the years, we've built a governance model centred on ethics, transparency, and accountability, ensuring that our decisions serve the interests of all stakeholders. We've continuously enhanced board diversity, functional oversight, and decision-making independence. The recent appointment of a CEO and the induction of new Independent Directors reflect our shift toward a more balanced, inclusive, and future-ready leadership framework.

Our ESG principles are fully embedded into our strategy, guiding how we operate, innovate, and grow responsibly. We've made significant strides in reducing our environmental footprint, improving energy efficiency, and strengthening our sustainability governance. These efforts are reinforced by a growing base of institutional investors who place their trust in our leadership, values, and long-term vision.

At AIL, governance is a mindset that drives performance, trust, and enduring value creation.

FY25: Driving Progress, Upholding Excellence

FY25 was a year of resilience, momentum, and meaningful progress. We achieved volume-led growth, sequentially improved our operating performances, and advanced long-term initiatives in sustainability, digital transformation, and operational excellence.

Despite macroeconomic headwinds, we strengthened our market presence by:

- Implementing enterprise-wide digital transformation
- Forming global partnerships and customer-centric solutions
- Investing in asset optimisation and energy-efficient systems
- Accelerating innovation in sustainable chemistry, circularity, and next-gen applications

These strategic initiatives have enabled us to meet the evolving needs of our customers while maintaining a competitive edge. Furthermore, our commitment to high-impact research and development has kept us at the forefront of innovation, allowing us to anticipate and respond proactively to industry cycles.

Reaffirming Our Purpose for Tomorrow

We envision becoming a globally admired Indian enterprise driven by innovation, defined by excellence, and rooted in sustainability. A deep sense of responsibility toward people, customers and the planet guides every action we take. Whether it's reducing environmental impact through sustainable chemistry, enabling circular value chains, or future-proofing our infrastructure, we continue to lead with purpose. We are dedicated to delivering excellence in chemistry with a sense of responsibility – enriching lives through scientific innovation and sustainable solutions that address today's challenges and anticipate tomorrow's needs. Our strategy is grounded in long-term thinking, agile execution, and a culture that empowers every individual to make meaningful contributions.

A Future of Possibilities

As the Indian chemical industry transitions into a global manufacturing powerhouse, AIL is well-positioned to lead this transformation. With India gaining strategic importance in global supply chains, the future of chemical manufacturing will be defined by scale, sustainability, advanced technologies, and strong customer partnerships across various diverse enduses.

At AIL, we are strengthening every lever that matters for this future: deep chemistry expertise, strong process innovation, and a differentiated R&D engine that drives product development, application versatility, and commercialisation speed.

Our ability to design multi-purpose molecules, create diverse use-cases across sectors, and work closely with customers to co-develop solutions gives us a distinctive edge. We are deepening our engagement through long-term contracts and joint ventures that prioritise collaboration, transparency, and resilience.

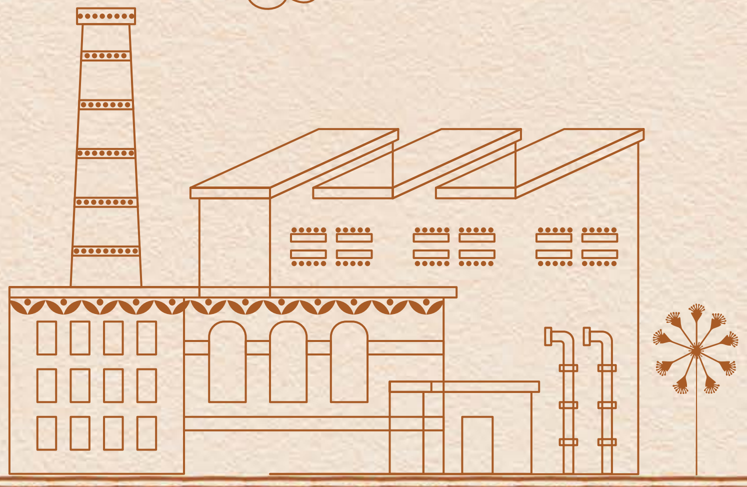
As we look ahead, the horizon is rich with opportunities. With sustainability at our core, a strong R&D engine, and a commitment to global excellence, AIL is ready for our next phase of transformation. By prioritising sustainable chemistry, we aim to revolutionise our approach to chemical processes, focusing on eco-friendly alternatives that reduce environmental impact while maintaining effectiveness. Another key aspect of our vision is establishing circular value chains. By promoting circular economies, we strive to optimise resource use and facilitate the recycling and reuse of materials, all while enhancing efficiency and minimising waste across our operations.

India's evolving role in global chemistry demands scalable, responsible, and innovation-led organisations. AIL is not just adapting to this shift, but is also helping shape it.

I extend my deepest gratitude to our founders, employees, customers, partners, investors, and well-wishers who have stood by us and shared our vision. As we celebrate 40 years in this industry, I invite you to continue walking with us as we write the next chapter of the AIL story, together.

> Our inaugural Integrated Report is more than a disclosure; it is a reflection of the future, where chemistry, responsibility, and purpose come together to "Create the Right Chemistry for a Brighter Tomorrow." We are deeply grateful for your continued support and contribution to our success.

Warm regards,
Rajendra Gogri
Chairman
Aarti Industries Limited



Message from CEO

Strategic Evolution: Purpose-Led, People-Centric and Performance-Driven

Dear Stakeholders,

As I complete my year at Aarti Industries Limited (AIL), I reflect with immense gratitude and conviction. It is a privilege to pen my first message as the CEO of Aarti Industries Limited (AIL), especially in a year that marks a defining milestone: our 40th anniversary. Since I joined AIL, I have been deeply impressed by the strength of our core values. These principles are not just historical markers, but they actively influence our decisions, drive our ambitions, and shape our success. Being inducted as the Chief Executive Officer, I am genuinely grateful for the warm reception and support I have received from our outstanding teams, who demonstrate our unwavering commitment to discipline, integrity, and innovation every single day.

As a CEO, one of the most striking aspects I have observed is how deeply our culture of Care, Integrity and Excellence is embedded across our people and processes. It is this cultural chemistry that has fuelled our transformation over the decades and will continue to do so in the years ahead.

Driving Performance with Purpose

FY25 has been a year of dynamic transition and firm resolve. We are proud to present AIL's inaugural Integrated Report, which marks a new chapter in our engagement with stakeholders. This report showcases our dedication to enhanced transparency, a clear strategic vision, and alignment with global best practices. Amidst geopolitical shifts, energy price volatility, and evolving trade regulations, we have focused on operational excellence, financial discipline, and effective execution. This approach has enabled us to navigate these challenges successfully. Aarti's 40-year foundation has equipped us to adapt swiftly while maintaining a performance-driven mindset.

Our performance was not just about numbers; it was about value created for all stakeholders. Whether it was ensuring supply continuity for our customers, investing in employee capability or transitioning to sustainable operations, every choice reflected our long-term vision.

Evolving in a Dynamic Landscape

The external environment has proven to be quite intricate, characterised by varying demand trends in both global and domestic markets. Despite these challenges, we have successfully navigated this landscape. By closely monitoring and responding to the evolving needs of our customers, we have maintained a forward-thinking approach.

Our increased focus on exports demonstrates our commitment to tapping into international markets, diversifying our revenue streams, and reducing our reliance on a single market. We are agile in pivoting to opportunities while adhering to the principles of resilience and avoiding overreaction. Our adaptability has allowed us to thrive during uncertain times, highlighting the strength of our integrated business model. This model, built on backward integration, chemistry depth and innovation agility, enabled us to maintain momentum even when the terrain was rough.

Delivering Value

We concluded FY25 with strong momentum, Our revenue surged to ₹8,046 crore, reflecting a robust 15% year-over-year growth. EBITDA reached ₹1,016 crore, rising 3% sequentially due to our effective cost management strategies, despite various macro challenges.

Throughout the year, we maintained a strong operational focus, supported by a CAPEX of ₹1,372 crore aimed at long-term value creation. We are pleased to announce a final dividend of ₹1 per share, demonstrating our commitment to balanced capital allocation. Our core products, including Nitro Toluene, NCB, and Ethylation-based chemistries, experienced significant volume recovery. This growth was driven by strategic pricing and carefully planned capacity expansions, contributing to an increase in our profit margins.

Beyond numbers, our focus remained on ensuring value delivery across stakeholders, enhancing partnerships, enriching customer experience and reinforcing our ESG-led transformation.

Strategic Execution

FY25 was a year of strategic growth. We strengthened our future by focusing on cost efficiency, strategic business partnerships, expanding our capacity expansion, and prioritising sustainability.

Our operational strategy in FY25 was meticulous maximisation of cost efficiency and operational excellence across all facets of our business. We've achieved significant strides by scrutinising every aspect of our manufacturing processes, from optimising raw material consumption to refining production cycles.

The introduction of new platforms, including flow reactors and continuous processing systems, allowed us to transform batch processes into safer and more efficient formats. Our portfolio of advanced chemistries expanded with the commercialisation of high-value processes, including fluorination, photochemistry, and the Balz-Schiemann reaction.

A pivotal milestone was achieved with a 50:50 Joint Venture with UPL, representing India's first collaboration of this nature in the speciality chemicals sector. This initiative aims to capitalise on global opportunities through joint development and contract manufacturing. Both partners are committing ₹150 crore each and we expect commercial operations to begin in the first quarter of FY27.

Further advancing our commitment to circularity, we have partnered with ReSL, through a 49:51 Joint venture, to establish a Plastic Materials Recycling Facility (PMRFs). The PMRFs will focus on segregating and recycling diverse waste streams to produce Advanced Circular Materials (ACM) that can be utilised as raw materials, fuels, or recycled polymer feedstock. The partnership targets a minimum resource recovery capacity of approximately 500 tons per day by 2030, with the first facility set for Hyderabad, marking a significant step in India's sustainable waste management journey.

At the heart of our ambitious growth plan is our state-of-the-art Zone IV facility, which is designed with versatile, multipurpose capabilities that enable seamless scalability from pilot projects to full scale production. This facility will be a foundation of our advancement into high performance chemistries and specialised downstream applications.

We have also made significant progress in our commitment to sustainability, earning a place in the S&P Sustainability Yearbook, achieving Leadership Band in CDP Climate Change, Water Security and Supplier Engagement Assessment, and securing Ecovadis Gold and Responsible Care certifications. Our transition to hybrid renewable energy through Power Purchase Agreements is expected to provide both carbon and cost savings starting in FY27. Our ESG choices are not cosmetic; they are conscious, future-focused moves to align chemistry with climate imperatives, making our business more responsible and resilient.

Empowering People, Enhancing Systems

Our people are the cornerstone of our success. This year, we placed a strong emphasis on enhancing our capabilities and embracing digital transformation. Through our comprehensive onboarding initiative, Aaghaz, we welcomed around 230 new talents from about 40 different campuses. Digital intelligence continues to guide our operations.

We have achieved a landmark in process automation by fully digitising our vendor invoice management system, leading to significantly faster processing times and near-perfect data accuracy.The comprehensive digitisation of our financial planning and analysis processes, leveraging cutting-edge platforms, has dramatically reduced reporting cycles and enhanced our analytical capabilities across all business divisions. This commitment to real-time monitoring and analytics ensures that insights are readily available across our organisation, from manufacturing shopfloor to strategic planning. A significant milestone for FY25 is the successful go-live of our integrated ERP system, alongside procurement and master data management platforms. These strategic investments in digital infrastructure are not merely about technology adoption; they are about fostering a culture of agility, transparency, and operational excellence that permeates every aspect of our business.

Looking Ahead: Strategy for FY26

As we embark on FY26, our vision is clear: to achieve operational excellence by refining our cost structures, enhancing throughput and gain market share. We are preparing to expand our capacity through a series of staggered projects that will support various growth initiatives. Our commitment to sustainability inspires us to adopt low-carbon solutions, optimise waste management, and promote circularity.

In the area of digital transformation, we are investing in AI and machine learning to enhance security, improve risk management, and develop innovative digital tools. Our global partnerships will grow as we collaborate across the value chain to co-create cutting-edge products while exploring new markets, including defence, electronics, and advanced polymers. We are also establishing a foundation for deeper digital integration by using Digital Twins, Generative AI, and predictive analytics to enhance scenario planning, research and development, and real-time decision-making.

Our Strategy is deeply informed by global megatrends, from climate urgency to the localisation of supply chains, and we are aligning our investments to stay relevant, responsible, and resilient.

With confidence in our legacy, clarity in our purpose, and a strong focus on performance, we are well-positioned for a prosperous future.

I want to extend my gratitude to our employees, who bring passion and purpose to their work every day. Thank you for your dedication. To our customers and partners, your trust in us and your vision inspire us to pursue our goals with ambition. And to our shareholders, we appreciate your support as we work towards sustainable, innovation-driven growth.

As we step into the next chapter of our growth, we carry forward not just the legacy of excellence but the conviction that chemistry can build a better and more inclusive future. We are committed to building AIL 'a global partner of choice brand of trust, rooted in science, elevated by care and recognised for delivering enduring value to all stakeholders.

The future is bright, and at AIL, we are ready to lead it with purpose, precision and people-first thinking.

Sincerely,
Suyog Kotecha
CEO & Executive Director
Aarti Industries Limited

Visionary Leadership Rooted in Legacy

Shri Chandrakant V. Gogri

Chairman Emeritus

Shri Chandrakant V. Gogri brings unparalleled experience in chemical manufacturing, operations, and marketing, having transformed Aarti Industries Limited from a single-unit venture into a leading global enterprise. A graduate in Chemical Engineering from ICT (formerly UDCT), he founded Aarti Industries Limited and guided our remarkable growth. After stepping down as Founding Chairman in 2012, he continues to serve as Chairman Emeritus, providing valuable strategic counsel and wisdom.

In recognition of his significant contributions, Shri Chandrakant Gogri has received several prestigious awards, including the Chemexcil Lifetime Achievement Award in 2025, the Lifetime Contribution Award at the Chemical and Petrochemical Awards by FICCI, the ICC's D.M. Trivedi Lifetime Achievement Award, the Lala Shriram National Award for Leadership in the Chemical Industry, and the Lifetime Achievement Award from the Gujarat Dyestuff Manufacturers Association (GDMA).

Executive Directors

From Left to Right

Shri Manoj M. Chheda
Executive Director

Shri Rajendra V. Gogri
Chairman and Managing Director

Shri Ajay Kumar Gupta
Executive Director and CMO

Shri Renil R. Gogri
Vice Chairman and Executive Director

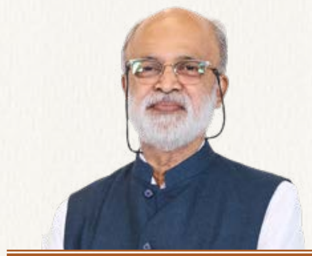
Shri Rashesh C. Gogri
Vice Chairman and Managing Director

Shri Suyog K. Kotecha
CEO and Executive Director

Non-Executive Director

Smt. Hetal Gogri Gala
Non-Executive, Non-Independent Director

Independent Directors



Prof. Aniruddha B. Pandit
Independent Director

Shri Lalitkumar S. Naik
Independent Director

Shri Shekhar S. Khanolkar
Independent Director

Shri Belur K. Sethuram
Independent Director

Shri Nikhil J. Bhatia
Independent Director

Shri Ashok Kumar Barat
Independent Director

Smt. Rupa Devi Singh
Independent Director

Board Committees

- Audit Committee
- Nomination & Remuneration Committee
- CSR Committee
- Stakeholders' Relationship Committee
- Risk Management Committee
- Finance & Investment Committee

Management Team

Shri Chetan Gandhi*
Chief Financial Officer

Shri Raj Sarraf*
Company Secretary

Shri Mirik Gogri
Head of Growth

Dr Prashant Potnis
Chief Scientific Officer

Shri Harendra Pandya
Chief Projects & Procurement Officer

Shri Manoj Sharma
Chief Human Resource Officer

Shri Shyam Dhekekar
Chief Technical and Sustainability Officer

Shri Bhaskaran Rajagopalan
Chief Technology Officer

*Key Managerial Personnel

A Legacy that Shapes Today's Success

For over 40 years, Aarti Industries Limited has embraced change in the global chemical landscape, driven by a steadfast commitment to responsibility. As we navigate this new era of innovation, our focus remains on inclusive growth and environmental protection.

Our journey began with a vision that unites chemical excellence and environmental care, demonstrating their potential to coexist and thrive together. This principle drives every molecule we produce and every milestone we achieve.

Sustainability is at the heart of our operations, reflected in our energy-efficient facilities, advanced effluent treatment systems, adoption of sustainable chemistry practices, and unwavering focus on resource circularity. This isn't just an option for us; it's our foundation. By investing in renewable energy, leveraging digital solutions, and conducting life-cycle impact assessments, we are transforming the industry with a high-impact, high-responsibility approach.

Legacy isn't just about the past; it's about a dedication to future progress. With four decades of expertise, AIL is positioning itself for success in a dynamic global market, where sustainability and reliability pave the path to leadership.

Corporate Overview

Forging Ahead: The Legacy That Guides Us

AIL Through the Years – Growing with Vision

From a single unit in Gujarat to a global partner of choice in speciality chemicals, Aarti Industries Limited (AIL) is a story of quiet ambition, relentless innovation, and right chemistry that creates impact. Over our journey of more than 40 years, AIL has positioned itself at the forefront of India's speciality chemicals, setting the standard for responsible and innovative chemical manufacturing. Our journey has been characterised by providing customised novel solutions to our customers in our endeavour to be a global partner of choice.

Our unique speciality chemical solutions create a significant impact, reflecting our commitment to quality and creativity. The path to our position as a leader in the chemical industry has been one of resilience and hard work. We have continuously evolved, transforming from a domestic supplier into a globally integrated speciality chemicals powerhouse. From our inception to now, our steadfast commitment to advancement has driven our growth and established our position in this dynamic industry.

Humble Beginnings – Inception and Early Years

The 1980s were an exciting time for the Indian economy, as the country began to show significant recovery, especially in agriculture. Industrial production also experienced a revival, accompanied by an improved balance of payments. Although there were some pressures on prices, the overall economic outlook was promising, signalling the start of India's shift towards economic liberalisation. This involved the government reducing restrictions and promoting private sector participation. During this crucial period, Aarti Industries Limited was founded in September 1984 by a group of visionary technocrats and business leaders who aimed to transform India's chemical industry.

By 1992, Aarti Industries Limited was listed on the stock exchange, expanding beyond benzene products into toluene and increasing sulphuric acid production.

Starting from humble beginnings, our commitment was to lead the sector by pushing beyond traditional boundaries through excellence and a dedication to innovation. Recognising this crucial moment, our founders embarked on a bold mission to redefine India's chemical industry landscape. Over the decades, we have gradually built a solid foundation by diversifying our operations and enhancing our research and development capabilities.

Forging Our Foundations, Cementing Our Presence

In the 1980s and 1990s, we focused on enhancing manufacturing capabilities, founding Aarti Organic Private Limited in 1984 with our first Nitro Chloro Benzene unit in Sarigam, Gujarat. This initiated a growth journey spanning four decades.

In the 2000s, we focused on backward integration and product diversification, enhancing NCB and sulphuric acid capabilities and establishing a speciality chemical unit in Kutch. We have evolved into a significant player with 16 advanced facilities in Gujarat and Maharashtra, operating with zero-liquid-discharge principles.

The Global Ascent: Expansion and Process Excellence

As we embarked on the 2010s, we aimed to expand globally while enhancing our chemical expertise. We upgraded our hydrogenation unit to enable continuous operation, facilitating efficient bulk exports. By 2013, our revenue surpassed ₹2,000 Crore, with exports over ₹1,000 Crore. In 2017, we embraced sustainability through the implementation of cogeneration and solar power plants. In 2018, we secured multi-year contracts with global corporations, marking our evolution into a dynamic global enterprise.

Over Four Decades of Establishing Our Legacy

A Journey of Innovation and Impact

Over the past 40 years, Aarti Industries Limited has evolved from a single-product maker into a leading integrated chemical company with a global footprint. Rooted in a legacy of excellence, innovation, and trust, we have consistently strengthened our core strengths, expanded our capabilities, and embraced sustainable practices. From establishing vital infrastructure in the 1980s to forging global partnerships and spearheading sustainable innovations, our journey highlights a steadfast commitment to resilience, customer focus, and future readiness.

1985 - 2012#

Laying the Foundation | From Inception to Industry Presence

1984
Incorporated as Aarti Organic Private Limited

1986
Launched first 1,200 TPA NCB unit in Sarigam

1990
Commissioned large-scale NCB plant (4,500 TPA) in Vapi

1992
Listed on BSE

1995
Listed on NSE

1997-99
Established hydrogenation and nitration unit at Jhagadia

2004-08
- Expanded NCB and sulphuric acid capacity
- Established a speciality chemical unit in Kutch

2011-12
Upgraded hydrogenation process to continuous; USFDA approval for Vapi's Custom Synthesis division

Began global bulk shipment

#The year mentioned are Financial Years

This journey is a testament to our legacy of resilience and responsible growth, expanding our mission from capacity creation to nurturing customer relationships, redefining the chemical industry and championing sustainability on the global stage.

2013–2018#

Accelerating Growth | Entering a New Sphere

2013
- Merged Anushakti Chemicals' manufacturing division
- Total income crossed ₹2,000 Cr

2014
Upgraded batch nitration to continuous

2016
- Commissioned ethylation facility at Dahej SEZ
- NCB capacity increased to 75 KTPA

2017
- Commissioned calcium chloride
- Co-gen, and solar power plants
- Started Nitro Toluene plant

2018
Signed two large multi-year contracts with global players

2019–2025#

Becoming Future-Ready | Innovation, Sustainability, and Strategic Partnerships

2019
- Commissioned nitrotoluene, hydrogenation facility
- Signed another multi-year contract

2020
Operationalised Phase 1 Dahej SEZ and Aarti Research & Technology Centre, Navi Mumbai

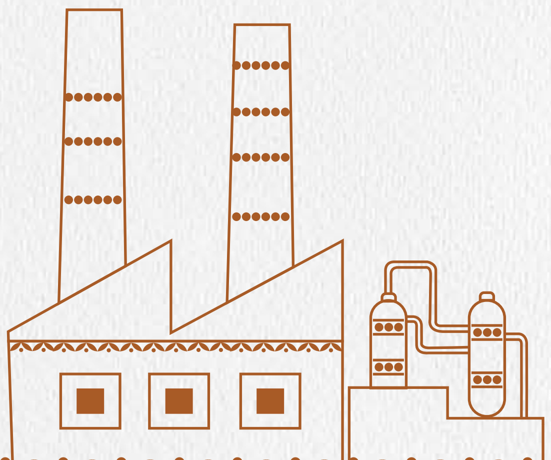
2021
Phase 2 at Dahej SEZ and the chlorination unit at Jhagadia became operational

2022
- Demerged Pharmaceutical business
- Commercialised 2nd long-term contract facility

2023
- Commercialised speciality Chlorination unit and facility for 3rd long-term contract
- Signed RM supply deal with DFPCL

2024
- NCB capacity scaled to 108 KTPA
- Commercialised Phase 1 of Acid Unit Revamp
- Commissioned 13.2 MW Hybrid Renewable Power Plant
- Signed two new global long-term contracts

2025
- Joint venture with UPL for manufacturing and marketing of speciality chemicals*
- Joint venture with ReSI for driving the development of Plastic Materials Recycling Facilities across India
- Agreement signed for additional 27.5 MW hybrid renewable power
- Comissioning of New Pilot plant at Zone IV, Jhagadia
- Expansion projects in Ethylation value chain
- Nitro-toluene capacity increase to 45 kT
- MMA expansion to 200 kTPA completed



*This JV was signed in FY25
#The year mentioned are Financial Years

Who We Are Today: Strengthening The Core

Today, Aarti Industries Limited has established itself as a global speciality chemical leader.

With 16 state-of-the-art manufacturing facilities in India, two dedicated research and development centres, and a team of over 250+ scientists, we provide products to customers in more than 60 countries.

Our global presence is complemented by a strong focus on sustainability, prioritising the well-being of both people and the planet to foster a future with abundant resources. Our product portfolio encompasses agrochemicals, dyes and pigments, additives, and polymers, as well as custom CDMO offerings that support key value chains, including Nitro Chloro Benzene, Di- Chloro Benzene, Methyl Ethyl Aniline, Diethyl Aniline, Phenylenediamines, Nitrotoluene, and Sulphuric Acid, all backed by advanced manufacturing facilities in India. We offer a range of business verticals backed by significant backwards integration and risk diversification, ensuring scale, reliability, and flexibility.

As a trusted partner to leading global companies through long-term contracts and joint ventures, we are committed to quality and compliance, as well as innovative sustainability practices such as zero-liquid-discharge and waste-to-value recycling. Our expertise in both high-volume commodity and speciality chemicals allows us to transform challenges into opportunities, driving industries forward.

Driving growth

In FY25, we reinforced our leadership by diversifying our customer base ,expanding into new geographies and strategic partnerships in battery materials, electronic chemicals, and speciality chemicals. Collaborating with reputed global organisations, we continued to advance our pioneering chemical expertise while driving progress toward a cleaner, more sustainable future.

Our Distinctive Advantages

- Integrated value chain providing competitive advantage
- Focus on sustainable and strategic growth
- Expanding portfolio of long-term global contracts
- Expertise in process chemistry
- Over 100 products
- 60 exporting countries
- Multi-location manufacturing footprint
- Customised Delivery Solutions
- Bulk Shipment Capabilities
- Highly Cost Competitiveness

Wide range of end-use segments served

- Agrochemicals
- Polymers
- Pharmaceuticals
- Dyes & Pigments
- Printing Inks
- Fuel Addictives
- FMCG

Championing Chemistry: Powering Possibilities

Top
3
in Chlorination and Nitration globally

Top
2
in Hydrogenation globally

Global Ranking

- Among the top 3 globally Nitro Chloro Benzene(NCB)
- #1 Globally Di Chloro Benzene (DCB)

Domestic Ranking

- Leading manufacturer of Nitro Fluoro Aromatics (via Halex chemistry) & Phenylene Di Amine (PDA)

As we move forward, we are optimistic about the bright future. Committed to achieving our vision, we are focused on becoming the global partner of choice for speciality chemical consumers. Every strategy we implement today serves as a stepping stone toward that future. We plan to expand our reach into new markets by leveraging our deep value-chain integration and proven process expertise in areas such as defence, electronics, energy storage, advanced polymers, agrochemicals, and pharmaceutical intermediates.

Our commitment to becoming a global partner and entering new markets is driven by our flexible, next-generation capabilities, exemplified our multipurpose Zone IV facility. It is set to ramp up operations in FY27, this state-of-the-art plant features a pilot plant, continuous processing units, and automated distillation technologies, enabling the quick scaling of new chemistries.

Collaboration is a key component of our approach. We are in the process of establishing long-term agreements with Contract Development and Manufacturing Organisations (CDMOs) and contract manufacturing partners. These partnerships aim to foster co-innovation and expedite the development and launch of high-value chemicals. Ongoing strategic discussions focus on backward integration and speciality polymer and personal care intermediates, demonstrating our commitment to agility in a rapidly changing market.

Sustainability is our guiding principle.

We implement aggressive waste-to-value programmes, utilising bio-based feedstocks and circular chemistry processes.

At our digitised R&D centre in Navi Mumbai, we leverage advanced analytics and digital tools to optimise operations and minimise risks in our supply chain.

Our Customers

AIL serves over 700 customers in India and over 400 international partners, excelling in agrochemicals, polymers, home and personal care products, and pigments, leading the market in these sectors. We focus on enhancing our global presence and trust, fostering innovation and mutual success across diverse industries.

Awards

2025

Chemexcil Lifetime Achievement Award –

Shri Chandrakant Gogri honoured for his visionary contribution to the industry.

Chemexcil Trishul Award for Export Excellence–

Acknowledgement of Aarti's outstanding performance in exports.

2024

ET HREX Award–

For Exceptional Employee Experience in the Large-Scale category.

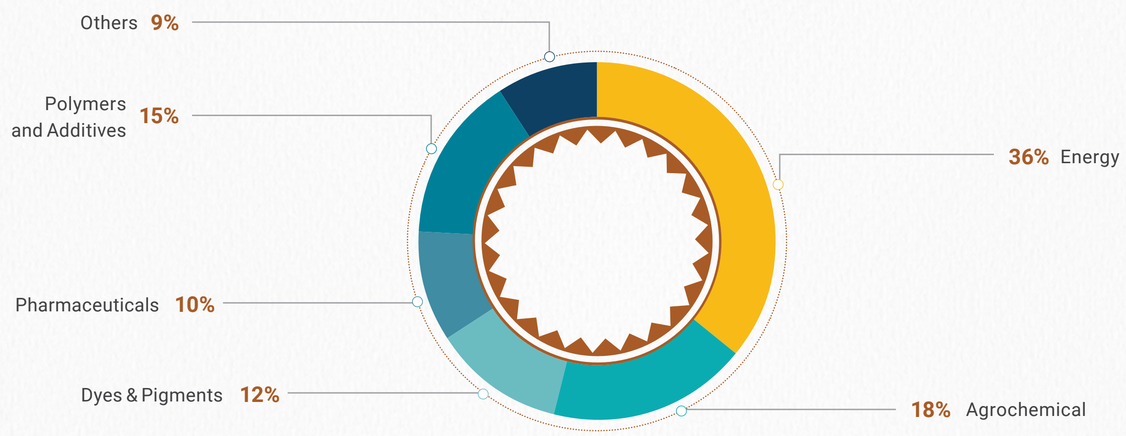
Corporate Excellence Award–

Recognition of industry leadership and innovation.

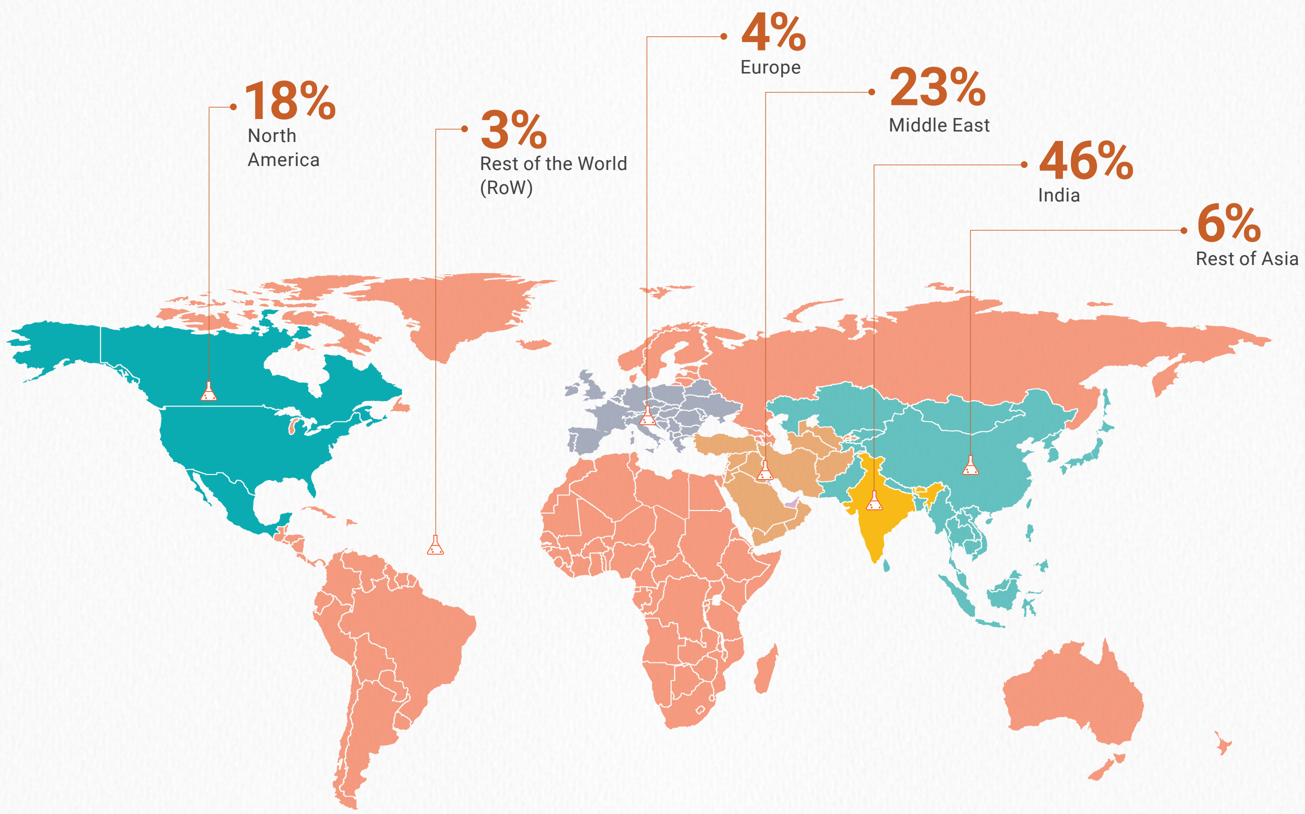
ISCM Supply Chain Champion Award–

For operational efficiency and best practices in the chemical sector.

Segment-wise revenue (%) C01



Region-wise revenue (%)



ESG Highlight

E - Environment

24%
Renewable electrical energy

50%
of our manufacturing facilities are ZWL certified

13.2 MW
Renewable Energy (RE) commissioned and

25.7 MW
approved RE PPA(Solar and Hybrid)

42%
of water recycled

94%
Waste Recovered

S - Social

5,868
Total Employees

3%
of total workforce is women

ZERO
reported incidents of breaches with regard to human rights

ZERO
cases of POSH

63%
of our business partners assessed on ESG parameters

4.72/5
(90 %ile) Employee engagement score

0.13
LTIFR

G - Governance

14.3%
Board Members are female

ZERO
incident of data or cyber security breaches

17
patent application

ZERO
case of corruption, money laundering, and insider trading

ZERO
case of anti competitive practices

4.5/5
Customer Satisfaction Score

Our Geographic Presence

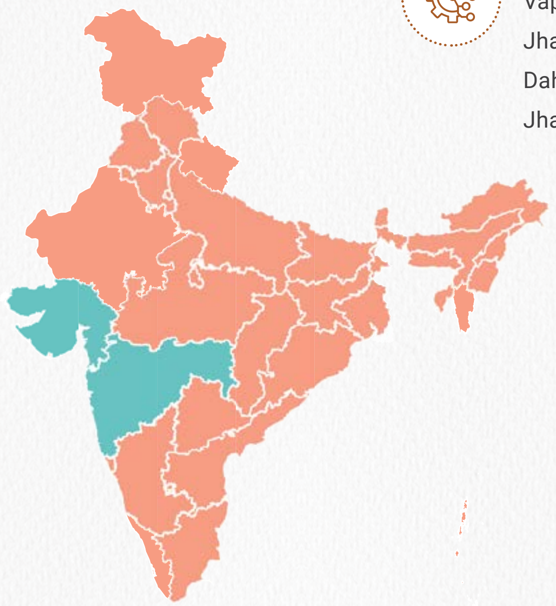
Aarti Industries has consistently transformed with the changing times, weaving together excellence and sustainability into our operations, while upholding an unwavering commitment to quality. We are actively enhancing our infrastructure to boost operational efficiency, reduce energy use, and minimise waste.

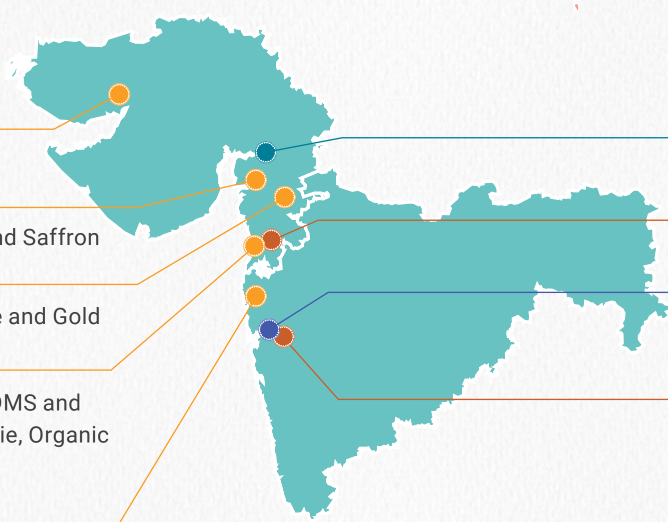
Operation Centres
States of Maharashtra and Gujarat

R&D facilities
Vapi
Navi Mumbai

Pilot Plant
Vapi, Jhagadia

Manufacturing Facilities:
Vapi and Tarapur (Zone I)
Jhagadia (Zone II)
Dahej and Bhachau (Zone III)
Jhagadia (Zone IV)





Kutch
Division: Anushakti

Dahej
Division: Neo, Diamond and Saffron

Jhagadia
Division: Pearl, Ruby, Jade and Gold

Vapi
Division: Acid (Including DMS and Fertiliser), Amine, Alchemie, Organic and Nascent
Pilot Plant Plant: Apple*

Tarapur
Division: Topaz

Emerald Office
Vadodara, Gujarat

R&D Centre
Vapi, Gujarat

Head office
Mumbai, Maharashtra

Aarti Research & Technology Centre
Navi Mumbai, Maharashtra

Manufacturing Facility | Project and Engineering Office | Head Office | R&D Centre

*Apple division (Vapi) is a pilot plant for new molecules development and existing molecules performance improvements.

Business Overview

The Aarti Industries: Rooted in Excellence, Driven By Chemistry

At AIL, our four-decades journey is rooted in precision chemistry, deep customer partnerships and global excellence. We have built a legacy of diverse portfolio, including basic and speciality chemicals and advanced intermediates. Creating over 100 products across 400+ downstream applications for industries spanning agrochemicals, pharmaceuticals, polymers and additives, fertilisers, dyes and pigments, home and personal care (FMCG), energy, and more.

We are more than a manufacturer, we are a long-term, strategic partner known for scientific rigour, operational reliability and customised innovation. Our facilities, processes and people are built to deliver performance with purpose. At AIL, we expand our chemistry capabilities to meet diverse market needs and enhance resilience against fluctuations, ensuring consistency and stability. Innovation drives our operations, supported by a robust R&D infrastructure that emphasises process development, stringent quality specifications, yield optimisation, and customised solutions to meet evolving global demands.

"Creating the Right Chemistry" is the purpose embedded in every molecule we deliver.

Our Global Positioning: Redefining Leadership

Global leader in Benzene and Toluene-based derivatives

Fully backward-integrated value chains

Alternative to China in complex chemistry platforms

Low-cost, sustainable manufacturing base in India

Preferred partner for over 400 global customers in 60+ countries

Strategic Capabilities to capture opportunities in sunrise sectors like batteries, electronics and sustainable chemistries

Speciality Chemicals: High Impact Chemistry for Everyday Applications

Speciality Chemicals form the core of our business, with products tailored for specific applications and contribute to over 70% of our business. We transform feedstocks like benzene, toluene, nitric acid, chlorine, methanol, sulphur, and aniline into application-specific products across sectors. By combining our expertise with these core feedstocks, we unlock their potential to create differentiated, high-value compounds.

Strategic Partnerships

At AIL, our distinctive approach to business business is deeply rooted in a legacy of forging strategic partnerships to co-create innovative value offerings. This collaborative spirit has long defined our approach and continues to drive our evolution. Through these purposeful alliances comprising joint ventures and long-term partnerships, we have significantly enhanced the manufacturing capabilities and adaptability of our plants and product portfolio. These unique partnerships not only reinforce our strength in process chemistry but also reflect our unwavering commitment to meeting the changing needs of the future market.

We enhance our product and chemistry offerings through key collaborations:

50:50 JV with UPL for manufacturing chemical intermediates (Augene Chemical Private Limited)

Joint venture between Aarti Circularity Limited and Re Sustainability Limited for driving the development of Plastic Materials Recycling Facilities across India with a focus on Chemical recycling (Re Aarti Private Limited)

CDMO alliances across varied chemistries

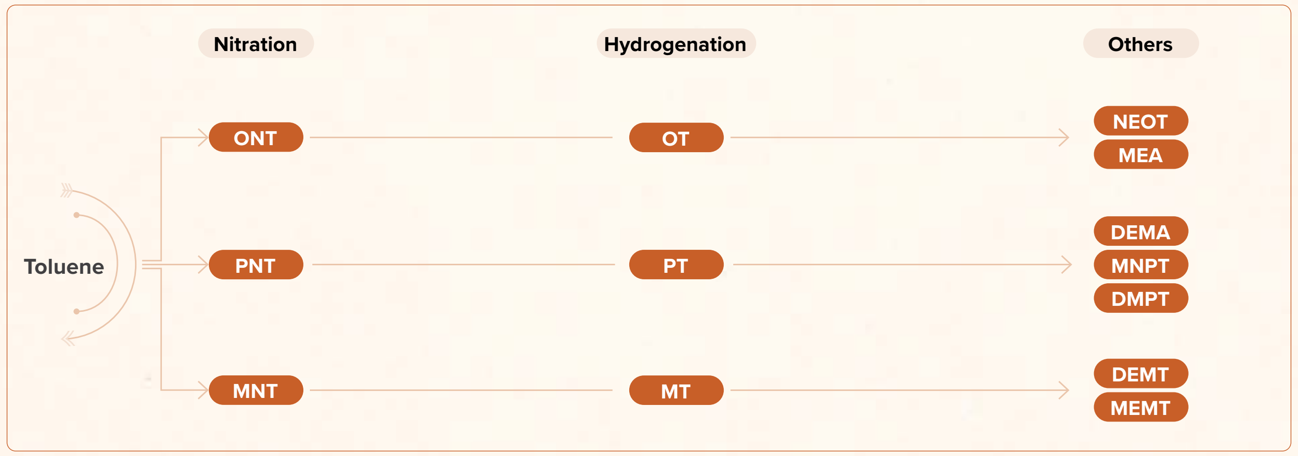
Integrated Value Chains: Benzene, Toluene, Sulphuric Acid

We manage the complete value chains of our key feedstocks through integrated, scalable, and circular processes.

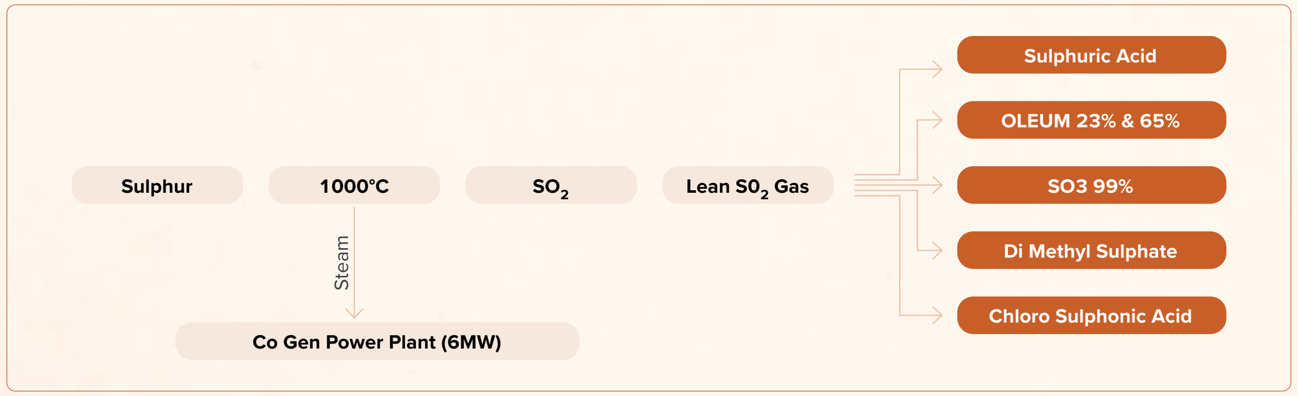
Our Key Strengths

- **Cost efficient backward & forward integration across feedstock chains**
- **Integrated operations across the product chain of Benzene and Toluene**
- **Co-product balancing across operations**
- **Optimising product mix and high asset uptime**
- **Stringent global specification compliance**
- **Diversified end applications across 20+ industries**

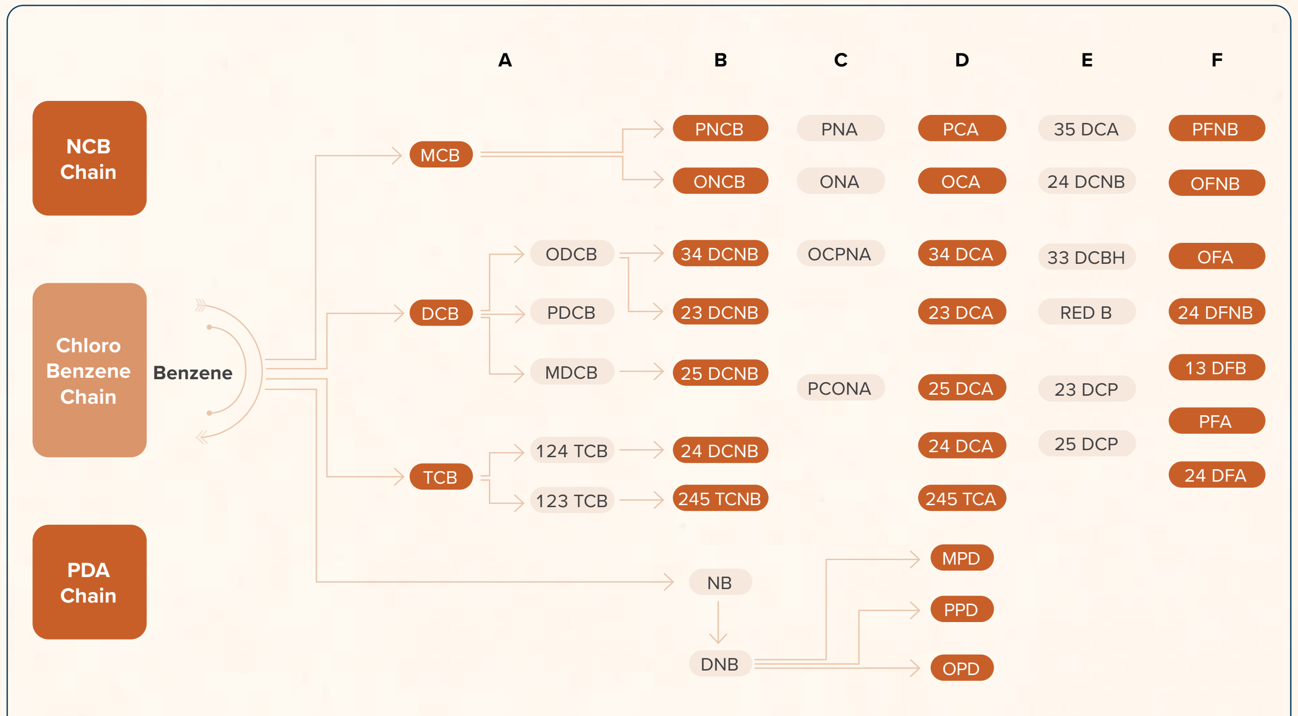
Toluene Value Chain



Sulphuric Acid Chain



Benzene Value Chain



A- Chlorination I B-Nitration I C-Ammonolysis I D-Hydrogenation I E-Speciality I F-Halex

At AIL, our commitment extends beyond chemical production to delivering reliable, sustainable, and personalised solutions globally.

Emerging Value Chains and Sector Opportunities

With our integrated chemistries and multi-purpose manufacturing backbone, Aarti Industries Limited is well-positioned to evolve into newer value chains that complement our core capabilities.

Upcoming Value Chains:

- **Battery Materials**
- **Advanced Polymers & Additives**
- **Electronic Chemicals**
- **New Agrochemical Chains**
- **Green Chemistry Intermediates**

These initiatives are aligned with our technical expertise in halogenation, fluorination, and photochemistry, enabling us to enter new sectors while deepening our presence in regulated, high-performance markets. Through these adjacencies, we are evolving from a speciality chemical leader into a diversified solution provider for next-generation global industries.

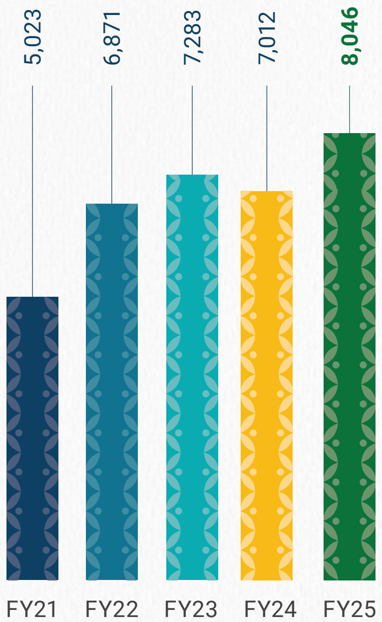
> **"We see the future not just as an opportunity to grow, but as a canvas to reimagine chemistry that's responsible, resilient and relevant for a better world."**

Financial Indicators

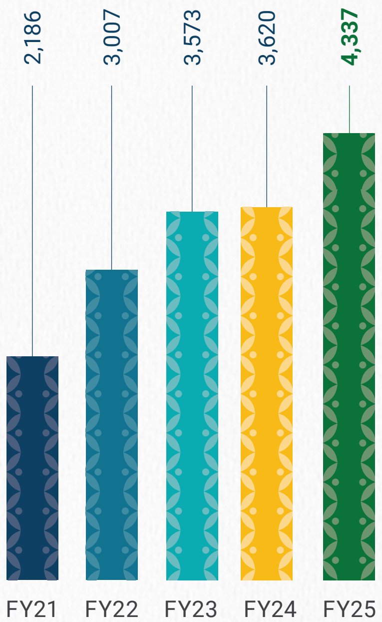
Key Financial Highlights

Profit and Loss

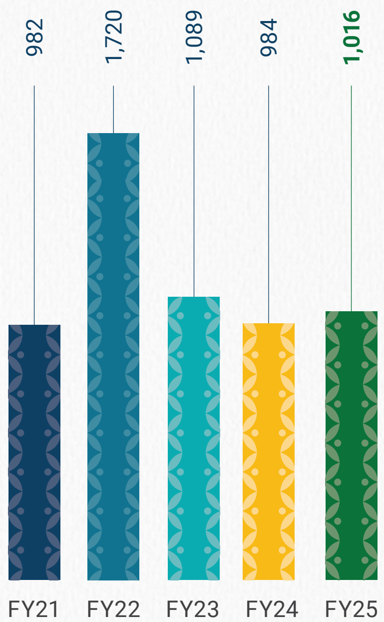
Gross income C02
(₹ in Cr)



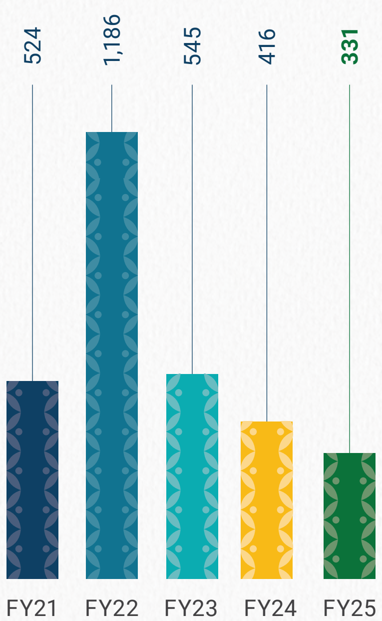
Revenue from exports C03
(₹ in Cr)



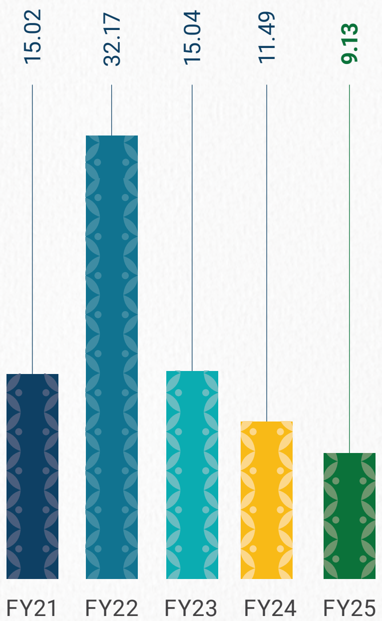
Operating EBITDA C04
(₹ in Cr)



PAT C05
(₹ in Cr)



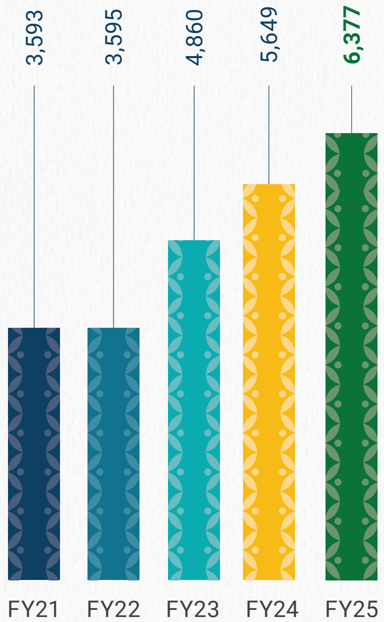
EPS C06



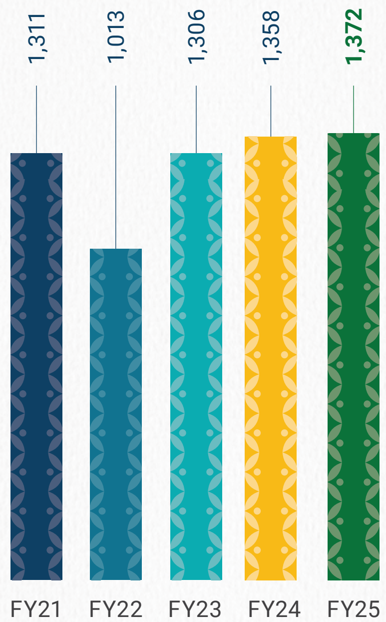
Note 1: FY22 includes one time termination income of ₹631 crores, as a result the Profit & Loss indicators for FY22 may not be comparable with other periods. Note 2: The Pharma business undertaking was demerged wef July 1, 2021. Thus, the financial numbers for period prior to July 1, 2021, are inclusive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

Balance Sheet Indicators

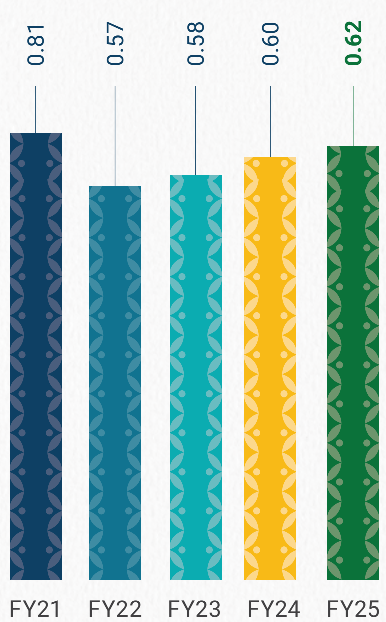
Net Fixed Assets C07
(₹ in Cr)



Capex C08
(₹ in Cr)

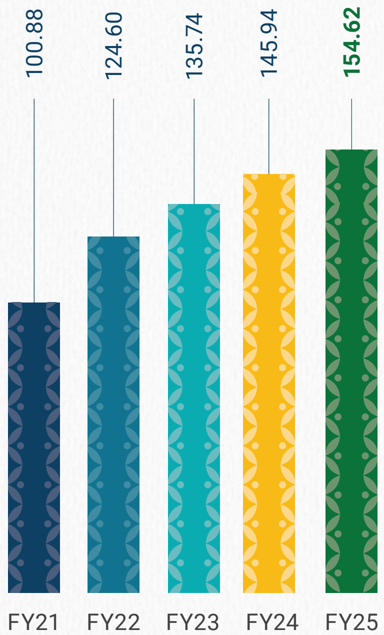


Debt To Equity Ratio C09



Shareholder Metrics

Book Value Per Share C10



AA/ Stable
CRISIL Long-term credit rating

AA/ Stable
India-RA Long-term credit rating

A1+
CRISIL Short-term credit rating

A1+
India-RA Short-term credit rating

Strategy & Management

Enabling Strategic Growth

At Aarti Industries Limited, our strategy has mirrored our innate spirit of resilience, innovation, and responsibility. We began by establishing integrated benzene chains and are now developing future-ready platforms focused on circularity, sustainable chemistry, and digital transformation. We are transforming our legacy into new opportunities. Our journey has been characterised by innovation-led execution, manufacturing excellence, deep customer trust, and a strong commitment to sustainability. As we move forward, we draw on this legacy to reach new heights, adapt to evolving realities, and explore untapped possibilities. Our strategic growth demonstrates how the strength of our past fuels the purpose of our present and how, together, they shape the future we are dedicated to leading.

A Foundation Built on Excellence

Since our inception in 1984, AIL has established a robust manufacturing foundation and a chemistry-driven value chain model. We were pioneers in large-scale Nitrochlorobenzene production in India and have since become one of the leading global players in chlorination, nitration, and hydrogenation. Our early years were characterised by innovation, consistency, financial discipline, and a dedication to our customers.

- Established fully integrated benzene and toluene value chains
- Developed co-product optimisation and backwards integration models
- Cultivated over 1100+ global customer relationships
- Created a culture of care, integrity, and excellence

These foundations enable us to scale responsibly, navigate economic cycles, build long-term trust in various markets, and establish a reputation for reliability and trustworthiness through our core values of Care, Integrity, and Excellence.

Scaling with Purpose

As the speciality chemicals industry evolves, we are enhancing our capabilities across three key levers—strengthening our core, expanding through partnerships, and driving innovative differentiation.

Strengthening the Core

We are enhancing our capabilities while investing in capacity expansion, improving margins, and increasing operational agility and resilience in our core business.

- Our capex is 1372 Crore.
- 45+ new products developed, 20+ scaled to pilot stage in FY25.
- Multi-Purpose Plant for rapid commercialisation
- Cater to the needs of new segments.
- Project UNNATI driving cross-functional digital transformation and operational agility.

Operating Environment

Resilience in a Dynamic Environment

Aarti Industries Limited operates at the crossroads of India's evolving industrial landscape and the global demand for speciality chemicals. With decades of expertise in chemistry and a commitment to innovation-driven growth, we are acutely aware of emerging industry dynamics, customer needs, and regulatory developments—both domestic and international. We are well-positioned to align our capacity and product development with shifts in demand, and create lasting value across various sectors and geographies.

Global Economic Overview

The global economic outlook is subdued, with the OECD forecasting GDP growth at 2.9% for 2025 and 2026, down from 3.1%. The U.S., Canada, Mexico, and China are experiencing significant slowdowns, while other regions see milder adjustments. Trade tensions and inflation risks, driven by tariffs and policy volatility, are affecting growth. The global economy remains vulnerable to disruptions without stable trade and financial policies.

Indian Economic Overview

India's economic outlook remains strong, with GDP growth projected to be between 6.3% and 6.5% for FY25. This positive performance is driven by robust domestic consumption, ongoing government-led capital expenditure on infrastructure, and increasing manufacturing momentum through initiatives like Make in India and the Production-Linked Incentive (PLI) scheme. Additionally, moderating inflation, improved liquidity, and structural reforms are expected to enhance long-term industrial and investment sentiment.

Industry Trends and Market Landscape

India has emerged as a preferred alternative hub in the global speciality chemicals landscape, driven by the "China+1" diversification strategy, growing export opportunities, and increasing domestic demand from downstream industries such as agrochemicals, pharmaceuticals, textiles, and performance materials.

Key trends shaping the future of the chemical industry:

- A shift toward sustainable chemistry, prompted by regulators and changing customer expectations.
- Increased integration of the value chain, as companies seek control over raw materials and intermediates to enhance supply security.
- Rising demand for complex, high-purity chemistries and customised formulations across various end-use industries.
- Technology-led process optimisation and digitalisation aimed at enhancing efficiency and minimising environmental impact.

Amid these changes, Aarti Industries Limited has established a strong reputation as a partner of choice in global markets. Our ability to deliver customised, high-quality cost effective solutions backed by state-of-the-art R&D infrastructure, has reinforced our position within multiple downstream ecosystems. Our diverse & integrated product portfolio, strong customer relationships, and early-mover advantage in select chemistries enable us to remain resilient and forward-looking.

Key Trends Influencing AIL's Approach

Capacity Expansion for Long-term Demand

The global speciality chemicals market is poised for substantial growth, projected to rise from $769.75 billion in 2024 to $803.61 billion in 2025. This represents a CAGR of 4.4%, driven by increasing demand across various industries.

Outlook

We are investing in expansions and developing new product platforms. Our strategies focus on enhancing asset productivity and capital efficiency through debottlenecking and backward integration, aiming to improve profit margins by leveraging high-value speciality chemicals.

Innovation-driven Products

Clients are increasingly seeking customised solutions that prioritise functional specificity and environmental sustainability. Prompting the speciality chemicals sector to transform.

Outlook

In FY25, we developed over 45 in-house products, successfully scaling more than 20 from lab to plant. Our investment in advanced chemistries focuses on sustainable solvents and recyclable materials.

Strategic Collaboration and Global Alliances

Partnerships are crucial in today's business landscape for mitigating supply chain risks. By collaborating, companies can share insights and resources to handle better uncertainties such as fluctuating demand, supply shortages, and geopolitical issues. Working together allows them to develop strategies that enhance overall supply chain resilience.

Outlook

We formed a joint venture to manufacture and supply speciality chemicals globally. To maintain demand, we secured long-term supply agreements with customers and enhanced our market reach through a diversified, relationship-driven marketing strategy.

Portfolio Optimisation and Strategic Focus

As businesses navigate an ever-evolving landscape marked by increasing complexity and a growing need for specialisation.

Outlook

AIL undertook the demerger of our Pharma business to provide strategic clarity for our core chemicals division and ventured into new chemistries, to enhance integration and product differentiation. The focus is on selective diversification through asset-light models to improve utilisation and optimise capital allocation.

Digital Transformation and Operational Excellence

Process automation and integrated systems are crucial for businesses to remain competitive and compliant in today's rapidly evolving market.

Outlook

AIL's Project UNNATI is a digital transformation initiative aimed at enhancing operational efficiency and improving supply chain visibility.

Poised for Sustainable and Scalable Growth

With a calibrated strategy rooted in innovation, execution strength, and customer partnerships, we are well-positioned to capitalise on the evolving global chemical landscape. Anchored in a legacy of manufacturing excellence and entrepreneurial resilience, we continue to evolve with purpose. Our sustained investments in people, processes, and products—combined with a strong commitment to sustainability, digitalisation, and governance—offer a resilient foundation for long-term growth and future readiness.

Aarti Industries Limited is not merely responding to change; we are shaping the future of speciality chemicals.

Our Value Creation Model

Navigating Growth Through Values

Inputs

Financial Capital (₹ In Cr)
- Capex **1,372**
- Shareholders Fund **5,605**
- Gross Debt **3,789**
- Equity Capital **181.26**
- Capex Spent on Environment Improvement **102**

Manufactured Capital
- Manufacturing facilities **16**
- Pilot Plant **02**
- Manufacturing: 100+ Products
- Gross Block **₹8,429 Crore**
- Across the countries **60+**
- Co-generation Power Plants **5**

Natural Capital
- Invested in Renewable Sources and Energy Conservation Initiatives (₹ in Cr) **15+ Crore**
- Water Consumed **26,48,486 KL**
- Waste Generated **4,68,020 MT**
- Onsite Solar Energy Capacity **503 KW**
- Zero Liquid Discharge Plants **8**
- Energy Used **80,75,769 GJ**
- Waste Heat Sourced **4,86,859 GJ**

Intellectual Capital
- Investment in R&D **21 Crore**
- R&D Centres **02**
- R&D Professionals **250+**
- Technology Team **200+**
- Products in R&D Pipeline **63**

Human Capital
- Total Number of Permenant Employees **5868**
- Number of Women Employees **198**
- New Hires **989**
- Average Training Hours per Employee per Year **37**
- Hours of Trainings on overall ESG Parameters **8.4**
- Hours of Trainings on overall Safety Parameters for Employee **8.9**
- Hours of Trainings on overall Safety Parameters For Worker (Permanent + Contract) **7.8**
- Employee Wages & Benefits Expense **420 Crore**
- Safe Man Hours (Employee + Contractors) **1,32,10,723**

Social & Relationship Capital
- Total CSR Spend **15.63 Crore**
- No. of Suppliers/Vendors **3,000+**
- Global Customers **400+**
- Domestic Customer **700+**
- MSME Sourcing **1,100+ Crore**

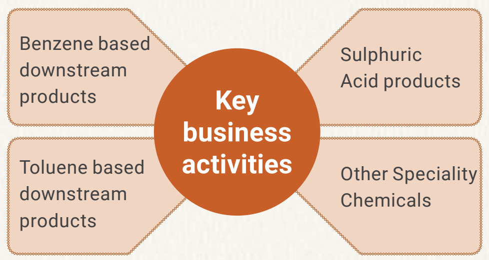
Value Creation Approach

Vision
To be a Global Partner of Choice for the Leading Consumers of speciality Chemicals and Intermediaries

Mission
Delight Stakeholders

Purpose
Right Chemistry for Brighter Tomorrow

Values
Care | Integrity | Excellence



Strategic Priority
- Existing Value Chain Expansion
- Introducing New Value Chains
- Customer Collaboration
- High Growth Sectors
- Manufacturing Outsourcing

Outputs | Outcome | SDGs Impacted

Financial Capital (₹ In Cr)
Outputs
- Revenue Generated **8,046**
- Profit After Tax **331**
- EBITDA **1,016**
- Debt to Equity ratio **0.62**
- DPS **1**
- Earnings Per Share (₹) **9.13**
- Credit rating **AA/A1+ from Crisil & India Ratings**

Outcome: We deliver a consistent, profitable and responsible growth.

SDGs Impacted: 8, 9, 12

Manufactured Capital
Outputs
- Global Market Share **20-40%**
- Productivity enhanced by **13%**
- **Top 2** in Hydrogenation Globally
- **Top 3** in In Chlorination and Nitration Globally
- Amongst **Top 4** Manufacturer for 75% of Product Portfolio

Outcome: **1035198 MT** production

SDGs Impacted: 8, 9, 12

Natural Capital
Outputs
- Emissions Avoided **1,57,900**
- Total water Recycle (in KL) **12,32,772**
- % of Energy Recovered from WHR **6%**
- % of Hazardous Waste Recovered **94%**
- % of Renewable Electricity **24%**

Outcome: Optimised use of natural resources, reduced energy emissions, and achieve zero waste to landfill certification

SDGs Impacted: 6, 7, 12, 13, 14, 15

Intellectual Capital
Outputs
- No. of patents filed- **17**
- No. of new products/services launched **20**

Outcome: Innovative products & processes through right chemistry and focused R&D, Digitally secured processes

SDGs Impacted: 9, 12, 17

Human Capital
Outputs
- % of Women in Workforce **3.37**
- % of women in top management - **7**
- Lost Time Incident Frequency Rate **0.1**
- Employees Returned after Parental Leave **100%**
- Employee Satisfaction Survey Score **4.72/5**
- Participation in the Employee Engagement Survey by a Global Analytics and Advisory firm **100%**
- Number of Employees Benefited through Internal Career Development Programme **32**
- Fatalities **2**
- Training Man Hours **2,59,330**
- Y-O-Y% increase in women employees **6**

Outcome: We are committed to providing equal opportunities for all employees, while fostering continuous learning, capability building, and a safe, supportive work environment.

SDGs Impacted: 5, 10, 3, 8

Social & Relationship Capital
Outputs
- Impacted People through CSR Activities **4,82,033**
- % of Procurement from Local Suppliers **67**
- Customer Ratings - **4.5**
- Long-term Customer Relationships Over **85%** revenue from customers with relationship of more than 10 years
- Spent on Diverse Business Partners **315 Crore**

Outcome: We ensure an optimum supply chain with competent suppliers for seamless operations. We create value for customers by providing high-quality and sustainable products. We contribute towards improving the living conditions of communities around us through our CSR activities.

SDGs Impacted: 1, 3, 4, 5, 8, 12, 17

Stakeholder Engagement

Prioritising Stakeholders - Bridging Insights with Impact

Our strategic partnerships and strong relationships with various stakeholders enhance our ability to create and deliver value. We prioritise building long-term relationships with these stakeholders to better understand their needs, strengthen our business operations and build brand trust. Continuous engagement with these groups allows us to identify key areas for improvement and informs our sustainability-focused strategy. The stakeholder engagement process and programmes encompass our operations, local stakeholders, and supply chain, and they receive approval from our Board of Directors.

Evolving Stakeholder Engagement Practices

Continuous Dialogue:
Our communication now goes beyond annual meetings, such as investor calls and digital platforms.

Two-way Communication:
Stakeholder feedback influences governance and strategy.

ESG Inclusion:
Growing demand for clarity on ESG issues is leading to enhanced ESG integration in investor communications.

Board-investor interactions allow key investors to engage directly with Directors or the Board Chair, promoting transparency. We prioritised key stakeholder groups and developed processes to ensure effective communication and engagement.

Our approach to shareholder engagement has evolved from periodic compliance-driven interactions to a proactive, transparent dialogue.

Our stakeholder engagement framework is designed to create effective communication channels, understand stakeholders' diverse expectations, and tailor engagement strategies to meet each group's needs through various communication platforms.

Our robust stakeholder engagement process begins with identifying key stakeholders, including vulnerable groups, affected communities, and other local stakeholders. We use strategic internal methods to pinpoint these stakeholders and then prioritise them based on their influence, interconnections, and organisational responsibilities. Based on this prioritisation, we engage with both internal and external stakeholders and develop action plans to address any concerns they may have.

As part of our engagement efforts, AIL representatives periodically meet with local stakeholders to raise awareness, provide training on communication channels, discuss their issues, and identify emerging concerns. By doing so, we aim to develop relevant action plans that align with stakeholder expectations, ensuring timely and dedicated responses.

Customers

Key Expectations

- Product quality and timely delivery
- Product availability
- Competitive cost
- Responsible production
- Transparency in disclosure
- Climate change disclosure and GHG emission reduction targets
- Life cycle assessment

Relevant Material Matters

E1 E7 S5 S6 G4

Our Response

- Improvement in operational efficiency, packaging and labelling of products.
- Customer survey to cover ESG topics and product quality, availability of packaging and labelling.
- Participation in various disclosures to increase transparency.
- Timely response of queries and timely resolution of grievances.
- Commitment to calculating the LCA of all our products.

How We Engage

- Video Conferencing
- Emails
- Customer Satisfaction Survey
- One on one meetings

Frequency of Engagement

- Continuous

Value Delivered

- 1,035,198 MT production.
- Introduction of new chemistries to enhance product profile and provide customer centric solutions.

UNSDGs

- Industry, Innovation and Infrastructure
- Responsible Consumption and Production
- Good Health and Well-being
- Climate Action
- Partnerships for the Goals
- Affordable for Clean Energy

Suppliers and Contractors

Key Expectations

- On-time payment
- Ethical behaviour
- Sustainable growth

Relevant Material Matters

S2 S6 G1 G2

Our Response

- Increase coverage of suppliers' sustainability assessment.
- Digitisation of procurement function to simplify work process.
- Capability building of suppliers and contractors on ESG, Ethics, ABAC through training, handholding, assessment and other engagements.

How We Engage

- Supplier Meets
- Supplier Assessment
- MoU Agreements
- Contract Discussion Meetings
- Daily Toolbox Talks, Weekly Discussion Meetings
- Performance Review

Frequency of Engagement

Continuous

Value Delivered

- 63 of significant suppliers assessed on sustainability.
- Launching a dedicated software platform for buyers and vendors to integrate and share information on a single platform, making the supply chain process more seamlessly connected.
- Reward and recognition of business partners based on sustainability performance.

UNSDGs

- Responsible Consumption and Production
- Industry, Innovation and Infrastructure
- Partnerships for the Goals
- Decent Work and Economic Growth
- Gender Equality
- Reduced Inequality
- Good Health and Well-being

Employees

Key Expectations

- Diversity
- Quality of work and life
- Fair wages and remuneration benefits
- Skill upgradation
- Career growth
- Health and safety
- Continuous performance dialogue and feedback

Relevant Material Matters

S1 S2 S3 S7 G1 G2 G4

Our Response

- Committed to providing equal opportunities for all our employees and ensuring their growth through various initiatives, including capacity building, training, and a safe work environment.
- Promote transparent communication through platforms such as CHRO Connect and Kushal Varta. Our recognition programs, like Arjan for employees and Anant for contractors, celebrate achievements and contributions. Additionally, we enhance quality and productivity through targeted training programs.
- Cultivate a strong safety culture and excellence by encouraging employee participation in safety engagement initiatives.
- Implement a 360-degree feedback mechanism alongside mid-year and year-end performance discussions to support continuous improvement and development.

How We Engage

- Leadership Development Interventions
- Monthly manufacturing connect
- Web Based Performance Dialogue
- Continuous Feedback
- Nirvana – Employee Wellness Program
- Employee Experience
- 'Pahel' Town hall Briefing
- Listening Tour
- Employee Engagement Survey
- Emails
- Quarterly Newsletter Publication

Frequency of Engagement

Continuous

Value Delivered

- 4.72/5 engagement score
- Average 37 hours of training per employee
- Performance feedback and dialogue with 100% of the eligible employees
- 781 employees are provided with career growth opportunities through promotion

UNSDGs

- Good Health and Well-being
- Gender Equality
- Reduced Inequalities
- Quality Education
- Decent Work and Economic Growth

Environment

- E1 Climate Change and Governance
- E7 Product Stewardship

Social

- S1 Occupational Health & Safety
- S2 Human Rights
- S3 Employee Development and Engagement
- S5 Customer Health & Safety and Engagement
- S6 Supply chain Sustainability
- S7 Diversity and Inclusion

Governance

- G1 Business Ethics and Compliance
- G2 Economic Performance
- G4 IT Security and Data Privacy (Customer Privacy)

Local Communities

Key Expectations

- Local employment generation
- Development interventions
- Livelihood generation

Relevant Material Matters

S2 S4

Our Response

- CSR policy and actions to support development interventions in nearby communities in the area of education and skill development, tribal and rural development, livelihood opportunities and housing aid.
- Preference to locals in employment as per their education and skill sets.
- Tracking of grievance

How We Engage

- Regular engagement to understand concerns and requirements.
- Community engagement through CSR initiatives

Frequency of Engagement

Continuous

Value Delivered

- 15.63 Crore spent on CSR
- 4,82,033 number of beneficiaries

UNSDGs

- Good Health and Well-being
- Quality Education
- Gender Equality
- Clean Water and Sanitation
- Reduced Inequality
- Partnerships for the Goals

Investor and Lenders

Key Expectations

- Economic value generated and distributed
- Long-term value creation
- Transparency
- Good ESG governance
- High reputation and brand image
- Data privacy

Relevant Material Matters

E1 E2 S1 G1 G2 G3 G4

Our Response

- Deliver consistent, profitable and responsible growth.
- Regular and timely sharing of information through Annual Reports.
- Dedicated investor relations department for regular interaction and dissemination of Information to shareholders.
- Stakeholder Relationship Committee to address grievances and Increase transparency.
- AIL is ISO 27001 certified for our R&D centre, pilot plant and technology centre and is in the process of obtaining the certification for manufacturing locations.

How We Engage

- Annual Reports and Sustainability Reports
- Investor/ Analyst Meets, calls Including Plant Visits
- Quarterly Results
- Company Website
- Stock Exchange Filings
- Media Release

Frequency of Engagement

Continuous

Value Delivered

- 1016 Crore EBITDA
- 331 Crore PAT
- AA/A1+ from Crisil & India Ratings Credit Rating

UNSDGs

- Decent Work and Economic Growth
- Industry, Innovation and Infrastructure
- Responsible Consumption and Production
- Climate Action
- Partnerships for the Goals

Regulatory Bodies and Government Agencies

Key Expectations

- Proactive compliance to regulatory approvals.
- Implementation of compliance management system.

Relevant Material Matters

E1 E2 E4 E5 E8 S1 G1

Our Response

- Proactive compliance monitoring using a digital compliance management system (CMS) platform.
- Establish a dedicated compliance cell at the corporate level to oversee existing and emerging compliance requirements.
- Conduct regular meetings with regulatory bodies, including the State Pollution Control Board (SPCB), the Central Pollution Control Board (CPCB), the Ministry of Environment, Forest & Climate Change (MoEF&CC), and the Directorate of Industrial Safety and Health (DISH).
- Schedule an assessment programme to evaluate compliance with regulations.

How We Engage

- Open Invitations
- Specialised Programmes
- Seminars
- Media Releases
- Conferences
- Membership and Associations

Frequency of Engagement

Need-based

Value Delivered

- 53.18 Crore Tax contribution

UNSDGs

- Industry, Innovation and Infrastructure
- Responsible Consumption and Production
- Climate Action
- Peace, Justice and Strong Institutions

Environment

- E1 Climate Change and Governance
- E2 Waste Management
- E4 Air Emission
- E5 Water and Effluent Management
- E8 Biodiversity

Social

- S1 Occupational Health & Safety
- S2 Human Rights
- S4 Community Relations

Governance

- G1 Business Ethics and Compliance
- G2 Economic Performance
- G3 Market Presence
- G4 IT Security and Data Privacy (Customer Privacy)

Double Materiality Assessment

Materially Aligned For Responsible Growth

At AIL, our ESG strategy is grounded in a robust materiality assessment that identifies key environmental, social, and governance issues essential for long-term value creation. This approach directs our efforts where they can have the most significant impact, promoting responsible growth, enhancing value, and contributing to a sustainable future.

We conduct an annual review of our materiality assessment to ensure that our sustainability initiatives align with strategic priorities, current trends, and emerging risks and opportunities. Every three years, we conduct a comprehensive evaluation that incorporates input from internal and external stakeholders. Since fiscal year 2019, we have conducted these assessments annually. In FY24, we conducted a double materiality assessment based on the GRI 2021 framework, collaborating with a third-party consultant to gather insights from our stakeholders.

In FY25, we revisited and evaluated the material topics regarding their impact and financial relevance. No changes to the issues were identified. We engaged extensively with stakeholders to gather their insights on the material issues for our ESG strategy. We considered management's perspectives to validate the topics influencing our value creation in the short, medium, and long term. As a result, no changes were made to the materiality matrix.

Components of Double Materiality

Financial Materiality:

Emphasises the impact of identified factors on an organisation's financials, considering the associated risks and opportunities (the outside-in view) over the short, medium and long term.

Impact Materiality:

Emphasises on how a company's activities affect people, society, and the environment (the inside-out view) over the short, medium and long term.

Our Approach to Double Materiality

We apply a structured double materiality framework to identify and prioritise ESG issues and opportunities that significantly impact both our performance and stakeholder ecosystem.

Our assessment aligns with the GRI Standards 2021 and the Corporate Sustainability Reporting Directive (CSRD). Since FY24, our assessments have reflected this dual lens- capturing both stakeholder impact and financial implications, ensuring our ESG priorities are aligned with enterprise value creation.

The Materiality Assessment Process

Identify

Refer national/ global standards industry trends, peer practices, and internal risk registers.

Categorise into ESG topics.

Engage

Gather stakeholders insights and inputs through surveys and interviews to prioritise topics.

Assess and Evaluate

Evaluate impacts based on business geography, nature, projections, and stakeholder input

Assess financial implications with Key Managerial Personnel.

Compile a list of the relevant ESG impacts.

Prioritise

Organise risk by significance.

Set a threshold for material topics.

Obtain senior management approvals.

Validate & Monitor

Ensure alignment through the Apex Sustainability Council.

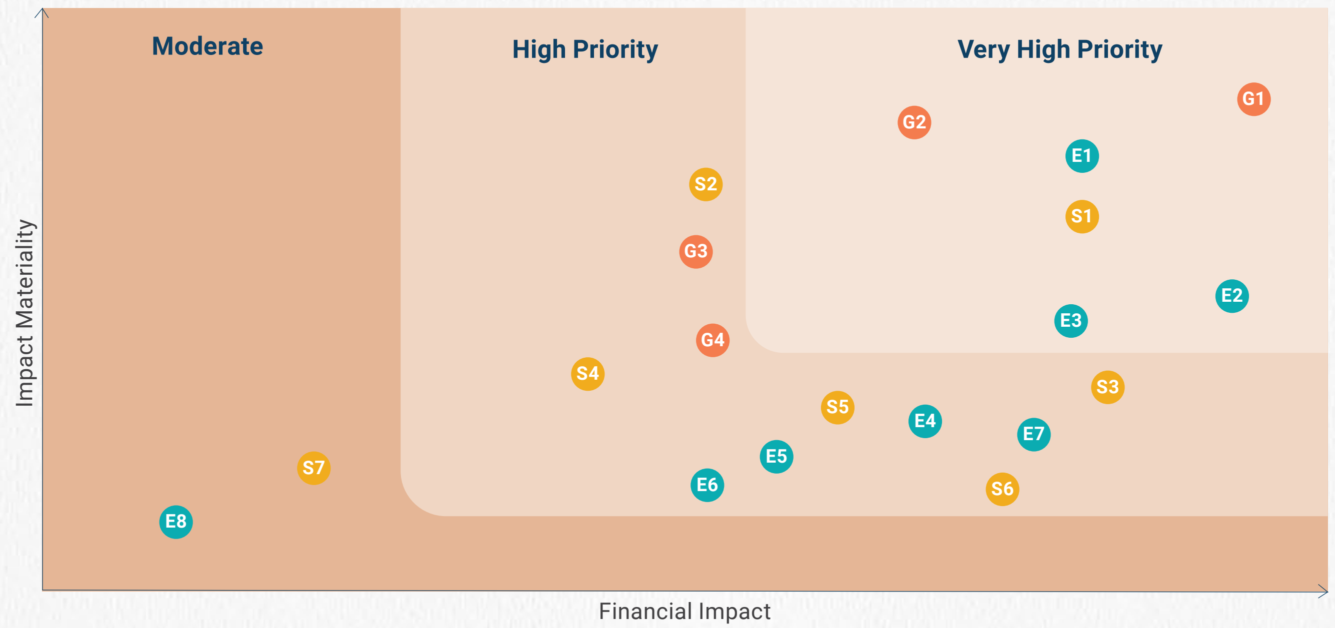
Integrate material topics with ESG strategy and Enterprise Risk Management.

Enable third-party verification and continuous monitoring

Materiality Matrix

Our materiality matrix stems from double materiality assessment integrating ESG Key Performance Indicators (KPIs) with UN Sustainable Development Goals (SDGs), financial implications, and value creation across key capitals. These material topics are embedded in to our Enterprise Risk Management (ERM) framework.

Double Materiality C11



In the double materiality approach, the x-axis represents material topics that impact companies' financial situation and the y-axis represents where the company has a material impact on society and the environment (stakeholders at large).

Key Material Topics

The outcome of our materiality assessment inform updates to our Enterprise Risk Management (ERM) framework, reinforces our strategic sustainability direction. Topics are mapped to GRI standards, <IR> capitals, and UN SDGs, for transparency and comparability.

Material Topics - KPIs and linkages T01

Material topics	Key Performance Indicators	Financial Implication	GRI Linkage	SDG's at play	<IR> Capital Linkage
Environment					
Climate Change and Governance E1	» Increase in renewables portfolio » Carbon emission management » Operational efficiency » Physical and transitional risks	Negative	GRI 302 GRI 305	7, 13	Natural Capital
Waste Management E2	» Waste generated » Waste diverted from disposal » Waste directed to disposal	Negative	GRI 306	9, 12	Natural Capital
Energy Management E3	» Energy consumption (within the organisation) » Energy intensity » Reduction of energy consumption » Direct (Scope 1) GHG emissions » Indirect (Scope 2) GHG emissions » Other indirect (Scope 3) GHG emissions » GHG emissions intensity	Negative	GRI 302	11, 12, 13	Natural Capital
Air emissions E4	» Oxides of nitrogen & sulphur and other significant air emissions	Negative	GRI 305	11, 13, 15	Natural Capital
Water and Effluent management E5	» Total water withdrawal » Water discharged » Water consumption	Negative	GRI 303	14, 16	Natural Capital
Materials Management E6	» Directly Sourced Raw Material » Materials Recycled » Associate Process Materials Packaging Materials	Positive and Negative	GRI 301	12	Natural Capital, Manufactured Capital
Product Stewardship E7	» Customer Health and Safety » Product Labelling and Marketing	Positive and Negative	GRI 416 GRI 417	7, 9, 12	Natural Capital, Manufactured Capital
Biodiversity E8	» Operational sites with high biodiversity value » Conservation efforts across locations » Number of species preserved. » Number of saplings planted	Negative and Positive	GRI 304	14, 15	Natural Capital
Social					
Occupational Health & Safety S1	» Number of fatalities, recordable work-related injuries, high consequence injuries reported. » Number of work-related ill health incidents	Negative	GRI 403	8	Human capital
Human Rights S2	» Total number of incidents of human rights and status of corrective actions taken » Number of sites covered for human rights assessment. » Trainings related to human rights	Negative and Positive	GRI 402 GRI 406 GRI 407 GRI 408 GRI 409 GRI 410	3, 5, 10	Human capital

Material topics	Key Performance Indicators	Financial Implication	GRI Linkage	SDG's at play	<IR> Capital Linkage
Employee Development and Engagement S3	» Average hours of training per year per employee » Programmes implemented and assistance provided to upgrade employee skills » Employees receiving regular performance and career development reviews » Benefits provided to full-time employees to take care of their health, family, and death/ disability. » Return to work and retention rates of employees that took parental leave	Positive	GRI 401 GRI 404	4 Quality Education, 8 Decent Work and Economic Growth	Human capital
Community Relations S4	» Percentage of operations with implemented local community engagement, impact assessments, and/or development programmes	Positive	GRI 413	3 Good Health and Well-Being, 4 Quality Education, 5 Gender Equality	Social and Relationship capital
Customer Health & Safety and engagement S5	» Implementing Customer Relationship Management » Customer Health & Safety	Positive	GRI 416	3 Good Health and Well-Being	Social and Relationship capital
Supply chain sustainability S6	» Supply chain assessment on environment and social parameters	Positive	GRI 308 GRI 414	9 Industry, Innovation and Infrastructure, 12 Responsible Consumption and Production	Social and Relationship capital
Diversity and Inclusion S7	» Diversity of governance bodies and employees » Women representation across cadres » Inclusion of LGBTQ community » Ratio of basic salary and remuneration of women to men	Positive	GRI 405 GRI 406	5 Gender Equality, 10 Reduced Inequalities	Human capital

Material topics	Key Performance Indicators	Financial Implication	GRI Linkage	SDG's at play	<IR> Capital Linkage
Governance					
Business Ethics and Compliance G1	» Operations assessed for risks related to corruption. » Communication and training about anti-corruption policies and procedures » Confirmed incidents of corruption and actions taken	Negative	GRI 205 GRI 206 GRI 207	8 Decent Work and Economic Growth, 17 Partnerships for the Goals	Financial Capital
Economic Performance G2	» Direct economic value generated and distributed » Financial implications and other risks and opportunities due to climate change » Financial assistance received from government » Indirect Economic Impacts	Positive	GRI 201 GRI 203	8 Decent Work and Economic Growth	Financial Capital
Market Presence G3	» Zero non-compliances with respect to advertisements, sales and marketing and competitive advantage » Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Positive	GRI 202	8 Decent Work and Economic Growth, 9 Industry, Innovation and Infrastructure	Financial Capital
IT security and data privacy (Customer Privacy) G4	» Total number of substantiated complaints received concerning breaches of customer privacy » Number of systems/processes / mechanisms automated or digitalised	Negative	GRI 418	9 Industry, Innovation and Infrastructure	Intellectual Capital

Top Three Material Issues T02

S.No.	Material Topic	Business Case	Business Impact	Business Strategy	SDG Target	Progress
1.	Climate Change and Governance E1	AIL produces greenhouse gas (GHG) emissions that contribute to climate change, both directly and indirectly. Direct emissions primarily stem from the combustion of fossil fuels, such as coal, natural gas, and diesel. Coal is a key energy source for our operations, and replacing it with alternative materials poses significant challenges and cost implications in the short-term. Our business operations face both physical and transition risks related to climate change. » **Physical risks** include the impacts of temperature variability and increased heat waves, which require adaptation measures in chemical manufacturing processes where product quality depends on specific process parameters. » **Transition risks** arise from the shift away from fossil fuels and other GHG-emitting activities. Adapting to these transition-related climate change risks is crucial for ensuring business continuity. Changes in policies, regulations, technologies, and market structures can lead to disruptions and additional costs.	Risk	» Reducing our reliance on conventional energy sources by utilising 13.2 MW of hybrid renewable electricity, with the Board approving further investments in an additional 25.7 MW. » Implemented an IT-based Energy Management System (EnMS) to control, manage, and conserve energy effectively, enhancing energy management. » Actively working to mitigate emissions in our operations and throughout our value chain by committing to science-based targets approved by the Science Based Targets Initiative (SBTi). » Gradually replacing coal with biomass as a regular energy source to decrease carbon emissions. » Exploring a transition to green hydrogen and other renewable energy sources; assessing various proposals for this purpose. » Investing in process improvements to further reduce energy consumption.	**Target 13.2** Integrate climate change measures by implementing climate governance, policies and decarbonisation strategy. **Target 13.3** Creating awareness on climate change mitigation and adaptation, among the workforce and communities.	» Adopted climate budgeting and conceptualised GHG reduction projects. » Conceptualisation of GHG emission-reduction strategy. » Collaboration with business partners for the reduction of GHG emission in the value chain.
2	Business Ethics and Compliance G1	We are guided by our core value of integrity in all our business dealings and daily activities. With a legacy of over 40 years, we have built our reputation on three core values – care, integrity, and excellence. These principles form the foundation of our ethical practices, which are essential for attracting and retaining our customer base, investors and Business Partners (suppliers). Our Business Ethics and Compliance Programme helps us create a strong legal framework that protects us from fines, penalties, and legal actions that could negatively impact our financial performance and public image. Maintaining a strong reputation for ethical conduct and compliance not only attracts talent but also provides us with a competitive advantage.	Risk	We have established stringent and comprehensive policies and a Code of Conduct to promote ethical behaviour at all levels of our organisation. We provide training on the Code of Conduct to all employees and workers to educate them about appropriate workplace behaviour. We utilise an online compliance management tool to ensure compliance with applicable regulations. Additionally, an Ethics Committee oversees the entire process and reports to the Board.	**Target 9.1** Develop quality, reliable, sustainable and resilient infrastructure, to support economic development and human well- being, with a focus on affordable and equitable access for all.	» Digitisation of planning, budgeting and forecasting processes. » Digitisation of 360 degree customer experience on a state-of-the-art CRM platform. » Digitisation of various peripheral (satellite) business processes on the Low Code No Code platform.
3.	Occupational Health and Safety (OHS) S1	Due to the nature of our business, employees and workers may face potential risks of exposure to hazardous chemicals and substances. Health impacts or injuries occurring at work can lead to business interruptions and damage AIL's reputation. Additionally, accidents can lower employee morale within the organisation Failure to comply with OHS requirements may result in fines and penalties. At AIL, we believe that "For safety, even world-class is not enough!" AIL is committed to preventing injuries by maintaining an injury-free workplace and fostering a mindset of zero tolerance towards the practices that prevent incidents or injuries.	Risk	We have established a comprehensive and reliable OHS Management System as part of the Aarti Management System. This system covers all our employees, contract workers, and visitors. It includes process safety, risk management, and an emergency mitigation plan. In addition, we have implemented the following safety interventions across our manufacturing locations: 1. Plant-level initiatives include daily toolbox talks, monthly awareness sessions, etc. 2. Process safety is managed through process management guidelines. 3. Risk assessment is carried out through HAZOP, HIRA, QRA and chemical exposure study. JCC is also done to check the adherence to SOP, other than these regular third-party audits through an external auditor (expert in the field) is done to identify process risks 4. Daily safety pledge to reaffirm our commitment to safety 5. BESAFE+ Huddle 6. TACIT Knowledge sharing sessions 7. Learning from Incident - Safety Alert 8. Reward and Recognition 9. Listening Tour 10. Knowledge Capsule 11. Safety Audits 12. Barrier Management	**Target 3.8** Achieve health coverage, including financial risk protection, access to quality essential healthcare services and safe, effective, quality and affordable essential medicines and vaccines for all employees and workers. **Target 3.9** Substantially reduce the number of fatalities and medical cases from hazardous chemicals and air, water and soil pollution and contamination.	» Launch of BESAFE+ to enhance safety culture » Consolidate the identified risk from different sources and prioritise the top risks/event with their respective preventive and mitigative barriers through Barrier Management

Impact on External Stakeholders T03

S.No.	Material Topic	Cause of Impact	External stakeholder(s)/ Impact area(s) evaluated	Topic relevance on external stakeholders	Quantitative Metric		
					Output Metric	Impact Valuation	Impact Metric
1.	Waste Management E2	Operation	Environment, Social (Community)	**Negative Impact:** Inefficient waste management severely impacts society through air, water, and soil pollution, leading to health problems, environmental degradation, and economic costs.	» 94% of the generated waste is recycled or recovered. » More than 50% of manufacturing units are Zero Waste to Landfill. » We aim for a 50% reduction in incinerable waste by FY 28.	» Reduction in area and number of landfills in turn, reduces the environmental footprint of our activities	» Improved quality of groundwater in nearby water sources » Improved quality of the air and water and reduced associated health impact
2.	Water and Effluent Management E5	Operation	Environment, Social (Community)	**Negative Impact:** Inefficient management of water and effluents can have serious consequences, including water pollution, public health risks, economic losses, and environmental damage. These issues can negatively impact ecosystems and human well-being. Furthermore, excessive freshwater consumption can lead to the depletion of vital freshwater sources, threatening human health, agriculture, and the overall stability of ecosystems. Therefore, adequate water and effluent management is essential for the environment and society.	» Complete scientific management of wastewater for all the sites. » No notices of non-compliance related to wastewater. » All sites have undergone a water risk assessment. » The water recycling ratio stands at 42%. » 8.24% of water consumption from desalination source	» Assists us in maintaining a social license to operate.	» Increased quality of ecosystems, flora and fauna » Increased access to natural resources such as water

Risk and Opportunities

Strategic Foresight for a Secure Tomorrow

At Aarti Industries Limited (AIL), we are committed to proactive risk management to enhance decision-making and achieve strategic goals. Our risk management policy fosters a competitive and sustainable organisation by improving operational effectiveness and creating stakeholder value. Our Risk Management Policy, is aligned with the Companies Act 2013, SEBI LODR amendments 2021, ISO 31000:2018, and Committee of Sponsoring Organisations (COSO) principles, and aims to drive sustainable growth and stability through structured risk management, including the creation and regular updating of Risk Registers and Databases for informed decision-making and proactive mitigation. The risk management policy is reviewed by the board once every two years or in case of any event or incident as required.

Effective Risk Management (RM) is essential for sustainable growth and resilience against future challenges. Therefore, RM is a core capability integrated into our decision-making process, particularly in identifying and mitigating business risks related to ESG factors.

Risk Governance

Aarti Industries Limited follows a robust three-tier governance structure for effective risk oversight and management:

Board Oversight

The Board, led by the Chairman, oversees the enterprise risk governance framework and has established a Risk Management Committee (RMC) comprising one independent director, one non-executive director, and six executive directors. The RMC develops risk management strategies, aligns policies with business objectives, and addresses emerging risks, meeting half yearly to review mitigation plans and the risk profile for the Board. The audit committee oversees financial risks and controls.

Management-Level Governance

The Chief Risk Officer (CRO) implements risk policies and serves as a liaison between the RMC and plant-level risk owners. They work with functional leaders to ensure consistent risk identification, mitigation planning, and compliance monitoring across the organisation. The CRO reports to the CEO and is accountable to the RMC for matters related to risk management.

Working Group

Function Heads, as Risk Owners, manage operational risks in their areas, supported by teams that identify and assess emerging risks and develop mitigation strategies aligned with AIL's goals. The internal audit team regularly assesses compliance and risk management against the Board policies, while independent external audits evaluate our processes. This framework fosters accountability and risk ownership, supported by ongoing internal audits to ensure effective controls.

Risk Management Framework and Risk Management Process

Risk management is an ongoing process that encompasses the entire lifespan of a company. Our Risk Management Framework, established by management, focuses on identifying, prioritising, managing, and reviewing risks to ensure effective mitigation and reporting. We align our approach with the COSO framework, integrating risk management with business strategy and compliance, which enhances our ability to spot emerging risks and opportunities. The framework outlines governance structures and stakeholder roles and implements policies to minimise financial and operational risks. Our Board-approved Risk Management Policy assesses key material risks and emphasises prudent practices for managing our risk profile, combining both quantitative and qualitative data for a comprehensive approach.

Risk Management Process

At AIL, we recognise the importance of proactively assessing risks and opportunities within the business landscape. Our risk management framework encourages collaboration among risk owners and departments, enhancing awareness and preparedness for emerging risks. It aligns KPIs and business objectives with identified risks to improve decision-making.

We implement a four-step Enterprise Risk Management (ERM) process: Identification, Analysis & Evaluation, Risk Treatment, and Risk Monitoring & Reporting.

In FY25, our risk management committee held 2 meetings to review our risk management policy and ensure effective systems are in place.

We also conducted ERM training sessions covering specific and cross-functional risks, totalling 15476 man-hours dedicated to risk management training.

Risk Identification

- Conducted by business and corporate functions.
- Based on internal inputs, market research, strategy, and leadership insights.

Risk Analysis & Evaluation

- Risks assessed by impact and likelihood to assign a risk score.
- Compared against a dynamic risk appetite.
- Risks classified as High, Medium, or Low to form a heat map.

Top Risk Prioritisation

- Quarterly review of all high category risk by management
- High priority risk are also reviewed by the Risk Management Committee (RMC) and Board.

Mitigation & Treatment

- Risk categories guide mitigation planning.
- Stress tests assess the effectiveness of response plans.

Risk Monitoring & Review

- Risk registers maintained at function/zone level.
- Quarterly reviews by AMS pillar heads.
- Gaps reported to management and RMC.
- New/emerging risks are continuously identified and addressed.

Risks and Mitigation Strategy

Sustainability Risk

Climate Change Risk

- Manufacturing sites are vulnerable to physical risks from climate-related weather events, such as extreme heat, cyclones, heavy rainfall and water scarcity.
- Failure to implement climate mitigation measures due to the availability of economical and feasible low-carbon technologies.

Capital Impacted

Financial Implication

Linkage to Materiality

E1 E3 E4 S3 S6

Responsibility

- Audit Committee
- Risk Management Committee
- Apex Sustainability Council

Significance and Impact

- Setting up manufacturing is costly, with physical risks impacting finances, safety, and the environment
- Speciality chemicals are energy-intensive and need significant investments to transition to green fuels and sustainable technologies

Mitigation

- Monitor risks from extreme weather and climate change.
- Align GHG emission reduction targets.
- Increase renewable energy share.
- Adopt technologies to cut carbon footprint.
- Adapt decarbonisation strategy to meet Science-Based Targets.
- Collaborate to reduce carbon emissions throughout the value chain
- Strengthening the storm water drain to mitigate the impact of heavy rainfall

Associated Opportunities

- The Government of India's National Manufacturing Policy emphasises resource efficiency, promoting a circular economy for the better utilisation of recycled materials
- With rising consumer demand for eco-friendly products, organisations can capitalise on the market for greener options

Workplace Safety Risk

- Failing to establish a strong safety culture can foster unsafe behaviour among employees and create hazardous conditions which may lead to regulatory non compliance leading to fines and penalties.
- Health impacts or injuries sustained during accidents may result in financial repercussions and damage to AIL's reputation.
- Accidents may also affect employee morale, leading to production losses.

Capital Impacted

Financial Implication

Linkage to Materiality

E7 S1 S2 S3

Responsibility

- Audit Committee
- Risk Management Committee
- Apex Sustainability Council
- Safety Committee

Significance and Impact

Any significant incident could lead to business interruptions and negatively impact employee morale

Mitigation

- Developed and implemented a comprehensive and reliable Occupational Health and Safety Management System as part of AMS, encompassing employees, contract employees, and visitors.
- BE SAFE+ (Culture, Leadership & Governance Enhancement)
- Plant-level initiatives, such as daily toolbox talks and monthly awareness sessions
- Risk assessments conducted through HAZOP, HIRA, QRA, and chemical exposure studies
- Regular third-party audits performed by external experts
- Reward and recognition programmes
- Training on safety topics

Associated Opportunities

Advancements in technology enhance safety and promote eco-friendly practices, improving process safety and operational productivity

Operational Risk

Waste Management

- Manufacturing processes generate hazardous and non-hazardous waste that requires strict handling and disposal protocols.
- Poor waste management practices can lead to regulatory violations, environmental damage, and unsafe working conditions leading to fines, reputational harm, operational shutdown and increased remediation costs.

Capital Impacted

Financial Implication

Linkage to Materiality

E2

Responsibility

- Risk Management Committee
- Apex Sustainability Council

Significance and Impact

- Improper waste management can lead to social issues
- It may hinder production
- Negatively impact the environment and biodiversity

Mitigation

- Derisking through usage of innovative technology and identifying new waste management disposal options
- Selection of Authorised TSDF/Rule 9 vendor through an audit before starting disposal and obtaining membership/MOU
- Aarti Logistic Centre (ALC)

Associated Opportunities

- Adopting circular economy principles and advanced waste-to-resource technologies allows for value extraction from waste
- Compliance with environmental norms strengthens stakeholder trust and opens green markets

Supply Chain Risk

- AIL's operations depend on a reliable, cost-effective, and quality-assured global supply network.
- Disruptions in the supply chain due to geopolitical issues, logistics failures, or supplier insolvency can impact availability of critical inputs leading to production delays, increased costs, loss of customer trust, and missed business opportunities.

Capital Impacted

Financial Implication

Linkage to Materiality

S6 G2 G3

Responsibility

- Risk Management Committee
- Audit Committee

Significance and Impact

Fluctuations in global crude oil and natural gas prices, along with changes in product availability from refineries and variations in demand, directly affect the prices of AIL's key raw materials, including benzene, toluene, methanol, and sulphur

Mitigation

- Monitor market developments and provide raw material forecasts to adjust for pricing volatility.
- Maintain a strategic inventory of raw materials based on price trends

Associated Opportunities

- Diversifying supplier base and digitalising supply chain operations can increase resilience
- Collaborating with local and sustainable vendors can improve agility and ESG alignment

Cybersecurity

- Growing reliance on digital systems increases exposure to cyber threats, data breaches, and system vulnerabilities.
- Inadequate cybersecurity measures can compromise sensitive information, disrupt operations, and damage stakeholder confidence leading to regulatory penalties, financial losses, and long-term reputational harm

Capital Impacted

Financial Implication

Linkage to Materiality

G4

Responsibility

- Risk Management Committee

Significance and Impact

- Unpatched software creates vulnerabilities. Third-party software flaws can pose a significant security threat.
- AI and deepfake risks are on the rise.
- Non-core systems, such as CCTV, can affect IT security.
- Misuse of privileged accounts can lead to data breaches.
- Transferring sensitive data externally poses risks.

Mitigation

Existing:

- Mandatory training modules and flyers are provided.
- Email security controls and DMARC are in place.
- Periodic firewall reviews identify unused Network Address Translation (NAT) rules and ports.
- ISO 27001:2022 certified

Future:

- Perimeter NAT rules allow only specific IPs, with potential challenges.
- Collaboration is needed for securing non-IT machines.
- Biannual attack simulations planned.
- Regular VAPT for internet-facing applications to be considered.
- Evaluation and implementation of a PAM solution.

Associated Opportunities

- Strengthening cybersecurity infrastructure boosts stakeholder confidence
- Proactive investment in data security can differentiate AIL as a responsible and future-ready enterprise

Financial Risk

Liquidity Risk

- Sufficient liquidity is crucial for meeting operational, investment, and debt obligations.
- Cash flow mismatches, delayed receivables, or unforeseen expenses can strain liquidity.
- Inadequate liquidity can restrict operational flexibility, increase borrowing costs, and trigger solvency concerns.

Capital Impacted

Financial Implication

Linkage to Materiality

G2 G3

Responsibility

- Audit Committee
- Risk Management Committee
- Finance & Investment Committee

Significance and Impact

Failure to secure adequate funding may negatively impact business performance and growth plans

Mitigation

Ensures liquidity backup for 3-4 weeks

Associated Opportunities

- Efficient working capital management and digital finance solutions can improve liquidity buffers
- This enables faster response to market shifts and investment opportunities

Financial Risk

Credit/Debt Risk

» Extending credit to customers and maintaining borrowings exposes the company to counterparty and debt-servicing risks.
» Defaults by customers or adverse debt market conditions can impair financial health leading to credit losses or refinancing challenges in turn leading to impact on profitability, liquidity, and credit ratings.

Capital Impacted

Financial Implication ▼

Linkage to Materiality

G2 G3

Responsibility

» Audit Committee
» Risk Management Committee
» Finance & Investment Committee

Significance and Impact

Delays or defaults in client payments could result in insufficient cash flow and a reduction of profits, negatively impacting financial stability

Mitigation

» Review large overdue receivables monthly for signs of financial stress
» Export Credit Guarantee Corporation, India offers at least 80% coverage for AIL.
» Follow up on payments for timely collection
» Administrative control for release of blocked overdue supplies

Associated Opportunities

» Robust credit assessment and diversified funding sources strengthen financial stability
» Leveraging favourable credit terms can support strategic expansion

Commercial Risk

Market Risk

» Volatility in global demand, prices, and economic conditions affects AIL's product markets.
» Adverse market dynamics can lead to revenue fluctuations, inventory build-up, and strained profitabilit.

Capital Impacted

Financial Implication ▼

Linkage to Materiality

G3

Responsibility

» Risk Management Committee
» Finance & Investment Committee

Significance and Impact

» Increased competition and capacity expansion for market share
» A tender-based mechanism heightens margin pressures domestically
» Exchange rate fluctuations affecting pricing
» Rising margin pressure from China risks Aarti's competitiveness

Mitigation

» Establish long-term contracts
» Collaborate with the government on trade barriers
» Implement volume-linked pricing
» Improve customer relationship management
» Optimise costs to remain a top low-cost producer or exit product lines
» Secure long-term cost-plus contracts to enhance relationships

Associated Opportunities

» Entering emerging markets and tailoring product offerings to local needs helps reduce dependency on mature segments
» Monitoring global trends can guide timely pivots

Procurement Risk

» Strategic procurement of raw materials and critical supplies underpins seamless operations.
» Supplier concentration, price volatility, and quality issues may disrupt procurement processes.
» Procurement failures can escalate costs, cause production halts, and erode competitiveness.

Capital Impacted

Financial Implication ▼

Responsibility

» Risk Management Committee
» Finance & Investment Committee

Significance and Impact

» Late deliveries can impact the overall timeline of project execution
» Delays in settling claims can lead to litigation and pose a risk to reputation
» A high level of surplus inventory due to improper Bill of Quantities (BOQ) and scope changes can increase carrying costs and block working capital

Mitigation

» Regular stakeholder meetings will be used to track progress
» Validate staggered delivery strategy for orders
» Settle legitimate claims promptly
» Use Contract and Work Audit for final bill oversight

Associated Opportunities

» Strategic sourcing and supplier development programmes enhance material security
» Sustainable procurement can support circularity and align with global ESG expectations

Strategic Risk

Technology Risk

» Staying ahead requires continuous investment in process innovations, digitalisation, and technology upgrades.
» Failure to adapt emerging technologies or ineffective technology integration can affect competitiveness.
» Technology gaps can result in operational inefficiencies, missed market opportunities, and reputational setbacks.

Capital Impacted

Financial Implication ▼

Linkage to Materiality

E7 S5

Responsibility

» Risk Management Committee
» Finance and Investment Committee

Significance and Impact

» The improper operation of the plant endangers operational efficiency, productivity, and overall business performance.
» Scale up failures
» Failure to design an intrinsically safe and environmentally friendly process, leading to safety incidents and loss of reputation

Mitigation

» Conduct safety studies and ensure safe process design, compliance with relevant sustainability and regulatory requirements
» Monitor emerging technologies
» Collaborate with startups and research institutions for innovative technologies.
» Implement training programs to build technical capabilities

Associated Opportunities

» Adopting cutting-edge technologies like AI, IoT, and sustainable chemistry enhances competitiveness
» Technology leadership can also attract partnerships and talent

Strategic Risk

Talent management risk

- Success relies on attracting, developing, and retaining skilled talent across functions and levels.
- Talent attrition, skill shortages, or failure to nurture future leaders can impact organisational effectiveness.
- Workforce instability can reduce productivity, disrupt succession planning, and weaken long-term capabilities.

Capital Impacted

Financial Implication

Linkage to Materiality

S3 S7

Responsibility

- Risk Management Committee
- Nomination and Remuneration Committee

Significance and Impact

- Poor planning and inadequate manpower allocation can significantly impact productivity.
- Undefined career paths lead to lower productivity and higher turnover.
- Lack of competency-based performance management leads to skill gaps and reduced productivity

Mitigation

Existing Mitigation Plan:

- Defined Manpower Planning Process
- Critical Skill Operating Standards (CSOS) and Average Length of Service (ALOS) for employees
- Regular review of manpower needs
- Metrics for measuring productivity
- Contingency plans for resource shortages
- Access to AIL Competency Framework
- Skills assessments for targeted development

Future Mitigation Plan:

- Implement automation for repetitive tasks to boost productivity
- Use project management tools to track tasks and identify resource gaps
- Approved career tracks for all departments
- Automate personalised development plans based on competency assessments

Associated Opportunities

- Investing in employee development and inclusive culture improves retention and innovation
- Attracting next-gen talent can future-proof the organisation

Regulatory Risk

- Compliance with evolving regulations across environmental, safety, quality, taxation, and labour laws is essential for sustained operations.
- Failure to adapt to new or stringent regulations can result in legal penalties, operational disruptions, and increased compliance costs.
- Regulatory non-compliance may lead to reputational damage, affect stakeholder trust, and restrict market access or project approvals.

Capital Impacted

Financial Implication

Linkage to Materiality

G1 G2

Responsibility

- Risk Management Committee
- Audit Committee

Significance and Impact

- Litigations and exposure related to direct taxes and compliance requirements
- Lack of regulatory compliance raises the risk of violations, harms employer brand, and increases non-compliance costs

Mitigation

Existing Mitigation Plan:

- Use the Compliance Management Portal to track activities
- Conduct monthly compliance checks and keep records
- Regularly review and update policies to ensure they align with relevant regulations
- Address non-compliance in accordance with DAP Guidelines

Future Mitigation Plan:

- Engage third-party firms for annual compliance audits
- Review HR policies for regulatory alignment
- Foster an ethical culture that emphasises compliance
- Maintain documentation for contractor compliance

Associated Opportunities

- Aligning with evolving regulations enhances our operational license and positions us as a leader in compliance
- Strong compliance systems minimise long-term legal and operational risks, thereby bolstering business resilience
- Staying ahead of regulatory changes fosters innovation in product design and sustainability, boosting brand reputation and stakeholder trust

Emerging Risk

We are navigating a landscape of emerging risks stemming from political, economic, social, environmental, legal, and technological changes. While currently within acceptable limits, these risks could pose significant medium- (3 -10 years) to long-term (> 10 years) challenges if not properly addressed. Their potential impact on our costs and profitability prompts us to adopt proactive measures to reduce residual risks and enhance our business resilience.

We are focused on transforming these emerging risks into opportunities to remain competitive. Given the widespread nature of industry challenges and the diverse portfolio and geographic reach of our operations, we systematically identify potential risks and implement effective mitigation strategies. By fostering a culture that prioritises risk-aware decision-making, we aim to ensure ongoing resilience and agility. Our efforts include strengthening governance, improving internal controls, and utilising data analytics to support our initiatives.

Emerging Risk

Changing economic and geopolitical conditions leading to global freight issues and supply chain volatility

Category

Economic/ Geopolitical

Description

The global trade environment is becoming more complex due to geopolitical tensions, protectionist measures, and shifting supply chains. Disruptions in shipping routes and rising freight costs affect the availability of raw materials and finished goods. The trend toward localisation and increased trade protectionism poses further challenges. These changes underscore the need for agile and diversified supply chains to build resilience against fluctuations in energy and trade.

Impact

Global ocean freight volatility and supply chain fluctuations may increase cycle times in meeting customer demand, leading to challenges in long-term freight rate visibility and potential revenue loss, particularly since over 40% of our revenue comes from exports. Geopolitical tensions, such as war and civil unrest in certain regions, could further impact our export sales.

Mitigation

We are identifying stocking options to reduce cycle time and monitor freight rates, ensuring the sales team stays informed. Diversifying our customer base will help mitigate the risk of demand drops in specific regions.

Emerging Risk

Tariff/Sanction/Trade restriction

Category

Economic/ Geopolitical

Description

Global trade policy shifts, tariffs, and sanctions can hinder Aarti Industries' access to raw materials and export markets. Regulatory restrictions and non-tariff barriers can raise costs and limit market reach, thereby impacting competitiveness and profit margins, particularly in areas with high regulatory volatility or geopolitical uncertainty.

Impact

Trade tensions and tariffs can affect our product's competitiveness in export markets. The EU is expected to introduce a carbon tax on chemical products in 3 to 5 years, potentially impacting our margins in line with existing rates for other sectors.

Mitigation

We will have our strategy department monitor foreign trade policy and utilise free trade agreements. Additionally, we are collaborating with our business partners to increase the visibility of our carbon footprint throughout the supply chain.

Sustainability

Chemistry of Responsibility: ESG at the Core

Centring Sustainability at AIL

We firmly believe that long-term success should be both responsible and resilient. Today, our commitment to sustainability is a strategic imperative, influencing how we operate and create value for all stakeholders. With 75% of our product portfolio positioned among the global leaders, we acknowledge that true excellence encompasses more than just performance; it requires a responsible approach.

External Initiatives

Together for Sustainability (TfS) is an international network of thirty-seven chemical companies focused on assessing and improving ESG performance throughout the chemical supply chain. We have taken proactive steps to enhance our systems and processes for TfS audits, leading to exceptional scores.

TOGETHER FOR SUSTAINABILITY

Anushakti division, Kutch	Organic and Acid Division, Vapi	Pearl and Ruby Division, Jhagadia	Amine Division, Vapi
85	88	94	95

ESG Ratings

Responsible Care Certification, from the Indian Chemical Council

Gold Medal in Ecovadis CSR assessment
Placing us in the top 4% of companies in our sector

Included in the **S&P Global Sustainability Yearbook 2025** with a CSA score of 62 out of 100

CDP Climate Change: Leadership Band "A"
We are included the prestigious CDP A list

CDP Water Security: Leadership Band "A-"
We achieved leadership band in just second year of our participation

We have also made it to the **CDP's Supplier Engagement Assessment (SEA) A** - List for the 2024 disclosure cycle

Membership of Associations

- Indian Chemical Council
- CHEMEXCIL- Chemicals, Pharmaceuticals and Cosmetics Export Promotion Council
- Gujarat Chamber of Commerce and Industry
- Confederation of Indian Industry
- United Nations Global Compact Network of India
- Federation of Indian Export Organisation
- Federation of Indian Chambers of Commerce & Industry (FICCI)
- Indo German Chamber of Commerce

FDA MAHARASHTRA FOOD AND DRUG ADMINISTRATION

Upholding Global Standards

We are fully committed to sustainability and excellence in our industry. This commitment drives us to follow the best practices and uphold internationally recognised standards and norms. As a result, we strengthen the resilience of our operations, ensure product quality, and secure the long-term viability of our business.

Our ESG journey is defined by our initiatives and actions, aligning our environmental and social objectives with our long-term business ambitions. By continually improving and collaborating with our stakeholders, we aim to pioneer sustainability and forge a stronger future.

Our Vision and Achievements

Global Leadership

Sustainable Development

Safe, Responsible, Engaged Workforce

We are proud of our progress in understanding and managing ESG risks, leading to:

Reduced Environmental Footprint

Enhanced Social Responsibility

Safe, Responsible, Engaged Workforce

Economic Growth

Commitment to Sustainability

Sustainability transcends being a business necessity; it is a core responsibility. Our focus is on:

Resource Efficiency
Optimising the use of natural resources to minimise waste and reduce environmental impact.

Renewable Energy
Maximising use of renewable energy in the operations

Innovation and Sustainable Chemistry
Investing in R&D to develop eco-friendly products and processes.

Operational Excellence
Streamlining operations to enhance productivity and sustainability.

Workforce Agility
Cultivating a flexible and skilled workforce to adapt to evolving sustainability challenges.

Our ESG Journey: Governance, Strategy & the Road Ahead

Evolution

Over the years, we have significantly advanced our ESG strategy, shifting sustainability from a compliance-driven activity to a core pillar of business excellence. The focus on responsible manufacturing has become a company-wide commitment to environmental stewardship, social responsibility, and transparent governance. Today, ESG is not just a strategic priority—it is how AIL does business.

ESG Governance

Board Oversight

Led by the Chairman, the board provides a strategic direction to the decision-making processes related to various ESG aspects and also reviews the progress of ESG projects quarterly

Management-level Governance

The Apex Sustainability Council is a top-level committee with departmental heads that assesses ESG risks and opportunities for AIL, providing monthly progress updates. The Zone Sustainability Council and sub-councils implement the ESG agenda and monitor performance across manufacturing locations, with members from all departments involved

Working Group

Corporate and site environment and sustainability teams for implementation of ESG agenda and actions

Strategy

At Aarti Industries Limited, we have developed a comprehensive ESG strategy and sustainability roadmap to integrate sustainable practices across our operations. This journey involves addressing challenges such as fragmented data, evolving carbon tax policies, Scope 3 emissions, and varying frameworks such as Global Reporting Initiative (GRI), India's National Guidelines on Responsible Business Conduct (NGRBC), United Nations Sustainable Development Goals (UN SDGs), United Nations Global Compact Principles (UNGC), and Sustainability Accounting Standards Board (SASB) and ESG disclosures, including those from CDP, DJSI, EcoVadis and Sustainalytics. We also prioritise enhancing ESG awareness among our suppliers.

Our commitment to responsible operations has driven progress in renewable energy use, energy conservation, and water conservation, with sustainability principles embedded in new plant designs. A third-party ESG gap assessment has helped us identify risks, engage stakeholders, and set S.M.A.R.T. ESG and climate goals linked to executive compensation, reinforcing our leadership aspiration in the global chemical industry.

Key initiatives include reducing carbon emissions, improving workplace safety, and enhancing community engagement, all of which are assigned to specific pillars for accountability and transparency.

Roadmap

Our roadmap promotes a culture of sustainability and stakeholder engagement, positioning us to make significant ESG advancements through ongoing monitoring.

To make a detailed ESG roadmap including clear actions and expected outcomes, we conducted a baseline performance assessment to identify growth opportunities and align with industry standards in environmental impact, social responsibility, and governance. This analysis helped in setting an ESG roadmap and benchmarks against leading companies.

Integrating Sustainable Development Goals (SDGs) into ESG Strategy

We are committed to becoming the preferred global partner for speciality chemicals and intermediaries. We contribute to the SDGs by integrating sustainability into our strategies and reporting our progress transparently. In FY25, we thoroughly reviewed our business impact and aligned our ESG strategy with the SDGs.

We prioritise our contributions into two levels:

» Strategically Important

» Important

This helps us effectively allocate resources and promote resilient communities, equitable growth, and environmental protection for future generations.

Integrating ESG Principles

Today, ESG is firmly anchored within AIL's strategy through four integrated dimensions:

Sustainability
Minimising environmental impact and reducing emissions

People's Well-being
Fostering a safe, inclusive and empowering workplace

Partner Delight
Building responsible supply chains and ethical partnerships

Prosperity
Creating value for all stakeholders through long-term resilience

We seamlessly integrate ESG principles into our decision-making process. Our comprehensive ESG strategy addresses:

Occupational Health and Safety
Implementing rigorous safety protocols and health programmes to ensure the well-being of our workforce.

Climate Change Impacts
Reducing carbon emissions and enhancing energy efficiency through innovative technologies and renewable energy sources.

Data Security
Protecting sensitive information with robust cybersecurity measures

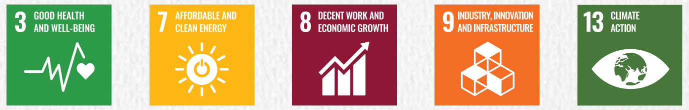
Human Rights
Upholding human rights across our operations and supply chains, ensuring fair labour practices.

Supply Chain Management
Promoting transparency, ethical sourcing, sustainable procurement practices, and sustainability throughout our supply chain.

Prioritise SDG's

SUSTAINABLE DEVELOPMENT GOALS

Strategically important



Important SDG

Climate Resilience and Adaptation Approach

AIL aligns with the National Action Plan on Climate Change (NAPCC), we are dedicated to strengthening our sustainability commitments. To contribute to the NAPCC goals, we are investing in clean energy initiatives and working towards meeting Science-Based Targets Initiative (SBTi) goals. We have been assessing the potential impact of climate change on our operations through comprehensive climate risk scenario analysis. This analysis has helped us identify several climate risks, including extreme weather events, greenhouse gas emissions, and adverse effects on biodiversity. We have actively strengthened our climate change strategy and governance to address these risks and seize new opportunities.

We have also adopted the recommendations set forth by the Task Force on Climate-related Financial Disclosures (TCFD). We discuss our strategy, risk assessment and environment initiatives pertaining to the TCFD metrics in detail below.

Our Climate Commitments

Our action plan focuses on

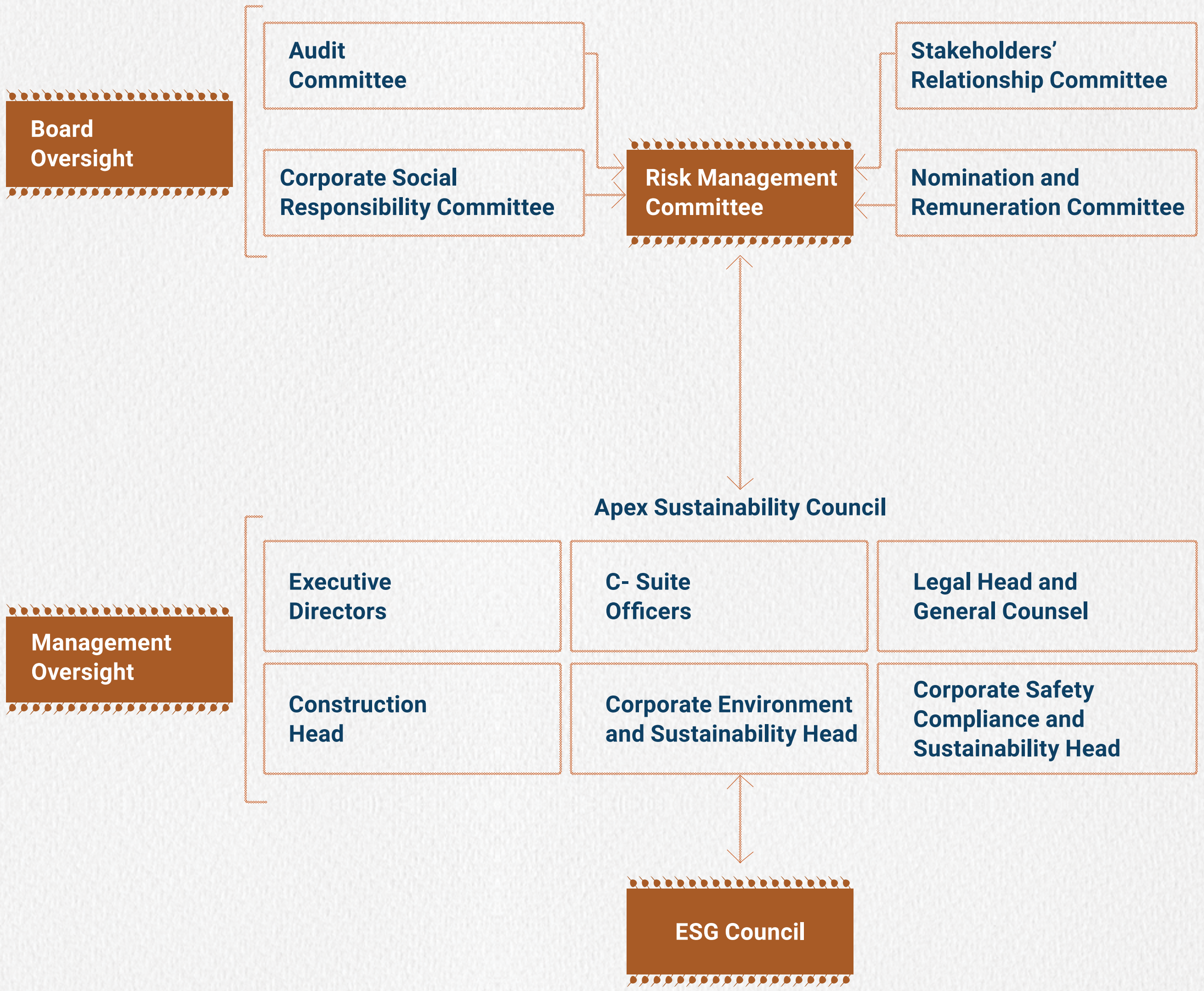
- Improving energy efficiency
- Increasing renewable energy usage
- Leveraging advanced technologies
- Expanding investments in biofuels and green technologies

Aarti Industries Limited is committed to addressing climate change through a decarbonisation roadmap, emphasising energy transition and renewable energy. We focus on adaptive practices, effective water management, and biodiversity protection via afforestation and community initiatives. By integrating climate disclosures and risk assessments, we strive for a cleaner and more resilient chemical industry.

Climate Governance

Our Chairman holds direct accountability for Climate Change initiatives and its performance. The board conducts quarterly reviews of its performance and guides policy formulation and enforcement.

To oversee Climate related matters, the board has established the apex sustainability council. We have integrated sustainability into our core business operations by incorporating qualitative and quantitative key performance indicators (KPI) based on sustainability parameters into the annual performance management system for employees at all levels. This integration underscores our commitment to embedding sustainability including Climate Change throughout our organisation and driving continuous improvement in our ESG performance.



Climate Risk Scenario Analysis

Our risk assessment framework is built on two key parameters: probability of occurrence and expected impact.

1 **Probability of Occurrence** refers to the likelihood of a specific climatic event happening at the regional (district) level due to projected changes in climatic conditions.

2 **Expected Impact** indicates the potential extent of the effects that AIL may experience from these identified climate-related physical events. The magnitude of this impact is influenced by AIL's resilience to the identified risks.

This framework helps us evaluate the potential risks associated with climate change and prepare accordingly.

Physical Risks

Physical climate risks are crucial to our strategic planning and we have assessed vulnerabilities across our operations. Our commitment includes implementing adaptation measures like enhancing infrastructure resilience, improving disaster response protocols, and engaging with communities to minimise disruptions and support our stakeholders' well-being.

We analysed physical climate change risks using two Representative Concentration Pathways (RCP) defined by the Intergovernmental Panel on Climate Change (IPCC) for our operations in India:

RCP 4.5 (Optimistic)

Emissions stabilise by 2100, limiting temperature rise to below 2°C.

RCP 8.5 (Business-as-usual)

Emissions continue to rise, leading to a 3.7°C increase

A comprehensive evaluation of operational asset locations focused on acute and chronic risks was conducted, particularly in the districts of Gujarat and Maharashtra. Based on reports from NDMA and organisations like the World Bank and WRI Aqueduct, we assessed potential vulnerabilities to physical risks, including water scarcity, floods, extreme heat, cyclones, and sea level rise. Our risk assessment covered 2023 to 2050, categorising risks into short, medium, and long-term time horizons. A risk impact map illustrates these physical risks for each timeframe under both RCP scenarios, representing varying risk levels for all districts where our operational sites lie.

Risk Impact Map for Physical Risk T04

Districts	Bharuch		Valsad		Kutchh		Palghar	
Identified Physical Risks	RCP 4.5	RCP 8.5	RCP 4.5	RCP 8.5	RCP 4.5	RCP 8.5	RCP 4.5	RCP 8.5
Extreme Rainfall and Flooding	Low	Low	Low	Low	Low	Low	Low	Low–Medium
Cyclone	Low	Low	Low	Low	Medium	Medium	Low	Low
Water Scarcity	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium
Heat Stress	Medium	Medium	Medium	Medium	Medium	Medium	Low	Low
Sea Level Rise	Low–Medium	Low–Medium	Low–Medium	Low–Medium	Low–Medium	Low–Medium	Low–Medium	Low–Medium

Risk Levels: Low, Medium, High, Extreme

Physical Climate Risk Adaptation Measures T05

Physical Climate risk	Impact of risk	Adaptation/ Mitigation Measure (2023-2028)
Water Scarcity	Operational	» AIL is enhancing freshwater supplementation by adopting alternative sources like rainwater harvesting, greywater recycling, and treated wastewater reuse to reduce reliance on scarce resources. » AIL has initiated water sourcing from desalination and plans to expand this further. » AIL is implementing water-efficient technologies, including low-flow fixtures, water-saving valves, and automated controls, to optimise usage and minimise waste.
Flooding/ Heavy Precipitation	Infrastructural Operational	» AIL is considering construction of flood barriers, reinforced structures, and dewatering systems around key units to protect against flooding based on site topography. » AIL utilises existing early warning systems like IMD alerts and district information to receive flood warnings and activate protection measures.
Heat Stress	Human health	» AIL is in the process of providing cooling stations and shaded rest areas for workers exposed to high temperatures and developing heat-related emergency response plans. » AIL is developing work schedules to reduce employee exposure during peak heat. » AIL is considering developing protocols to protect critical equipment from overheating during heatwaves.
Cyclone	Infrastructural Operational	» AIL is identifying vulnerable structures and reinforcing critical facilities to withstand high winds and flying debris. » AIL is considering designing drainage systems to quickly remove excess water and prevent flooding. » AIL is considering to implement stormwater management, such as retention ponds and green infrastructure, to protect chemical storage and production areas.

Transition Risks

We conducted an analysis of transition risks related to the low-carbon economy, from a chemical manufacturing perspective. This evaluation included potential implications for our products concerning their end-use. We assessed the impact of changes in laws, regulations, market shifts, and the emergence of low-carbon technologies on our operations, guided by scenarios defined by the International Energy Agency (IEA).

Two scenarios were analysed:

Business-as-usual Scenario (STEPS)

- Exploratory model projecting a 2.5 °C increase by 2100.
- Based on existing energy and climate policies as of mid-2022, including announced commitments.

Optimistic Scenario (Sustainable Development Scenario)

- The normative model aims for "well below 2 °C" by 2100.
- Aligns with international climate goals and targets global net-zero CO_2 emissions from the energy system by around 2070.

We evaluated five categories of potential transition risks and opportunities—policy and legal, market, and reputation risk—at an organisational level through 2050. A risk impact heat map illustrates the transition risks over the short, medium, and long term for both scenarios.

Risk-Impact Map for Transition Risk T06

Risks	Policy and regulatory risk			Reputational risk	
Scenarios	Emission Reduction	Carbon Taxation	Water Management	Waste Management	Negative impact on community and biodiversity
Stated policy scenarios					
Sustainable development scenario					

Risk Levels: Low, Medium, High, Extreme

To evaluate the potential transition risks to our product portfolio, the low-carbon economy transition impact on the downstream industries, primarily pharmaceuticals, agrochemicals and dye industries, was also evaluated. The risk impact heat map has been provided on transition risks, end-use perspective, understated policy scenarios and sustainable development scenarios, respectively.

Risk Impact Profile for Transition Risk – End Use Perspective T07

Risks	Market risk			Regulatory risk		
Scenarios	Pharmaceutical end use	Agro chemical end use	Dye industry end use	Pharmaceutical end use	Agro chemical end use	Dye industry end use
Stated policy scenarios						
Sustainable development scenario						

Risk Levels: Low, Medium, High, Extreme

Opportunities

We intend to leverage advancements in renewable technology, explore emerging markets, and enhance our operational efficiencies. We aim to strengthen our competitive position while making a meaningful contribution to the transition toward cleaner and more sustainable energy solutions. We have identified short-, medium-, and long-term transitional opportunities under both business-as-usual and optimistic scenarios.

Risk Impact of Identified Transition Opportunities T08

Opportunities	Policy	New Products and Services	
Scenarios	Circular Economy	Green Economy	Developing green products
Stated policy scenarios	●	●	●
Sustainable development scenario	●	●	●

Risk Levels ● Low ● Medium ● High ● Extreme

Near-Term Targets

As per our SBTi-approved targets, AIL commits to reducing absolute Scope-1 & 2 GHG emissions by 54.6% by FY33 from the FY23 base year.* AIL also commits to reducing absolute Scope-3 GHG emissions by 32.5% within the same timeframe.

*The target boundary includes land-related emissions and removals from bioenergy feedstocks.

Decarbonisation Roadmap

We have launched a robust climate strategy to decarbonise our operations to combat climate change. Our commitment, aligned with the Science Based Targets initiative (SBTi), the Paris Agreement, and Sustainable Development Goals (SDGs), drives our ongoing mission. We are focused on improving operational efficiencies, transitioning to renewable energy sources, and utilising advanced technologies to reduce our carbon emissions.and Renewable Energy Certificates (RECs) to offset any remaining emissions.

An expert utility group and our process teams have created a decarbonisation roadmap based on three core principles: Fit for Purpose, Focus to Finish, and Right the First Time. Our plan includes coordinated efforts over the coming years to achieve emissions reduction targets, with a near-term focus on the SBTi target by FY33. We are accelerating action through existing and new technologies to enhance energy efficiency, deploy renewable electricity, and implement carbon credits.

Decarbonisation Levers T09

Levers	All 4.0 target 2023 - 2028	Near-Term Target Year/ 2023 - 2033	Long - Term Target Year/ 2023 - 2050
Lever 1 - Energy Efficiency (Reduce)	●	●	●
Lever 2 - Green Electricity (Substitute)	●	●	●
Lever 3 - Adopting Alternate Green Fuels (Substitute)	●	●	
Lever 4 - Adopting Advanced, Economical Technologies (Substitute)	●	●	●
Lever 5 - REC's and Carbon Credits (Compensate)			●

1 Reduce (Scope 1&2)

Reduce energy use by improving efficiencies, optimising operations and redesigning processes

Considerations

» Maturity and availability of technologies
» Cost of technologies
» Industry standards and guidelines
» Availability of finance for adoption

2 Substitute (Scope 1 and 2)

Replace conventional, dirty energy sources with renewable technologies and low emission products

Considerations

» Maturity and availability of suitable alternative technologies
» Supportive policies and regulatory framework
» Industry standards and guidelines
» Availability of finance for adoption
» Available business models (Opex vs Capex)

3 Compensate

Compensate (residual emission across all scopes) or remove unavoidable residual emissions through Renewable Energy Certificates (RECs) and/or offsets

Considerations

» Cost for procuring RECs, market maturity and availability of finance for adoption
» Supportive policies and regulatory framework, Industry standards and guidelinesn

Case study: Net Zero

Aarti Industries Limited advocates for climate-aligned and circular economy policies to support India's Net Zero target by 2070, and is committed to achieve Net Zero by 2050. Emphasising the need to reduce industrial emissions and promote resource efficiency. We recommend rationalising marine discharge norms to enable energy-efficient deep-sea discharge as a viable alternative to Zero Liquid Discharge (ZLD), which has a carbon footprint up to 14 times higher. Additionally, we advocate policy reforms to treat certain hazardous by-products—such as spent hydrochloric acid (HCl) Aluminium Hydroxide {Al(OH)3} and sulfuric acid (H_2SO_4)—as recoverable resources rather than waste. These materials are already being safely utilised within the industry and for export-oriented products. Exempting them from lengthy SOP approval processes under Rule 9 of the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, would significantly advance circularity, reduce landfill burden, and align with sustainable industrial growth.

Climate Transition and ESG-focused Training

ESG-focused training is integral to our learning strategy. We trained over 5,000 employees on topics of ESG and Business Sustainability and Climate Change through structured programmes. These were mandatory modules which needed to be completed by every employee. Specialised training for shop floor associates includes 111A, Energy Efficiency, and Responsible Care, while contract employees participate in monthly ESG sessions. Leaders conduct Sensitisation Cascades to reinforce ESG values in the organisation.

We also carry out Climate transition changes programs to our employees to make them understand the outcomes of climate risk assessment and mitigation plan including reskilling needed to minimise its impacts.

Redefining a Future of Possibilities

At AIL, we believe the future is not something we wait for—it is something we create. With every investment, innovation, and insight, we are redefining possibilities in a rapidly transforming chemical industry. Our aim is to grow not just in scale but also in significance. Our vision for growth is straightforward: we aspire to be a globally respected, technology-driven leader in speciality chemicals, delivering lasting value through purposeful progress.

We leverage our integrated value chain, chemistry expertise, and strong customer relationships for sustainable growth. Our efficient use of capital and resources drives expansion while maintaining resilience. With multipurpose plants and modular infrastructure, we maximise asset productivity and adapt to market changes. We invest in addressing future challenges, with a focus on sectors such as battery materials and sustainable polymers. At AIL, we strike a balance between our legacy and a forward-looking approach.

We transform volatility into opportunities and complexity into value.

Financial Capital

Invested in Value, Driven by Vision

At Aarti Industries Limited, financial strength is more than just numbers—it's the backbone of our long-term vision and our responsibility to all stakeholders. Our strategy for economic growth is deeply intertwined with our commitment to sustainability, transparency, and stewardship of the environment. We continue to build resilience into our operations, ensuring that every rupee invested aligns with our values and creates an enduring impact.

As we respond to rising global expectations and evolving supply chain demands, we are advancing circular economy models and resource efficiency and embracing sustainability-linked financial instruments. Backed by transparent reporting and consistent stakeholder dialogue, we remain invested in value and driven by a vision for responsible growth.

Key Highlights

₹8,046 Crore Revenue from operations	₹1,016 Crore Operating EBITDA	₹331 Crore Profit after tax
₹5,605 Crore Net worth	₹3,495 Crore Net Debt	₹14,156 Crore Market Capitalisation

Key SDGs

Managing Trade-offs (Impact on other Capitals)

Manufactured

Human

Social & Relationship

Intellectual

Natural

Material Topics

Economic performance

Market Presence

Key Risks and Opportunities

Raw material price volatility

Foreign exchange fluctuations

Regulatory and compliance risks

Geopolitical and trade uncertainties

Credit and Debt risk

Liquidity Risk

For FY25, our consolidated financial data includes the following subsidiaries:

1. Aarti Corporate Services Limited
2. Shanti Intermediates Private Limited (through Holding Company: Aarti Corporate Services Limited)
3. Nascent Chemical Industries Limited (only part year) (through Holding Company: Aarti Corporate Services Limited)
4. Alchemie (Europe) Limited
5. Innovative Envirocare Jhagadia Limited
6. Aarti Polychem Private Limited
7. Aarti Bharuch Limited
8. Aarti Circularity Limited
9. Aarti Chemical Trading FZCO
10. Aarti Chem Trading USA Inc.

Defined Benefit Plan Obligations and Other Retirement Plans

We believe that happy and satisfied employees contribute to long-term business success. To this end, we offer our employees a range of benefits, including medical insurance, life insurance, personal accident insurance, study leave for Aarti-sponsored higher education and a provident fund.

In the current fiscal year, we have invested ₹46.67 crore in defined benefit plan obligations and other retirement plans. During FY25, we also made political contributions totalling ₹4.5 Crore to local, regional, or national political campaigns/ organisations/candidates are covered in the notes (form part of the consolidated financial statement).

Significant financial assistance from government (₹ Crore) T10

	FY23	FY24	FY25
Tax Relief	21.40	17.95	57.39
Subsidies Received	41.45	29.97	39.46
Investment Grants	29.97	5.63	0

Key Financial Milestones

AIL's financial evolution has mirrored the growth of India's chemical sector, rising from modest beginnings to become a global powerhouse of speciality chemicals. Over the decades, our disciplined financial strategy, operational efficiency, and vision-led decision-making have built a strong foundation of value creation. From embracing small-scale opportunities to driving productivity with sustainability, every phase of our financial journey has been marked by purposeful investments and sustained financial performance.

1985 - 2012

Laying the Foundation, Scaling Operations

We began our financial journey by leveraging India's liberalised policies for small-scale industries, establishing strong technical capabilities and operational know-how. By 1992, we got listed on the BSE and NSE, which enhanced our financial credibility and governance. Aarti reinvested 70-75% of our earnings for growth, focusing on capacity expansion and backward integration. With a strong export orientation, we became a key player in global supply chains.

2013-2018

Embracing Capital Markets with Public Listing

Recognising the need for responsible growth, Aarti aligned financial performance with environmental responsibility. Capital investments were directed towards sustainable chemistry, cleaner technologies, and enhanced productivity, solidifying our reputation as a sustainability-driven enterprise.

2019 - 2025

Scaling Operations and Strengthening Global Footprint

Driving Growth and Bolstering Expansion Aarti raised approximately ₹750 crores through our first QIP in 2019, which was oversubscribed by over 2 times, reflecting strong investor confidence. In 2021, Aarti raised ₹1,200 crores through another QIP, supported by global institutional investors. We also secured a green loan of $130 million from the International Finance Corporation to lower costs. AIL focuses on a disciplined financial strategy to maintain our growth and economic health.

Tax Risk Framework

Our Risk Management Framework includes risk mitigation related to tax compliance. By proactively managing tax-related risks, we safeguard financial outcomes, support transparent reporting, and align with global best practices.

Identification | Analysis | Evaluation | Treatment | Mitigation | Monitoring

Tax Strategy

Tax Principles
Built on our core values of Integrity, Excellence, and Care. Would not transfer value created to low-tax jurisdictions

Tax Governance
Relies on assessments from experienced departments, qualified tax professionals, and consultations with senior management for decision-making.

Compliance
Committed to comply with the spirit as well as the letter of the tax laws and regulations in the countries in which we operates. Ensure transfer pricing for inter-company transactions is in accordance with the 'arm's length' principle, ensuring compliance with local and international regulations.

Tax Planning
Ensure Tax planning initiatives are aligned with the company's commercial substance and strategic objectives, avoiding aggressive tax practices. Would not engage in artificial or contrived tax arrangements or the use of tax havens for tax avoidance.

Transparency and Reporting
AIL adheres to open and transparent tax practices, including providing relevant and accurate information to tax authorities upon request.

Tax Risk Mitigation Strategy
Identifies and mitigating risks to achieve key business objectives.

Advocacy
We have established a strong advocacy process in which our policy advocacy and tax teams share their views on tax policy changes affecting the industry.

Engagement and Tax Authorities
We communicate with tax authorities honestly, fairly, and collaboratively.

Driving Financial Growth with Purpose and Precision

In FY25, Aarti Industries Limited remains steadfast in its commitment to a strategic approach centered on disciplined capital allocation, capacity enhancement, and innovation-driven growth. This focused strategy aims to strengthen our financial performance while securing our long-term competitiveness in a dynamic global marketplace.

During the year, we prudently utilised ₹1,372 Crore of our capital expenditure budget. Building on the solid momentum from FY24, this planned investment will fuel the expansion of our chemical value chains and facilitate the introduction of high-potential, differentiated products. These initiatives are designed to broaden our market reach and meet the evolving demands of our global customer base with greater agility and precision.

Through this purposeful and precise financial stewardship, Aarti Industries Limited is well-positioned to drive sustainable growth, enhance shareholder value, and reinforce its standing as a leader in the chemical industry.

Strategic Capex Allocation

We are strategically investing across priority projects to strengthen our growth platform. The planned Capex for FY25 will support the commercialisation of high-potential products, deepening of the value chain, and new technology integration, enabling us to stay future-ready.

Operational Efficiency and Utilisation

We continue to drive utilisation and operational efficiency improvements across sites, unlocking higher throughput and cost competitiveness. Our focus remains on delivering strong EBITDA growth while improving asset productivity.

Risk Mitigation and Market Expansion

Our emphasis on product diversification and geographic reach provides a strong hedge against market volatility. These initiatives also allow us to better serve the evolving needs of global clients and create a resilient, scalable business model.

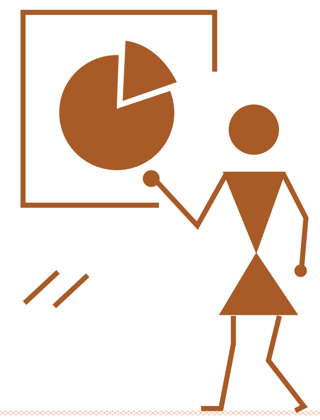
By continuing to invest with precision and purpose, Aarti Industries Limited is paving the way for sustained financial growth while upholding its commitment to responsible and future-focused value creation.

Capacity Expansion and Product Diversification

Having successfully commercialised the NCB expansion and Phase 1 of the Acid Unit revamp at Vapi, FY25 will witness the continued ramp-up of capacity across our key projects. The ethylation unit at Dahej SEZ expanded to 25–30 KTPA and will further scale nitro-toluene chain offerings. Progress on the chlorotoluene value chain at our Zone IV, Jhagadia facility continues, with phased revenue generation expected from FY26. These developments will significantly enhance our position in high-growth agrochemical and pharma segments.

Sustainability and Innovation Initiatives

In line with our long-term vision, we are embedding clean technologies and circular economy principles in all new and ongoing projects. From renewable energy integration to ZLD systems, our investments are designed to meet future environmental and regulatory expectations while ensuring resource efficiency.



Managing Economic Value Effectively (₹ Crore) T11

Parameter	FY22	FY23	FY24	FY25
Gross revenue from Operations (a)	5,023.28	7,919.31	7,010.56	8,046.01
Other income (b)	0.70	0.80	10.86	14.12
Economic Value Generated (c) = (a+b)	**5,023.98**	**7,920.11**	**7,021.42**	**8,060.13**
Operating Costs (d)	3,153.19	4,629.07	5,254.56	6,188.88
Employees wages and benefits (e)	371.38	442.08	403.73	422.42
Payment to providers of capital (include dividend to shareholders and interest payment to credit provider and other payment to capital providers) (f)	86.37	114.29	265.85	311.69
Payment to the Government in the form of tax etc. (g)	242.05	108.88	79.06	53.18
Community investment (h)	14.50	12.97	17.88	20.48
Depreciation, impairment and other expenses (i)	231.31	288.52	378.12	434.27
Economic value distributed j = d+e+f+g+h+i	**4,098.8**	**5,595.81**	**6,399.2**	**7,430.9**
Economic value retained K = c - j	**925.18**	**2,324.30**	**622.22**	**629.23**

At Aarti Industries Limited, managing financial capital goes beyond traditional metrics—it reflects our disciplined strategy to build a resilient and future-ready business. Our approach combines prudent financial management with a sharp focus on value creation through innovation, sustainability, and long-term growth.

We maintain strong credit ratings and conservative leverage ratios, which enable us to pursue growth without compromising financial stability. Our emphasis on disciplined capital allocation allows us to strategically invest in capacity expansion, R&D, and high-margin speciality chemical value chains without overexposing the balance sheet to unnecessary risk. This careful balance between growth ambitions and fiscal prudence positions us to attract long-term ESG-conscious investors while fulfilling our responsibilities to all stakeholders.

Aarti has historically leveraged debt financing to fund capital projects that unlock long-term value. These include brownfield and greenfield expansions, diversification into niche chemistries, and investment in process innovation.

Unlike high-risk, short-term borrowings that seek immediate returns, our financial strategy is rooted in sustainable growth.

Our cost optimisation initiatives and cash flow discipline reinforce this robust financial foundation.

By improving operating efficiencies and managing working capital precision, we have enhanced our capacity to invest in emerging opportunities or withstand economic slowdowns.

The financial headroom created through this approach gives us the flexibility to adapt swiftly to evolving market conditions.

We also see financial capital as a lever to drive transformation. Our investments in green technologies, circular economy models, and carbon reduction initiatives align with global sustainability imperatives and open new growth avenues. These initiatives improve our competitive positioning and appeal to sustainability-focused partners and capital markets.

AIL's financial management is guided by an innovative and value-oriented mindset. It integrates smart budgeting, debt discipline, and strategic foresight to create a growth engine that is resilient, efficient, and aligned with the evolving expectations of stakeholders and the planet alike.

Creating Long-Term Value Through Strategic Financial Stewardship

At Aarti Industries Limited, we have steadily transitioned from focusing on short-term financial gains to building enduring, responsible value through a disciplined, sustainability-led financial strategy. Our long-term approach is built around strategic capital allocation, prudent risk management, and deep integration of ESG principles—ensuring that financial strength supports sustainable business transformation.

Capital Allocation with a Long-Term Vision

We strategically deploy capital toward initiatives that enhance long-term profitability and stability. Investments in cleaner technologies, energy-efficient infrastructure, and sustainable chemical value chains align with our commitment to future-ready growth.

Diversification into High-Value, Specialty Segments

Our move into high-margin speciality chemicals—particularly those with strict environmental and safety standards—has naturally led to sustainability-driven product innovations contributing to compliance and competitive advantage.

Sustainability-Linked R&D and Innovation

A significant portion of our R&D spending is directed toward sustainability-focused innovation. This includes the development of sustainable chemistry solutions, circular manufacturing systems, and renewable energy integration, which is future-proofing our portfolio.

Accessing Sustainable Financing Instruments

Leveraging our strong credit rating, we have tapped into green bonds and sustainability-linked loans. These instruments tie our financing terms to clear ESG outcomes, such as reduced emissions and enhanced energy efficiency, ensuring our financing supports our climate ambitions.

Conservative and Resilient Debt Management

We avoid short-term, high-risk debt and use long-term, stable instruments to fund capital expenditures. This disciplined approach has helped maintain healthy cash flows, minimise exposure to interest rate volatility, and ensure debt servicing remains smooth and stress-free.

Circular Economy Integration

Our historical investments have evolved to incorporate circularity in operations—from chemical recycling to by-product recovery—enabling resource efficiency and reducing environmental impact. This makes future sustainability-linked investments easier and more cost-effective.

Maintaining Liquidity and Strategic Flexibility

We maintain liquidity buffers and flexible reserves, allowing us to respond to economic shifts, invest in high-potential opportunities, and execute value-accretive mergers and acquisitions without compromising financial health.

By embedding these financial practices, Aarti Industries Limited demonstrates a clear commitment to creating sustainable economic value. Our financial capital strategy is aligned with global investor expectations and regulatory trends, enhancing our ability to generate resilient returns while bolstering financial and environmental stewardship.

Enhancing Transparency

At Aarti Industries Limited, we are steadfast in our commitment to transparent, consistent, and responsible disclosures that build investor confidence and reflect our long-term value-creation ethos. We continue strengthening our reporting mechanisms across financial and non-financial domains, aligning with global standards and stakeholder expectations.

Adherence to Global Reporting Standards

Includes: Alignment with internationally recognised frameworks such as Integrated Reporting (IR), GRI, SASB, TCFD, and BRSR.

Why it matters: Elevates our corporate disclosures' credibility, consistency, and comparability across global markets.

Enhanced Financial Reporting

Includes: Greater clarity in financial statements, detailed segment-wise performance, disclosures on key financial ratios, capital allocation strategies, and voluntary reporting

Why it matters: Enables investors and stakeholders to better interpret our financial strength, operational priorities, and value creation model.

Expanded Non-Financial Disclosures: ESG & Sustainability

Includes: Disclosure of ESG strategy and targets, data on waste recycling, emissions, energy usage, third-party ESG ratings, green certifications, and climate risk assessments.

Why it matters: Responds to rising demand for transparency in ESG performance and responsible business practices.

Digital Reporting and Interactive Dashboards

Includes: Development of dedicated investor and ESG microsites, digital dashboards, and real-time sustainability reporting platforms.

Why it matters: Improves accessibility, visibility, and stakeholder engagement through dynamic and user-friendly digital tools.

Third-Party Assurance and Verification

Includes: Independent audits of sustainability data, internal controls, and assurance of ESG disclosures.

Why it matters: Reinforces the accuracy and reliability of reported information, building greater trust with investors and regulators.

Robust Stakeholder Engagement

Includes: Regular surveys, consultations, and interviews to identify material issues, feedback integration, and grievance redressal mechanisms.

Why it matters: Demonstrates our responsiveness and alignment with stakeholder needs and evolving expectations.

Strengthened Governance Disclosures

Includes: Transparency on Board structure, ethics and compliance frameworks, decision-making processes, and accountability mechanisms.

Why it matters: Enhances oversight, ethical conduct, and governance integrity across all levels of the organisation.

Regulatory Compliance

We have established a robust compliance management system with an advanced online monitoring framework utilising a high-end compliance tool. This tool was developed in collaboration with a globally renowned agency. It systematically monitors, tracks, and analyses our legal obligations, minimising risks and ensuring law adherence through its intuitive interface.

This tool encompasses all applicable regulations, including 78 Acts, 101 Rules, and 10,000 compliance provisions. It allows us to maintain compliance through centralised information, real-time updates, and comprehensive reporting. Key features of the tool include streamlined documentation, timely compliance, systematic reporting, accountability, and transparency. Identified users can monitor and report all relevant compliances in real-time across all locations.

We conduct periodic reviews to evaluate the effectiveness of this tool at both the functional and board levels. Monthly reviews are held at the functional level, while the Board reviews compliance and legal requirements quarterly.

Manufactured Capital

Legacy of Precision. Future of Possibilities

At Aarti Industries Limited, Manufactured Capital is much more than facilities; it's our legacy of precision, safety, and sustainable innovation. Every molecule produced reflects our evolution from local capabilities to global standards, with a future geared toward resilience, circularity, and responsiveness.

Key Highlights

100+
Products

TOP 4
Manufacturer for 75% of the product portfolio

5 Star
Export House

10,35,198 MT
Production

Key SDGs

8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Managing Trade-offs (Impact on other Capitals)

- Financial
- Human
- Social & Relationship
- Natural
- Intellectual

Material Topics

- Market Presence

Key Risks and Opportunities

- Capacity under utilisation risk
- Operational disruptions
- Cost escalation in projects
- Green manufacturing and sustainability integration
- De-risking through diversified manufacturing footprint
- Efficiency and yield improvements
- Smart manufacturing and Industry 4.0

Engineering Legacy: Four Decades of Innovation and Scale

Since 1984, Aarti Industries Limited has grown through four distinct phases—each marked by innovation, integration, and operational responsibility. Our journey has been built on scale, stewardship, and sustained excellence.

Reinventing with every Decade

Our strategically situated facilities optimise logistics, helping to reduce transportation costs and emissions. During the reporting period, our total production increased by 13% on a Y-O-Y basis from 919,081 metric tons in FY24 to 1,035,198 metric tons in FY24-25, highlighting our relentless pursuit of excellence and sustainable development.

1985 - 2012

- **Lean manufacturing**
- **Benzene value chain integration**
- **Scaled Chlorination and Nitration**
- **Batch-to-continuous processes, Hydrogenation-Based clean reductions, RCC+ DCS-led safety, and Recovery from the 2001 Bhuj earthquake**
- **Google cloud+ SAP adoption**
- **Process safety group setup**
- **ZLD achieved across sites**
- **First-in-India HCl waste-to-product conversion**
- **Waste Valorisation**

2013 - 2018

- **Retrofitted legacy plants with modern infra**
- **Cluster to zonal manufacturing model**
- **Global contracts secured**
- **Digitalised manufacturing clusters,**
- **Investment in people, infrastructure, and technical capability**
- **Enhanced QC labs and analytical capabilities**
- **Aarti Management System! CSOS**
- **Digitalisation across Operations**

2019-2025

- **Split R&D to ARTC and LCTM**
- **Strengthened ESG oversight**
- **Built a sustainability roadmap**
- **Enabled transformation under CXO leadership**
- **Created CEO-led structures**

With legacy as our foundation, we are now expanding with intent, reimagining scale, sustainability, and responsiveness to global needs.

Precision Engineered. Purpose Driven

In FY 25, we translated our foundational strengths into measurable outcomes. By integrating sustainability, automation and operational excellence, we continued to scale responsibly.

Safety as a Core Value

Shifted from viewing safety as a priority to embedding it as a non-negotiable value—deeply ingrained across operations, behaviours, and systems.

Cost Leadership through Efficiency

Achieved cost advantages by eliminating inefficiencies in yield, energy, and effluent treatment through continuous optimisation and heat integration.

Performance Snapshot- FY25

Backward Integration for the supply chain resilience

Advancing sustainable chemistry through responsible and efficient processes

Multi-Purpose Plants designed for flexibility to enable rapid switching between product lines

Global Long-Term Contracts with multi-year supply agreements

Capacity Expansion Across India

Digital Operations for real-time decisions

Co-generation and closed-loop steam, recovery with 90% condensate reuse

People Development and Training

Consistent focus on building internal capabilities through structured training, skill development, and cross-functional learning.

Real-Time Monitoring and Intelligence (RTMI)

Introduced RTMI systems for online plant monitoring, enabling proactive maintenance and reducing breakdowns through data-driven interventions.

Reliability-Centric Operations

Strengthened plant reliability with rigorous planned and predictive maintenance practices, driving higher uptime and operational stability.

Performance Snapshot- FY25

13%
increase in overall production volumes

22% ▲
in DCBH

66% ▲
in 245 TCA

74% ▲
in 25DCA

25% ▲
in MMA

200 kTPA
MMA

45 kTPA
Nitro-Toluene

108 kTPA
NCB capacity

30 kTPA
Ethylation

Improved uptime, asset utilisation, and plant stability

10–12% ▲
in cogeneration efficiency

100%
Of operational sites are IMS-certified
(ISO 9001:2015, ISO 14001:2015, ISO 45001:2018)

We use online compliance management tracking system for tracking all the regulatory compliances

Every Expansion, a Step Towards the Future

Every AIL expansion is purpose-driven, aimed at enhancing core chemistries, value chains, and responsiveness to market needs. All projects were guided by sustainability-by-design, with energy efficiency, circularity, and future-readiness embedded from the blueprint to the build.

New pilot plant for accelerated NPD

Zone-IV Greenfield facility (Jhagadia): toluene and chlorotoluene chain

Phase 2 acid plant expansion for system integration

Steam turbine upgrades for cogeneration efficiency

Sustainability by Design: From Blueprint to Breakthrough

All expansion projects are guided by principles of green chemistry, energy efficiency, and a circular economy, which are embedded from the design phase.

At our Zone IV facility, we have:

- Installed an in-house effluent treatment plant
- Adopted high-efficiency pumps, motors, and compressors with variable-speed drives
- Designed gravity-based layouts to minimise energy-intensive pumping
- Enabled real-time analytics and control systems for throughput optimisation
- Enhanced reaction optimisation protocols, reducing downstream energy demand

This integrated approach ensures that our growth is not only scalable but also sustainable and responsive to evolving global expectations.

Cost Discipline: Investing for Long-Term Value

Our disciplined approach to cost optimisation ensures that every rupee invested delivers long-term value.

Key Levers:

- **Value Engineering:** Identifying cost-saving opportunities without compromising quality
- **Innovative Procurement:** Leveraging internal estimates, reverse auctions, and wildcard vendor strategies
- **Lean Construction:** Using precast concrete and existing inventory through technical substitution to reduce timelines and capital costs

Execution Excellence: Systems that Build the Future

We take a system-oriented approach to ensure every expansion is efficient, compliant, and future-proof.

Best Practices Deployed:

- Designing facilities with built-in sustainability and process flexibility
- Integrating advanced process controls for continuous monitoring and real-time responsiveness
- Conducting life-cycle assessments and safety studies (HAZOP, QRA, LOPA) before commissioning

Driving Excellence Through the Aarti Management System (AMS)

At AIL, operational discipline and cross-site consistency are powered by our proprietary Aarti Management System (AMS), a unified performance framework built on the pillars of Safety, Quality, Delivery, Cost, Morale, and Environment (SQDCME).

AMS Features :

- Daily Visual Management (DVM) at all plants
- Tiered Accountability Meetings from the shopfloor to the CXO level
- Root cause analysis and resolution of deviations
- Weekly dashboard for real-time KPI tracking
- A robust culture of continuous improvement and team empowerment

This structured operating system aligns day-to-day performance with AIL's strategic objective, enabling high-reliability operations across all manufacturing clusters.

AMS 7S Model

AMS is structured around the 7S Model, which comprises:

Structure | **System** | **Style** | **Strategy** | **Staff** | **Skills** | **Shared Values**

The Seven Pillars of AMS

The AMS framework is further reinforced by seven foundational pillars that guide AIL's strategic initiatives:

Manufacturing
Emphasises operational excellence, quality control, and continuous improvement in production processes.

Development
Centres on innovation, research, and development to drive product and process advancements.

Expansion
Focuses on strategic growth through capacity enhancement and market diversification.

Governance
Ensures compliance, risk management, and ethical business practices across all operations.

People
Prioritises employee well-being, development, and engagement to foster a motivated workforce.

Commercial
Addresses market engagement, customer relationships, and value delivery to stakeholders.

Strategy
Involves long-term planning and execution to achieve sustainable competitive advantage.

How We Define Performance at AIL

Prosperity | **People Well-being** | **Partner Delight** | **Sustainability**

Reimagining Processes: Safer, Smarter, Sustainable

We focus on process innovation to make operations safer, smarter, and more sustainable. We replaced traditional practices with newer technologies to boost efficiency, safety, and environmental performance.

Hazards such as diazotisation and hydrolysis were transitioned from batch to continuous methods for enhanced safety. We upgraded hydrogenation from a stirred tank to a constant loop reactor, adopting top global technology for safer operations.

Key changes include

- **Converting the Halex batch process to semi-batch for better cycle time**
- **Exploring MVR technology for energy efficiency**
- **Used Scaleban in some cooling towers, using RO reject water to save water**
- **Workforce stability improved by empowering team members and thereby driving high perfromance.**
- **Plant shutdowns and breakdowns, as well as fluctuating demand, are addressed through corrective actions, including plant de-rating for stability.**
- **Enhanced training with digital platfrom, gamified learning approach, and promoted knowledge sharing through initiatives such as Gyan Sandhi, Aarti Talks, and Gyan Vridhi.**
- **RTMI in divisions for 24/7 process monitoring, and shifted from Google Sheets to Tableau for better data visualisation.**
- **Replacing washer-settler systems with LLE columns to reduce effluent and optimise costs**
- **Aligning manufacturing with global trends, focusing on cost, digitalisation, and long-term growth.**

Responsible Labelling: Informed Choices

At Aarti, we provide clear info on the economic, environmental, and social impacts of our products through labelling and marketing, enabling customers to make informed choices. All products include relevant ecological and social data. We comply with GHS and MSDS regulations to ensure transparency and provide guidance on the safe use of our products. During the reporting period there were no non-compliance incidents or fines on account of labelling.

> **Throughout the year, we fully complied with marketing standards, ensuring all products met local and international regulations for information and labelling.**

Secure Storage Safe Transport Seamless Distribution

We recognise that mishandling chemicals poses risks to both health and the environment. To mitigate this, we offer storage solutions with optimal temperatures, leak-proof handling using nitrogen blanketing when needed, and regular evaluations.

We ensure safe transportation through Aarti Logistics Control Centre (ALC), which monitors vehicle movements around the clock and activates a quick response team in emergencies. We train our transporters on handling risks and preventative measures. Our facilities are strategically located to improve logistics efficiency, reduce transportation costs, and lower Scope 3 emissions.

In FY25, we created a Transport Safety Council under the Apex Sustainability Council, including members from Safety, Environment, Materials, Marketing, and RM Procurement. It drives safety initiatives, such as health checks, training, and driver behaviour improvements.

Quality: A Pillar of Sustainable Manufacturing

At Aarti Industries Limited, we view quality as a core component of our sustainability, fostering trust and resilience. Our QMS, integrated across all areas, exceeds standards like ISO 9001, ICH, BIS, and ISCC Plus. Committed to sustainable, high-quality products and customer satisfaction, we embrace the theme “Be World Class. Shape The Future,” aiming to foster a ‘Right First Time’ culture in manufacturing.

Our Quality Trio

Process **People** **Technology**

Process: Integration of value and Responsibility

A strong foundation in process management is crucial for quality management. At AIL, we regularly track process performance using Statistical Process Control (SPC) of Standard Operating Conditions, enabling analytics and real-time insights. Every process change is carefully evaluated for its impact on quality and effectiveness.

We conduct Annual Product Quality Reviews (APQRs) to identify opportunities for improvement. Our product consistency depends on standardised, enhanced manufacturing laboratory procedures using advanced technologies like NMR, FT-IR, and ICP-OES/MS. These process improvements boost efficiency and support sustainability by:

Reducing rework and rejects which decreases raw material and energy use.

Minimising waste and emissions from processes.

Responsible consumption and production by improving operational efficiency.

Responsible Product Life Cycle Management

We focus on managing products and consumables at the end of their lifecycle. We design processes and adopt technologies to facilitate recycling or integrate by-products into operations, increasing circularity. Our co-processing method, in collaboration with partners, manages waste by processing it for use in operations and ensuring responsible incineration to recover heat and energy. Additionally, we support customers in handling waste beyond our extended producer responsibility.

Product end-of-life management T12

Parameter	Unit	FY23	FY24	FY25
Total product reprocessed	MT	168	190	187

Empowering People to Deliver Quality that Lasts

At Aarti, our strength is in our people, whose diverse views and engagement drive our transformation. We prioritise quality by embedding principles into our daily operations, empowering teams to achieve excellence.

Our quality stewardship model, with Gemba rounds and discussions, fosters customer focus and accountability at all levels.

Key achievements include:

Over 50 trained change agents spearheading excellence and innovation.

More than 1,000 employees employees trained in Quality Management Systems, enhancing both process control and career growth.

These initiatives align with our social sustainability objectives by:

Encouraging safe work practices and minimising operational risks.

Boosting employee engagement and skill development

Decent work and economic growth through skill enhancement and empowerment.

Technology: Transforming Sustainable Quality

In an ever-changing technological landscape, we have significantly advanced our digital transformation in quality through the effective implementation of the SAP S/4HANA Quality Management (QM) module. This initiative is further strengthened by several strategic projects that enhance our digital framework:

Real-Time Manufacturing Insights

Digital Infrastructure for Information Management

Laboratory Information Management System

Electronic Quality Management System (e-QMS)

These platforms facilitate:

- Improved traceability and data integrity, which bolsters regulatory compliance and supports ESG governance.
- A reduction in manual tasks and paperwork, fostering a low-carbon, paperless workflow.
- Digitally maintained, audit-ready records that enhance transparency with stakeholders and ensure long-term accountability.

By integrating digital tools into our quality processes, we are advancing our vision for sustainable, resilient, and responsive manufacturing.

Quality Meets Sustainability: A Roadmap for Future Success

Our journey towards quality transformation is not solely focused on improving products – it is also about creating a sustainable future. By integrating people, processes, and technology into a unified system that is prepared for the future, we ensure that quality acts as a catalyst for environmental stewardship, operational excellence, and stakeholder value.

Mapping Quality Initiatives to ESG Benefits T13

Quality Initiative	ESG Dimension	Benefit/Impact
Statistical Process Control (SPC), APQR	Environmental (E)	Reduces waste, rework, and energy use; improves production efficiency
Harmonised Lab Processes & Advanced Equipment (NMR, FTNIR)	Environmental (E)	Minimises solvent/chemical waste; supports safer testing practices
Workforce Training (1000+ trained, 50+ change agents)	Social (S)	Enhances skill development, job satisfaction, and safety culture
Gemba Walks & Quality Dialogues	Social (S)	Strengthens employee engagement and accountability
Usage of ERP platform	Governance (G)	Ensures traceability, data integrity, and compliance with audit and ESG standards
Digital Quality Records	Environmental (E) & Governance (G)	Reduces paper usage; boosts transparency and regulatory alignment

Project Execution, Reimagined for a Sustainable Tomorrow

AIL employs a four-phase project management process, spanning from inception to completion, with milestones and stage gates. This process begins with the technical transfer of documents, preliminary drawings, and CAPEX estimation. After CAPEX approval, the project advances through detailed engineering, procurement, inspections, fabrication, erection, testing, and commissioning, with safety as the top priority. In FY25, AIL maintained a record of zero notices and penalties, demonstrating strong compliance. Committed to ESG, AIL has implemented sustainable practices, including measures to prevent soil erosion and promote green procurement. Innovations include using glass fibre over steel and insulated piping to reduce steam loss. The procurement team also liquidated ₹1.1 Crore in surplus inventory. ESG goals are now central to annual objectives, promoting sustainability and safety practices.

India's first Precast RCC Piperack - Building Safer, Smarter and Faster

Piperack structures are essential for plant start-ups, linking utilities and raw materials to processing blocks, like nerves delivering blood to organs. The precast RCC piperack, 1.8 km long, is the first of its size in the Indian chemical industry. While RCC is more economical than structural steel, it faces scheduling challenges. The precast solution reduces safety risks, improves quality finishes, and requires significantly less manpower (approximately 10 times less than cast-in-situ), allowing for quicker construction and earlier access for structural, piping, electrical, and instrumentation (E&I) work. The successful execution of the precast piperack has demonstrated AIL's capabilities and leveraged significant schedule advantages.

Shaping the Future of Manufacturing: Our Five-Year Vision

At Aarti Industries Limited, our five-year plan emphasises expanding manufacturing by improving competitiveness, sustainability, and future readiness amid industry megatrends. With a proven legacy of quality manufacturing, we are committed to aligning our operations with global safety, reliability, efficiency, and compliance standards, ensuring growth is both robust and responsible.

Key Focus Areas for Future Growth

To remain agile and competitive in an increasingly complex global market, our manufacturing roadmap will prioritise:

- **Ensuring world-class Safety, Health & Environmental (SHE) practices as the foundation for sustainable growth**
- **Driving cost-efficiency through targeted cost-saving initiatives and optimisation across value chains**
- **Enhancing asset reliability through predictive maintenance and robust operational discipline**
- **Deepening employee training and capability-building to future-proof our workforce**
- **Elevating product quality to global standards while maintaining cost competitiveness**
- **Building a resilient supply chain that is agile, diversified, and digitally enabled**
- **Accelerating our push towards sustainability and circular economy principles**
- **Advancing our digital transformation journey, including real-time manufacturing insights (RTMI) and advanced analytics**

These priorities are essential for navigating emerging industry trends and building a globally competitive, sustainable manufacturing ecosystem.

To ensure compliance in project design, erection and commissioning, we will proactively monitor environmental compliances and provide regular training to our employees to keep them informed of environmental responsibilities and best practices. Our short- to mid-term strategy is to strengthen customer relationships by creating satellite offices globally.

Natural Capital

Rooted in Nature, Driven by Responsibility

At Aarti Industries Limited, environmental responsibility is integral to our operations. Guided by our environment and climate policy and ESG framework, we are committed to reducing emissions, managing waste through circular solutions, mitigating water risks, and ensuring regulatory compliance—driving a conscious transition to a low-carbon future.

In FY25, eight manufacturing facilities are Zero Liquid Discharge (ZLD) compliant, three are ZLD-ready, and the rest are progressing toward ZLD readiness.

Through stringent ESG policies, we engage vendors as Business Partners to build a resilient ecosystem that supports both business continuity and environmental stewardship.

Key Highlights

2,01,465 GJ
Renewable energy consumed

503 KW
Onsite solar energy capacity

8
Zero waste-to -landfill certified plants

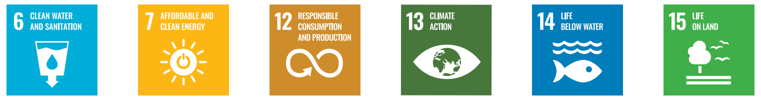
1,99,533 GJ
Total renewable electricity consumption

42%
Water recycled

4,86,859 GJ
Waste heat sourced

1,57,900 tCO_2e
Emission avoided

Key SDGs



Managing Trade-offs (Impact on other Capitals)

- Manufactured
- Human
- Social & Relationship
- Financial

Material Topics

- Climate Change and Governance
- Energy Management
- Water and Effluent Management
- Waste Management
- Air Emission
- Materials Management
- Biodiversity

Key Risks and Opportunities

- Climate Change Risk
- Regulatory Compliance Risk
- Resource Scarcity
- Circular Economy & Chemical Recycling
- Renewable Energy Integration
- Water Efficiency & ZLD Implementation
- Sustainable Product Development

Optimising Energy Usage for Tomorrow

Recognising the importance of sustainability, we have invested in a tech-driven Energy Management System (EnMS) to enhance energy efficiency. This system streamlines consumption and production by monitoring key electrical data, offering insights that inform our energy management practices.

Our energy efficiency initiatives led to savings of 5.0 million kWh amounting to ₹13 Crore in FY25. Our efforts have been validated by ISO 50001: 2018 for all divisions, emphasising our commitment to optimising energy demand and supply.

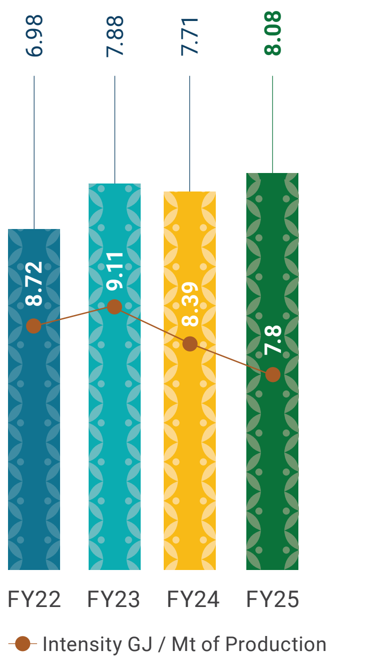
For the medium term (2023–28), Aarti Industries Limited aims to reduce specific energy consumption by 20% from 2019–20 levels and source 25% of total energy from renewables. These targets support SDGs 11, 12, and 13 and reflect our commitment to preserving natural capital.

We have reduced our specific energy consumption from 10.10 GJ/MT in FY20 to 7.8 GJ/MT. AIL has achieved 2.49% renewable energy in our total energy mix, a significant increase from 0.79% the previous year.

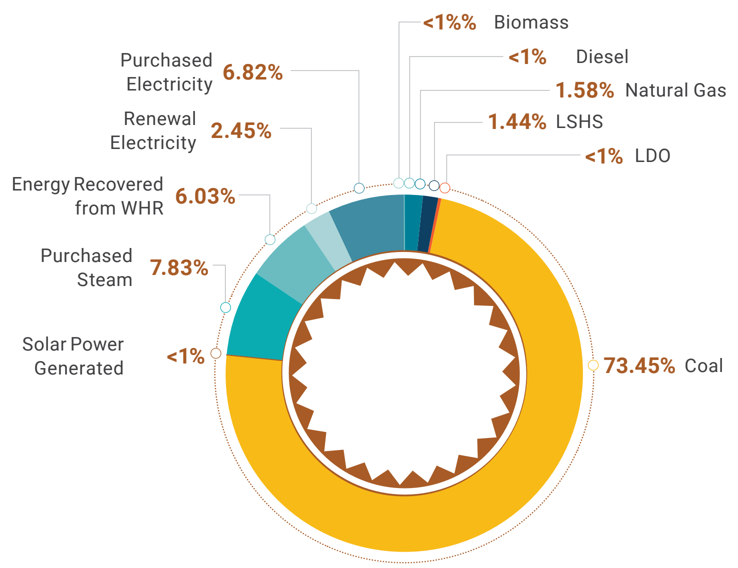
Energy Consumption

During the reporting period, AIL's total energy consumption rose to 8.08 million GJ from 7.71 million GJ in FY24, reflecting a 4.74% Y-O-Y increase driven by a 13% rise in production. The primary energy sources included coal, diesel, natural gas, grid electricity, and purchased steam. Additionally, AIL's total energy intensity—measured in GJ per INR of turnover—decreased by 10% Y-O-Y, from 0.00011 to 0.00010. Our specific energy use has decreased by 7% Y-O-Y, dropping from 8.39 GJ/MT in FY24 to 7.8 GJ/MT

Energy Consumption (Million GJ) C12



Type of Fuel C13



Energy Conservation

AIL's Energy Cell, guided by the Company's Energy Policy, leads conservation and efficiency initiatives by identifying technology-led savings opportunities and encouraging employee-driven projects, rewarding impactful ideas. Energy source selection plays a vital role in AIL's decarbonisation strategy, which prioritises a shift to renewables and bioenergy to reduce coal dependency—an approach reflected in new plant and equipment design.

To optimise fuel use, cogeneration power plants have been implemented, and successful biomass trials are enabling a gradual transition away from coal. Additionally, energy recovery from distillation condensers has been integrated into the low-pressure steam system for heating, reducing fresh energy requirements and helping avoid ≈157,900 tCO_2e emissions in FY25.

Our Approach

- Conduct energy audits at all sites to find conservation opportunities
- Upgrade equipment for enhanced efficiency
- Reduce energy consumption through process optimisation and new technologies
- Optimise energy recovery and recycling within the process
- Invest in technologies for low-pressure steam operation
- Provide employee training on energy management and technologies

Harnessing Renewable Energy

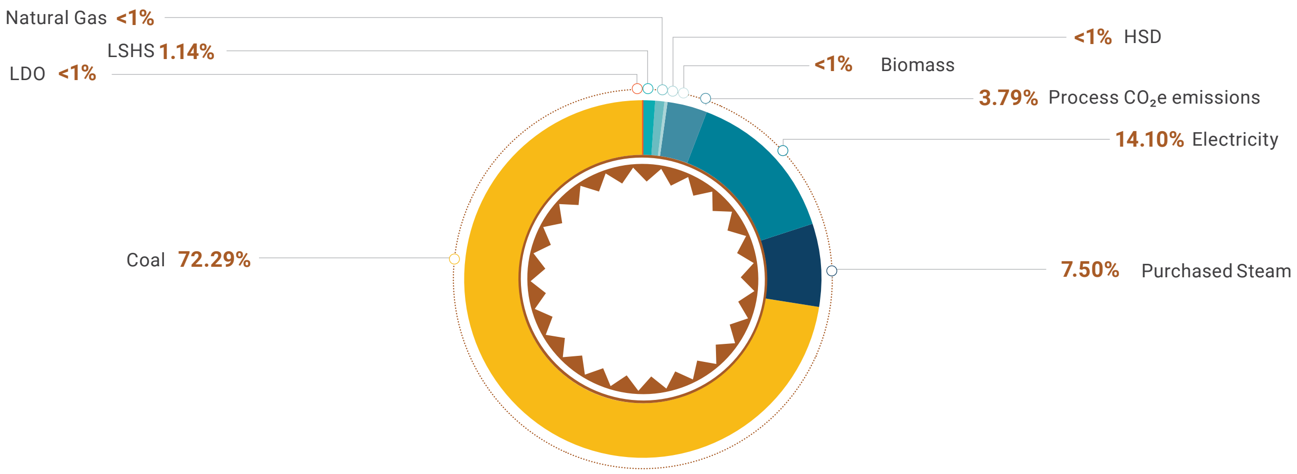
FY25 marked a significant step in AIL's renewable energy journey. We commissioned a group captive hybrid renewable energy plant, sourcing 13.2 MWh of renewable energy in FY24, supported by an investment of ₹15.18 crore. This initiative reduced carbon emissions by ≈41,000+ tCO_2e in FY25.

Building on this momentum, the Board approved a Phase 2 investment of ₹21.5 crore for a 25.7 MW hybrid renewable power project, with both phases together projected to reduce emissions by ≈112,400+ tCO_2e. AIL is also evaluating a potential Phase 3 investment to further increase the share of renewables in its energy mix.

Impactful Emissions Management

We leverage operational synergies to drive advancements in manufacturing while maintaining a strong focus on managing both direct and indirect greenhouse gas (GHG) emissions.

% Emission Contribution tCO_2e C14



GHG Emissions

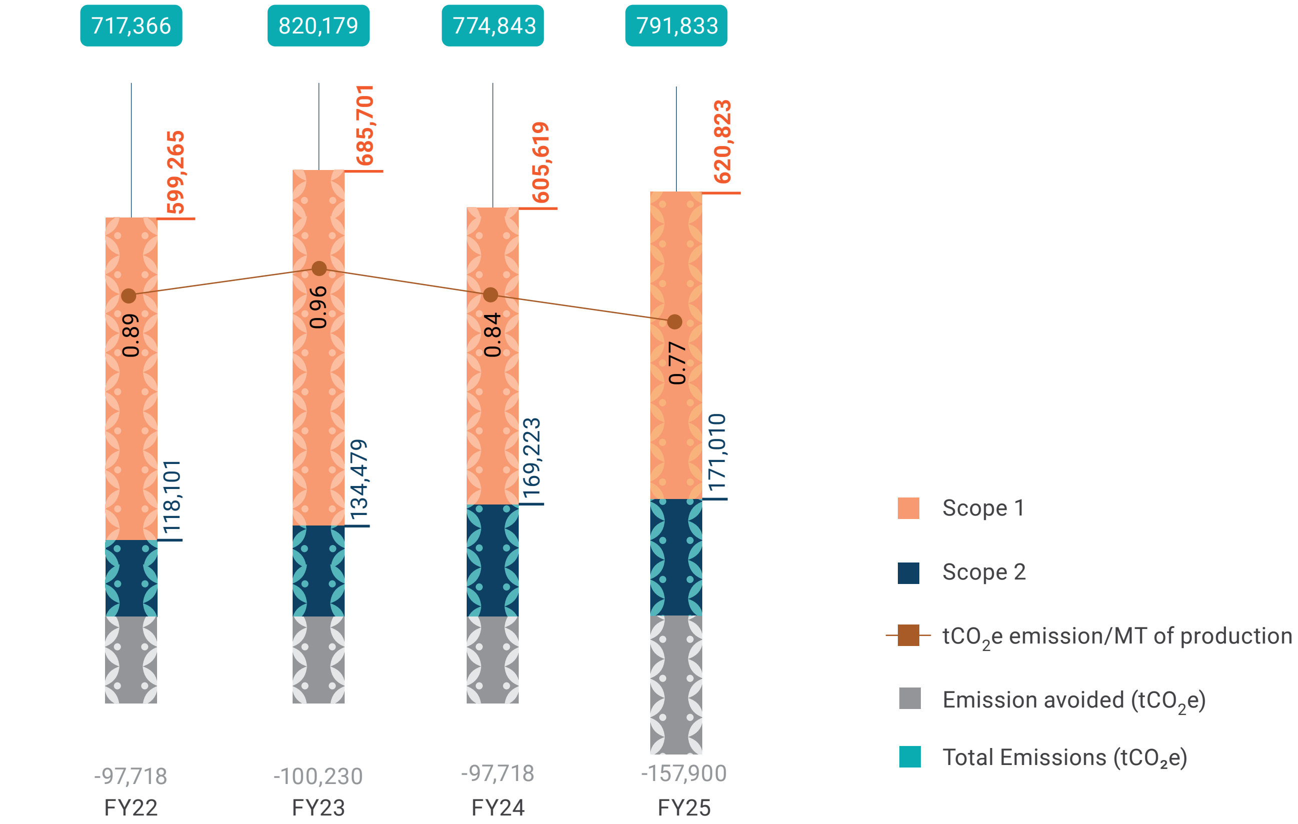
In FY25, Scope 1 emissions (direct emissions from operations) totalled 620,822 tCO_2e, while market-based Scope 2 emissions (indirect emissions from purchased electricity and steam) stood at 171,010 tCO_2e. We also achieved a 9.25% year-on-year reduction in GHG intensity, from 0.84 tCO_2e/MT to 0.77 tCO_2e/MT. Scope 3 emissions, covering other indirect emissions across business activities, amounted to 1,941,181 tCO_2e.

Our approach towards the reduction of Scope-1 and Scope-2 includes:

Improving energy recovery and heat integration through pinch technology	**Reduction in energy consumption through equipment upgrades**	**Reduction in GHG emissions through process optimisation and elimination of fugitive emissions**
Avoiding emission by heat recovery and reusing/ recycling in the process	**Implemented process for recovery/abatement of NOx**	**Purchase of renewable energy through PPAs**
Installation of onsite solar power plant	**Replacement of coal with biomass and liquid fuel with biofuel**	**Diversion of incinerable waste to Co processing**

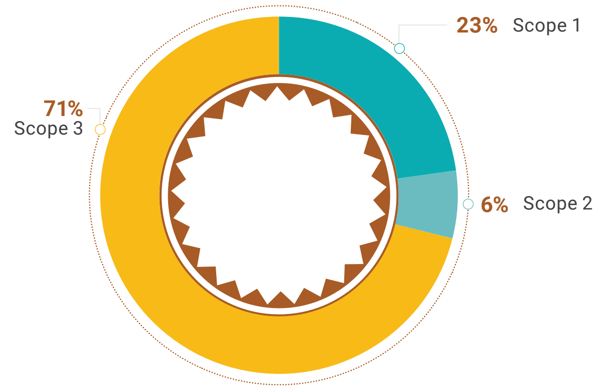
AIL has set clear GHG reduction targets aligned with SDGs 7 and 13 and its commitment to preserving natural capital. In the medium term (2023–28), we aim to reduce specific GHG emissions by 20% from FY20 levels. As per the SBTI approved target, AIL aims to reduce absolute Scope 1 and 2 emissions by 54.6%, and a 32.5% reduction in Scope 3 emissions by FY33 (long term), using FY23 as the base year.

Scope 1 and Scope 2 GHG Emissions (in tCO_2eq) C15

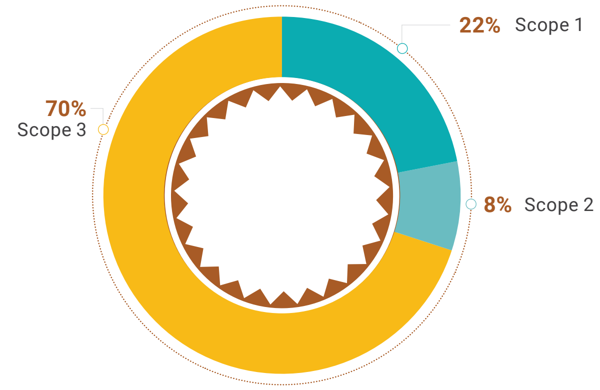


GHG Emissions

Market-Based C16



Location-Based C17



By obtaining our Science-based Target approval from SBTi, we are actively researching ways to reduce our GHG emissions in absolute terms. Currently, 74% of our energy is derived from coal, but we plan to transition to renewable and circular energy sources. Our strategy focuses on sustainable procurement, supplier risk assessment, and aligning with the Paris Agreement, SBTi, and UN SDGs, working with partners to achieve our decarbonisation goals.

AIL achieved a 3.46% reduction in absolute Scope 1 and 2 emissions from the FY23 base year.

Absolute Scope 3 emissions reduced by 21.2% over the same period.

Specific GHG emissions reduced by 23.4% compared to the FY20 baseline.

Methodologies Adopted for Emissions Calculation

We calculate direct emissions using the IPCC emission factors (2006) and indirect emissions from purchased electricity using CEA's Carbon Dioxide Emission Database, version 20. For Scope 3 emissions, we utilise primary factors provided by suppliers and secondary factors sourced from the IPCC and GaBi databases. Our methodology aligns with the India GHG Inventory Programme, IPCC Guidelines, and the Greenhouse Gas Protocol to ensure accurate reporting and enhance carbon footprint management.

Scope-3 Screening Methodology

As a specialty chemical manufacturer, we prioritise Scope 3 emissions, following the GHG Protocol's Corporate Value Chain Standard. We assessed each Scope 3 category based on size, influence, risk, and peer practices, reporting emissions for 12 out of 15 categories. Primary activity data was sourced from our Enterprise Resource Management (ERM) system, and secondary factors were applied to calculate emissions for these categories, with 32% of raw materials based on primary emission factors.

GHG Inventory Quality Management

We maintain a high-quality GHG inventory through a comprehensive three-tier methodology that maps activity sources on our digital platform. Data collection is backed by utility bills, ERM system information, and laboratory analyses, followed by a two-level review and approval process. The final dataset is verified by third-party auditors during the assurance process.

Details of Scope 3 Emission T14

Emissions Category	Total Emissions (tCO_2e)- FY 22	Total Emissions (tCO_2e)- FY 23	Total Emissions (tCO_2e)- FY 24	Total Emissions (tCO_2e)- FY 25
Purchased Goods and Services	1,189,713	1,940,352	1,716,667	1,610,930
Capital Goods*	135,113	27,093	20,945	17,183
Fuel & Energy Activities	120,572	222,076	166,078	171,184
Upstream T&D*	52,148	67,922.19	72,272	74,886
Waste in Operations	11,108	10,815	9,277	7,926
Business Travel	161	79	207	515
Employee Commuting	15,653	8,412	12,748	14,131
Upstream Leased Assets	6,190	330	1,213	1,427
Total Upstream GHG Emissions	1,530,658	2,277,080	1,999,407	1,898,182
Downstream T&D	25,392	8,279	11,308	22,088
Processing of Sold Products	-	1,718	3,165	3,555
End of Life Treatment of Sold Products	-	13,207	10,741	17,356
Investments	-	47	24	<5
Total Downstream GHG Emissions	25,392	23,251	25,238	42,999
Total Scope-3 Emissions	1,556,050	2,300,331	2,024,645	1,941,181
Total Biogenic Emissions	0	387	687	216

*Restated values for FY23 & FY24.

Air Emissions Management

AIL actively monitors and reduces air emissions through advanced technology platforms to ensure cleaner air and regulatory compliance. Each unit tracks key emission parameters—Particulate Matter (PM), Nitrogen Oxides (NOx), Sulphur Oxides (SOx), and Volatile Organic Compounds (VOCs)—as per operating permit conditions.

All systems are integrated with CPCB, MPCB and GPCB servers, and emissions are maintained well below the limits set by the Air (Prevention and Control of Pollution) Act, 1981, and the Environment Protection Act, 1986. Source-level controls have also been implemented to further minimise emissions and support a healthier environment.

Air Pollution Control Measures (APCM) like bag filters and scrubbers manage flue gas emissions.

We do not use any Ozone Depleting Substances (ODS) in our manufacturing operations

Dry scrubber system reduces SO_2 emissions.

Online Continuous Emission Monitoring Systems (OCEMS) for real-time tracking.

Sensors for detecting hazardous gases installed.

Covered conveyor belts, water sprinklers, and dust extraction for coal and calcium carbonate handling.

Process scrubbers treat waste gases.

No Persistent Organic Pollutants (POPs) emitted as per the Stockholm Convention.

LDAR programs control fugitive emissions and VOCs.

With these diverse initiatives, we have significantly reduced our SOx and NOx emissions. Overall, we reduced our emissions by approximately 20% year over year.

Details of Non-GHG emission T15

Air Emissions (in MT)	FY22	FY23	FY24	FY25
NOx	351	493	440	382
SOx	798	1,147	987	802
PM	456	530	549	499
VOC	60	50	70	55

We have implemented several measures for minimising NOx emissions:

- Scrubbing NOx to produce Nitrosyl Sulphuric Acid
- Installation of water and caustic scrubbers for abatement of NOx
- Installation of a scrubber system for storage tanks
- Installation of a multi-stage scrubbing system for NOx from the nitration process

Noise Emissions and Vibration

Recognising the potential impact of excessive noise and vibration, we have adopted the following control measures:

- **Acoustic enclosures and vibration-dampening systems enhance employee health and equipment efficiency.**
- **Noise and equipment conditions are monitored in manufacturing areas.**
- **Regular maintenance manages machinery vibration.**
- **A digitalised schedule tracks noise and vibration with assigned responsibilities for compliance.**

Managing Waste Effectively

We are committed to sustainable waste management, aligning with our ESG strategy. This commitment is supported by providing training and awareness sessions for all employees through SMEs and online modules.

Our approach to waste management is structured around three priorities:

- **Reducing hazardous waste generation**
- **Converting hazardous waste to less hazardous or non-hazardous substances**
- **Ensuring proper treatment including 4Rs and responsible disposal**

AIL focuses on minimising waste at the source across the product life cycle and has implemented a comprehensive "Guideline on Waste Management". This framework standardises procedures for identifying, segregating, and categorising various waste streams—both hazardous and non-hazardous—including spent acid, radioactive waste, battery waste, e-waste, biomedical waste, plastic waste, fly ash, construction and demolition debris, and municipal waste. We conduct internal audits of waste management in accordance with waste management guidelines. This helps us identify opportunities to improve our waste performance. The approach ensures full compliance with legal requirements and adherence to industry best practices.

In FY25, 50% of our operating units were certified as Zero Waste to Landfill by an independent, accredited body.

For the medium term (2023–28), AIL aims to achieve Zero Waste to Landfill (ZWL) certification across all operating sites and reduce incinerable waste by 50% by 2028. These targets align with SDGs 9 and 12 and reflect the Company's commitment to preserving natural and manufacturing capital.

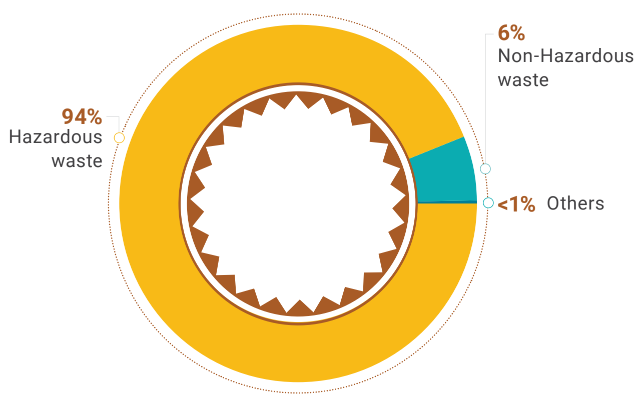
Waste Stream Mapping

Currently, AIL has 516 waste streams documented on a digital platform for effective monitoring and control. Each identified waste stream is properly collected, stored, and managed through a defined process of recovery, recycling, reuse, or responsible disposal, with all waste handling actions tracked through manifest management.

Responsible Waste Management

In FY25, our total waste generation rose by 7%, from 438,818 MT to 468,736 MT, driven by over a 13% increase in production. Non-hazardous waste decreased by 11%, from 31842 MT to 28495 MT, while other waste, primarily plastic, surged from 300 MT to 716 MT due to our Extended Producer Responsibility (EPR) initiatives. In business-to-business (B2B) operations, we ensure compliance with hazardous waste management regulations, while in Business-to-Consumer (B2C) products, we successfully collected an additional 716 MT of plastics for recycling this year.

Contribution of Waste (%) C18



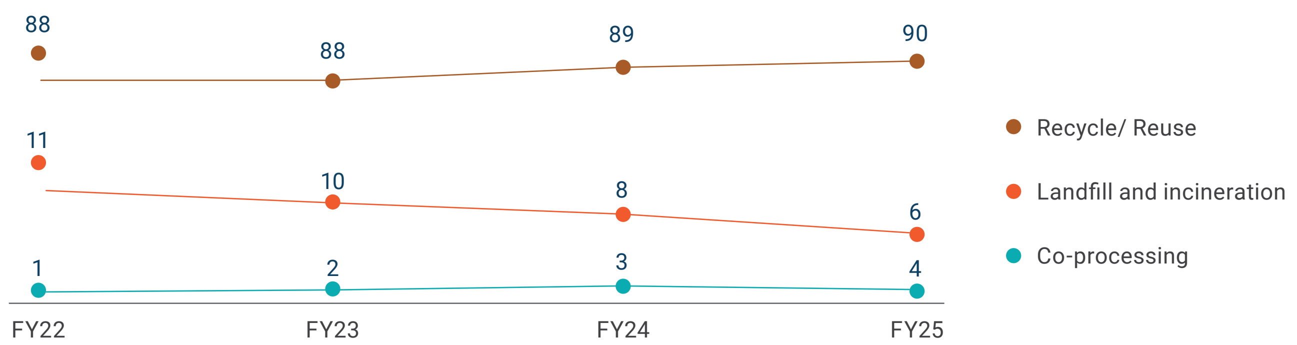
Hazardous Waste Management

During FY25, 439,478 MT of hazardous waste was generated, of which 90% was recycled and reused. Out of the total recycled & reused hazardous waste 29% was utilised in the same unit, and the rest, 71%, was sent to other AIL Units or authorised recyclers. 5% of the total hazardous waste generated is sent to landfilling, 4% to co-processing and the rest, 1%, to incineration. As per our waste management philosophy, we consider waste that is reused, recycled or sent to co-processing as recovered waste.

Details of Hazardous Waste T16

	Unit	FY22	FY23	FY24	FY25
Total hazardous waste recycled/reused	MT	288,785	307,099	364,958	394,425
Total hazardous waste disposed	MT	39,762	42,218	41,697	45,053
Hazardous waste landfilled	MT	30,874	28,515	25,769	21,378
Hazardous waste incinerated without energy recovery	MT	5,457	6337	4,466	4,483
Hazardous waste otherwise disposed, please specify:	MT	0	0	0	0
Hazardous waste with unknown disposal method	MT	0	0	0	0
Total Hazardous waste recovered	MT	292,216	314,465	376,420	413,617

% of the Total Hazardous Waste Disposed C19



Non-hazardous Waste Management

During FY25, 28,495 metric tons (MT) of non-hazardous waste were generated. Through collaboration with the brick manufacturer, we achieved a zero-landfill outcome for fly ash disposal. Of the non-hazardous waste generated, approximately 0.21% was recycled in-house, while 99.75% was recycled through authorised recyclers. Less than 0.04% was disposed of through incineration and landfilling.

Non Hazardous Waste (in MT) T17

	FY22	FY23	FY24	FY25
Non-Hazardous waste generated (MT)	33,711	42,332	31,842	28,495
Non-Hazardous waste Recycled/Reused (MT)	33,711	41,899	31,728	28,482
Non-Hazardous waste Disposed (MT)	0	433	114	13
Waste landfilled	0	405	111	13
Waste incinerated with energy recovery	0	0	0	0
Waste incinerated without energy recovery	0	28	3	0
Waste otherwise disposed	0	0	0	0
Waste with unknown disposal method	0	0	0	0

Other Wastes

AIL complies with waste management regulations under the Environment Protection Act, 1986.

AIL is also registered as a 'Brand Owner' under the EPR guidelines of the Plastic Waste Management Rules for B2C products. A detailed waste collection plan has been submitted to the CPCB. No radioactive or construction and demolition waste was generated in FY 25:

Details of Other Waste T18

Waste Generated - by Category (in MT)	FY23	FY24	FY25
Plastic Waste under EPR	202	300	716
E-Waste	21	14	25
Bio-medical Waste	0.1	0.07	0.07
Construction and Demolition Waste	0	0	0
Battery Waste	17	8	22
Total	**240**	**322**	**763**

Embracing Circularity, Opening New Possibilities

Through our 4R approach, we are moving towards a circular economy. As part of our waste management strategy, we have utilised by-products and spent acids, co-processed hazardous waste, sent fly ash to brick manufacturers, recycled used oil, composted food waste into manure, and sold these products to end-users, among other initiatives.

Materials Management

Given the nature of our business, we handle several hazardous substances. However, we remain committed to sourcing raw materials sustainably and continuously work to embed sustainability practices across our value chain.

We prioritise the use of environmentally and socially responsible materials, products, and services that ensure high performance, safety, and long-term value.

We reuse spent acid and hazardous waste generated in our plants within our boundaries. During the reporting period, we reused 26% of the total raw material, which accounts for 115,133MT in the same unit of AIL and 178,081MT in other units of AIL.

Details of Raw Material, Packaging Material and Associate Process Materials T19

Parameters	Units	FY22	FY23	FY24	FY25
Directly Sourced Raw Material MT	MT	5,79,789	1,213,136	666,676	860,254
Materials Recycled (Same Division)	MT	101,949	121,280	120,438	115,133
Materials Recycled (Other Division)	MT	62,488	31,401	133,763	178,081
Associate Process Materials (APM)	MT	13,650	31,373	233,184	256,441
Packaging Materials	MT	26,645	12,513	9,919	16,284

Managing Significant Spills

We adhere to the American Petroleum Institute (API 754) classification for spill management and recognise the serious hazards spills can pose. We have implemented SOPs and engineering controls to prevent incidents, along with mitigation measures to neutralise spills and safeguard ecological and public health. Our spill response and clean-up protocols are well-defined and effective. As a result, no major Tier-I chemical spills were reported during the reporting period.

Water Stewardship in Action

We are committed to sustainable water management by ensuring equitable access, minimising impact on natural water bodies, and reducing water stress to support community resilience. Our Water Policy, aligned with the "Growth with Sustainability" strategy, drives continuous improvement across operations. This commitment extends to our value chain, with training provided to employees and contractors on water and effluent management.

Water usage is tracked monthly through an online system across all manufacturing sites, ensuring compliance with statutory requirements and the Aarti Management System (AMS).

Bolstering Water Risk Management

Rapid urbanisation, industrialisation, and intensified agriculture have significantly increased water demand, while rising sea levels have led to greater salinity in surface and groundwater due to saltwater intrusion. To mitigate these risks, we conducted a water risk and opportunity assessment covering our operations and supply chain in India, with a timeframe from 2023 to 2050. Risks were categorised as short-, medium-, or long-term, and manufacturing sites were assessed district-wise.

For the physical risk analysis, we used two Representative Concentration Pathways (RCP) from the IPCC:

RCP 4.5 (Optimistic)
Emissions stabilise by 2100, limiting temperature rise to below 2°C.

RCP 8.5 (Business-as-usual)
Emissions continue to rise, leading to a 3.7°C increase.

The transition risk assessment considered:

Sustainable Development Scenario (SDS): Aligned with a "well below 2°C" pathway.

Stated Policies Scenario (STEPS): Reflects a business-as-usual approach with ≈2.5°C rise by 2100.

The approach followed for water risk and opportunity analysis is:

Identification
Identification Identify risks and opportunities in the chemical industry for the selected timeframe, with a focus on physical and transition risks.

Analysis
Analysis Establish correlations between risk mitigation practices, probability of occurrence, and future risk implications.

Evaluation
Evaluation Assess water risk based on exposure, probability, and impact, and evaluate climate opportunities using an opportunity matrix. Develop key recommendations for mitigation measures.

The physical impact of water risk is assessed for short, medium, and long-term periods under both business-as-usual and optimistic scenarios. Each rating circle indicates the risk level from short-term to long-term across all districts. According to the Aqueduct Water Risk Atlas tool developed by the World Resources Institute (WRI), all our operational sites fall in water stressed regions.

Physical Water Risk Map T20

Districts	Bharuch		Valsad		Kutchh		Palghar	
Identified Physical Risks	RCP4.5	RCP8.5	RCP4.5	RCP8.5	RCP4.5	RCP8.5	RCP4.5	RCP8.5
Water Scarcity	●	●	●	●	●	●	●	●

Risk Levels: Low, Medium, High, Extreme

The transition water risk impact heat map outlines short, medium, and long-term risks based on various policy and sustainable development scenarios. It evaluates water-related transitional risks by considering potential changes in regulations at local and state levels and reputational risks from negative community impacts.

To assess transition risks related to our product portfolio, we examine their effects on downstream industries, particularly pharmaceuticals, agrochemicals, and dye manufacturing. This involves identifying water-related risks during the product use phase to understand their impacts on water availability and quality in surrounding water bodies.

Transition Water Risk Map T21

Risk	Policy and regulatory risk	Reputation risk	Reputation risk
Scenarios	Water Taxation	Water management	Negative impact on community and biodiversity
Stated policy scenarios	Medium to Low	High to medium	Medium to low
Sustainable development scenario	High to low	High to medium	Medium to low

Risk Levels: Low, Medium, High, Extreme

To integrate water risk assessments into our operational, financial, and supply chain strategies, we have quantified water risk at each location and developed tailored implementation for brownfield and greenfield expansions.

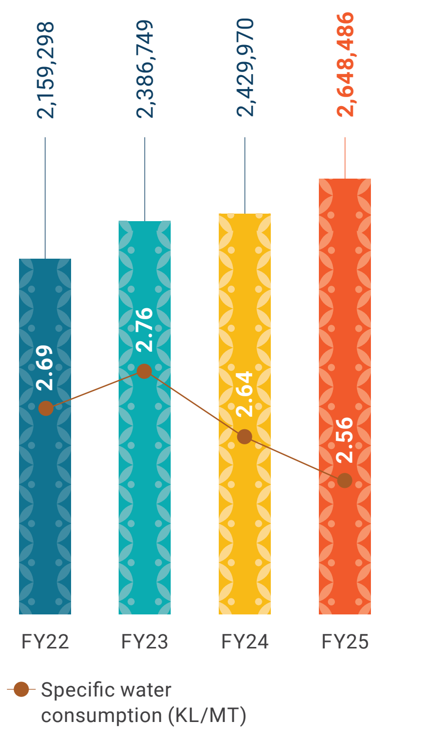
Our water management strategy involves ongoing collaboration with business partners, customers, local communities, investors, and regulators on water-related issues. We are currently assessing critical vendors for water risk based on their location in water-stressed areas, the sources of their water, and their regulatory compliance. Additionally, we are identifying suppliers with significant water risk by evaluating their financial, social, and environmental impacts and potential reputational effects on our company.

Water Withdrawal and Consumption

In FY25, freshwater withdrawal constituted 91% of the total water withdrawn by AIL, while brackish water in desalinated form comprised 8% of our operations, rest <1% comes from rainwater. Total water withdrawal at AIL reached 2,931,534 KL in FY25. Water withdrawal increased by 10% compared to the previous reporting period.

During the reporting period, our total water consumption amounted to 2,648,486 KL, reflecting an increase of approximately 9% from the previous year. This rise was attributed to increased production by 13% during the reporting period. In FY25, our specific freshwater consumption was 2.56 KL/MT, representing a marginal decrease of 3% compared to the previous year. Additionally, water intensity in relation to turnover was 3.29 KL/INR.

Water consumption (KL) C20



As part of our medium-term targets (2023–28), we aim to reduce water consumption by 10% by 2028 compared to 2019–20 levels. This goal aligns with SDGs 14 and 15 and reflects our commitment to preserving natural capital.

AIL achieved 4.37% reduction in specific water consumption from the levels of 2020.

Rainwater Harvesting

We reused 8,507 KL of rainwater in our processes for FY25, a 3.45% increase compared to the previous year. This initiative has allowed us to minimise our impact on local water resources and aligns with our commitment to sustainable water management practices.

Rainwater Harvested T22

	Units	FY22	FY23	FY24	FY25
	KL	6,010	6,547	8,223	8,507

Water Recycling

To reduce specific water consumption, we have built in-house water treatment plants to recycle used water for our industrial operations. In FY25, we successfully recycled 42% of our water for this purpose. We have recycled 12,32,772 KL of water. We have recycled about 50% of steam condensate in our boilers.

In FY25, we recycled 1,232,772 KL of water. We have recycled about 50% of the steam condensate in our boilers. In FY25 there was a drop of 2% in the water recycling compared to previous year–on account of reduction in boiler condensate recycling.

We have adopted the 3R "Reduce, Reuse, and Recycle" approach to minimise water wastage.

Installing RO, MEE, MVR, and ATFD for water recycling.

Recycling washing water across different processes

Enhancing the condensate recovery system

Recycling chemically stripped effluent as makeup water for cooling towers

Water Recycled T23

Districts	Units	FY 22	FY 23	FY 24	FY 25
Total Water Recycled	KL	10,29,293	1,130,511	1,165,616	1,232,772
% of Water Recycled	%	44	44	44	42

Effluent Management

AIL treats non-recyclable wastewater to a high standard (tertiary treatment) before discharge. We ensure that 100% of our wastewater undergoes tertiary treatment in-house. Our advanced Effluent Treatment Plants (ETPs) recycle treated water back into operation or send it for further treatment.

We consistently comply with regulations by reporting treated water quality to authorities in real-time and at intervals as required. Our total effluent discharge rose by 20% from 235,744 KL in FY 24 to 283,047KL in FY 25, attributed to a 13% increase in production. Approximately 81% of treated effluent is recycled, while 19% is sent to a Common Effluent Treatment Plant (CETP) for further processing and deep-sea discharge.

Our Approach Towards Reduction in Water consumption

AIL operates in a water-intensive industry, making water conservation essential for our organisation. To achieve this goal, we have adopted several strategies:

- **Conduct water audits to assess usage at all sites and identify opportunities for improving water efficiency and conservation.**
- **Optimising our processes and operating conditions to minimise water consumption.**
- **Implementing process improvements and upgrading equipment to enable water recycling.**
- **Installing cooling systems that require less water.**
- **Replacing water-cooled systems with air-cooled systems.**
- **Reducing steam losses and maximising condensate recovery.**
- **Adopting advanced technologies that improve water efficiency and reduce our water footprint.**
- **Installing water aerators or restrictors in taps to reduce water flow.**
- **Conducting employee awareness and training sessions on water efficiency management programmes and technologies through SMEs and online training modules.**

2,5 DCNB effluent (26 KLD) & SAC effluent (50 KLD)

Previous treatment method: Effluent was neutralised with caustic (10% NaOH) and fed to MEE ATFD. Salt from ATFD was going for landfilling. Condensate of MEE and ATFD was going into the biotreatment system, followed by discharge to CETP.

Established greener treatment method: The acidity was due to sulphuric acid, so caustic was replaced with lime for neutralisation. As a result, CaSO4 formed (in place of Na2SO4) and was filtered out and utilised by cement industries. Filtrate with low TDS diverted to the biotreatment system instead of MEE and ATFD, followed by discharge to CETP.

Benefits:

- **Steam consumption reduction**
- **CO_2 emission reduction**
- **Elimination of landfilling**
- **Cost reduction**

Biodiversity and Ecosystem Protection

Enriching Biodiversity

We recognise that deforestation, overexploitation, habitat loss, and climate change contribute to extreme weather events. As a responsible business, we are committed to preserving biodiversity and ecological balance through conscious decisions, research support, and best practices.

All our manufacturing units are located in Notified Industrial Zones, minimising impact on biodiversity. Our executive management ensures that none of our operations are situated in areas listed on the IUCN Red List.

We have also developed green belts around our manufacturing sites, in line with regulatory norms and industry standards.

In FY 25, we planted over 24,700 trees across Gujarat and Maharashtra as part of our afforestation efforts.

Biodiversity Risk Assessment

Biodiversity risk assessments were conducted for 16 manufacturing units in Maharashtra and Gujarat using the WWF Biodiversity Risk Filter. Our operations pose low risk to environmental factors such as protected areas, key biodiversity zones, and ecosystem conditions. The assessment outcomes are integrated into AIL's enterprise risk management process.

Aligned with our Environment and Climate Change Policy, we have pledged to avoid deforestation and ensure that future expansions do not encroach upon protected or ecologically sensitive areas.

Committed to animal welfare, we do not engage in animal testing unless mandated by regulatory authorities. In FY 25, there were zero instances of animal testing.

Environmental Compliance

At AIL, we prioritise adherence to environmental standards across all manufacturing facilities and the Corporate Office. A third-party managed, IT-based Compliance Management System has been implemented to monitor regulatory requirements, featuring an alert mechanism for upcoming obligations.

The system tracks licences, validity, and renewals, with a policy to initiate renewal applications at least 90 days before expiry. Internal audits and third-party reviews form part of our compliance governance framework. Environmental risk assessments have been conducted at 100% of our sites, with no significant fines or penalties reported in FY 25.

We also provide specialised training to employees to strengthen awareness and reinforce compliance best practices.

Driving Forward Environmental Stewardship

Aarti Industries Limited is advancing environmental stewardship through ZLD systems, enhanced chemical recycling (via our JV with Re Sustainability), and circular economy practices. We collaborate with clean-tech innovators and academic institutions to co-develop low-carbon and bio-based technologies.

Our focus on responsible sourcing and renewable energy integration—including carbon capture—supports emissions reduction across the value chain. These efforts reflect our vision to be a future-ready, environmentally responsible leader in specialty chemicals.

Intellectual Capital

Innovating with Insight, Advancing Sustainable Chemistry

At Aarti Industries Limited, our commitment to R&D, combined with a skilled team and state-of-the-art facilities, drives the development of sustainable solutions and epitomises continuous advancement. With over forty years of experience in chemistry-led solutions, we are redefining the future of specialty chemicals by innovating with insight and promoting sustainable chemistry for a world of possibilities.

Key Highlights

20
Planned products introduced in last 3 years

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

250+
Scientists

200+
Engineers

60+
Products in R&D Pipeline

85%
ISO 27001 Certified sites

0
Incident of information security breach

2
Pilot Plants

Key SDGs

Managing Trade-offs (Impact on other Capitals)

- Manufactured
- Human
- Social & Relationship
- Natural

Material Topics

- Product stewardship
- IT security and data privacy (customer privacy)
- Business ethics and compliance

Key Risks and Opportunities

- Technology obsolescence
- R&D failure or delays
- Cybersecurity threats
- Inadequate IP protection
- Green and sustainable chemistry
- Digital transformation
- Collaborative innovation ecosystems

Technology Focus

Our strategic focus is on sustainable industrialisation through technological advancement. By integrating proprietary research with innovative technologies, we enhance our competitive market positioning. Our talented team of professionals in design, development, engineering, and operations fosters partnerships to promote safer, sustainable solutions.

We employ targeted technological interventions to improve efficiency and productivity in our manufacturing processes. Our "First Time Right" approach ensures a smooth transition from R&D to commercialisation, while maintaining stringent quality standards aligned with AIL's core principles.

By adopting innovative chemistries on a commercial scale and focusing on sustainable process improvements, we have enhanced our capabilities in key value chains, including benzene, toluene, sulfuric acid, and high-value speciality chemicals, intermediate and building blocks

Process Innovation and Sustainability Initiatives

Advanced Chemistries Commercialised: Successful scale-up of Photochemistry, Fluorination, Blazschiemann Chemistry, and Multi Purpose Plant (MPP)

Process Intensification for Efficiency

Flow Reactor Commissioning: to improve safety, productivity, and product quality.

In house Process Safety Analysis

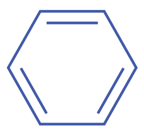
Emerging Technologies: Exploration of micro reaction systems and carbon capture technologies supports environmentally safer and scalable product development.

Plastic Waste Valorisation: Imported pyrolysis technology transforms post-consumer plastic into bio-oil, reducing environmental footprint.

Advanced Engineering Tools: Integration of CFD, simulation software, and safety analysis tools enhances manufacturing accuracy and reliability.

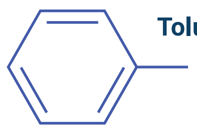
Product Chain Innovations

Benzene, Toluene, and Sulphuric Acid Derivatives



Benzene Chain

Benzene Nitration in flow chemistry → **Higher selectivity, reduced effluent, lower energy usage**



Toluene Chain

Proprietary multi-stage chlorination for chlorotoluenes and benzyl derivatives → **Improved safety, high conversion, reduced by-products**

High-value Specialty Chemical Advancements

Category	Innovation	Applications
Agrochemical Intermediates	Multi-step synthesis of substituted nitrobenzenes, halogenated aromatics, heterocycles	Global APIs for herbicides, insecticides, fungicides
Polymer Additives & Monomers	In-house alkylation, sulfonation, and phthalate-free plasticisers	Engineering plastics, coatings, packaging
Electronics & Performance Materials	High-purity synthesis with metal content up to ppm level	Semiconductors, battery materials, OLED intermediates
Green Chemistry Intermediates	Flow chemistry for hazardous steps (e.g., diazotisation)	Safer scale-up, ESG-compliant molecule production

Strategic Benefits Realised

Margin Expansion
Transition from commodity to high-margin, IP-led specialty products

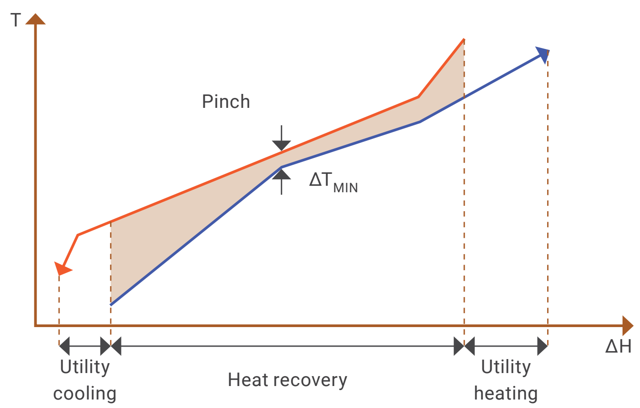
Supply Chain Resilience
Backward integration lowers dependence on imported intermediates

Regulatory Compliance
Aligned with global EHS and process safety standards

ESG Impact
Cleaner chemistries, reduced carbon intensity, and circular resource use

Case Study

A systematic heat integration study, using Pinch analysis, was conducted at one of our manufacturing plants to optimise energy utilisation. On the process side, integration harnessed the sensible heat of the hot product gases and vapours to preheat and vaporise raw material streams, thereby reducing direct heating requirements. On the utility side, integration captured the exothermic heat generated during reactions to preheat hot oil, which lowered the thermopack load. These integrated strategies resulted in 30% overall energy savings, enhancing process efficiency and reducing the plant's carbon footprint. This case study highlights the successful application of heat integration for significant energy and cost optimisation in chemical manufacturing.



Research and Development

At AIL, our legacy of excellence in research and development stems from decades of deep scientific inquiry, process innovation, and customer-driven collaboration, making us a partner of choice for speciality and performance chemicals worldwide.

Spread across multiple Department of Scientific and Industrial Research (DSIR) centres and anchored by expert scientific teams, our R&D ecosystem thrives on translating scientific knowledge into scalable, commercially viable solutions. We leverage diverse chemistry platforms—from halogenation and hydrogenation to Balz–Schiemann and vapour phase technologies—to create differentiated products across agrochemicals, polymers, energy materials, and high-end performance additives.

Some of our landmark breakthroughs include:

Commercialisation of Ethylene Chemistry

AIL was the first in India to industrialise ethylation at Dahej SEZ, enabling local production of high-value intermediates for regulated global markets.

Chemistry Diversification

Expanded capabilities into complex chemistries such as photochlorination, isomerisation, flow chemistry, and Grignard reactions to serve next-gen markets like electronics and sustainable polymers.

Pilot-to-plant Infrastructure

Our multipurpose plant at Jhagadia handles over 34 chemistries, enabling quick scale-up from the lab to commercial volumes .

High-performance Additive Innovation

Developed advanced polymer additives for recyclability, durability, and thermal stability used in semiconductors, polyimides, and engineering plastics.

Customer Co-Development

Our long-term, IP-sensitive partnerships—some exceeding $500 Million—underscore our credibility in scaling complex chemistries in tightly regulated sectors.

Each innovation builds on the insight gained from past experiences—informing how we design, execute, and scale new chemistries today.

R&D Evolution: Legacy That Set The Foundation

From commercialising complex chemistries to pioneering green molecules and scaling customer-led innovation, AIL's R&D engine is fuelled by a powerful guiding principle:

"Design with the end in mind—sustainable, scalable, safe, and stakeholder-aligned process."

Our R&D has evolved from traditional tech management to an innovation-driven approach, bringing ideas from the lab to market. We now offer future-ready solutions in specialty chemicals, energy materials, agro-intermediates, electronic chemicals and high-performance polymers. Our research now prioritises science-based innovation, scalable infrastructure, and a skilled workforce to facilitate the development and commercialisation of complex chemistry.

Breakthroughs That Define AIL's Innovation Legacy

Innovation Area	Transformational Outcome
Ethylene Chemistry	First in India to commercialise; enabled local production of polymer and performance intermediates.
Fluorination & Halex	Entry into high-value fluorinated compounds for pharma and agro applications.
Carbon Capture Platforms	Developed membranes and solvent systems to support CCUS applications.
Battery & Redox Materials	Novel synthetic routes opened access to energy storage chemicals.
Polyimide & Electronics	Advanced monomers and intermediates for high-performance polymers.
Continuous Flow Chemistry	Adopted for improved safety, efficiency, and scalability.
Vision 2030 and RE targets	ESG Performance, Climate Strategy

ARTC: A New Chapter in Research Excellence

The establishment of the Aarti Research & Technology Centre (ARTC) in Navi Mumbai marked a defining shift in AIL's innovation strategy. Bringing together 250+ scientists under one roof, this facility enables us to broaden our scope from process optimisation to end-to-end new product development, scaling up novel molecules and chemistries across diverse industries.

- Advanced scale up lab and multipurpose pilot plants
- DCS-controlled reactor suites
- NABL and ISO 27001-certified R&D facilities

CDMO and Beyond: Expanding Innovation Horizons

The introduction of the CDMO (Contract Development and Manufacturing Organisation) model allowed us to extend our R&D prowess to global innovators. From traditionally supporting pharma and agrochemicals, AIL now addresses a broader spectrum—including:

- Electronic and semiconductor chemicals
- Battery and energy storage materials
- Sustainability-focused molecules and intermediates

This shift has not only expanded our business model but also deepened our scientific capabilities to cater to new-age markets and high-purity, IP-sensitive applications.

R&D Evolution: Legacy That Set The Foundation

AIL's research and development engine currently balances short-term, customer-driven CDMO projects with long-term investments in climate technology, electronic materials, and sustainable chemistry. This hybrid model positions AIL not just as a supplier but as a strategic development partner for the world's most demanding and forward-thinking chemical applications. Through its unwavering commitment to science, sustainability, and scalability, AIL continues to redefine innovation in the Indian specialty chemical industry and beyond.

Sustainability-driven Advancement

Sustainability is embedded in AIL's innovation DNA. Our approach to R&D integrates green chemistry principles from the outset, ensuring every new process is energy-efficient, safe, and environmentally responsible.

Driven by our commitment to circularity and low-impact manufacturing, our teams have made notable advances:

Biofuel from Waste

Converted used cooking oil into HVO (Hydrotreated Vegetable Oil) and SAF (Sustainable Aviation Fuel), paving the way for greener mobility solutions.

Plastic Circularity

Innovated in upcycling end-of-life plastics into petrochemical feedstocks, addressing critical challenges in waste management.

Green Facility Design

Our manufacturing units are equipped with zero liquid discharge systems, solvent recovery infrastructure, and energy-efficient utilities.

Sustainable Chemistry Metrics

All processes undergo lifecycle analysis, calorimetric safety studies, and EHS audits before scale-up, ensuring global compliance and future readiness.

Our pilot and commercial facilities are not just built for chemistry—they are designed to deliver on sustainability goals without compromising cost or performance.

Intellectual Property, Proprietary Technologies and Strategic Collaborations

We continue to strengthen our innovation ecosystem through IP protection and collaborative growth.

Intellectual Property Developments

- **Patents Filed:** 17 new patent applications in FY25, reflecting breakthroughs in sustainable chemistries and specialty molecules
- **Proprietary Technologies:** Advanced platforms deployed across battery materials, solvent recovery, and electronic intermediates

New Innovations and Patents

AIL is at the forefront of chemical innovation, actively developing sustainable and next-generation molecules. In FY25, we intensified our research and development efforts in areas such as battery materials, agrochemical intermediates, carbon capture, and electronic chemicals. These initiatives are supported by proprietary processes, CDMO expertise, and global collaborations.

Key Product Innovations in FY25

Segment	Market Trend Alignment
Battery Chemicals	Supports EV growth and high-capacity Li-ion needs
Agrochemical Intermediates	Meets demand for IP-sensitive crop protection molecules
Electronic Chemicals	Aligned with next-gen electronics and heat-resistant polymers
Carbon Capture	Targets CCUS and clean hydrogen applications
Sustainability Platforms	Fulfils ESG goals and renewable input demand

Knowledge Management in R&D

AIL believes that knowledge management plays a crucial role in the company's business growth and market positioning. By leveraging research, technology, and innovation, we effectively use literature and competitive intelligence. Our dedicated knowledge management team focuses on excellence in R&D through cutting-edge research and development.

The primary objective of this team is to strengthen our strategies and design meticulous roadmap for the management of Intellectual Property (IP) by:

Ensuring freedom to operate

Protecting IP for the organisation through patents

Generating competitive intelligence through prior art and patent screening

We adopt a multifaceted approach to prevent infringement and develop new processes, thereby protecting both our organisation and third-party intellectual property. Our Information Security Management System (ISMS), certified with ISO 27001:2022, ensures confidentiality and restricted sharing. This strategy has strengthened our IP portfolio, demonstrating AIL's commitment to a robust Intellectual Property Management strategy for a sustainable future.

IoT and AI-enabled R&D

AIL is integrating AI, IoT, and automation into our R&D workflows, accelerating molecule development and enhancing the quality, safety, and scalability of its offerings—especially in complex chemistries such as fluorination and high-performance intermediates.

AI-Powered Route Prediction for complex molecules

Automated R&D Infrastructure enables seamless control over reaction parameters, ensuring reproducibility, particularly during exothermic and multi-step reactions

Electronic Lab Notebooks (ELNs) centralise data capture across projects, support audit trails, and facilitate smoother tech transfers and regulatory submissions.

AI-Based Predictive Maintenance

Safe by Design: Risk Assessment in Product Development

We promote a culture of evaluating all risks at every stage of the product life cycle. Our product safety stewardship approach provides a structured process for assessing and managing the risks associated with our products. A key element of this procedure is risk characterisation, which consists of two main components: hazard and exposure. This approach also addresses ESG risks related to environmental health and safety factors.

1	2	3	4
Process Innovation ERA & Desktop Screening	**Process Optimisation** Criticality Class Evaluation, Heat of Reaction, TMR, Powder Safety, MTSR, Adiabatic Temp. Rise	**Scale-up** HAZOP, Vent Sizing, Additional Powder Safety	**Commercialisation** Emergency Relief Measures Incorporation, Vent Sizing, HAZOP

We have a procedure to prioritise products and identify substances that require in-depth study. After assessing risks, we implement measures to mitigate impacts on health and the environment throughout a product's lifecycle. Our risk management process categorises risks during molecule development into high, medium, and low priorities for evaluation. Based on the findings, we apply risk management approaches like elimination, substitution, isolation, engineering controls, administrative controls, and personal protective equipment (PPE).

We ensure that 100% of our products undergo risk characterisation and risk management processes.

Life Cycle Technology Management (LCTM)

We have implemented the Life Cycle Technology Management (LCTM) framework to achieve sustainable industrialisation by fostering innovation and promoting sustainable chemistry practices. This approach aims to enhance efficiency and reliability across our operations, production, and manufacturing processes, with a focus on:

- **Developing inherently safer chemical processes for existing products**
- **Creating a creative and innovative work environment**
- **Generating intellectual property for the organisation**
- **Investing in process improvements to reduce waste generation, effluent production, emissions, and energy consumption while optimising water usage**
- **Conducting troubleshooting and vendor qualification trials**
- **Performing sustainability studies**

Our primary objectives are to maintain high-quality and safety standards, minimise our environmental impact, and comply with relevant regulations. We aim to reduce carbon emissions and enhance product management by utilising the LCTM framework, which facilitates troubleshooting, addresses specific plant needs, and optimises production through process improvements and yield optimisation.

During FY25, we successfully completed 83 R&D steps under the LCTM framework, with several more in the conceptual stage.

Success Story

Spent Management: Waste to Product

The LCTM framework has resulted in a significant breakthrough in the management of spent acids. The traditional process for treating spent acids was ineffective in removing process impurities, which limited its application.

Our newly designed spent acid purification process utilises a two-step methodology. The first stage involves using a substrate medium to eliminate bulk impurities from the spent acid, followed by steam stripping in the second stage.

This innovative approach has led to substantial improvements in the quality of spent acid, achieving the following results:

- **COD: From 12000 to <1000 mg/l**
- **Nitric content: 10000 PPM to < 50 PPM**

These process enhancements have enabled us to use spent acid in downstream manufacturing, thereby reinforcing our commitment to environmental stewardship.

Life Cycle Assessment

At AIL, we systematically analyse the environmental and social impacts associated with the entire life cycle of a product, material, process, or other measurable activity. This analysis is conducted through life cycle assessments that comply with ISO 14067 and TfS PCF guidelines. We have adopted a cradle-to-gate approach for our assessments. The Life Cycle Impact Assessment (LCIA) is performed using the CML-IA Baseline LCIA Midpoint and Product Environmental Footprint methodologies, encompassing a total of 16 impact categories, with the aid of specialised software. In our reporting, we have conducted a Full LCA on 85% of our product volume and a Simplified LCA on the remaining 15%.

Simplified Product Use

AIL has been actively collaborating with our customers to minimise their environmental footprint during the product's use phase. We have developed an innovative solution to supply solid materials to customers in a molten state under specific storage conditions. This approach has enabled our customers to reduce both their energy and water consumption when using our products.

R&D Objectives Beyond FY25

We are elevating our R&D function into a long-term growth engine by shifting from individual product development to platform-led innovation in high-value, future-ready chemistries. Our focus is firmly on technology intensification, sustainability, and reinforcing AIL's global CDMO leadership.

1. **Photochlorination**
   Development of chlorinated and fluorinated building blocks
2. **Selective Oxidation**
   Use of green oxidants (e.g., H_2O_2-based, catalytic)
3. **Continuous Flow Chemistry**
   Enables process intensification for nitration, halogenation, lithiation, and photochemistry

AIL's Digital Fabric

In a world transformed by rapid technological advances, AIL recognises that transformation is not a one-time effort but a continuous journey.

Our vision, "Be World Class. Shape The Future," drives us to fully embrace technology-enabled reinvention. Strategic investments in digital infrastructure, including ERP & CRM have unified our operations and improved stakeholder interactions, enhancing our agility and solidifying our position in the global specialty chemicals value chain.

Evolution

AIL's IT strategy has evolved from a focus on system enablement to one of digital transformation. Initially focused on ERP systems and basic infrastructure, it evolved with Unnati 1.0, which emphasised SAP evaluations, analytics, and integration. AIL now utilises Rise with SAP, Ivalua, Master Data Management, and real-time analytics to improve agility and efficiency. With Unnati 2.0, the focus includes generative AI, cybersecurity, and low-code platforms like KCNC platform. A centralised IT Management Office and a cloud-first, API-driven architecture enhance scalability and resilience, positioning AIL as a digital-first leader in the chemical industry.

By adopting innovative chemistries on a commercial scale and focusing on sustainable process improvements, we have enhanced our capabilities in key product areas, including benzene, toluene, sulfuric acid, and high-value specialty chemicals.

Each IT team member completes over 40 training hours annually, with skill upgrades in cybersecurity, ERP, AWS, CRM, and analytics, supported by platforms like ATOMs 2.0 and innovation workshops.

Key Highlights

Zero
incidents of information security breaches or disciplinary action in FY25

100%
of operational sites underwent information security risk assessments and annual IT audits

85%
of operational sites are ISO 27001:2013 certified

100%
of employees completed mandatory cybersecurity training and annual refresher courses

To strengthen cybersecurity, AIL has adopted a suite of next-gen technologies:

- **Extended Detection & Response (XDR)**
- **Secure Web Gateway (SWG)**
- **Zero Trust Network Access (ZTNA)**
- **Data Loss Prevention (DLP)**
- **Managed SOC with SIEM, CTI, UEBA, SOAR**

These tools enable real-time threat monitoring, reduce operational risks, and support a predictive cybersecurity approach.

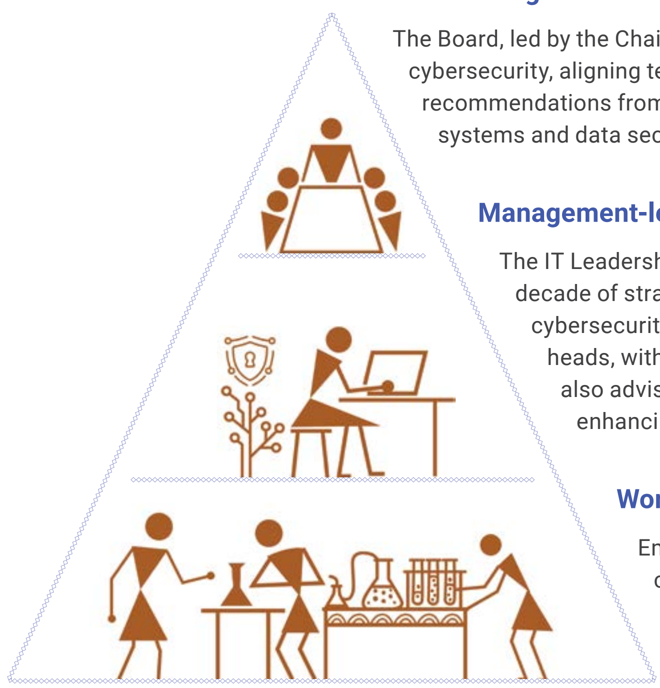
We have also established:

- **A uniform internet access framework across all sites**
- **A comprehensive control checklist integrating NIST CSF, CIS Controls, ISF Best Practices, and ISO 27001.**
- **Strict third-party governance, including no external device/network access and robust NDAs with data confidentiality clauses**
- **Third-party simulations and audits to identify vulnerabilities and implement mitigation measures**
- **Compliance with information security is linked to employee variable pay and performance evaluations**

AIL is modernising its IT ecosystem by retiring legacy systems and adopting cloud-based platforms, advanced network security, and secure file-sharing solutions. This transition enhances scalability, reduces costs, and improves security, shifting AIL's cybersecurity from a reactive to a proactive and resilient approach.

Information Security Governance at AIL

We have established an Information Security Policy to enhance our security practices and protect the information of all associated with AIL. This policy supports our goals in data privacy, cybersecurity, and digitalisation by clarifying roles and decision-making processes. Initially, we assessed our cybersecurity maturity against industry standards, including NIST CSF, ISO 27001, CIS v8.0, and ISF best practices, with a focus on benchmarks relevant to the chemical and pharmaceutical sectors.



Board Oversight

The Board, led by the Chairman, develops IT policies for data privacy and cybersecurity, aligning technology with business goals at AIL. They also review recommendations from the Risk Management and Audit Committees to improve IT systems and data security.

Management-level Governance

The IT Leadership team, led by CEO Mr Suyog Kotecha, leverages his decade of strategic experience to deliver effective IT governance and cybersecurity. Operational activities are managed by various vertical heads, with support from Subject Matter Experts (SMEs). Mr Kotecha also advises the Board via the Risk Management Committee on enhancing IT infrastructure and cybersecurity practices.

Working Group

Employees collaborate to enhance data privacy, strengthen cybersecurity, and facilitate digital transformation. This governance framework fosters informed decisions, efficient resource use, and proactive data breach prevention.

Information Security Risk Management and Strategy

Our robust Information Security Policy forms the foundation of our Information Security Management System (ISMS), ensuring confidentiality, integrity, and availability of data. It outlines a framework for data classification, access control, encryption, incident response, and employee training. The policy is regularly updated to counter emerging threats and is accessible on our website for stakeholder reference.

Information Security Targets T24

Target Year	KPIs	Target	SDG Alignment and Capitals Impacted
Medium Term (2023-2028)	» Customer data privacy » Data security	» Zero instances of information security breaches » Zero cases of data breaches » Implementation of SMART manufacturing platform across all locations by 2028	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE intellectual capital
Long term (Beyond 2028)	Achieve ISO27001:2022 accreditation for data security and management for all manufacturing locations	To certify all our manufacturing locations with ISO 27001	

Best-in-class IT Infrastructure Cybersecurity Roadmap

The entire IT network has been modernised across all office locations and manufacturing sites.

Implementations include zero trust architecture, secure web gateway, email protection, and data leakage prevention.

A Security Operations Centre (SOC) operates 24/7 on a cloud-based platform, providing real-time monitoring with threat intelligence and advisory services.

Aarti 4.0: Accelerating Digital-led, Sustainable Growth

We are driving exponential growth through Aarti 4.0, an integrated digital transformation initiative aligned with the broader Industry 4.0 vision. This programme aims to build a future-ready, data-driven, and sustainable organisation by embedding digital intelligence into every aspect of our business—from manufacturing and R&D to supply chain management and governance. Supported by UNNATI 2.0, AIL's digital journey focuses on environmental responsibility, operational agility, and innovation-driven growth.

Key Digital Transformation Initiatives

ERP

This is a next-gen cloud-based ERP system that provides exceptional scalability and flexibility for real-time business integration. It helps AIL adapt to changing data needs, streamline operations, reduce costs, and enhance productivity. With seamless integration, in-memory computing, and built-in analytics, we can gain valuable insights, navigate risks more effectively, and drive revenue growth.

S2P platform

This is a Sourcing to Procurement (S2P) software platform that facilitates seamless integration between buyers and vendors, managing the entire supplier lifecycle from requisitions to payments. It evaluates suppliers based on sustainability and financial stability before onboarding. The platform enhances transparency with notifications for RFQs, auctions, and shipping, allowing vendors to track invoices and payments. It also enhances spend analytics, category management, and strategic procurement, resulting in shorter lead times, cost savings, improved vendor collaboration, and increased supply chain efficiency.

Master Data Management (MDM)

This enhances data governance and operational excellence. By centralising and structuring key business data—such as customers, products, and suppliers—AIL has created a single source of truth, which improves data accuracy and accessibility. This organised system facilitates quicker decision-making and features multi-layer approval workflows to enhance control and minimise errors. Real-time reporting from the unified database has further boosted transparency and operational agility.

RTMI

Transforming our manufacturing operations with Real-Time Manufacturing Insight (RTMI), an IIoT-based solution that optimises operations. This cloud-based platform provides real-time monitoring and actionable insights across our production ecosystem, enhancing productivity, efficiency, reliability, and sustainability.

Salesforce CRM & Customer Portals

This enhances the customer experience through unified platforms that enable real-time interaction, faster responses, and better lifecycle engagement across global markets.

FP&A platform

This is a cloud-based, collaborative planning tool that drives agile budgeting, scenario modelling, and cross-functional financial planning aligned to strategic goals.

Digital Twin Technology

AIL is harnessing Digital Twin technology to create real-time, data-rich virtual models of its manufacturing assets and processes. These digital replicas enable enhanced operational visibility and performance optimisation by simulating process dynamics, predicting outcomes, and enabling proactive interventions.

Predictive Maintenance & Troubleshooting

Simulations help anticipate equipment stress points, enabling proactive maintenance and minimising downtime

Sustainable IT Infrastructure and Digital Governance

AIL is leading the way in digital sustainability with a low-carbon, cloud-native IT strategy. Our cloud migration to AWS and implementation of virtual desktop infrastructure (VDI) significantly reduced on-premises infrastructure and energy consumption. The integration of generative AI for document processing and knowledge bots streamlines workflows and minimises resource usage. We also prioritise secure IT operations through our Security Operations Centre (SOC) and advanced tools, such as XDR, ZTNA, and PAM, ensuring compliance and security in digital operations. Furthermore, the adoption of low-code platforms, such as KCNC platform supports paperless compliance systems, including digital QMS, EHS applications, and real-time governance reporting, thereby contributing to SDGs 9, and 17.

Digital Nucleus at Aarti (DNA)

We launched our Digital Nerve Architecture (DNA) initiative to create intelligent, agile, and scalable digital solutions. This low-code platform accelerates app development, emphasising sustainability as a core design principle rather than just a departmental focus.

Key features of DNA

Optimised Processes
Reduced waste and downtime

Energy Efficiency
Lower energy consumption through real-time data

Enhanced Decision-making
Smarter choices driven by integrated insights

Digital Transition Training Programmes

All employees, including contractual and part-time staff, participate in an intensive digital transition training programme as part of their system training. This programme, which involves the employee resource group and teams of subject matter experts, is designed to enhance their skills in using advanced digital tools and technologies. The benefits of these training sessions are notable; they allow employees to continuously upgrade their skills in response to the ever-evolving digital landscape. As a result, employee productivity has improved, response times to customers have accelerated, and overall customer satisfaction has increased, contributing to better work conditions for employees.

With Aarti 4.0, we are not just preparing for the future; we are actively shaping it through innovative solutions, establishing a strong foundation for a promising tomorrow.

Managed Security Services (MSS) and Security Operations Centre (SOC)

We have partnered with a global leader to provide a comprehensive view of managing our cybersecurity risks and technology solutions. As threats become more sophisticated, organisations must safeguard their networks and data. By utilising MSS and SOC services, we have strengthened our security, enabling us to focus on our core operations without the fear of cyber threats.

Guaranteed Data Privacy

At AIL, we uphold a strong commitment to data privacy and intellectual property (IP) protection through our robust Data Privacy Policy and advanced cybersecurity framework.

Our UNNATI programme enhances resilience with Data Leak Prevention, Secure Web Gateway, Cloud Access Security Broker, and email protection protocols (DKIM, DMARC, SPF), along with Zero Trust Network Access. We perform regular audits to identify vulnerabilities and ensure compliance with data protection regulations. Our AI/ML-driven Security Operations Centre offers real-time threat detection and rapid incident response, reducing business disruptions.

We protect intellectual property through strict access controls and collaboration protocols, which improve cost-effectiveness and operational efficiency. AIL's adherence to ISO 27001:2022 and regular audits underscores our commitment to top-tier information security standards.

In FY25, we reported zero data breaches, underscoring the effectiveness of our proactive measures, including encryption, access controls, secure storage, regular backups, and data classification.

100%

Employees trained on Information Security

Strategic IP Protection and Commercialisation at AIL

We employ a comprehensive and structured approach to protect intellectual property and commercialise innovations, reinforcing its leadership in the specialty and performance chemicals space. This strategy enhances operational efficiency, reduces costs, and sustains long-term competitive advantage.

Case study

Agrochemical Intermediates

AIL's IP-backed multi-step synthesis for advanced intermediates enabled access to regulated markets, reduced customer costs, and improved internal margins—demonstrating the strategic value of IP in driving innovation and growth.

Customer Privacy

We received no complaints about data breaches from external parties or regulators. To address customer complaints promptly, our business, sales, and marketing teams serve as the main points of contact.

Our organisation has a robust IT security infrastructure, resulting in no customer privacy breaches or data loss this fiscal year.

Proactive Incident Response and Cybersecurity Preparedness

We have established a proactive Incident Response Management framework supported by continuous improvement and a strong commitment to protecting our data and digital assets. Key initiative include, attack simulation and response testing, business continuity and disaster recovery, advance technology deployment, cyber insurance, information security resting, global framework alignment and performance benchmarking.

Performance Benchmarking

AIL's BitSight Maturity Score improved from 710 in 2023 to 760 out of 820 in 2024, reflecting the effectiveness of our information security initiatives.

The Road Ahead

Over the next five years, AIL will implement transformative innovations, including Digital Twins, blockchain, advanced generative AI, predictive analytics, and immersive technology. These initiatives will strengthen our agility, sustainability, and operational excellence.

We envision a collaborative digital workplace powered by Google Workspace, supported by scalable cloud infrastructure, low-code platforms, and robust cybersecurity. Our employees will lead this transformation, empowered through upskilling and innovation programmes under Unnati 2.0, which will make AIL truly future-ready and digitally empowered.

Human Capital

A Legacy of Empowerment, A Future of Possibilities

At Aarti Industries Limited, our four-decade journey is deeply rooted in the strength of our people. From our earliest days to our global expansion today, we have consistently believed that our workforce is not just a mere contributor but a catalyst that fuels innovation, drives excellence, and shapes the future.

Our Purpose, "Right Chemistry for a Brighter Tomorrow," drives our success, which underscores our commitment to transformation and excellence. This principle guides our vision of becoming the 'Global Partner of Choice.'

Our core values have driven key organisational initiatives during the early phases of transformation. Building on past successes and the promising future of India's Speciality Chemicals sector, we launched our five-year transformation journey, Aarti 4.0, in 2023, under the theme "Be World Class, Shape the Future", inspired our people to pursue ambitious milestones. As we progress as a high-performing team, our People Agenda remains central to this journey, guided by a dynamic, adaptive approach that continuously evolves our people processes to foster a value-driven, people-centric, and enabling ecosystem.

People Vision

"To become the preferred employer of choice, bringing a culture of Co-creation, Excellence & Care"

Key Highlights

5,868
Total employees

989
New hires

6%
Y-O-Y% increase in women in the workforce

34
Average Age

37
Average training hours per employee

4.72
Employee engagement score (92nd percentile globally)

20%
employees took higher roles and responsibilites

0.13
LTIFR

Key SDGs

5 Gender Equality
10 Reduced Inequalities
3 Good Health and Well-Being
8 Decent Work and Economic Growth

Managing Trade-offs (Impact on other Capitals)

Financial
Intellectual
Manufactured
Social & Relationship

Material Topics

Occupational Health and Safety
Human Rights
Employee Development and Engagement
Diversity and Inclusion

Key Risks and Opportunities

Talent Management Risk
Workplace Safety Risk

People Strategy with Purpose

Our People Strategy is designed to enable business growth by striking a deliberate balance between building internal capabilities and acquiring niche, future-facing skills. We are considering talent fungibility as a strategic priority, equipping employees to take on cross-functional opportunities that align with their aspirations and organisational needs. By prioritising internal talent, even when individuals are not fully ready, we are fostering a culture of growth, ownership, and accountability. Our differentiated reward strategy supports this vision; balancing cost efficiency and market competitiveness through calibrated compensation and robust retention levers such as long-term incentives and family-centric policies. Simultaneously, our people-centric ecosystem emphasises a hierarchy-free, high-performance environment 'which is safe' and customer-focused.

To stay ahead, we are proactively identifying future competencies aligned with our transformation agenda. We remain committed to harmonious industrial relations and building an HR ecosystem that enables a holistic employee development, capability upliftment, and sustained organisational excellence.

Cultural Transformation

We are a listening organisation that ensures we remain connected to people at all levels, thoroughly acknowledging their feedback and engaging in meaningful conversations. Using immersive platforms like Metamorphosis, Buddy Meets, Chai Pe Charcha, and Coffee with Gen Z, we bring leadership closer to the ground, fostering open dialogue and making empathy a core part of our identity.

Commitments: Every senior leader creates a personal declaration which embeds active listening into our leadership ethos.

Listening Tours: Our executive team regularly visits project sites, operations, and R&D centres to engage directly with the frontline employees, gather insights, and demonstrate empathy in real-time.

Metamorphosis Sessions: CXOs and the CHRO address the employee concerns and "unworkabilities" during these interactive forums. Last year, over 5,000 team members participated, resulting in increased engagement and measurable business outcomes.

Buddy Meets: With approximately 700 buddy pairs across various functions, weekly virtual or in-person meet-ups promote cross-functional support, knowledge sharing, and a stronger sense of belonging.

We have co-created Aarti Engaging Leader (AEL), our leadership model, which aligns our people with AIL's values of Care, Integrity, and Excellence. AEL Framework empowers our employees to operate in a natural state of action, work in alignment, be a cause in the matter, listen and speak powerfully, and helps us reinforce our goal of building a world-class organisation.

Our High Performance Vocabulary enables effective collaboration and results. We make and honour promises with clear timelines, invite counter proposals when there's misalignment, and use declarations to articulate bold future goals.

HR Governance Framework

Board Level

The Nomination and Remuneration Committee (NRC) oversees key HR approvals, compensation, and board agendas. It utilises industry benchmarks, company performance, responsibilities, individually track records to make informed decisions.

Management Level

The HR Council (HRC), led by the CHRO, guides HR strategy, policies, and governance. It handles policy implementation and reports HR risks to the Board, including mitigation strategies.

Implementation Level

At the implementation level, a structured network of committees ensures effective HR execution, including a central steering committee for organisation-wide engagement and well-being efforts, vertical and location committees that execute engagement interventions on the ground, and vertical calibration committees that uphold fairness in performance management.

Total Workforce in FY25

Workforce by Management Level

132 Leader & Above
345 Managers
1,966 Individual Contributors
3,425 Shop-floor employees

Workforce by Age Group

2,386 <30 Years
3,349 30 -50 Years
133 >50 Years

Workforce by Gender

5,670 Male
198 Female
0 Other

New Hires

In FY25, we hired a total of 989 employees.

New Hires by Age

775 <30 Years
214 30 -50 Years
0 >50 Years

New Hires by Gender

929 Male
60 Female
0 Other

Break-up of New Hires by Management Position

5 Leader & Above
25 Managers
482 Individual Contributors
477 Shop-floor employees

Details of new Employee hires, Internal Job posting and hiring cost T25

	FY 22	FY 23	FY 24	FY 25
Total number of new employee hires	1,158	1,921	1,288	989
Percentage of open positions filled by internal candidates (internal hires)	6%	6%	7%	5%
Average hiring cost/employee INR			60,294	55,452

Employee Turnover

In FY25, we experienced a 19.14% turnover rate among permanent employees, with 0% involuntary turnover, and a 20% turnover rate among temporary workers. Despite industry challenges, our holistic engagement and growth opportunities are key to reducing turnover.

Capability Building: Making a Future-Ready Workforce

At AIL, we consistently shape a workplace where agility meets accountability, and skills evolve in tandem with strategy. Our people's practices are designed to unlock performance, nurture purpose, and create an environment where every individual can thrive, contribute, and lead with confidence.

We don't just prepare for the future; we cultivate it daily through systems that build technical depth, a culture that empowers ownership, and capabilities.

Development For Every Role

We strongly believe that workforce development isn't a perk, it's a responsibility. Every employee receives customised training based on role, level, and aspiration. Every employee at AIL is encouraged to complete a minimum of four man-days of training each year, equivalent to 32 hours.

Learning in Numbers (FY25)

2.15 lakh+
Man-hours of training

43,991
Hours of training for workers

100%
Employees completed mandatory refresher training

2,445
Hours of training for security staff, averaging approximately 3 hours per guard.

Digital Capability Building

UNNATI 2.0, our flagship digital transformation initiative, leverages Generative AI, Digital Twins, and cloud technologies to enhance data-driven decision-making and operational efficiency. We have implemented tools and solutions, including master data management, data visualisation tools, advanced SaaS-based solutions, RPA, and automation tools, to enhance sustainability, cybersecurity, and long-term digital success. In parallel, we reskilled employees to meet evolving business needs, merged specific roles to expand job scopes, and repurposed talent to leverage their strengths better. As part of this digital transformation, we equipped employees, including shop floor teams, with essential computer and digital skills, ensuring they are future-ready and able to maximise the potential of digital platforms for increased efficiency and adaptability.

Leveraging Digital Platforms

LMS: Our digital learning platform empowers employees to own their development by identifying training needs, enrolling in courses, and tracking progress in alignment with their managers for future-ready skills.

MOOC: Access to leading online learning platforms offers self-paced, certified courses in leadership, functional, and professional development, helping employees grow across roles and locations.

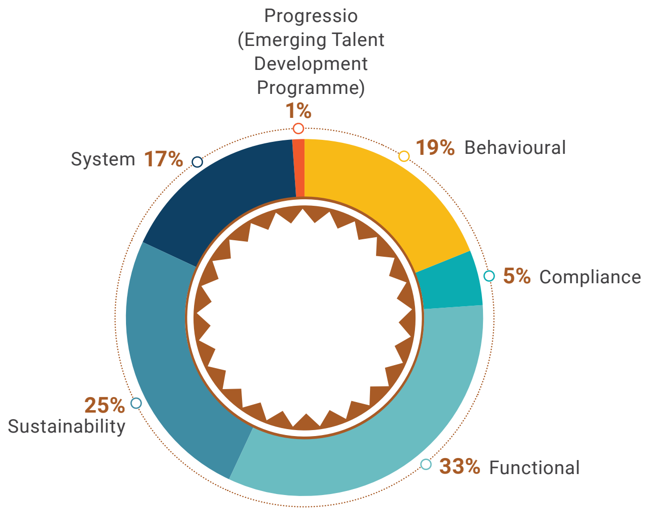
Flagship Program – Eklavya

Eklavya is our flagship development journey, grooming shop floor employees for higher roles through a nine-month program that blends classroom sessions, senior shadowing, and hands-on shift management. Focused on elevating Field Operators to DCS Supervisors and DCS Supervisors to Shift Incharges, the program has trained 154 employees so far, resulting in 71 promotions and 19 role upgrades.

Operational Training

Our Operations Training builds functional expertise among shop floor employees, enhancing efficiency and preventing breakdowns and quality issues. A robust in-house assessment evaluates employees on a 5-point scale across key areas like process and equipment knowledge, SOP adherence, troubleshooting, emergency handling, and EHS compliance.

Training Data C21

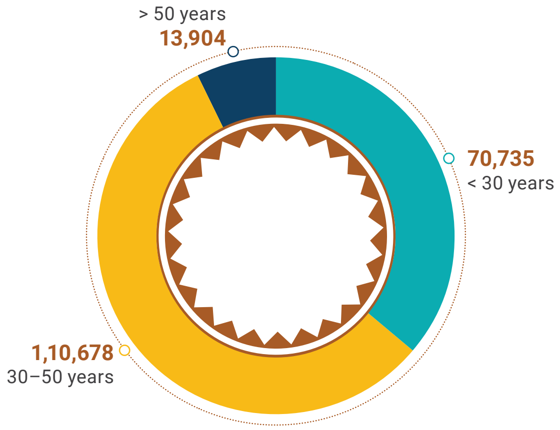


Training details T26

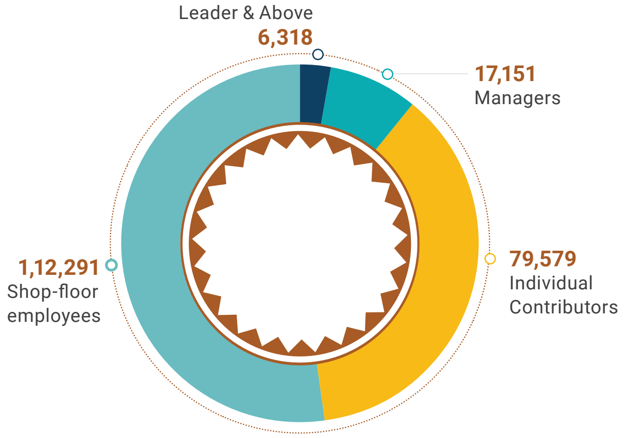
Average Hours of Training	FY 22	FY 23	FY 24	FY 25
Total training hours	1,61,867	1,44,517	2,13,790	2,15,339
Average training hours/Employee	28	26	35	37
Average amount spent on training per employee (INR)	7,399	6,869	3,046	8,978

Training Man-Hours

Break-up of Training Man-Hours by Age C22



Break-up of Training Man-Hours by Management Position C23



Contract workers comprise a significant portion of our workforce, making their productivity crucial to our overall performance. Empowering them is key to our success. Their training primarily focuses on operational safety, behavioural safety, and human rights. In FY25, workers received 43,991 man-hours of training, each benefiting from an average of 5 hours of skill development. Security personnel at AIL also receive thorough briefings on relevant policies and participate in emergency response and fire safety training, which are integral to AIL's culture. Our internal staff and third-party organisations provide basic training on citizen rights and human rights. Specialised training, tailored to their specific roles and responsibilities, is also offered.

Future of Capability Building & Way Forward

By blending advanced technologies, strategic partnerships, and digital transformation, we aim to revolutionise our capability-building interventions for creating a robust and future-ready workforce. As we transition from traditional chemistries like Chlorination, Hydrogenation, and Nitration to cutting-edge technologies such as Photochlorination, Halex, Vapour Phase Technology, and Flow Chemistry, we are equipping our employees with the skills to thrive in an ever-evolving industry.

Talent Management: Empowering the Forces Behind our Success

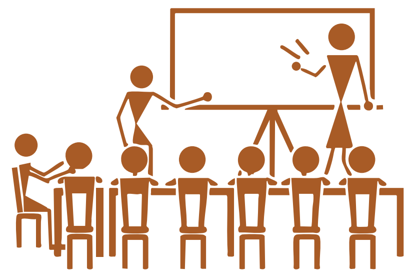
Leadership Development

We follow the 70:20:10 model of leadership growth—70% through experiential projects, 20% through mentoring, and 10% through formal training. Programmes like "Aayam" include foundational sessions, deep dives, and boot camps for enhancing leadership skills. Development journeys are categorised into three tracks:

- Group Development: Programmes like "Leadership Bootcamps," "Learning Circles," and "Book Reviews" promoted peer learning, strategic thinking, and cultural assimilation.
- Individual Development: Through the Gurukul Development Programme (senior leader-led mentorship), curated e-learning (Coursera, Udemy), and Meraki (mentoring for young professionals), employees received personalised support.
- Accelerate Leadership (for High Potentials): Included executive education at IIM, ISB, XLRI, job rotations, capstone projects, and executive coaching for high-impact growth.

PACE (Procurement Agility & Capability Enhancement)

Conducted with one of the renowned consulting firms, this focused development program provided customised guidance to 50 high-potential managers of our procurement vertical to sharpen their technical skills and competencies and get future ready.



Competence Building

Behavioural Competency

Our behavioural training, rooted in our leadership competency framework, focuses on shaping habits that build a high-performance culture. Programs like Aayam and the Managers' Effectiveness Program enhance ownership, feedback, coaching, and team engagement. The Manager Competency Assessment enables customised IDPs based on deep individual insights using the 70:20:10 model. Personal Effectiveness and Swayam Ka Vikas programs drive growth for individual contributors and the shop-floor employees, fostering discipline, collaboration, and personal mastery.

Technical Competency

Vertical-wise training programs were designed to address specific capability needs, focusing on advancing technological expertise, fostering innovation and process safety in R&D, and enhancing procurement skills such as negotiation, cost modelling, and market intelligence. Additionally, technical training emphasised process excellence through methodologies like Six Sigma and Root Cause Analysis to drive operational efficiency and data-driven decision-making.

Internal Talent Mobility Programs

Talent Spotting identifies internal candidates for new opportunities based on skill alignment and role readiness. Internal Job Postings (IJP) provide a transparent platform for employees to apply for roles matching their aspirations and capabilities. Succession Planning ensures leadership continuity through structured reviews and readiness-based successor identification across verticals.

We are committed to developing a future-ready workforce to meet evolving business needs. To support our short-term, medium-term, and long-term growth targets, we focus on targeted development initiatives. From 2023 to 2028, we are focused on enhancing employee skills to align with our growth targets, to have 20% of our workforce prepared for higher responsibilities by 2028. Our initiatives also support the UN SDGs 5, 8, and 10, focusing on gender equality, decent work, and reduced inequalities.

Employee Engagement and Well-being

Our success hinges on engaged and motivated teams. We recognise that high performance is rooted in employee engagement and well-being. We cultivate a culture of open dialogue and holistic support through structured forums, feedback cycles, and targeted well-being programmes. Our well-being framework spans physical, social, career, financial, and community dimensions.

The Well-being Index is evaluated annually, focusing on five key dimensions: physical, career, social, community, and financial well-being.

>85%ile
ranking achieved in all the well-being dimensions

Employee well being targets T27

Target Year	KPIs	Target	SDG Alignment and Capitals Impacted
Short-term (Current Year)	Well-being dimensions (physical, career, social and financial well-being)	%ile ranking in well-being dimensions more than 88	3 GOOD HEALTH AND WELL-BEING; Human Capital
Medium-term (2023–28)	Well-being dimensions (physical, career, social, community, and financial well-being)	%ile ranking in well-being dimensions more than 90	
Long-term (Beyond 2028)	Well-being dimensions (physical, career, social, community, and financial well-being)	%ile ranking in well-being dimensions more than 92	

Nirvana: The Holistic Well-Being Calendar

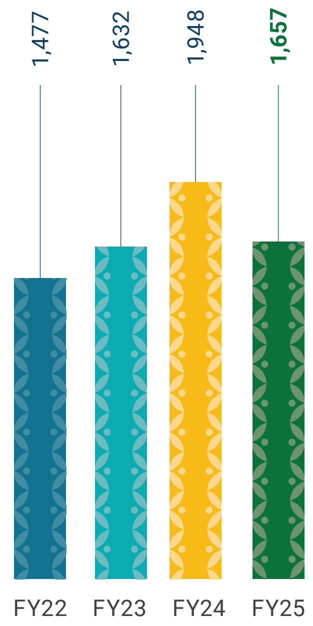
We champion holistic employee well-being through our annual "Nirvana" calendar, thoughtfully aligned to five key dimensions—Career, Social, Financial, Physical, and Community Well-being. In Career Well-being, we foster individual growth through structured capability-building programs, IDPs, and leadership coaching. Social Well-being is nurtured via peer support, recognition platforms, and cultural engagement, building trust and strong workplace relationships. Financial Well-being is supported through expert-led sessions and practical initiatives to promote financial awareness and planning. Our Physical Well-being efforts include medical monitoring, fitness campaigns, and nutrition-focused interventions. Finally, Community Well-being encourages employees to drive social impact through CSR initiatives, volunteering, and environmental efforts—making well-being an embedded part of our culture and progress.

One-on-One Counselling and Support

Our Employee Assistance Programme, offers confidential, professional counselling and personalised support for employees and their families. Through webinars, assessments, workshops, and one-on-one sessions, it promotes mental and emotional wellness. Over time, Anahata has become a trusted, safe space for employees to seek help and address personal or professional concerns openly.

At AIL, we mainly focus on enhancing employee health and well-being. This approach, rooted in our core value of Care, has resulted in the creation of thoughtfully designed employee support programmes that improve our employees' morale and increase overall engagement. Consequently, this benefits our organisation by boosting employee retention and lowering attrition, which helps us attract and develop suitable talent.

Number of Employees that Benefitted from EAP C24



- Flexible working hours
- Workshop on stress management
- Work from home
- Financial Well-being program
- Health initiatives
- Childcare centre
- Recreational activities

Social Dialogue

AIL is a "Listening Organisation" fostering transparent communication. We've established two-way platforms, such as "Metamorphosis," "Chai pe Charcha," "Sampark" and "Workers Meet" at various levels and intervals to hear and resolve employee concerns, gather feedback on work conditions, and communicate the status of suggestions. The CHRO and Site Head lead these initiatives.

Our short-term target for the current year is
100%
Resolution rate of employees' grievances in 90 days

Employee Engagement Survey

One of our most powerful initiatives is the Voice Employee Engagement Survey. The survey is meticulously designed to explore the nuanced aspects of employees' journeys within the organisation, offering insights into engagement levels, workforce sentiment, and overall satisfaction.

In a significant milestone this year, over 5,200 employees participated as Associates and Executives were included in the organisational engagement survey for the first time. To ensure comfort and ease of participation, the survey was conducted in vernacular languages and supported with the necessary infrastructure. The initiative witnessed 100% participation from this group, marking a decisive step towards inclusive employee listening.

AIL's Employee Engagement Journey

- AIL's employee engagement journey launched through Gallup in 2020.
- Grand Mean increased from 3.95 (42nd percentile) to 4.72 (90th percentile).
- The engagement score reached a benchmark level with a ratio of 43.5:1, indicating a high level of employee engagement.
- Our engagement survey includes parameters like Job satisfaction, sense of purpose, happiness at work and feeling active and productive everyday(stress).

4-Pronged Engagement Action Planning

Organisational Action Plan

Focused on company-wide priorities such as leadership transition, policy and structure changes, digital and safety capability building, employee well-being, and aligning strategy with a people-centric culture.

Vertical Action Plan

Targeted actions addressing vertical-specific needs like tailored recognition, capability building, cost and productivity improvements, and talent development for future readiness.

Location Action Plan

Addressed location-based challenges through improved infrastructure, inclusive practices, and local talent partnerships to enhance attraction, retention, and skill-building.

Manager Action Plan

Strengthened people leadership through sensitisation, integrity in planning, competency-based development, regular team dialogues, and a mindset shift from boss to coach.

Conversations

Our managers engage with each team member at least once a month to provide on-time and meaningful performance feedback. These ongoing coaching conversations focus on leveraging employees' strengths and identifying areas for development, ensuring they feel valued and empowered.

We are committed to the well-being and security of our employees, offering comprehensive benefits to all permanent staff. Our comprehensive benefits package includes social protection programs (health, term life, and group personal accident insurance; ESIC coverage; subsidised transport and canteen; government pension programs), provident fund and pension schemes, company-owned car schemes, higher education support and scholarships for employees' children, as well as retirement planning guidance.

Employee Benefits Expenses (₹ in Crore) T28

Particular	FY 22	FY 23	FY 24	FY 25
Contribution to Provident Fund	24.5#	16.9	18.19	19.89
Contribution to Superannuation Fund	0.46	0.39	0.44	0.48
Contribution to Gratuity Fund	11.14	6.33	5.88	6.99
Total	36.1	23.62	24.51	27.36

#Includes contribution of Pharma Segment(Aarti Pharma Labs)

Other than above mentioned benefits we also provide Mediclaim, Term Insurance, Subsidised Food, Health Checkups, Loans, Advances, Leave, Higher Education Assistance, Car Benefits, Transportation etc.

Progressive Leave Policy

Parental Leave

Our progressive parental leave policy provides maternity leave to support mothers, not just as a regulatory requirement.

Maternity Leave:
30 weeks
(exceeds legal)

Paternity Leave:
5 days

Return-to-work rate:
100%

Retention rate for female employees:
82%

Leave Benefits

The "Care" that is integral to our engagement is evident in the leave benefits we offer to employees and permanent workers.

30 days
Annual leave
(vs. 22 legal requirement)

11 days
Mandatory rejuvenation leave days

Special leave during emergencies and life milestones

100%
return-to-work rate after parental leave

362 (Male)
Employees availed parental leave.

9 (Female)
Employees availed maternity leave.

Performance and Career Development

We conduct comprehensive performance reviews for all eligible employees and workers. At the start of each appraisal cycle, during our Annual Leadership Conclave (ALC), we define our priorities, and employees declare their goals in the listening space of the leadership team. ALC helps us to set SMART and stretch goals.

Individual goals are set through a collaborative approach with manager-employee-stakeholder partnerships, ensuring our goals include management objectives. Our goals focus on sustainability, prosperity, partner delight, and people well-being metrics.

We conduct a structured bi-annual employee evaluation process through our HRMs tool. Performance evaluation discussions extend beyond bi-annual assessments and are complemented through our agile monthly conversation throughout the year. We have adopted a multidimensional approach to performance appraisal that enables transparent and holistic evaluation, including alignment with the values of AIL, and feedback from various internal stakeholders. This evaluation also takes into account the contribution of individuals in the team's performance.

Pay Parity & Living Wage

We promote transparency, fairness, and equality. The female-to-male pay gap ratio shows women receive equal pay in the mid-management and worker categories. Senior management pay parity improved from 0.9 to 1.06, reflecting progress. Internal assessments covered 100% of employees. The unadjusted pay gap for middle management (3.6%), junior management (-2.59%), and workers (-4.39%) will be addressed in the next salary revision cycle.

Internal reviews are conducted annually for 100% of employees through revised compensation structures.

Living Wage Compliance

Benchmarked against Fair Wage Network

100%
of employees paid above the living wage

No employees across any category fall below the threshold

Diversity, Equity, and Inclusion (DEI)

Our DEI philosophy spans hiring, development, infrastructure, and policy frameworks. Our fair and merit-based recruitment process reflects our commitment to equality as an equal opportunity employer. Our workforce includes one employee of foreign nationality, and we uphold a zero-tolerance policy against any form of discrimination,whether based on race, based on race, gender, language, religion, political beliefs, or any other personal attribute—throughout our hiring and evaluation processes.

We are committed to fostering an inclusive environment where every employee is treated with fairness and respect, irrespective of their background or skill set.

Key Highlights

3%
women in the workforce

7%
women in top management

3%
women in STEM roles

4%
in revenue-generating managerial roles

14%
women Board representation

35
employees and 27 workers with disabilities

DEI Initiatives

Our Women in Manufacturing program continues to drive gender diversity by challenging stereotypes and fostering a safe, inclusive shop floor environment. Key initiatives include mentoring through Meraki and Gurukul, 100% POSH sensitisation, self-defence and safety training, and inclusive infrastructure like creches and breastfeeding rooms. Leadership connects through Metamorphosis sessions, providing mentorship and visibility for women employees. We achieved a 13.21% increase in female hiring in FY25, supported by sensitisation workshops fostering allyship and inclusive behaviours. Our long-term Vision 2028 aspires for a plant operated entirely by women. Young talent is empowered through roles in steering committees and policy-making. These collective efforts have improved engagement, with our 'Opinion Seems to Count' score rising to 4.69 (86th percentile in 2024), reflecting a culture where every voice matters.

Gender Diversity Targets T29

Target Year	KPIs	Target	SDG Alignment and Capitals Impacted
Medium-term (2023–28)	Gender diversity in the workforce at different management levels	Gender diversity in the workforce at different management levels = 5%	Human capital
Long-term (Beyond 2028)	Gender diversity in the workforce at different management levels	An entire operating unit to be managed by women	

Diversity by Gender T30

Particular	FY 22	FY 23	FY 24	FY 25
Women in the workforce (%)	3%	3%	3%	3%
Women in executive positions (%)	4%	8%	6%	6%

3%
Share of women in total workforce (as % of total workforce)

(Target of 5% by 2028)

4%
Share of women in all management positions, including junior, middle and top management (as % of total management positions)

(Target of 5% by 2028)

5%
Share of women in junior management positions, i.e. first level of management (as % of total junior management positions)

(Target of 5% by 2028)

7%
Share of women in top management positions, i.e. maximum two levels away from the CEO or comparable positions (as % of total top management positions)

(Target of 5% by 2028)

4%
Share of women in management positions in revenue-generating functions (e.g. sales) as % of all such managers (i.e. excluding support functions such as HR, IT, Legal, etc.)

(Target of 5% by 2028)

3%
Share of women in STEM-related positions (as % of total STEM positions)

(Target of 5% by 2028)

Multi-generational Workforce

Our workforce spans age groups, functions, geographies, and aspirations, yet remains united by a shared purpose of "Creating a Right Chemistry for a Bright Tomorrow." As many as 5.18% employees have completed over 20 years of service with AIL. This number is a testament to the enduring bonds, shared values, and trust that define our legacy of care.

With a potent blend of experience and youth, we take pride in our multi-generational team:

41% of our workforce is under 30 years of age

57% between 30–50

2% over 50

This diversity brings together insight and energy, essential ingredients for innovation and resilience.

Inclusive Workplaces: Access for All

AIL is committed to creating a discrimination-free workplaces for employees with disabilities and ensuring compliance with the Rights of Persons with Disabilities Act of 2016. Our facilities are designed with accessibility in mind, featuring wheelchair ramps and accessible restrooms to create a supportive environment. Currently, we employ 35 differently-abled permanent employees, and have 27 differently-abled workers, reflecting our commitment to inclusion and safety.

Differently-Abled Employees and Workers T31

	FY25		
Type of Workforce	Male	Female	Total
Total Permanent Employees	34	1	35
Permanent Workers	27	0	27
Other than Permanent Worker	25	2	27

Digital HR Transformation

Our HR function has undergone a significant digital transformation, aligning with our broader organisational vision of agility, efficiency, and employee empowerment.

We have digitised and integrated key HR functions—including recruitment, onboarding, performance, recognition, and attendance—into a unified platform, enabling seamless employee self-service and reducing manual effort. AI-powered tools such as predictive attrition modelling and real-time dashboards are driving strategic workforce planning and proactive retention.

Security and compliance have been enhanced through systems like the Real-Time Occupancy Platform and Visitor Management System. Additionally, the digitisation of the contract labour lifecycle ensures transparency and audit readiness. Integration of platforms like HRMS, ERP, LMS, and Google Workspace has improved productivity, while AI adoption across processes has minimised errors and freed up time for high-value work.

Human Rights

AIL integrates its core values of 'Care', 'Integrity', and 'Excellence' into its operations and people practices to protect human rights for all stakeholders. The Board-approved People Policy and Codes for Human Rights guide actions for employees, workers, contractors, business partners, and local communities, aligning with the UN Guiding Principles, the International Bill of Human Rights, the ILO, and Social Accountability 8000. Aarti also encourages business partners to adopt these standards through a supplier code of conduct, offering support and guidance. The company complies with all applicable Indian and international labour laws, including those against child and forced labour. The CHRO oversees human rights issues, reporting to board-level committees for continuous review and accountability.

Human Rights Coverage:

- Prohibition of child and forced labour
- Anti-Discrimination in Employment
- Indigenous Peoples' rights
- Freedom of association
- Maximum Working Hours
- POSH policy
- Grievance Redressal Mechanism
- Identification of potential human rights risk
- Risk Assessment
- Action plan development
- Progress tracking and reporting

FY25 Highlights:

100% operational sites assessed for human rights risks

0 incidents of child labour, forced labour, discrimination, or harassment

Multi-tier grievance redressal system in place

In FY25, we assessed all manufacturing sites for human rights risks, which were validated through a third-party assessment. No major violations were found, and we maintain a risk register for tracking these dangers at the plant level.

Target for Human Rights Assessment T32

Target Year	KPIs	Target	SDG Alignment and Capital Impacted
Short-term (Current year)	SA 8000 certification Incidents of child and forced labour, discrimination and harassment cases	Four divisions of Zone 2 are certified Zero cases of child and forced labour, discrimination and harassment case	Human Capital Social and Relationship Capital
Human capital, Social and Relationship capital	SA 8000 certification Incidents of child and forced labour, discrimination and harassment cases Development of a web-based grievance tool	100% of operational sites are SA 8000 certified Maintain zero incidents of child and forced labour, discrimination and harassment cases	
Long term (Beyond 2028)	Human rights risk assessment	Complete the HRDD of all critical suppliers	

Human Right Due Diligence

AIL has a robust human rights due diligence process aligned with the UNGP and SA8000 standards, identifying impacts on human rights across operations, supply chains, and partnerships, including mergers. It covers issues like child and forced labour, diversity, trafficking, wages, exploitation, discrimination, freedom of association, and legal penalties. The HRDD involves stakeholders such as women, children, migrants, contract workers, Indigenous Peoples, and communities, integrating their concerns to build trust.

In FY25, 100% of manufacturing sites were assessed for human rights risks and validated by third parties across 16 divisions, with no major violations or corrective actions needed. A risk register tracks human rights risks at the Zone level.

Steps for Due Diligence

Identification of Potential Human Rights Risks
We identified key human rights relevant to our industry and assessed risks across our operations and value chain. Developed a repository of human rights risks, including child labour, forced labour, privacy rights, workplace discrimination, freedom of association, bargaining rights, and labour violations.

Assess the risk
Human rights risks and their impact on stakeholders are assessed by probability and severity. Risks are rated high, medium, or low. Existing control measures are evaluated to determine residual risk.

Develop an action plan
We develop action plans targeting residual high-risk human rights issues to prevent violations based on proactive risk ratings.

Track the progress, report
Detailed action plans address human rights risks, outlining responsibilities, timelines, and metrics, enabling us to track progress and allocate resources effectively. We review our risk register annually.

Human Rights Training & Capability Building

Our Human Rights Policy is communicated to all contracted personnel, with our security team trained on human rights, legal compliance, soft skills, conflict resolution, and crowd management. Online refresher courses have a 100% completion rate. A Disciplinary Action Plan (DAP) supports our labour practices, offering corrective steps for violations, discrimination, and harassment, and deters misconduct. The CHRO, also the Ethics Officer, leads investigations into human rights issues.

9,003
Man-Hours of training in FY25

Topics: Human rights, POSH, D&I, Code of Conduct

Security teams trained monthly on conflict handling and soft skills

Safety First: Empowering People to Thrive

Occupational Health and Safety (OHS)

For Safety, even world-class is not enough!" is AIL's mantra. Each Aarti Engaging Leader is dedicated to the safety and well-being of all stakeholders. Recognising our duty as a responsible organisation, we prioritise the health and safety of our people, community, plants, and machinery.

Our commitment drives us to embed a resilient, proactive safety culture as we strive to "Be World Class and Shape the Future.

Occupational Health and Safety (OHS) is more than a priority; it's a core organisational value. We are committed to the well-being of our employees, contractors, visitors, and the communities in which we operate. All safety interventions aim to enhance workplace safety and strengthen our safety culture, adhering to ILO guidelines for hazard mitigation. We actively reduce risks across all phases: design, development, manufacturing, handling, storage, and distribution. We set OHS goals within our Sustainable Business Framework, consistently tracking progress for a tangible impact on employee and contractor health and safety.

Safety Mission

For Safety, Even World-Class is Not Enough!

Our mission, "Zero Deviation for Sustainable Growth," is to create an injury-free workplace, fostering a culture of zero harm.

Mission Zero Harm

- Zero Fatalities
- Zero Fire Incidents
- Zero Process Safety LOPC Incidents (Tier-1)
- Zero Cyanosis Cases

Safety Targets T33

Target Year	KPIs	Target	SDG Alignment and Capital Impacted
Short-term (1 -2 year)	» Fatalities » LTIFR » TRIFR	» Zero fatalities » LTIFR **<0.10** » TRIFR **<1.0**	SDG 3 Human capital Financial capital Manufactured
Medium-term (3-5 Years)	» Fatalities » LTIFR » TRIFR	» Zero fatalities » LTIFR **<0.05** » TRIFR **<0.5**	
Long-term (Beyond 5 Years)	» Fatalities » Safety Culture	» Zero fatalities » To be at the interdependent stage on the Bradley Curve	

OHS Governance

Each site is evaluated quarterly for compliance with our Safety Governance Framework, powered by real-time data analytics.

At AIL, our robust OHS governance ensures the highest health, occupational, process safety, and operational continuity standards, surpassing regulatory requirements and earning stakeholder trust. Digitisation has enhanced oversight by providing real-time insights into performance and controls. Under our HSE Policy, every employee, contractor, and subcontractor—whether full-time, part-time, or temporary—actively participates in health and safety initiatives.

Board Oversight

The Chairman-led Board sets OHS policy and strategy, with quarterly performance updates supported by the Risk Management, Stakeholder Relationship, and CSR Committees.

Management Level Governance

The Apex Sustainability Council reviews OHS progress quarterly and reports to the Board. Sub-councils, such as Zone Safety, Process Safety, Construction Safety, and Lab Safety, assist the Apex Sustainability Council in driving functional sustainability agendas. Meanwhile, the Chief Manufacturing Officer conducts monthly health and safety reviews during operational group meetings.

Working Groups

Safety Teams, led by the Safety Head and Zonal Safety Officers, implement policies, conduct risk assessments, deliver training, investigate incidents, and oversee site-level initiatives.

Implementing strong top-down governance for occupational health and safety has fostered a proactive and forward-looking safety culture. It has also strengthened communication between the shop floor team and top management, enabling a collaborative approach to enhancing safety standards.

Occupational Health and Safety Management System (OHSM)

The safety and reliability of our operations, along with the well-being of our people and the environment, are our highest priorities. AIL's OHSMS integrates not only the statutory compliance (e.g. Factory Acts, Maharashtra and Gujarat Factories Rules, etc.) but also recognised international standards and guidelines. This dual approach has enabled the development of a comprehensive Risk Management framework for maintaining high standards of Occupational Health and Safety.

The OHSM is implemented through the Aarti Management System (AMS), which comprises 16 OHS elements and various codes and procedures that track occupational and non-occupational health metrics. AMS enables us to proactively identify and address potential workplace hazards through rigorous internal inspections and audits. These processes are essential in evaluating operational risks and ensuring safety standards are met. Once risks are identified, they are systematically assessed, prioritised, and incorporated into targeted action plans. These plans establish clear, measurable objectives to effectively mitigate health and safety concerns and drive continuous improvement.

Our OHSMS applies to all individuals involved in operations directly controlled by the organisation, encompassing:

Employees **Contractors** **Subcontractors**

This coverage extends across all levels and functions within the company.

From Risk to Resilience: Our Journey

We utilise tools such as Hazard Identification and Risk Assessment (HIRA), Process Hazard Analysis (PHA), and Job Safety Analysis (JSA) to identify and mitigate risks. Safety studies, such as Thermal Safety (DSC, RC1e), SIL, QRA, and barrier health monitoring, ensure comprehensive oversight.

After risk controls are implemented, internal and external audits verify effectiveness. Employees are encouraged to report near-misses, unsafe acts, and deviations through formal systems, such as the BBS and the Deviation Management System.

100%
Of the sites that have undergone Hazard Identification and Risk Assessment.

Incident Reporting, Investigation, and Learning

A structured incident investigation system addresses root causes by applying a hierarchy of controls and sharing learnings across units to enhance safety more broadly.

Reporting Work-Related Hazards and Hazardous Situations

To create a safe and supportive work environment, we have established processes for every employee, strongly encouraging the reporting of work-related hazards, unsafe situations, or unsafe working conditions. We strongly encourage incident reporting and thorough investigations, allowing everyone in the plant to report unsafe conditions and actions for prompt resolution. We impart training to our employees on the incident reporting procedures. Furthermore, these processes protect workers from retaliation, which is essential for ensuring their safety and job security.

The following channels are available for employees to report work-related hazards and unsafe situations:

- **Open Communication Channels**
- **Reporting Forms Incident**
- **Reporting to Safety Committees**
- **Behaviour Based Safety (Reporting Module)**
- **Safety Committee Meeting**
- **Written Policies and Procedures**
- **Reporting to Supervisors/Managers**
- **Unsafe Condition Reporting Module**
- **Monthly Gate Meetings**
- **Near-miss Incident Reporting Forms**

We have established policies and processes that empower workers to halt any activity or operation if they perceive it to be unsafe. The lessons learned from these incidents are communicated throughout the organisation and incorporated into the continuous improvement of our occupational health and safety management system.

Process Safety

Process safety is essential for preventing incidents and minimising harmful substance releases. To protect our employees and communities, we implement rigorous safety measures, conduct thorough risk assessments, and maintain strict safety protocols alongside effective emergency response plans. Our dedicated Process Safety team, in collaboration with the Aarti Research and Technology Centre, ensures safety throughout the product development and manufacturing process

Tacit Knowledge

The concept of tacit knowledge facilitates the sharing of insights gained from operations, thereby enhancing technology and fostering individual capabilities through learning and development.

Studies on Risks in Long-Term Storage of Chemicals

These studies aim to inform and advise those who seek to understand the multiple benefits and cost efficiencies associated with proactive chemical management.

Safety Studies

For all new and existing powder handling operations, we conduct safety studies that include Minimum Ignition Energy (MIE), Minimum Autoignition Temperature of a Dust Cloud (MIT), Hot Surface Ignition Temperature of Dust Layers (LIT), powder resistivity, and other relevant parameters.

In-house Data

Through our developed infrastructure and capabilities, we generate in-house data on chemical reaction hazards and fire and explosion hazard testing. This information is crucial for making informed decisions during plant design and processing.

Process Safety Initiative: Assurance of Robust Control on High-Risk

Chemical Interaction Matrix

Developed for hazard identification, detailing potential hazardous interactions between plant chemicals and construction materials.

PSM Dashboard

- Daily monitoring of PSM activity to ensure compliance.
- Continuous monitoring of indicators' progress through different governance platforms.

Barrier Health Management

- Top risk identification and barrier management
- People's competency-building through training awareness.
- Scheduled audit for critical monitoring.
- Compliance certificate for assurance of barrier healthiness.

Daily Process Deviation Monitoring

- Process engineers monitor daily parameters to ensure compliance.
- Supervisors can promptly address concerns.

Interlock Integrity Assurance

- Rigorous testing and monitoring of interlock systems.
- Ensures reliable and safe operations, minimising accident risks.

Hazardous Material Storage and Handling

Enhanced systems for safe management.

Job Cycle Check

- Ensure implementation of risk assessment findings.
- Document all operational activities in SOPs.

Process Safety Capability Building

Introduced the tacit knowledge concept for individual development.

Subject Matter Expert and Learning

- Monthly LFI sessions are held to share knowledge from incidents.
- Onboarding of national and international experts for training and audits.

Training Commitment

A minimum of 8 man-hours of safety training per employee annually is required to strengthen AIL's safety culture.

Robust Hazard Identification and Risk Assessment (HIRA)

Conducted for each step in Standard Operating Procedures (SOPs).

Safety Workday programme

Quarterly training for Shift In charges via experiential learning. Mandatory two-day Safety Induction for all new hires to ensure foundational awareness; the modules include:

- Workplace Health and Safety
- Standing Instructions
- Emergency Response and Crisis Management
- Delivered through gamified e-learning and classroom sessions for associates.

Continual Improvement

- Involves safety audits and validation of storage and process parameters.
- Process evaluation results inform design considerations.

Risk Awareness and Safety Training

Advanced training programmes to enhance preparedness.

Occupational Health and Safety Performance

Our Occupational Health and Safety (OH&S) performance is monitored through various lagging and leading indicators. These indicators are reviewed periodically by our senior leadership team during operational group reviews and sub-council meetings. The outcome of these reviews is discussed in the Apex Sustainability Council, presided over by our Chairman.

During FY25, no fatalities were reported among employees, and two fatalities were reported among contractors. There were zero cases of recordable work-related ill health among employees and one case among contractors.

Lost Time Injury Frequency Rate (LTIFR) and Lost Time Injury Severity Rate (LTISR) is used as a measure of our safety performance. During the reporting period, we reduced both frequency and severity rates for employees as a result of various health and safety interventions. For contractors, the frequency rate and severity rate increased due to two recorded fatalities. During the reporting period, we reduced the number of recorded Medical Treatment Cases (MTCs) for employees and contractors to 16, down from 35 recorded in F24.

Zero
Cases of work-related health issues among employees

LTIFR and LTISR details T34

Category		FY22	FY23	FY24	FY25
LTIFR	Employee	0.17	0.16	0.08	0
	Contractor	0.11	0.14	0	0.21
LTISR	Employee	31.10	3.34	5.36	0
	Contractor	5.11	10.2	0	741.18

Health and Safety Initiatives

Worker Participation and Consultation

We emphasise a collaborative approach to health and safety through employee participation and communication. Monthly gate meetings allow workers to share insights and suggestions, while involvement in process safety studies and incident investigations captures their recommendations. Daily meetings ensure continuous updates, and OHSMS documentation is accessible via notice boards. We also utilise various communication channels, including BE SAFE Huddles and provide training programmes to enhance worker knowledge and skills.

Worker Participation on Health and Safety T35

Status	FY22	FY23	FY24	FY25
Total health and safety issues raised	230	218	270	240
Total issues resolved	230	218	270	240
Total issues In progress	0	0	0	0

Joint Labour Management Health and Safety Committee

AIL has established a Joint Health and Safety Committee, comprising equal numbers of elected workers and company employees at all manufacturing units. This committee meets monthly to address work environment and safety concerns, reviews the minutes of previous meetings, and updates members on the status of action items. A Canteen Committee is also in place to address worker concerns promptly.

Emergency Preparedness and Response

We are committed to providing a safe workplace through detailed onsite and off-site emergency plans (OSEP) for all manufacturing locations. These plans outline response strategies and control measures for anticipated emergencies. A dedicated team at each site is trained to handle emergencies, and regular mock drills are conducted to prepare employees and assess the effectiveness of the plans. AIL has also established mutual aid agreements with neighbouring industries for additional emergency support.

Enhancing Safety Through Training

Training is central at AIL to ensure that safety aspects are understood, employees and workers are aware of workplace hazards and control measures. We assess the training needs through various interventions and analytics and provide health and safety-related training to our employees and workers.

53,000+ Man-Hours
Safety training for permanent employees (including permanent workers)

68,000+ Man-Hours
Safety training for non-permanent employees (contract workers)

Details of Safety Training T36

	Number of employees trained	Number of training programmes	Hours
Top Management	3	18	11.87
Senior Management	100	86	415.88
Middle Management	323	93	1698
Junior Management	2226	176	16799
Supervisory Technician	3511	240	34295
Non-Permanent Workers	40444	400+	68186

List of Trainings

We emphasise a collaborative approach to health and safety through employee participation and communication. Monthly gate meetings allow workers to share insights and suggestions, while involvement in process safety studies and incident investigations captures their recommendations. Daily meetings ensure continuous updates, and OHSMS documentation is accessible via notice boards. We also utilise various communication channels, including BE SAFE Huddles and provide training programmes to enhance worker knowledge and skills.

Specific Training

- Contract Workers Induction Contract
- Supervisor Training
- Hazardous Goods
- Transportation Safety
- Marshall Training
- Defensive Driving
- Toolbox Talk Use
- 111A-Right of Workers

On-the-Job Training

- Fire Fighting Work
- First Aid
- Safe Operating Procedure (SOP)
- Safety Inspection
- Last Minute Risk Assessment
- SCBA Training
- Diphoterine Kit
- Rigging and Lifting Safety
- Permit Authorisation Training
- Forklift Driver Training

System Training

- Permit System
- Job Safety Analysis (JSA)
- Job Cycle Check
- General Plant Condition
- Management of Change
- Behaviour Safety
- Emergency Response System
- Standing Instruction

External Training

- Scaffolding Inspector Training
- First Aid and ERT Member
- HAZOP

Case Study

Safety Action Meeting (SAM)

Introduction

Safety Action Meeting (SAM) involves engaging shop floor teams to eliminate a recurring unsafe action by brainstorming on the topic. SAM leader conducts this meeting on the shop floor, and a recurring unsafe act/ safety issue is taken as a topic for discussion. SAM leader asks all participants to suggest solutions till all the suggestions are exhausted, records the suggestions, bucketises the same and allocates actions amongst the team members for completion.

Objectives

- Highlight recurring unsafe actions.
- Involve the shop floor team in devising actions to eliminate recurring unsafe actions within their area of influence.
- Enhance the shop floor team's engagement, ownership, and involvement.

Actions taken

- Managers and above employees trained on SAM
- Each manager targets one SAM performance per month
- Leaders and senior leaders demonstrated leadership in safety through participating in the SAMs
- KPIs taken for the SAM as a system
- Monthly reviews at different levels

Outcome of safety action meeting

150+
employees are performing one SAM per month from Q3FY25 onwards, with over 80% compliance

To date, about
1000+
SAMs have been conducted on the shop floor

Conclusion

SAM is proving to be an effective tool to engage shop floor employees in eliminating recurring unsafe actions and contributing to the enhancement of the AIL's robust safety culture.

We are proud to present a few examples of successful SAM engagements and outcomes:

Success Story-1

Elimination of Cyanosis-Prone Material Manual Handling (Exposure Probability) for Layer Separation Confirmation During Material Transfer by View Glass.

Old Practice

Manual checking and collecting organic material in a bucket, twice a day during material transfer from the tank to a 1000-dia stripping column.

New Practice

Manual handling of cyanosis-prone material was eliminated using a view glass. Layer separation is now confirmed without human intervention.

Benefits:

This new practice has eliminated:

Chemical exposure risk.

Ergonomic risks associated with the old practice

Impact on unsafe acts

Violation / Unsafe acts	Month-1 (Before)	Month-2 (After)	Month-3 (After)	Month-4 (After)
Activity/month	60	**0**	0	0

Success Story-2

Boiler Bed Charging Converted from Manual to Auto Charging to Avoid Human Exposure to furnace heat, which had the Potential for Major Thermal Burn Injuries.

Old Practice

Boiler bed material manual charging (involving risk of backfire, which may result in burn injuries)

New Practice

Boiler bed material charging through the rotary air lock valve (closed-loop charging)

Benefits:

This new practice has eliminated the potential risk of burn injury while performing the bed charging activity.

Impact on unsafe acts

Violation / Unsafe acts	Month-1 (Before)	Month-2 (After)	Month-3 (After)	Month-4 (After)
Activity/month	60	**0**	0	0

Way Forward in Safety Excellence: Vision for the Future

In terms of occupational health and safety, our mission is to achieve "Zero Deviation for Sustainable Growth." This will guide all actions in the next 3 to 5 years.

We aim to:

- Digitally transform SOP access and real-time training
- Build domain-specific competencies in advanced chemistries (Photochlorination, Vapour Phase, Flow Chemistry)
- Partner with the leading University for curriculum modernisation
- Strengthen onboarding, internal mobility, and leadership continuity systems
- Deploy AI-enabled tools to streamline hiring and enhance safety decisions

Our vision is to build a culturally agile, globally capable, safety-conscious workforce ready to lead AIL's next phase of transformation.

Social and Relationship Capital

Trust, Togetherness, and Transformation

At AIL, we believe that true leadership in the chemical industry is not just about innovation, it's about building trust, fostering togetherness, and driving transformation. Our commitment to Corporate Social Responsibility (CSR) reflects these values, guiding impactful initiatives in rural healthcare, education, women's empowerment, and environmental sustainability.

Through our responsible procurement policy and supplier code of conduct, we extend this commitment throughout our entire value chain, ensuring ethical and sustainable partnerships that uphold social and environmental responsibility. This enhances the trust we build, the communities we support, and the future we shape together.

Our Legacy in Community Building

At Aarti Industries Limited, CSR has never been a mandate; it's been our mindset. Decades before CSR became law, we were already working shoulder-to-shoulder with communities to create strong foundations through education and healthcare.

We began by providing quality education and essential healthcare to remote areas, ensuring that our surrounding communities not only coexisted but also thrived. Our work made learning more accessible and lives more secure.

Over time, we realised that scale comes from partnership. That's why Aarti Foundation began collaborating with local NGOs and changemakers, combining their grassroots knowledge with our commitment. This model helped us expand our reach, responsibly, and with deeper roots.

As our CSR journey deepened, we discovered a simple truth: education, health, and housing — three essential aspects — are rooted in robust infrastructure. We began by building from schools and sanitation to hostels and hospitals, ensuring that communities not only survived but also progressed.

One such example is Tulsi Vidya Mandir, a school in Kutch that we've nurtured for over 20 years. From serving underprivileged students to empowering local girls and alumni mentors, it reflects the kind of long-term, inclusive change AIL believes in.

Key Highlights

₹1563.22 Lakh
Total CSR Amount Spent

3000+
Number of suppliers/ vendors

83
Customer complaints received and solved

76
Vendors trained

4.5
Customer satisfaction score

Key SDGs

Managing Trade-offs (Impact on other Capitals)

- Manufactured
- Human
- Financial
- Natural

Material Topics

- Community engagement and development
- Ethical supply chain and vendor compliance
- Customer centricity and product responsibility
- Stakeholder engagement and trust building
- Public policy and industry collaboration
- Inclusivity and social equity

Key Risks and Opportunities

- Community discontent and social license risk
- Supply chain non-compliance
- Customer perception and market access risk
- Stakeholder engagement gaps
- Community co-creation and shared value
- Ethical and resilient supply chains
- Customer-centric product development
- Strategic CSR and SDG alignment

Partnering for Prosperity, Uplifting Lives

At Aarti Industries Limited (AIL), our commitment to Corporate Social Responsibility (CSR) is integral to our values. We focus on uplifting underprivileged communities by improving access to healthcare, supporting education, and advocating for sustainable rural livelihoods. Through strategic partnerships and grassroots initiatives, we aim to foster inclusive growth in the regions where we operate.

CSR Policy

We have a CSR Policy, approved by the Board, that guides our initiatives at AIL in line with the Companies Act, 2013. Through the Aarti Foundation, we focus on empowering local communities by addressing needs in education, skill development, tribal and rural development, livelihood support, housing assistance, and creating local employment opportunities.

Composition of the CSR Committee

Smt. Hetal Gogri Gala
Non-Executive Director

Smt. Rupa Devi Singh
Independent Director

Shri Ajay Kumar Gupta
Executive Director and CMO

CSR Distribution as per Category

Total Amount Spent
₹1563.22 Lakh

Total Lives Impacted
4,82,033

Category	Amount Spent	Lives Impacted
Education & Skill Development	₹502.04 Lakh	2,07,693
Healthcare Initiatives	₹447.03 Lakh	12,226
Tribal & Rural Development	₹116.50 Lakh	69,806
Urban Housing Aid	₹106.99 Lakh	300
Environment & Water Conservation	₹132.66 Lakh	630
Women Empowerment	₹80.50 Lakh	1,90,300
Senior Citizen Welfare	₹50.00 Lakh	78
Research & Development	₹50.00 Lakh	
Livestock Development	₹47.70 Lakh	
Others	₹29.80 Lakh	

Education and Skill Development

Unlocking Potential, Empowering Brilliance

Education is the cornerstone of sustainable development and social upliftment. Our initiatives in education and skill development aim to empower individuals, especially those in underserved communities, by providing access to quality learning, vocational training, and career-building opportunities. From strengthening school infrastructure and supporting digital education to equipping young people with industry-relevant skills, we are nurturing the next generation to realise their full potential and become agents of change in their communities.

₹502.04 Lakh
Amount spent

2,07,693
Impacted

Ongoing CSR Initiatives
in five schools for the last several years. Benefitting more than 1500 students.

Infrastructure Development Initiatives
to various schools and institutions to establish new infrastructure and improve existing facilities.

Scholarships & Grants
Scholarships are provided to students in need to pursue higher education and further studies.

Amount spent on Education and Skill Development T37

Institutions	Category	Place	Beneficiaries	Amount Spent (in Lakh)
Expenses under Vidhya Sarthi project	Ongoing	Nana Bhadiya	14	10.25
Vichrta Samuday Samarthan Manch (VSSM)	Ongoing	Ahmedabad	350	12.00
Yusuf Meherally Centre (Vallabh Vidyalaya + Sagar Shala)	Ongoing	Kutch	863	34.92
Tulsi Vidya Mandir	Ongoing	Kutch	438	34.79
Sushil Trust, Shree Ram-Krushna Dev Vidhya Sankul, Khadir, Ratanpar, Kutch	Ongoing	Ratanpar	260	74.48
Educo	Scholarship	Parel, Mumbai	40	6.00
Navbharat Nutun Vidyalaya	Scholarship	Mumbai	210	10.00
Centre for Sciences & Environment	Scholarship	Gujarat	2,05,000	10.00
Shri K.V.O. Jain Mahajan, Mumbai	Scholarship	Mumbai	200	10.00
Shree Jethalal Nonghabhai Gada Vagad Education, Welfare & Research Centre	Scholarship	Vasai, Thane	97	50.00
Matushri Manibai Shivji Devji Kanya Kelvani Fund	Scholarship	Mumbai	88	17.60
Matruvandana	Scholarship	Bidada, Kutch	133	70.00
Vicharta Samuday Samarthan Manch (VSSM)	Infrastructure	Pansar	N.A.	26.50
Vallabh Vidyalaya	Infrastructure	Mundra	N.A.	70.00
Others				65.50
Total			**2,07,693**	**502.04**

Case Study

Tulsi Vidya Mandir

A Legacy of Learning, A Future of Change

In Nana Bhadia, Aarti Industries Limited established Tulsi Vidya Mandir in 2005 with 71 students. Now, it empowers 438 students through quality education, fostering inclusion and supporting first-generation learners. The Vidyasathi Project enables alums to teach in 12 neighbouring government schools, reducing dropout rates and inspiring the community.

Why It Matters

Tulsi Vidya Mandir is more than a mere school; it's proof that long-term commitment creates generational change. As we continue to invest in digital tools, life skills, and outreach, this legacy project will continue to shape possibilities for years to come.

Future Forward:

This intervention has become a model for scalable education reform in tribal regions, With plans to expand alumni-led mentorship to additional districts.

Amount Donated
₹34.79 Lakh

Beneficiaries
438 Students
(208 boys, 230 girls)

Shree Ram-Krishna Dev Vidhya Sankul

Building Futures in Remote Gujarat

Situated in Ratanpar near Bhachau in the Kutch district, Shree Ram-Krishna Dev Vidhya Sankul has grown into a leading educational institution under the guidance of the Sushil Trust and Aarti Group. Since 2014, AIL has been supporting the school, addressing challenges such as water scarcity, a lack of campus vehicles, and difficulties in attracting teachers to this remote location.

AIL's contributions include infrastructure upgrades—hostel and school sanitation, water systems, rainwater harvesting, and playgrounds—alongside teacher training and scholarships for post-standard 10 education. Outreach programmes have increased enrolments from nearby tribal communities, helping reduce dropout rates and improve academic outcomes.

Amount Donated
₹74.48 Lakh

Beneficiaries
260 Students

Health that Heals, Care that Connects

Access to quality healthcare remains vital in rural and underserved areas. With over INR 447 Lacs invested and 12,000+ lives touched, our interventions bridged preventive and critical care. We helped create a 300-bed hospital in Nalanda, a tribal hospital in Tamil Nadu, and supported community programs like BPNI's maternal and infant care in Mumbai. Blood drives at Jhagadia and Vapi exemplify our commitment to collective responsibility and proactive health access.

₹447.03 Lakh
Amount spent

12,226
Impacted

Amount spent on Healthcare Initiatives T38

Details	Category	Place	Beneficiaries	Amount Spent (in Lakh)
Tribal Health Initiative	Infrastructure	Tamil Nadu	NA	25.00
Dhan Vallabh Welfare Foundation	Infrastructure	Nalanda, Bihar	NA	350.00
BPNI Maharashtra	Healthcare	Mumbai	12167	2.50
Shree Dombivli Manav Kalyan Kendra	Healthcare	Dombivli	25	8.00
LTMG Hospital	Healthcare	Sion	NA	8.75
Shri KVO Jain Mahajan, Mumbai	Medical Grant	Mumbai	20	1.90
Blood Donation Camp	Medical Grant	Jhagadia & Vapi	NA	10.35
JITO Educational & Medical Trust	Medical Grant	Mumbai	14	10.00
Other Medical Grants	Medical Grant		NA	30.53
Total			**12226**	**447.03**

Strengthening Tribal Healthcare – Sittilingi, Tamil Nadu

Partner: Tribal Health Initiative (THI)

AIL supported building a healthcare facility in Kalrayan Hills via the Tribal Health Initiative, which runs a 35-bed hospital in Sittilingi valley. This low-cost hospital serves over 80,000–1,00,000 tribal residents within 50 km. Due to rising patient numbers—especially from Kalrayan Hills—the trust is developing a permanent, 24/7 healthcare facility in the region.

Key Features of the New Facility:

- Fully functional Outpatient Department operating 24/7
- Equipped with modern diagnostics: laboratory, ultrasound, X-ray, pharmacy
- Round-the-clock availability of doctors and nurses
- Residential accommodation for 2 doctors and male/female paramedics

Amount Spent
₹25.00 Lakh

Beneficiaries
NA

Tirthankar Mahaveer Jain Hospital

Healthcare with Heart

In Nalanda, Aarti Industries Limited has partnered with the Tirthankar Mahaveer Jain Hospital to establish a transformative 300-bed facility covering over 85,000 sq. ft. This institution combines advanced technology with compassionate care, aiming to make healthcare more affordable and accessible. With services such as electric vehicles for elderly transportation and door-to-door awareness campaigns, it will serve as a vital resource for the community, emphasising AIL's commitment to rural healthcare.

Location: Nalanda, Bihar, Partner: Dhan Vallabh Welfare Foundation

Amount Spent
₹350 Lacs

Maternal & Child Health Support – Mumbai

Partner: BPNI Maharashtra

AIL has partnered with BPNI Maharashtra to enhance their Infant and Young Child Nutrition (IYCN) counselling program in municipal hospitals across Mumbai. This initiative offers individual and group counselling for pregnant mothers and their families, support in postnatal wards for breastfeeding, and specialised care for infants with unique needs, such as cleft palates and tongue ties. AIL also offers BFHI training for healthcare professionals, health talks on childcare and nutrition, and conducts pediatric growth monitoring using WHO charts.

Amount Spent
₹2.50 Lakh

Beneficiaries
12,167

Tribal & Rural Development

Cultivating Change, Empowering Communities

We supported 141 families with housing aid worth INR 173 Lacs, building safer, permanent homes for nomadic communities in Gujarat and underprivileged urban youth in Mumbai. Our Projects, like VSSM's pucca homes and Kutch Nav Nirman Abhiyan, ensure that the most vulnerable communities have a place to call home, with stability and dignity.

₹116.50 Lakh Amount spent

69,806 Impacted

Amount spent on Tribal & Rural Development T39

Details	Category	Place	Beneficiaries	Amount Spent (in Lakh)
Bhansali Trust	Tribal	Bihar	69,542	50.00
Vicharta Samuday Samarthan Manch (VSSM)	Rural	Gujarat	264	66.50
Total			**69806**	**116.50**

Bhansali Trust (Mushar Integrated Development Project)

Number of villages - target	161
Number of villages covered	161
Manager and Supervisors	15
Village level workers	157
Vallabh Vidya Mandir school (Started April 2022) (Grades I, II, III, IV, V; Grade VI will be started this year)	Students: 328 | Teachers: 8 | Other staff: 2
Dhan Vallabh Vidhyalaya school (Started June 2023)	Students: 270 | Teachers: 6 | Other staff: 2
Ramdev School (Started Feb 2024) (Grades I, II, III; Grade IV will be started this year)	Students: 200 | Teachers: 5 | Other staff: 2
Coaching Classes	155
Average number of students per coaching class	45
Illiterate students studying in coaching class	730
Illiterate students enrolled in school	447 New students will be enrolled New Season April 2025
Dropout students studying in	243
Dropout students re-enrolled in the school	154 New students will be enrolled New Season April 2025
Self-help groups (SHGs) Total members	205 groups in 142 villages
Total Saving of SHGs so far	2,811
Total loan given to SHG members	₹53,78,520 | ₹36,97,000 (For remaining 19 villages, process is on to start SHGs.)
Supplementary nutrition beneficiaries	59 pregnant and lactating mothers 49 children | 82 TB patients | 190 Total beneficiaries
Vegetable seed packets distribution	19,000 packets distributed in 161 villages (9000 Summer + 10000 Winter)
Sanitary Pads distribution	8,626 packs are distributed in 161 villages
Paramedical workers	122 Paramedical workers, each treating approx. 65 patients/month for common ailments Approx. 7,930 patients/month
Total patients treated by Mobile dispensary – MBBS doctor	10,667
TB patients put on treatment	82 – Most of them taking regular treatment
Epilepsy patients put on treatment	4 taking regular treatment
Leprosy patients put on treatment	40
SP Cases	200

*SP Cases: families or individuals who need special attention and care.

₹50 Lakh Amount spent

69,542 Beneficiaries

161 Villages Covered

Green Environment & Water Conservation

Championing Sustainability, Nurturing Nature

From Beed's dry belts to Rajkot and Kutch's agricultural corridors, our conservation efforts reached over 600 families and thousands of farmers. Investing INR 132 Lacs, we improved irrigation with check dams, promoted afforestation, revived soil health, and maintained green spaces in Vapi. These initiatives meet current environmental needs and build ecological resilience for the future.

Environment and Water Conservation

₹132.66 Lakh
Amount spent

630
Impacted

Amount spent on Green Environment Initiatives T40

Details	Category	Place	Beneficiaries	Amount Spent
Kutch Fodder Fruit & Forest Development Trust	Environment	Khadir, Kutch	12	1.71
Sadbhavana Seva Foundation	Environment	Kutch	N.A.	11.51
Vapi Gardens	Environment	Vapi	N.A.	60.81
Shree Siddhivinayak Sevabhavi Sanstha	Water Conservation	Beed	618	26.28
Jalkranti Trust	Water Conservation	Rajkot	N.A.	30.00
Other				2.36
Total			**630**	**132.66**

Tree Plantation Drive – Nana Bhadiya, Kutch

AIL partnered with the Sadbhavna Seva Foundation to support a large-scale tree plantation initiative in Nana Bhadiya village, Kutch. The project involved planting 767 trees across various locations, aiming to increase green cover, improve environmental sustainability, and support biodiversity in the semi-arid region. This initiative reflects AIL's long-term commitment to climate resilience and ecological restoration.

₹11.51 Lakh
Amount spent

Care for All: Elderly & Livestock Welfare

With ₹50 Lacs allocated to senior citizen welfare homes in Bidada and Kokan, and ₹47 Lacs for livestock protection across Gujarat, we continued to uphold our values of compassion and care for every life. From aged animals to senior citizens, our aim remains the same: to build support systems where care meets dignity.

Amount spent on Livestock welfare T41

Details	Place	Amount Spent (in Lakh)
Nutan Ramuttam Jivdaya & Charitable Trust	Gujarat	7.50
Shree Kutch Bidada Visha Oswal Jain Mahajan	Bidada, Kutch	11.00
Bhagwan Mahavir Pashu Raksha Kendra	Kutch	25.00
Others		4.20
Total		**47.70**

Bhagwan Mahavir Pashu Raksha Kendra – Anchorwala Ahinsadham, Pragpar (Kutch)

AIL supports Bhagwan Mahavir Pashu Raksha Kendra in Gujarat, a leading animal welfare centre with an advanced veterinary hospital that treats around 2,900 animals.

It includes Nandi Sarovar, a 35-acre lake providing water during droughts, and houses two large ICUs for over 500 critically ill animals. The 225-acre Nandanvan green zone is home to over 500,000 trees. A team of four vets and 100 staff ensures animal care.

₹25 Lakh
Amount spent

Nutan Ramuttam Jivdaya & Charitable Trust – Animal Shelter Support

AIL supported Nutan Ramuttam Jivdaya & Charitable Trust in rescuing and caring for sick, injured, and abandoned animals by building new sheds, renovating the gaushala, and providing food, shelter, and veterinary care.

₹7.50 Lakh
Amount spent

Senior Citizen Welfare

Honoring Our Senior Citizens

We have provided support to Matruvandana for senior citizen welfare. Matruvandana in Bidada runs a Senior Citizen home since 2013. They provide a home-like environment for senior citizens aged 70 to 95, where they can live with dignity and respect. Matruvandana offers free medical treatments including physiotherapy, surgical treatments, doctor consultations, and medicines. They also have a tie-up with Jankalyan medical society, providing access to ICU wards and other amenities like physio facilities, eye care, and treatment for prostate and kidney stone diseases

Amount spent on senior citizen welfare T41

Details	Place	Beneficiaries	Amount Spent
Matruvandana	Bidada, Kutch	38	25.00
Chandanvan Charitable Trust	Kokan	40	25.00
Total		**78**	**50.00**

Chandanvan Charitable Trust – Personalised Care that Enriches

We have also supported the Chandanvan Charitable Trust in establishing and maintaining a Senior Citizen Home in Kokan. This initiative is designed to offer personalised care that caters to the unique needs of each resident, promoting their independence, health, and overall well-being. The home also fosters a sense of community, encouraging senior citizens to engage in meaningful interactions and enriching activities that enhance their quality of life.

₹25 Lakh Amount spent

40 Beneficiaries

Moving Ahead: Strengthening Our Commitment to Uplifting Society

As we look toward the year ahead, our focus remains steadfast on creating a lasting and inclusive impact through our CSR initiatives. Guided by our core belief in shared growth and social responsibility, we aim to deepen our engagement with communities and drive meaningful change.

Our journey so far is a testament to our commitment to building a more equitable and empowered society. In the coming year, we plan to expand the scale and scope of our initiatives, collaborate with mission-driven partners, and explore innovative approaches that deliver sustainable outcomes.

Women Empowerment

Empowering Women, Uplifting Society

Amount spent on women empowerment T42

Details	Place	Beneficiaries	Amount Spent
Yusuf Meherally Centre	Kutch	100	5.50
Tribal Integrated Development & Education Trust	Assam	190200	75.00
Total		**190300**	**80.50**

Tribal Integrated Development & Education Trust – Empowering Tribal Women in Assam

We have supported the Tribal Integrated Development & Education Trust in empowering tribal communities, especially women, across 3,000 villages in 11 districts of Assam, impacting over 2 million people.

The project has helped 70,000 families become debt-free, declared over 600 villages alcohol-free, and provided affordable or free treatment to more than 1,500 psychiatric patients, with the number expected to rise to 4,000. To address malnutrition, 1,50,000 families are growing vegetables via kitchen gardens, and over 500 students are enrolled in affordable education.

The initiative also focuses on sustainable livelihoods for women: the Trust distributed 80,000 fruit plants and 1,00,000 vegetable seed kits twice a year, trained 7,000 women in mushroom farming, and 2,000 are earning livelihoods from it.

₹75 Lakh Amount spent

1,90,200 Beneficiaries

Policy Advocacy

Aarti Industries Limited has established a robust and systematic approach to policy advocacy, recognising the crucial role of a supportive policy ecosystem in fostering sustainable industrial development, competitiveness, and innovation in the chemical sector covering all jurisdictions where we operate. We have institutionalised a robust management framework for assessing, reviewing, and pursuing policy-related engagements. Our advocacy efforts with government authorities are conducted through a dedicated internal team that works under a defined framework or through trade associations.

Policy Advocacy Governance

Board Oversight

The Board, led by the Chairman and Managing Director, reviews the impacts of changes in public policies, provides strategic direction for operations, and addresses issues with the ministries and corporate affairs.

Management Level Governance

The Head of Corporate Relations and Strategy also chairs the ICC Environment Committee. He evaluates any proposed policy changes related to ESG, including climate actions and their potential impacts, presenting countermeasures to the Board for consideration. He and his team developed and executed the strategy for direct lobbying with government authorities. Additionally, he offers guidance to the working team on implementing direct measures.

Working Team

The Corporate Advocacy Team works closely with the site teams, led by the respective functional Heads, to gather insights from operations regarding the business's impact. This collaboration enables the team to develop effective lobbying strategies in collaboration with government officials and ministries. Additionally, the team assists in formulating procedures to ensure compliance with the necessary policies.

Engagement Mode

We pursue a dual-track policy engagement: direct advocacy with ministries and regulatory bodies, and collaborative efforts through industry associations like FICCI, CII, and ICC to represent industry concerns. We have not involved any lobbying groups or financially contributed to them in the past five years (e.g. spending related to ballot measures or referendums).

The details of the contribution to trade associations is as follows T43

Name of organisation	Type of Organisation	Total amount paid in FY25 INR (₹ in Lakhs)
FICCI	Trade association	1.42
ICC	Trade association	4.15
Other	Trade association	0.27

Trade associations or tax-exempt groups (e.g. think tanks)
Values in ₹ (Lakh)

318,600 FY22

976,600 FY23

945,500 FY24

583,100 FY25

Innovation, Sustainability, and Strategic Chemicals

We are committed to redefining the Indian chemical industry. We actively support government initiatives for technology upgrades and environmental compliance, advocating for the inclusion of strategic and electronic chemicals in national priority lists. AIL collaborates with key institutions, including the Department of Chemicals & Petrochemicals, the Gujarat Pollution Control Board, and the Ministry of Environment, among others, by developing concept notes, advocacy papers, and presentations. Our efforts, often in coordination with trade associations, industry bodies, focus on hazardous waste management, deep-sea discharge regulations, net-zero transitions aligned to the Paris agreement, climate transition and collaboration between industry and academia.

Sourcing Responsibly, Partnering Sustainably

At AIL, we prioritise ethical, environmental, and social responsibility in our supply chain, treating suppliers as "Business Partners" (BPs). Our responsible procurement policy and supplier code of conduct aim to make us a "Global Partner of Choice." These policies meet legal standards and focus on health, safety, environment, quality, human rights, and ESG factors. We follow UNGC and ILO principles and prevent sourcing conflict minerals from high-risk regions. Our strategy promotes local sourcing to boost economic growth and reduce emissions. In FY25, we spent ₹5791 crore on procurement: 97% of engineering goods and services, 56% of raw materials, and all packing materials from local suppliers in India. This supports sustainable economies and regional development. In FY25, 63% of our input materials were sustainably sourced, showing our commitment to ethical supply chain practices. Our customer-focused approach and vendor compliance systems establish us as trusted partners and responsible citizens dedicated to making a difference.

Strategy for Supplier Screening

We have incorporated ESG performance metrics into our screening criteria for new and existing BPS.

At AIL, we use a risk-based approach considering the geopolitical risk of the country of supply including those involved in armed conflicts, the market share of the commodity it supplies, and sector presence of potential and current suppliers. These suppliers are evaluated on ESG and other parameters using public info and BP assessments.

During contract award, they must commit to AIL's sustainability protocols. All BPs sign the General Conditions of Contract (GCC), General Conditions of Purchase (GPC), and additional requirements like HSE, labour practices, POSH, Responsible Procurement Policy, and Supplier Code of Conduct. They must confirm understanding and commitment before the start of engagement.

Till 31st March 2025, 100% of our BPs have signed and provided commitment towards AIL's supplier code of conduct, and their contract agreement includes clauses on environment, safety, labour and human rights. 47new BPs were onboarded during FY25.

New Business Partners Screened on ESG Criteria T44

	Unit	FY22	FY23	FY24	FY25
No of BPs screened	Nos	129	256	151	126
No of BPs onboarded	Nos	117	171	95	47
No of BPs declined	Nos	12	85	56	79

Steering Supply Chain Management

At AIL, we have a robust and sustainable supply chain governance system that promotes high ESG practices throughout our supply chain, ensuring operational continuity. This framework enables us to collaborate closely with suppliers, communicate our goals effectively, and enhance their performance, ultimately fostering stakeholder trust and strengthening our industry's reputation.

Board Oversight

The Board, led by the Chairman, oversees sustainable supply chain governance by developing responsible procurement policies and directing a robust framework for business continuity. It also gathers feedback on the effectiveness of policies and the progress of implementing supplier ESG programs through various sub-councils.

Management Oversight

The procurement leadership team, led by the Chief Procurement Officer (CPO), ensures the implementation of effective, responsible, and sustainable procurement policies. The CPO engages significant suppliers on the importance of ESG performance and includes them in AIL's supplier sustainability programmes. The ESG Council reviews progress on sustainable procurement on a quarterly basis and reports to the Board.

Working Group

The procurement and supply chain team (buyers), led by the vertical leader, evaluates suppliers and conducts sessions to enhance their ESG competency and performance.

Evaluation of Business Partners (BPs)

We identify key BPs for assessment based on last year's spending. Engineering businesses and Trading Partners in engineering goods and services are selected if their annual turnover exceeds ₹1 Crore with AIL. For critical suppliers of raw and packaging materials, we focus on those representing over 80% of our spending, considering origin and material type.

All significant BPs are evaluated on environmental (carbon emissions, climate action, water, waste), social (occupational health, human rights, labour practices, pay, freedom of association), and governance criteria (anti-bribery, compliance, sourcing, trade control). All Trading Partners are assessed for ethics and info security.

Aarti Industries Limited BPs are evaluated using a framework, standards, based on Ecovadis, UNGC, ISO standards, and multi-stakeholder initiatives like TfS and SA8000, with various assessment methods.

Desktop evaluation.

Online assessment through a questionnaire on AIL's ESG framework, with responses verified against supporting documents.

On-site assessments conducted by employees (2nd Party assessment) and an independent, accredited third-party auditing body following ISO/IEC standards, selected after thorough due diligence.

In the past four years, we have identified 752 strategic BPs for ESG audits and completed audits for 581(77%). In FY25, 63% of our spending is assessed for ESG risk, categorised into high, medium, and low. A list of low-risk, sustainable BPs is available on our website Click here.

Assessment on ESG Criteria T45

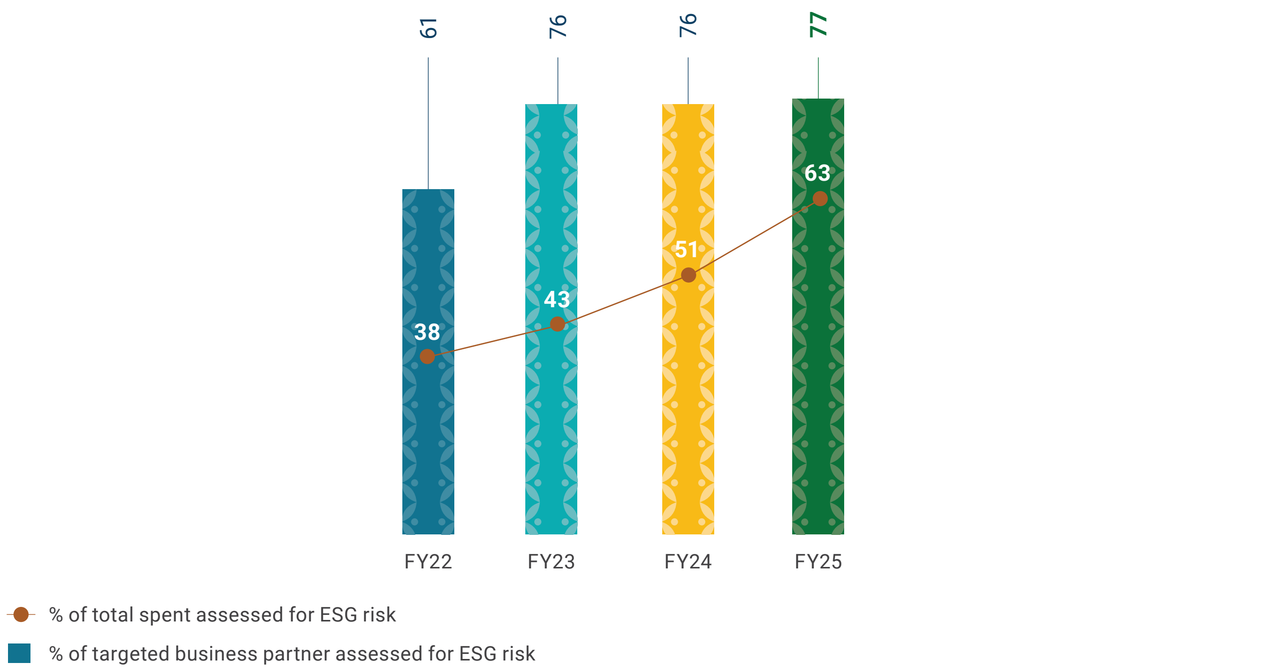
BPs	FY22	FY23	FY24	FY25
No. of target BPs	130	432	588	752
No. of BPs assessed	79	330	448	581
% of BPs assessed against target BP	61	76	76	77

BPs with strong ESG performance are prioritised for the award of work. Based on the online assessments, medium and low-risk partners undergo onsite ESG audits conducted by accredited third-party agencies to validate their performance.

Onsite Audit on ESG Criteria T46

BPs	FY22	FY23	FY24	FY25
No. of target BPs	99	258	295	309
No of BPs assessed	66	190	222	233
% of BP audited against target BP	67	74	75	75

% of BPs Assessed vs Spent C24



Engaging With Our Suppliers

We prioritise building a sustainable supply chain with our BPs as key contributors. We actively engage with them to foster continuous improvement, with a particular focus on high-risk and medium-risk partners, in line with our responsible procurement policy. This engagement ensures alignment on sustainability goals and involves implementing Corrective and Preventive Action Plans (CAPA) either remotely or through on-site visits to reduce ESG risks and build capacity.

Status of Suppliers in Corrective Actions or Capacity-Building T47

BPs	FY22	FY23	FY24	FY25
Number of audited suppliers identified for engaging in a corrective action plan or capacity building	45	173	62	32
Number of audited suppliers engaged and supported in corrective actions or capacity building	45	173	62	32
% of suppliers identified with significant actual and potential negative ESG im-pact	0	0	0	0
The number of suppliers moved from high risk to medium and low risk as a result of engagement	18	102	6#	*
Number of suppliers ex-cluded from contracting or put on holiday as a result of poor ESG performance	27	71	0	*

- The engagement with the remaining 56 suppliers is ongoing

* - The engagement with suppliers is ongoing

Preference is given to the competitive suppliers with better ESG performance for business engagement. BPs who cannot meet the minimum ESG requirements within a defined timeline of capacity-building engagement are excluded from contracting and will be placed on hold until they achieve the minimum ESG requirement.

Micro, Small and Medium Enterprise (MSME)

AIL is committed to promoting diversity throughout its supply chain. During FY25, we procured goods and services worth ₹1,116 crore from MSMEs, which is 19% of the total expenditure.

Diversity in Procurement

AIL is committed to maintaining a diverse supply chain. We monitor our spending on businesses from various backgrounds, including women-owned, minority-owned, veteran-owned, and companies owned by individuals with disabilities. Over the past three years, we have spent ₹1321 Crore on 450+ different BPs in these categories.

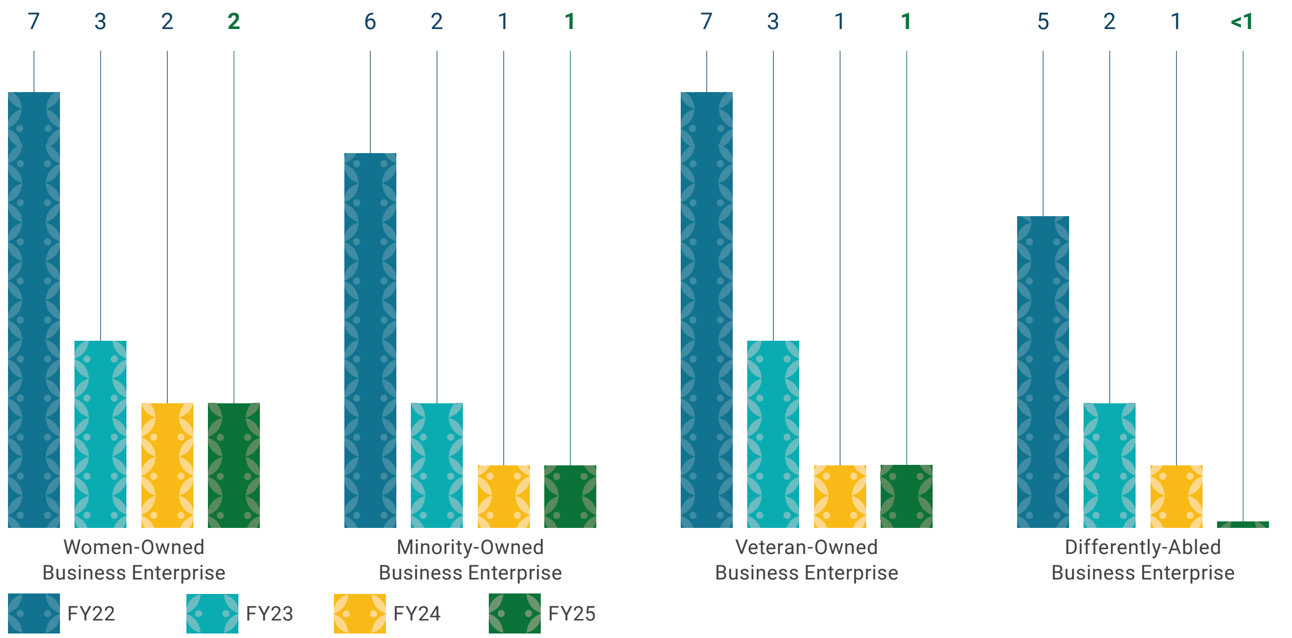
Women Entrepreneurs

To promote and support the growth of women-led businesses, we have identified various goods and services that can be sourced from these enterprises. During FY25, we procured goods and services worth ₹293 crore from women-led businesses.

Comprehensive Diversity

During FY25, we conducted business worth ₹91 Crore with minority-owned companies, ₹42 Crore with veteran-owned businesses, and ₹26 Crore with differently abled businesses.

% of Spent with Diverse Business Partners C25



Circular Economy in Procurement

We have adopted a minimalistic approach to reduce our environmental footprint, enhance circularity, and incorporate the principles of reuse, repair, and recycling (3Rs) into our procurement processes. We focus on integrating circularity into our operations by optimising the use of surplus materials and equipment. Our website [(Link)] offers a list of surplus equipment available for sale in good condition, as well as the equipment we currently need [(Link)].

Knowledge in Action: Training Our Partners

Training and Capacity-Building of Business Partners

We emphasise sustainability in collaboration with our BPs while focusing on capacity building. In FY25, a sustainability workshop facilitated by a third-party expert engaged 76 participants from various industries to enhance their understanding of sustainability and its significance in the supply chain. This initiative promoted knowledge sharing to drive sustainable practices.

Extended Support to Business Partners

Aarti Industries Limited aims to collaborate with partners that demonstrate strong ESG performance while offering opportunities for improvement to those at higher risk. Through third-party agencies, suppliers receive support in enhancing their competencies by providing information on peer benchmarking and assistance in implementing corrective action plans, as well as offering one year of guidance. Partners failing to meet minimum ESG standards face a cessation of business transactions until improvements are made.

Training and Capacity-Building of Buyers

Our procurement team is committed to a sustainable procurement pledge and plays a crucial role in integrating sustainability into their decision-making processes. To support this, sustainability-related KPIs are incorporated into annual goals, and buyer performance is evaluated based on these objectives. During FY25, all 94 buyers attended refresher training on ESG topics, reinforcing the importance of integrating ESG considerations into procurement practices.

Supplier Recognition

Aarti Industries Limited acknowledges high-performing BPs annually based on their commitment and performance across various metrics, including quality, delivery, environmental impact, and social indicators. In FY25, 8 BPs were recognised for their achievements. Additionally, a quarterly updated list of sustainable BPs is published on our website to encourage wider adoption of sustainable practices.

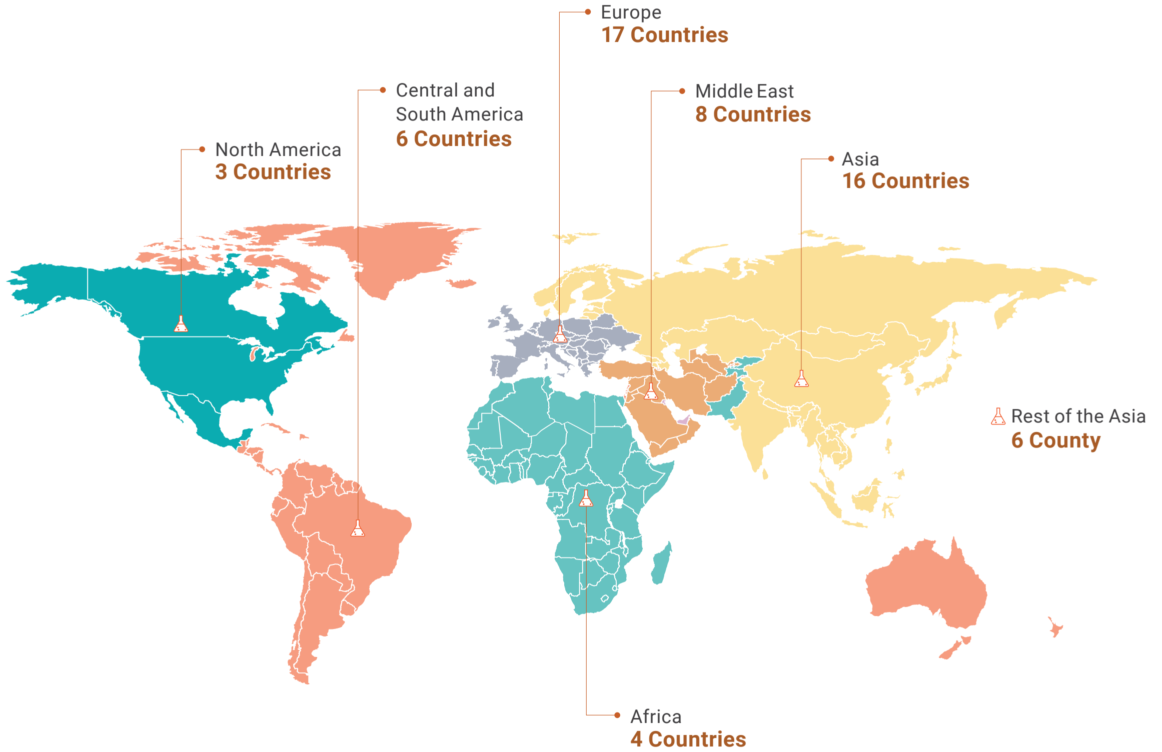
Shaping Solutions Around Customer Needs

Responsible Customer Management

As customers are vital to our organisations, we promote a customer-centric culture influencing decision-making at all levels. This helps us meet customer needs, ensure safety, build trust, and boost loyalty. We aim for long-term, mutually beneficial relationships, giving us a market edge and fostering sustainable growth. Delivering value products and customer satisfaction are top priorities for AIL. Our diverse customer base includes agrochemicals, polymers, pigments, and pharmaceuticals.

We regularly engage with customers through updates on business continuity and product supply, seeking feedback and understanding their needs. In case of supply disruptions, we inform stakeholders early via emails, video calls, surveys, meetings, social media, and grievance mechanisms to ensure smooth operations.

Serving Customers Across Continents



Customer Health & Safety

As a speciality chemicals manufacturer, we prioritise customer health and safety, which are core to our values and commitment to excellence. Being responsible and customer-driven, we follow all relevant regulations concerning health and safety in the chemical industry.

We adhere to GHS labelling and MSDS regulations to communicate product hazards, specifications, and mitigation measures transparently. We regularly evaluate the health and safety impacts of our products and share this information with stakeholders. Additionally, We Comply with EU REACH standards.

7% of the company's revenue from products containing restricted substances under Annexe XVII of the REACH Regulation are exported from India.

At AIL, we conduct our dealings fairly and responsibly, with transparent communication about the economic, environmental, and social impacts of our brands, products, and services. We truthfully disclose all necessary information, including risks to individuals. When needed, we educate customers on the safe use of products, including handling and storage guidelines. All our products include detailed environmental and social information.

For FY25, there have been zero instances of non-compliance regarding the health and safety impacts of our products and services.

Customer health and safety incidents T48

Parameter	Unit	FY22	FY23	FY24	FY25
Number of incidents related to products Safety at the customer's end	Number	0	0	0	0

Near-term target (2023-28)

Zero incidents related to safety at the customer's end

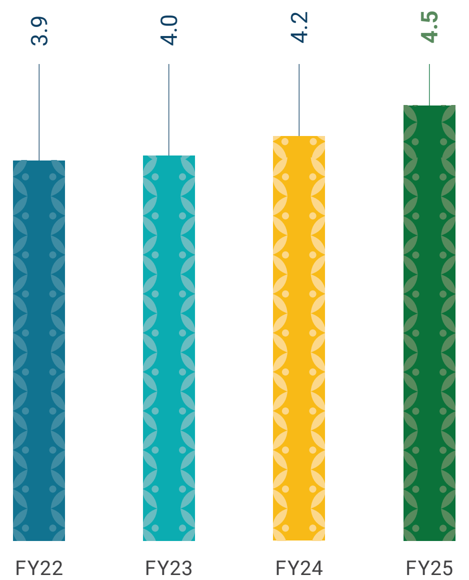
Customer Feedback Management

Guided by our customer-centric culture, we prioritise satisfaction with our products and services. Higher satisfaction boosts our brand, builds trust, and garners valuable feedback.

This feedback helps us improve retention, generate positive word-of-mouth, and enhance goodwill. Our feedback system assesses product quality and safety issues, supported by regular surveys focusing on three areas.

- Product and Packaging Quality
- Health, Safety and Environment
- Complaint Resolution
- Business Ethics
- Human Rights

Customer Satisfaction score C26



Navigating Success: Governance as Our Compass

Over the years, Aarti Industries Limited has cultivated a strong legacy of visionary leadership and robust corporate governance, which has been instrumental in shaping our remarkable journey from a domestic player to a global leader in the chemical Industry.

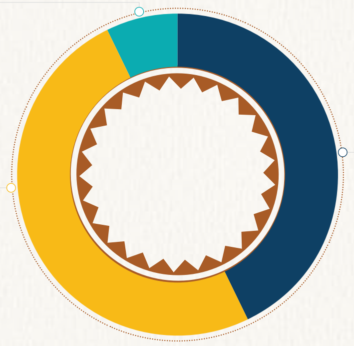
The Board's strategic foresight and commitment to sustainability and innovation have cultivated a culture of transparency, accountability, and long-term value. Corporate governance at AIL has evolved with the goal of "Perform to Transform," adapting the global economic events and investor expectations. Initially focused on compliance, governance now acts as a strategic enabler for sustainable business performance by incorporating ESG factors, promoting board diversity, ensuring data transparency, and providing independent oversight. AIL emphasises that effective governance is essential for building trust and fostering long-term resilience. To strengthen corporate governance and align with best practices, the Company has appointed a professional CEO. The reins of executive management will now be firmly placed in the hands of the professional leadership team. This transition demonstrates a mature governance framework and a well-planned succession strategy.

Our Governance Framework

Our single-tier Board comprises a balanced and diverse mix of Executive and Non-Executive Directors, with a strong emphasis on independence and objectivity in governance. Out of a total of 14 Directors, 7 are Independent Directors, constituting 50% of the Board as of March 31, 2025, thereby ensuring compliance with the provisions of the Companies Act, 2013, and the SEBI (LODR) Regulations, 2015. The average board tenure is 10.27 years. In parallel with the induction of the CEO, the Board was further strengthened through the appointment of several accomplished Independent Directors, bringing with them a diverse set of skills, industry expertise, and strategic insight. This transition fosters a professionally driven governance model, ensuring that the Company is well-positioned to navigate the complexities of a dynamic business environment while upholding its core values and long-term vision.

The Board of Directors met 8 times in FY25, with nearly 100% attendance. No meeting interval exceeded the statutory limit of 120 days. Detailed information about the number of meetings held during the financial year, as well as attendance records for each Director, can be found in our Corporate Governance Report.

Board Demographics (Category wise) C27 FY 25



Governance Framework

Transparency and Openness

Board of Directors

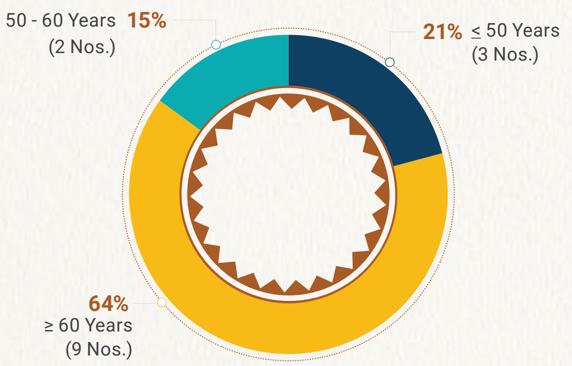
Provide strategic direction on Corporate Strategy, Acquisition, Joint Venture, Investments, Capex etc.

Ensure the long-term interest of the stakeholders

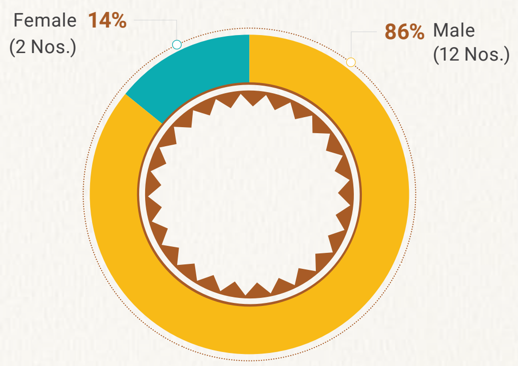
Board Committees

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

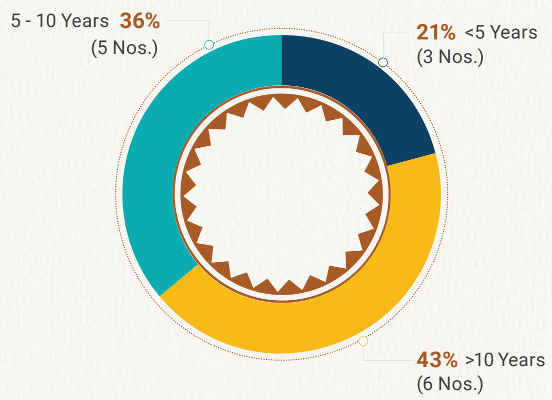
Board Diversity by Age C28



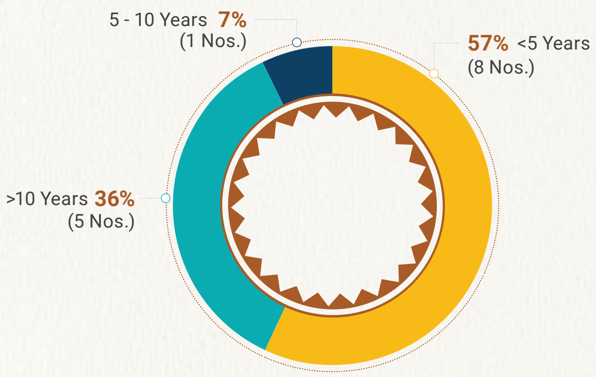
Board Diversity by Gender C29



Board Experience (Listed Companies) C30



Tenure on Board C31



Shaping Corporate Strategy and ESG Leadership

ESG considerations have emerged as a core boardroom agenda, with the Board increasingly being held accountable for the company's ESG performance. AIL has retained a 'Gold Rating' in the EcoVadis CSR assessment for 2025, ranking in the top 4% of global Companies evaluated. The Board's ESG responsibilities now include; Overseeing the integration of ESG into business strategy, Setting clear ESG goals and monitoring progress, Promoting transparency and sustainability reporting, and Ensuring ethical practices, diversity, and community engagement. A dedicated Central Sustainability Team oversees the implementation of sustainability initiatives and provides updates to management. Through continual upskilling, independent assessments, and the adoption of emerging governance trends, the Board continues to evolve as a catalyst for purpose-driven growth and long-term sustainability. ESG-linked KPIs are now integral to senior leadership performance metrics, and oversight is institutionalised through the Risk Management Committee.

Key Governance Highlights

Average Meeting Attendance

Average Board meeting and Committee meeting attendance in Financial Year 2025 is nearly 100%, reflecting high engagement and accountability. Underscoring a robust commitment to active engagement and the promotion of effective governance. As a practise our directors strive to ensure there presence in all the meetings. However as a matter of good governance each member of the board ensure minimum 80% participation in each financial year.

Shareholder Approval for Bylaw Changes

The Articles of Association serve as a critical governing document that outlines the company's internal rules and regulations. It provides the structural foundation for corporate decision-making, operational conduct, and the relationship between various stakeholders. Any changes or amendments to the Articles of Association (AOA) require the approval of shareholders, as mandated by Section 14 of the Companies Act, 2013. This is achieved through the passage of a special resolution at a general meeting, ensuring that shareholders have a direct role in shaping the company's governance framework.

Board Member Mandates

In terms of the applicable regulatory requirements read with the Articles of Association of the Company, the strength of the Board shall not be fewer than three nor more than Twenty. The present strength of the Board is Fourteen. Company maintains meticulous compliance with SEBI (LODR) Regulation 17A. During the year as per the said regulations, none of our Independent directors served on the board of more than 7 listed companies.

Succession Plan

Board Succession planning was central to the NRC's agenda during the year. Through a rigorous and structured process, several changes were implemented in the composition of the Board and its Committees. Details of the change in Board and Committees, forms part of the Corporate Governance Report. Acknowledging the importance of leadership continuity, Company is committed to a comprehensive succession strategy at all levels including CEO to ensure alignment with its long-term objectives and to facilitate a seamless transition in the event of a leadership change.

Board Performance Reviews

The Company has a structured assessment process, wherein the Nomination and Remuneration Committee of the Company has laid down the criteria of performance evaluation of the Board, its Committees and the Directors, including the Chairman. The evaluations are carried out in a confidential manner and each member of the Board provides his/her feedback by rating based on various metrics. Feedback is gathered through a structured anonymous questionnaire combining quantitative ratings and open comments—promoting candid insights Under the two layers evaluation process, Independent Directors evaluate the performance of the Board of Directors, Non-independent Directors and the Chairman of the Company. Later the Board of Directors evaluate performance of the Board itself, its Committees and the Board members.

Director Liabilities

There are no limitations on directors' liabilities, meaning board members are fully accountable for their actions and decisions in accordance with applicable corporate laws, fiduciary duties, and regulatory requirements. This approach reinforces a strong governance framework by promoting responsible oversight, ethical conduct, and diligence in decision-making. The absence of liability limitations serves as a safeguard to protect the interests of shareholders and other stakeholders by ensuring that directors uphold the highest standards of accountability and integrity in the performance of their duties.

Annual Election of Board Members

Eligible directors, except for managing directors and independent directors, are required to retire by rotation. Every year, at least one-third of the directors retire by rotation and based upon their eligibility and consent are reappointed. As per companies act each board member is elected individually allowing shareholder to vote on each candidate separately.

Board Diversity

Our Board of Directors reflects a diverse mix of backgrounds, expertise, and gender representation, enhancing decision-making, governance, and long-term value creation.

We recognise the need and benefits of having a diverse Board. We have established a Board Diversity Policy intended to promote diversity (i.e., on the basis of ethnicity, age, gender, background, skills, industry experience, etc.) on the Board of the Company ("the Board").

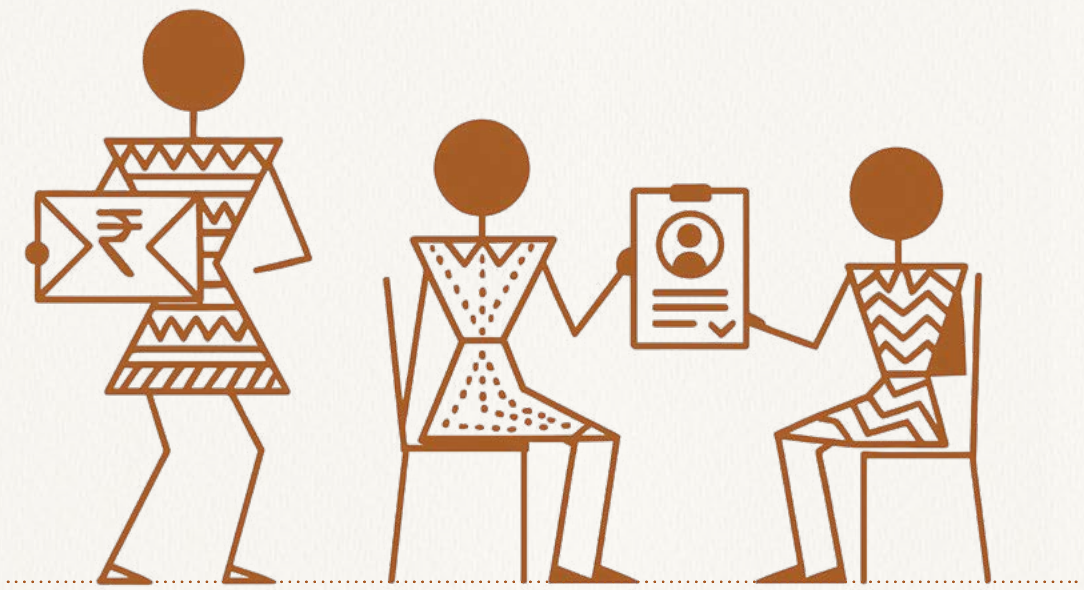
To align with the Company's increasing global footprint, the Board composition now includes members with cross-sectoral and international experience in chemicals, manufacturing, sustainability, and finance, enriching discussions with global best practices and broader market insights.

The Board Diversity Policy addresses the importance of a diverse Board in harnessing the unique and individual skills and experiences of various Members of the Board in such a way that it collectively benefits the business and the Company as a whole. The essence of the Policy is to leverage the diverse knowledge and expertise of the Board, offering valuable guidance to the Management consistent with the Company's business perspective.

Nomination and Remuneration Process

The assessment and appointment of Board members prioritise ethics, personal and professional stature, domain expertise, gender diversity, and specific qualifications. For Independent Directors, the criteria outlined in the Companies Act, 2013, and the SEBI Listing Regulations are also taken into account. We utilise a transparent compensation framework designed to attract, retain, and motivate top talent while maintaining a productive work environment. Our commitment to fair and competitive remuneration is supported by regular benchmarking surveys and annual appraisals that align with industry standards. The compensation package consists of three core components: Fixed Salary, cash-based variable pay, and equity-based long-term incentives through Performance Stock Options (PSOs). Annual performance targets are set by the Committee at the time of each grant, with subsequent targets established each year. Vesting performance is based on a weighted average of two financial metrics: EBITDA (60% weight) and ROIC (40% weight). The Nomination and Remuneration Committee (NRC) has the authority to adjust performance targets for the PSO scheme to reflect market conditions and economic factors.

CEO's compensation comprises fixed pay, variable pay, and long-term incentives tied to financial and other metrics, including profitability, EBITDA, ROCE. The inclusion of variable pay reflects our shift to holistic performance evaluation.



Skills and Experience

The Board possesses the following relevant skills, expertise, and competence to ensure the effective functioning of AIL.

- Industry Experience
- Operations & Technology
- Sales, Marketing and Commercials
- Leadership Understanding of Global Business
- Finance, Banking, Legal, Governance
- Risk Management
- Climate Change
- Information Security

Performance Evaluation

The performance evaluation conducted throughout the year revealed an overall improvement in areas such as Board procedures, participation, and leadership. The Board exhibited strong independence and integrity, with full engagement in the evaluation process. Notable advancements were observed in the Board committees, particularly concerning risk management and ESG compliance, accompanied by effective communication between executive and non-executive members. Looking ahead, we will focus on emerging risks, including digital threats, cybersecurity, and geopolitical challenges, as well as budgeting, impact assessments, and ongoing skills development.

Capability Building

Capability building remains central to our governance ethos ensuring that our teams are equipped with the skills and knowledge to meet evolving challenges and drive sustainable growth.

Business Ethics

At AIL, ethical behaviour is central to our corporate culture. We prioritise honesty, fairness, and respect for all stakeholders, believing these values foster sustainable growth and trust. Our business ethics framework emphasises ethical decision-making, fair competition, respect for human rights, and responsible supply chain management. We integrate ethical considerations into our operations and encourage open communication, allowing employees and stakeholders to report concerns confidentially through our whistle-blower mechanism.

Our Ethics Committee, led by the Chief Human Resource Officer (CHRO), investigates complaints and recommends actions. We conduct internal audits on business ethics across all locations and transparently disclose any violations in our sustainability report, keeping all stakeholders informed.

Approach to Shareholder Engagement

Over time, our approach to shareholder engagement has evolved from periodic, compliance-driven interactions to more proactive, transparent, and value-oriented dialogues. This transformation has been driven by several factors, including increasing expectations for corporate accountability, the rise of institutional investors and ESG-focused shareholders, and the growing emphasis on sustainable long-term value creation over short-term gains.

Key changes in our shareholder engagement approach include:

Continuous Dialogue

Engagement is no longer confined to AGMs or financial disclosures. We prioritise ongoing communication through investor calls, one-on-one meetings, and digital platforms.

Two-Way Communication

Today, our shareholders are active participants rather than mere recipients of information. We consider their feedback in areas such as governance, sustainability, and strategic planning.

ESG Inclusion

As shareholders increasingly seek clarity on ESG matters, we have made it a priority to integrate ESG narratives into our investor communications.

At AIL, we are committed to effective shareholder engagement initiatives, which include:

Quarterly Investor Presentations and Earnings Calls

We provide regular updates on our business performance, future outlook, and strategic direction, fostering trust and transparency.

Dedicated Investor Relations (IR) Portal

Our accessible and interactive IR section on our website keeps shareholders informed in real time.

Virtual Investor Meets and Webinars

Following the pandemic, these platforms have proven effective for inclusive participation and direct engagement across various geographies.

Shift to Integrated Reporting:

We are transitioning to an Integrated Annual Report (IAR) framework, aligning with global best practices. This reflects our commitment to comprehensive communication, highlighting how our strategy, governance, performance, and prospects create value over time.

Board-Investor Interactions

We provide opportunities for key investors to engage directly with our Directors or the Board Chair, promoting transparency and governance assurance.

As of FY25,

Our shareholder base has increased by approximately **61,274** shareholders.

There are **439,227** total shareholders.

Our Promoter Group remains strong at **42.24%** despite a slight decrease of 1.19%.

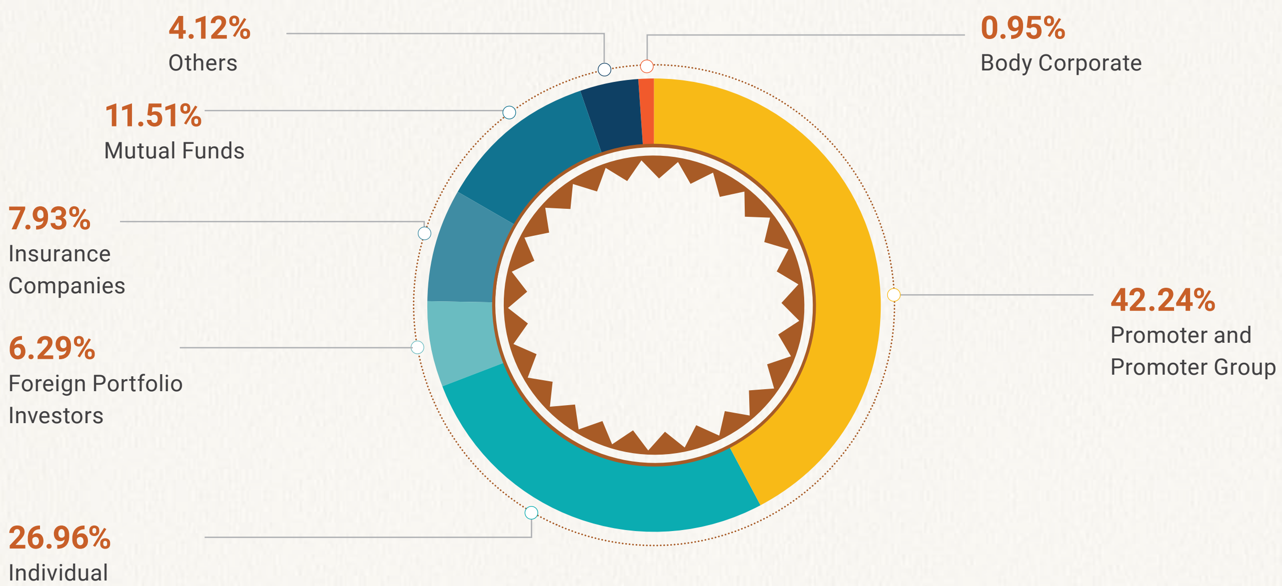
Individual investors have increased by **2.83%** indicating a rise in retail participation

Mutual funds rose by **2.61%** showing institutional confidence in us.

Insurance companies and other categories maintained stability with slight increases.

Overall, this trend reflects a positive outlook, showcasing growing retail and institutional investment and signalling strong confidence and stability at AIL.

Shareholding Pattern C32



We have listed our securities at the National Stock Exchange of India Limited (NSE) and BSE Limited. Currently, AIL is categorised under Group A and is amongst the top 500 Companies with a market capitalisation –₹14,156 Crore. (as on 31st March 2025)

Code of Conduct

At AIL, we have designed our Code of Conduct as internal guidance for our Board, management team, and all employees. This Code applies to all—employees, Directors, officers, suppliers, customers, contract workers, contractors, and consultants—operating on behalf of or for the Company.

This Code of Conduct specifies and helps the continued implementation of the Company's values by establishing certain non-negotiable minimum standards of behaviour. Code of Conduct is made available on the website of the Company and the web - link thereto is https://www.aarti-industries.com/investors/GetReport?strcont_id=HpQKjhn7Kf4OIQL33MM

Our Code affirms our commitment to honesty, transparency, fairness, and legal compliance. It outlines procedures for addressing complaints and enforcing disciplinary actions for violations, with expectations that our Board and senior management will acknowledge and adhere to them.

Key topics include conflicts of interest, confidentiality, insider trading, bribery, anti-money laundering, and anti-competitive practices. We provide clear guidelines for behaviour and encourage reporting of concerns through established channels, ensuring confidentiality and prompt follow-up.

We uphold integrity and comply with anti-bribery laws, supported by robust policies to prevent corruption. Board members must disclose conflicts of interest and participate in regular training on responsibilities and consequences of non-compliance. All of us, including the Board, must confirm adherence to the Code by signing an undertaking.

In FY25, no disciplinary actions were taken against any of us—Directors, Key Managerial Personnel, or employees—by law enforcement for corruption or conflicts of interest.

Anti-Competitive Behaviour T49

Non-compliance with laws and regulations in the social and economic area and fines	FY 25
Number of Confirmed Incidents	0
Nature of Incidents	0
Legal Action Taken	0
Status / Main Outcomes of Completed Legal Actions	-

Whistleblower Policy

At AIL, our whistleblower mechanism ensures that all concerns are addressed in a confidential and fair manner. The Ethics Committee, chaired by our CHRO, investigates all complaints, with outcomes disclosed transparently. This Policy promotes responsible vigilance regarding unethical behaviour, actual or suspected fraud, actual or alleged leaks of Unpublished Price Sensitive Information (UPSI), violations of the Company's Code of Conduct, abuse, wrongdoing, or breaches of any applicable Indian law. In FY25, no confirmed cases of corruption or conflict of interest were reported.

We are fully committed to maintaining the highest standards of ethical, moral, and legal conduct in our business operations.

Compliance

To strengthen our governance framework and ensure proactive regulatory compliance, we have implemented a Compliance Management Tool as part of our enterprise-wide risk management strategy. This digital tool centralises compliance tracking across relevant laws, regulations, and industry standards. It enables real-time monitoring, timely alerts, and efficient documentation, thereby minimising the risk of non-compliance. By automating compliance processes and integrating accountability, the tool serves as a strategic asset in mitigating regulatory risks, enhancing transparency and audit readiness, facilitating prompt responses to statutory changes, and fostering a culture of accountability and responsibility. This initiative underscores our commitment to institutionalising compliance, reducing exposure to penalties and reputational damage, and upholding high standards of corporate governance.

Policy Commitments

At AIL, we focus on promoting sustainability through strong governance. To achieve this, we communicate our commitments and goals to our stakeholders via our policies. These policies emphasise transparency, accountability, and ethical business conduct, guiding our governance framework. They align with our business operations, relevant regulatory requirements, and both international and local standards. Mandatory policies have received Board approval.

We also conduct periodic training sessions on these policies for our stakeholders, in addition to campaigns, workshops, and seminars. Our policies serve as our guiding principles, directing us in various aspects of business operations and sustainability. They help us take proactive measures to ensure compliance with regulatory norms at all times. The following policies are available on our official webpage: Code and Policies | Aarti Industries Limited (aarti-industries.com).

Elevating Governance for Tomorrow

As we look ahead, we are committed to transforming our corporate governance framework to align with the ever-evolving global landscape and the expectations of our stakeholders. Our vision emphasises inclusivity and expertise on our Board, prioritising diversity that reflects the multifaceted world in which we operate. We aim to integrate ESG principles into our reporting, fostering deeper stakeholder engagement. We'll enhance Board and Committee meeting presentations, focusing on innovative business models, strategies, risk mitigation, technological trends, and regulatory insights.

Leveraging AI and digital tools will be crucial in optimising our compliance and risk management processes. Our investment in an AI-driven Security Information and Event Management (SIEM) platform will automate threat detection and compliance monitoring, enhancing accuracy and transparency.

With SIEM and XDR tools, the risk committee will receive monthly AI-enabled dashboards for early risk detection, improving response timelines.

We are committed to transparency through our Integrated Annual Report and proactive stakeholder communication on key matters, such as the Investor Education and Protection Fund (IEPF). Our AGMs will foster innovation by allowing shareholders to submit questions in advance and participate in live Q&A sessions via digital channels.

By enhancing our governance and compliance frameworks, we aim to establish a resilient governance structure that sets a benchmark in the industry. Together, we envision a governance landscape that effectively addresses today's challenges and is prepared for the future.

"Our Governance today is preparing us for the world of tomorrow, where trust, agility and purpose will define leadership"

Ten-year Consolidated Financial Highlights

(₹ in Crs)

Particulars	Financial Year Ended on									
	31.03.2025	31.03.2024	31.03.2023	31.03.2022	31.03.2021	31.03.2020	31.03.2019	31.03.2018	31.03.2017	31.03.2016
Income from Operations	8,046	7,012	7,283	6,871	5,023	4,621	4,706	3,806	3,163	3,007
EBIDTA	1,016	984	1,089	1,720	982	986	967	707	655	578
Interest	275	211	168	102	86	125	183	132	117	117
Depreciation	434	378	310	246	231	185	163	146	123	99
Profit before Tax	307	395	611	1,372	665	676	622	429	416	363
Share of Profit from Associates	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Profit after Tax	331	416	545	1,186	523	536	492	333	316	257
Dividend %	20	30	50	70	50	190	100	20	NA	170
Payout	36	54	91	127	44	105	44	10	1	69
Per Share Dividend (in ₹)	1.00	1.50	2.50	3.50	2.50	9.50	5.00	1.00	NA	8.50
Equity Share	181.26	181.25	181.25	+++181.25	87.12	++87.12	+43.33	****40.65	****41.06	***41.66
Reserve & Surplus	5,424	5,109	4,739	4,335	3,416	2,892	2,587	1,538	1,321	1,096
Networth	5,605	5,290	4,921	4,517	3,515	3,073	2,715	1,655	1,426	1,189
Long term & Short term Borrowings	3,789	3,184	2,874	2,568	2,492	1,811	2,106	1,921	1,436	1,233
Gross Fixed Assets	8,429	7,292	6,335	5,083	5,155	3,837	3,362	3,101	2,655	2,081
Net Fixed Assets	6,377	5,649	4,860	3,595	3,592	2,468	2,147	1,998	1,697	1,246
Capital work-in-progress	1,454	1,229	1,096	1,346	1,298	1,418	795	436	270	313
Investments	48	23	17	28	64	37	33	47	47	41
Net Working Capital	1,298	1,430	1,768	2,088	1,287	1,172	2,039	1,272	1,004	950
Book Value Per Share (₹)	154.62	145.94	135.74	124.60	201.75	176.39	313.23	203.62	173.69	142.75
EPS (Basic & Diluted) (₹)	9.13	11.49	15.04	32.71	30.04	++30.77	+60.39	****40.95	****38.45	***30.83
EBIDTA/Income from Operations	12.6%	14.0%	15.0%	25.0%	19.6%	21.3%	20.5%	18.6%	20.7%	19.2%
Net Profit Margin %	4.1%	5.9%	7.5%	17.3%	10.4%	11.6%	10.5%	8.7%	10.0%	8.5%
Debt/Equity Ratio	0.68	0.60	0.58	0.57	0.81	0.68	0.88	1.26	1.10	1.09
RONW %	6.1%	8.1%	11.5%	29.5%	15.9%	18.5%	22.5%	21.6%	24.2%	23.3%

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 & Based on increased equity post 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

Vice Chairman & Executive Director
Shri Renil Rajendra Gogri

Chief Executive Officer & Executive Director
Shri Suyog Kalyanji Kotecha

Executive Directors
Shri Manoj Mulji Chheda
Shri Ajay Kumar Gupta

Non-Executive Directors
Smt. Hetal Gogri Gala

Independent Directors
Shri Lalitkumar Shantaram Naik
Prof. Aniruddha Bhalchandra Pandit
Shri Shekhar Shreedhar Khanolkar
Shri Belur Krishnamurthy Sethuram (w.e.f. June 01, 2024)
Shri Nikhil Jaysinh Bhatia (w.e.f. September 15, 2024)
Shri Ashok Kumar Barat (w.e.f. September 15, 2024)
Smt. Rupa Devi Singh (w.e.f. September 15, 2024)
Shri K.V.S. Shyam Sunder (upto September 23, 2024)
Shri Premchandra Amolak Sethi (upto September 23, 2024)
Shri Bhavesh Rasiklal Vora (upto September 23, 2024)
Smt. Natasha Kersi Treasurywala (upto October 13, 2024)

Chief Financial Officer
Shri Chetan Bipin Gandhi

Company Secretary
Shri Raj Sarraf

Statutory Auditors
Gokhale & Sathe
Chartered Accountant

Secretarial Auditor
BNP & Associates (w.e.f. April 01, 2025)
Practicing Company Secretaries

Registrar & Transfer Agent
MUFG Intime India Private Limited
(Formerly Known: Link Intime India Private Limited)
C 101, 247 Park,
L. B. S. Marg, Vikhroli (West),
Mumbai, Maharashtra – 400 083.
Tel No: +91 22 49186000
Fax: +91 22 49186060

Bank / Financial Institution
Axis Bank Limited
Bank of Baroda
Bank of Bahrain & Kuwait
Citibank N.A.
DBS Bank Limited
Export Import Bank of India
HDFC Bank Limited
HSBC Bank Limited
IDBI Bank Limited
IndusInd Bank Limited
International Finance Corporation
JP Morgan Bank
Kotak Bank Ltd
RBL Bank Ltd.
Standard Chartered Bank
State Bank of India

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

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

Office:
4th floor, Tower C, Embassy 247 Park, Gandhi Nagar, Vikhroli West, Mumbai 400083, Maharashtra, India
Visit us at www.aarti-industries.com

Corporate Identity Number (CIN)
L24110GJ1984PLC007301

Management Discussion and Analysis

ECONOMIC OVERVIEW

Global Economy

The global economy remained resilient in 2024 despite challenges arising from evolving geopolitical dynamics. While some regions faced slower growth due to these uncertainties, overall economic performance held steady, demonstrating adaptability in a complex international landscape. Global growth moderated slightly from 3.5% in 2023 to 3.3% in 2024. Inflation continued to ease, albeit at a slower pace, with service inflation remaining high in major economies and price pressures persisting in certain emerging markets.

Monetary policies were diverse, as some central banks gradually lowered interest rates, while others maintained high rates to control inflation. Trade policies also had a notable impact; some countries imposed tariffs to protect their domestic industries, while others reduced trade barriers to ensure economic stability. Despite these challenges, advanced economies grew steadily from 1.7% in 2023 to 1.8% in 2024 while Emerging Markets and Developing Economies (EMDEs) saw growth of of 4.7% in 2023 and 4.3%.

Global economic growth (%)

Particulars	2023	2024	2025	2026
Global Economy	3.5	3.3	2.8	3.0
Advanced Economies (AEs)	1.7	1.8	1.4	1.5
Emerging Markets and Developing Economies (EMDEs)	4.7	4.3	3.7	3.9

Source: IMF April 2025 report

Outlook

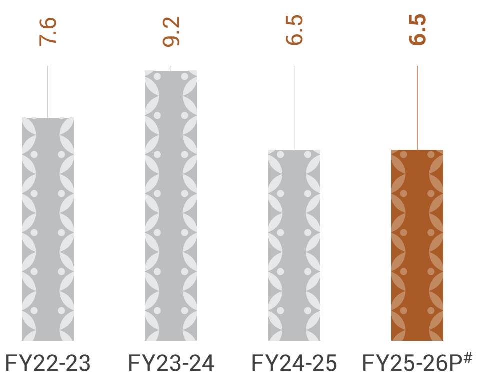
Monetary policies are currently diverging among central banks. This divergence is a necessary response to country-specific economic conditions and various shocks. While policy stances have generally remained restrictive, projections indicate that major central banks, such as the Federal Reserve and the European Central Bank, are expected to continue reducing interest rates, albeit at varying paces. This potential divergence in monetary policy paths poses a risk of abrupt market sell-offs, which could tighten financial conditions for emerging markets and developing economies, and increase currency volatility. For global growth, the "reference forecast" now projects a slowdown from 3.3 per cent in 2024 to 2.8 per cent in 2025 before a modest recovery to 3.0 per cent in 2026, reflecting a downgrade and high policy ambiguity. This outlook highlights variation in growth trends between advanced economies and emerging markets. Moderate growth is projected for advanced economies (1.4 per cent in 2025, 1.5 per cent in 2026), significantly lower than the stronger growth anticipated for Emerging Markets and Developing Economies (EMDEs) (3.7 per cent in 2025, 3.9 per cent in 2026), implying a slowdown in income convergence. Global headline inflation is expected to decline from 2024 to 2026, falling to 4.3 per cent in 2025 and 3.6 per cent in 2026. Inflation control is expected to be faster in advanced economies, where inflation is projected to converge to the target earlier, reaching 2.2 per cent by 2026, compared to EMDEs. The outlook also incorporates the introduction of U.S. tariffs, including the April 2nd tariffs and initial responses. As of April 14, 2025, the US maintained a 10 per cent minimum tariff on all countries and further increased tariffs on Chinese goods. These actions have prompted retaliatory trade measures from other countries, raising concerns about global trade disruptions, potential escalation, and fragmentation risks. Resolving trade tensions constructively is considered crucial for maintaining a stable and predictable global trade environment.

Indian Economy

India is currently the world's 4th largest now. To decide as per timelines (since in FY 25 we were still 5th) economy by total Gross Domestic Product (GDP), reflecting its growing influence in the global economic landscape. However, uncertainties surrounding the elections in early FY25 and weather-related disruptions affecting construction and manufacturing in the subsequent quarter, contributed to weaker-than-expected gross fixed capital formation. Despite such challenges, the country has shown resilience, supported by strong macroeconomic fundamentals and a focus on sustainability and innovation during FY25. India's real GDP is projected to grow by 6.5% year-on-year (YoY) in FY25, following a 9.2% expansion in FY24, according to the second advance estimates from the Ministry of Statistics and Programme Implementation (MOSPI).

Indian GDP Growth Rate

(in %)



Source: *: MOSPI NSO Report dated February 28, 2025
RBI MPC report dated April 9, 2025

Looking ahead, household consumption is expected to remain strong, supported by tax relief measures introduced in the Union Budget for FY26. Fixed investment is also likely to increase, driven by higher capacity utilisation, stronger financial positions of banks and the government's continued focus on capital spending.

The Union Budget for FY 2025-26 has allocated ₹1.5 trillion in 50-year interest-free loans to states, aiming to boost capital investment in infrastructure projects like roads, urban development and industrial growth. With a focus on self-reliance, adaptability and global alignment, India is well-positioned for steady economic growth. The RBI has projected a 6.5% GDP growth rate for FY26, supported by government initiatives like "Make in India," large-scale infrastructure projects and key policy reforms that continue to drive economic expansion and competitiveness.

INDUSTRY OVERVIEW

Global Chemicals Industry

The global chemical industry plays a crucial role in supporting key sectors, including petrochemicals, agrochemicals, pharmaceuticals, and life sciences, by supplying essential compounds and materials. It is broadly divided into bulk (commodity), Speciality, and fine chemicals, which are used in various applications, including dyes, pigments, polymers, adhesives, and coatings. The industry faced a challenging environment in 2024, marked by weak industrial demand, a widened demand-supply gap, macroeconomic headwinds, and lingering supply chain disruptions. Given that over 80% of basic and Speciality chemicals are consumed by industrial sectors, the continued slowdown in these areas significantly weighed on overall demand.

The global chemical industry experienced moderate progress in 2024, with production increasing compared to 2023. However, the sector's returns have lagged, and chemical stocks have underperformed the broader market since late 2022. Between 2003 and 2023, the top 250 chemical companies experienced steady revenue growth, with an average compound annual growth rate (CAGR) of approximately 4%. During the pandemic period (2020–2022), the industry saw accelerated growth at a CAGR of around 8.3%. This was followed by a subsequent decline of nearly 10%. EBITDA margins, which typically ranged between 13% and 15% until 2023, dropped by at least one to two percentage points thereafter. Global chemical production was projected to increase by 3.9% in 2024, following a modest 0.3% rise in 2023. European chemical companies faced significant challenges due to oversupply, imports, and costs, leading to continued asset rationalisation throughout the year. Chemical M&A deal value fell in 2023, and activity remained sluggish into 2024, although signs of a rebound were noted.

Looking ahead, moderate growth is expected to continue in the chemical industry in 2025, with global chemical production projected to rise by 3.5%. The sector is likely to focus on innovation, sustainability, and resilience. Speciality chemicals are expected to drive future growth and M&A activity. Demand for sustainability-related chemical products is projected to experience significant growth. Key future trends include accelerating decarbonisation, leveraging digital technologies such as AI, enhancing supply chain resilience, and addressing persistent oversupply issues. The industry also faces challenges from forecasted talent shortages.

Source:

Building resilience for global leadership: The path forward for India's chemicals industry

2025 Chemical Industry Outlook

Kearney- 2024 Chemicals Executive M&A Report

Accenture- The future of demand: Opportunities for chemicals to capture growth

Global Speciality Chemical Industry

The global Speciality chemicals sector experienced a 1.6% contraction in market value in 2023. However, it began to show signs of rebound in 2024, with volume projected to grow from this year onwards. Despite broader industry challenges, Speciality chemicals have consistently grown over recent years. Demand remained soft in some markets in 2024, contributing to a slowdown in momentum for some players, including those in India, due to global factors and destocking. Nonetheless, over the five-year period from January 2020 to January 2025, which encompasses 2024, value creation in Speciality chemicals surpassed the global chemicals industry average. Speciality chemicals also saw a comparatively lower decline in EBITDA margins than petrochemicals during recent periods.

Looking ahead, the global speciality chemicals sector is projected to experience a compound annual growth rate (CAGR) of 3.0% in volume from 2024 to 2029. Speciality chemicals are widely expected to drive future growth and steer future deals. Within this sector, electronic chemicals are specifically poised for robust expansion. Demand for sustainability-related chemical products, including sustainable speciality chemicals, is anticipated for substantial growth, projected to increase by approximately 70% by 2028 and reach US$570 billion, representing an 11% CAGR.

Sources:

EY-Catalyzing India's chemicals and petrochemicals: strategies for global integration and growth

Kearney- 2024 Chemicals Executive M&A report

Deloitte- 2025: Chemical IndustryOutlook

Building resilience for global leadership: The path forward for India's chemicals industry

Accenture- The future of demand Opportunities for chemicals to capture growth

Indian Chemicals Industry

India's chemical industry is poised for substantial growth, with the market projected to increase from USD 220 billion in 2024 to approximately USD 300 billion by 2025. Looking ahead, India's chemical sector has the potential to reach USD 1 trillion by 2040. As the sixth-largest chemical producer globally and the third-largest in Asia, India exports chemicals to over 175 countries, accounting for approximately 15% of its total exports as of October 2024. However, despite this strong export performance, the country imports about 45% of its petrochemical intermediates, underscoring the need to strengthen domestic production.

The industry plays a vital role in India's economy, contributing nearly 6% to the country's GDP and providing employment to over 5 million people. The growing demand for chemicals is driven by factors such as population growth, rising middle-class consumption and increasing efforts towards clean energy. Currently, investments totalling USD 45 billion are underway, with an additional USD 100 billion needed to meet future demand. By 2028, India's total chemical production capacity is expected to grow from 257 MMTPA to 310 MMTPA. With continued policy support, a strong emphasis on sustainability and the development of industrial clusters, India is well-positioned to become a global hub for chemical manufacturing.

Source:

PIB - India Chem 2024

PIB: Advantage Bharat: Indian Chemicals and Petrochemicals Paving the Future

CHEMEXIL January 2025 Statistics

Indian Speciality Chemical Industry

India's speciality chemicals industry continued to face a challenging operating environment in FY25, driven by subdued demand, pricing pressure from increased Chinese imports and weak export activity. The influx of low-cost Chinese chemical products has pressured prices and impacted segment margins. Domestically, the agrochemical sector remained stressed due to uneven rainfall and elevated inventory levels, resulting in delayed buying decisions and continued destocking across various channels. On the export front, global market conditions remained sluggish, offering limited prospects for recovery for Indian manufacturers. India's speciality chemicals market is projected to reach US$ 64 billion by 2025. Between 2015 and 2023, the country's overall chemical exports—including speciality chemicals—increased from approximately US$23 billion to US$39 billion, with the highest growth driven by the speciality and inorganic segments.

The Indian speciality chemicals market is projected to reach US$61.5 billion by 2029, growing at a CAGR of 10.7% during this period (from US$33.5 billion in 2023). Domestic demand is a key driver, with India's household consumption nearly doubling over the last decade to US$2.14 trillion in fiscal year 2024, and the consumer durables industry expected to grow to US$60 billion by 2030.

While destocking is complete mainly for most companies, pricing pressure remains in the sector due to weaker-than-expected domestic consumption in China. As a result, suppliers are seeking alternative markets within the region and beyond China. However, the China+1 strategy offers a potential advantage for chemical companies in the short term.

Source:

EY- Catalysing India's chemicals and petrochemicals: strategies for global integration and growth

McKinsey- Securing competitiveness in India's chemical industry

Building resilience for global leadership:The path forward for India's chemicals industry

Growth Drivers

The Indian chemicals and speciality chemicals industry is poised for robust growth, underpinned by multiple macroeconomic, sectoral and global trends. These drivers are not only transforming the domestic landscape but also positioning India as a key player in the global chemical value chain.

1. **Expansion of End-Use Industries:** One of the key growth drivers for the chemical industry is the rapid expansion of end-use sectors, including aerospace, automotive, electronics, construction, and healthcare. The aerospace industry, in particular, is seeing increased demand for high-performance materials, where speciality chemicals contribute to enhanced durability, thermal resistance and safety. Niche segments like personal care, pharmaceuticals, agrochemicals and electronics are also fuelling growth, driven by the need for high-value, customised formulations and performance-enhancing ingredients, ensuring consistent and long-term demand.

   Additionally, the growing demand for energy transition materials, such as battery chemicals and lightweight composites, continues to support growth, alongside steady momentum in the automotive and construction sectors. Approximately 16 out of the 20 major end-use industries are expected to experience growth, reflecting improved demand and strengthening economic momentum.

2. **Growth in R&D and Process Engineering capability in India:** Product innovation continues to gain traction as companies increasingly invest in research and development to develop high-performance, sustainable and value-added chemical solutions. These innovations aim to improve process efficiency, reduce carbon emissions and cater to evolving customer demands across sectors. Historically, India has had a significant gap in technical expertise necessary for the complex production processes of speciality chemicals. In recent years, there has been a substantial improvement in R&D capabilities and process engineering know-how. This evolution places India at the forefront of innovation in the speciality chemicals sector. Given the complexity of speciality chemicals' elements, technical know-how is critical.

3. **Shift Towards Green and Renewable Chemicals:** Sustainability is becoming a central theme in the chemical industry, with growing emphasis on green chemistry and renewable feedstocks. Indian manufacturers align with global sustainability norms to meet ESG goals and regulatory requirements. These advancements support the broader push for cleaner production methods, enhancing the environmental credentials of chemical producers. India's proactive adoption of such technologies can significantly increase its competitiveness in export markets. Simultaneously, advanced technologies like 3D printing and artificial intelligence improve production efficiency, research and development and supply chain optimisation. These innovations are enabling the sector to become more agile and cost-effective, while also responding swiftly to evolving market demands.

4. **Favourable Demographics and Consumption Trends:** India's growing population, expanding middle class and increasing per capita consumption of goods drive demand for a wide range of chemical products—from basic chemicals and polymers to performance and speciality chemicals used in consumer goods, agriculture and pharmaceuticals.

5. **Strong Export Potential:** India's robust chemical export base, supported by its competitive manufacturing cost structure, skilled workforce and growing compliance with international quality and safety standards, positions the country as a preferred global supplier. As global companies diversify supply chains post-pandemic and reduce dependence on China, India stands to benefit significantly.

Opportunities

- **Scaling up Manufacturing Capacities**

  The Indian chemical industry stands to benefit significantly from rising household consumption, increasing infrastructure investments and growing disposable incomes, which are driving strong demand across various end-use sectors. This creates a favourable environment for developing world-class manufacturing capacities, particularly in high-demand areas such as food and nutrition, plastics and inorganic chemicals. Furthermore, the emergence of electronic chemicals as a fast-growing segment, supported by new semiconductor manufacturing facilities and policy incentives, presents a promising opportunity for the industry to diversify and expand its capabilities.

- **Strongly growing EV market to drive battery chemicals production**

  The strong growth of the electric vehicle (EV) market is driving increased demand for battery chemicals, including lithium, nickel, cobalt, and graphite. Supported by government incentives and investments in local cell manufacturing, India is developing a robust battery ecosystem. This shift presents a significant growth opportunity for chemical manufacturers to cater to the rising needs of the EV value chain while reducing their dependency on imports.

- **Expanding international market presence**

  Indian chemical companies have achieved strong export growth, creating a strong foundation for further global expansion. By enhancing their physical presence in international markets through initiatives such as setting up application centres, warehouses and sales offices, these companies can deepen customer engagement and strengthen their control across the global value chain.

- **Pursuing strategic and programmatic M&A**

  Shifting from largely domestic acquisitions to a more strategic and programmatic approach to M&A has considerable potential. As global companies restructure amid margin pressures, Indian firms can capitalise by acquiring advanced technologies, specialised capabilities, and R&D platforms to promote their global ambitions.

- **Enhancing capital expenditure efficiency**

  With approximately USD 11.5 billion in planned investments over the next few years, the Indian chemical industry has a significant scope to improve project execution and cost control. Targeting best-in-class capital expenditure management can reduce delays and cost overruns, thereby strengthening long-term competitiveness.

Threats

- **Dependence on Imported Raw Materials**

  India's reliance on imported raw materials exposes the industry to global price volatility and supply chain disruptions, impacting production costs and timelines.

- **Intensifying Global Competition**

  The entry of new players, especially from countries like China and the Middle East, is increasing competition in the speciality chemicals market, potentially leading to price pressures and reduced market share for Indian companies.

- **Stringent Environmental and Regulatory Compliance**

  Adhering to international environmental standards and regulations can be challenging, particularly for small and medium-sized enterprises, due to the associated compliance costs.

- **Infrastructure and Logistics Challenges**

  Inadequate infrastructure, including poor port connectivity and an unreliable power supply, can hinder efficient production and distribution, thereby affecting the industry's overall competitiveness.

- **Geopolitical Tensions and Trade Disruptions**

  Global geopolitical issues can lead to trade disruptions, affecting export momentum and supply chains, which in turn can impact the earnings of Indian speciality chemical companies.

Source: IMARC - Speciality Chemical

COMPANY OVERVIEW

Aarti Industries Limited (hereafter referred to as "the Company" or "AIL") has established itself as a leading global player in the speciality chemicals sector, known for its customised delivery capabilities, cost competitiveness, strong integration and diverse product portfolio. AIL, founded in 1984 by first-generation technocrats in India, brings over four decades of experience in process chemistry and engineering. The Company specialises in optimising manufacturing processes, enhancing asset utilisation and driving sustainable growth.

AIL, headquartered in Mumbai, is one of India's largest producers of Benzene-based intermediate chemicals. The Company offers a diverse portfolio of more than 100 products derived from benzene, aniline, sulphuric acid, toluene and methanol, catering to industries such as agrochemicals, dyes, pigments, paints, printing inks, polymer additives, fuel additives, pharmaceuticals, rubber chemicals, FMCG, etc. AIL is dedicated to environmental sustainability, featuring 8 zero liquid discharge (ZLD) and rest are ZLD ready plants that ensure responsible water management. Additionally, it operates five cogeneration power plants, enhancing energy efficiency by utilising waste heat for power generation.

The Company has achieved significant growth and operational efficiency by expanding its global supply chain, enhancing manufacturing capabilities, and leveraging government initiatives. These strategies have attracted more capital investment, helping strengthen India's position as a leading player in the speciality chemicals industry.

Product Portfolio

AIL offers a wide range of over 100+ products across various industries, including agrochemicals, energy, dyes, pigments and polymers. The Company serves more than 1,100 customers in over 60 countries, operating 16 advanced manufacturing facilities with a workforce of over 5,500 employees. AIL is recognised as a leader in chlorination, nitration and hydrogenation, leveraging key raw materials to drive innovation and maintain its strong position in speciality chemicals. The Company's value chain is underpinned by its diverse portfolio of high-performance chemical products, including benzene, toluene and sulphuric acid derivatives. These offerings generate substantial revenue and enhance the Company's position as a leader in the global chemicals industry.

1. **Benzene Value Chain:**

   Benzene-based products are the primary revenue contributors, accounting for over 50% of the Company's earnings in FY25. Key offerings include Nitro & Choloro Benzene, Di-Amines, Choro Anilines, Di-chlorophenols and Fluorinated compounds, which are used across a wide range of speciality chemical applications. The Company ranks among the top global players in chlorination, nitration and hydrogenation, showcasing its technical strength in benzene derivatives.

2. **Toluene Value Chain:**

   With the commissioning of its Dahej facility, the Company has expanded into the toluene chemistry segment. This strategic move is expected to enhance its market position and unlock new growth avenues by diversifying its product portfolio and catering to additional downstream applications.

3. **Sulphuric Acid Chain:**

   Sulphuric acid and its derivatives, including Calcium Chloride ($CaCl_2$), form an essential part of its value-added chemical offerings. The Company leverages efficient raw material utilisation with a higher level of integration and low-cost novel processes to maintain competitiveness in this segment.

Key Business Strengths

- **Seamless operations across the Benzene and Toluene value chain:** The Company has an efficient manufacturing process for Benzene and Toluene derivatives, ensuring smooth production, cost savings and a steady supply of raw materials for downstream products. Strategic integration aids in maximising value, reducing waste and enhancing overall efficiency. Ongoing efforts in capacity ramp-up and process innovation would further strengthen AIL's competitive edge in the speciality chemicals sector.

- **Effective management of co-products and isomers:** The Company effectively manages co-products and isomers, ensuring minimal waste and maximum resource utilisation. By efficiently processing the byproducts, the company enhances cost savings and creates additional revenue opportunities. This approach also supports sustainability by reducing environmental impact.

- **Optimised product mix for better efficiency:** The Company continuously refines its product portfolio to balance market demand and production efficiency. This strategic mix helps improve profitability, reduce manufacturing costs, and ensure optimal use of production capacity. It also allows the Company to adapt quickly to changing customer needs.

- **Ability to meet strict quality standards:** The Company follows strict quality control measures to meet global industry standards. Its products serve highly regulated sectors, including pharmaceuticals, agrochemicals, and personal care. AIL leverages advanced R&D and testing facilities to maintain consistent quality, building strong customer trust and long-term partnerships.

- **Wide range of end-use applications:** The Company's products are used in a wide range of industries, including pharmaceuticals, agrochemicals, polymers, dyes and personal care. This diversification reduces reliance on any single sector and ensures steady demand. Serving multiple industries also helps the Company maintain stable growth, even during fluctuations in demand.

- **Energy Business: Growth Amid Challenges -** Demonstrating volume recovery through new client introductions and strategic development, the Energy business offers significant growth potential. Despite persistent margin pressure due to competition and falling crude prices, the company is navigating these challenges through diversification and strategic pricing.

Key Business Strategies - Midterm

- **Cost Optimisation**

  The Company is undertaking several cost optimisation measures to enhance operational efficiency. The company is switching to a back-pressure turbine to improve cogeneration efficiency and reduce power costs. It is also scaling up its use of renewable energy in Phase 2 of its green power initiative. Further, additional efforts for utilisation of waste energy streams, Effluent Treatment Plant (ETP) cost optimisation, fixed cost rationalisation and process enhancements are being implemented to improve yields and drive operational efficiency.

- **Volume and Margin Ramp-up**

  The Company is ramping up volumes and margins in core and speciality products. The Acid, DCB, and NCB product lines are witnessing enhanced production and market expansion. Simultaneously, the Company is scaling up volumes in ethylation, NT, MMA and fluorination-based speciality chemicals, positioning itself to capitalise on rising demand and value-added applications.

- **CAPEX led Growth**

  The Company is pursuing CAPEX-led growth to support future scalability. A pilot plant had been commissioned to accelerate new product development during the fiscal year 2024-25. The commissioning and ramp-up of its multipurpose plant (MPP), Zone 4 process blocks, and the joint venture facilities are expected to boost capacity and flexibility, enabling the company to meet growing customer demand with speed and precision.

Key Business Strategies - Long-term

- **Leveraging R&D and Tech for Asset-Light Growth**

  The Company is focusing on leveraging its R&D and technical capabilities to enable long-term asset-light growth. The Company's advanced research capabilities, combined with the flexibility of the upcoming multipurpose plant, allow for faster development of new chemistries. To commercialise these products efficiently and at scale, an asset-light model through tolling and outsourcing are also being explored.

- **Exploring Strategic Alliances**

  Strategic alliances remain a key focus area for sustainable expansion. AIL is engaged in discussions with global partners across diverse chemistries to develop collaborative product pipelines and widen its global footprint. Its upcoming entry into the chlorotoluene value chain will unlock new opportunities in the agrochemical and pharmaceutical sectors.

- **Early Bets on Sunrise Sectors**

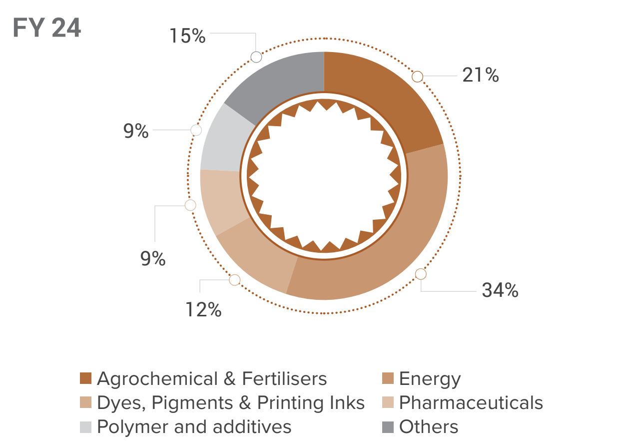
  The Company also places early bets on sunrise sectors to remain ahead of industry trends. It is exploring potential joint ventures and partnerships in areas such as sustainability and circularity. Additionally, it targets high-growth sectors, such as electronic chemicals and speciality chemistries for battery materials, with an eye on serving the growing needs of the green and digital economies.

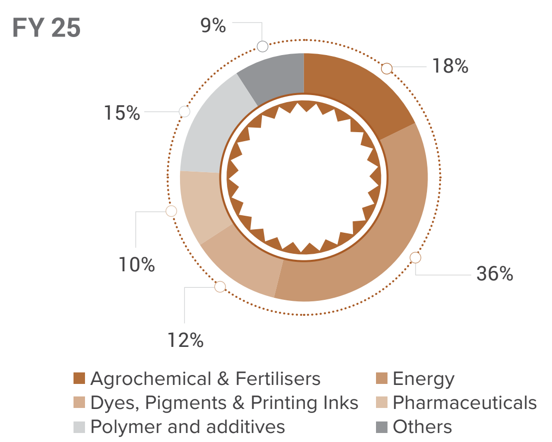
Business Highlights

AIL made significant progress in FY25 by enhancing operational efficiency through capacity additions and new product developments, particularly within the ethylation value chain. The Company strengthened its backwards integration into select downstream products, improving margins and gaining greater efficiences over cost structures and supply chain dynamics.

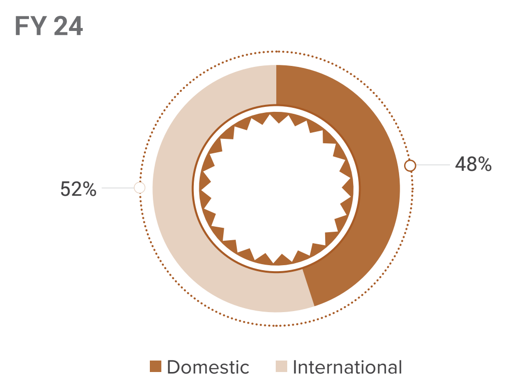
During FY25, AIL deepened its presence in the energy segment, with Mono-Methyl Aniline (MMA) continuing to play a key role in its product portfolio. The Company expanded its global customer base across the United States, Europe and the Middle East to navigate regional slowdowns and drive consistent growth. AIL also focused on scaling up its market share in the polymer and additives segment, especially in geographies like the United States and Japan. In the Agrochemicals Sector, volumes experienced a recovery, but significant margin erosion was observed due to intermediate dumping from China. Meanwhile, Pharma and Dyes & Pigments applications remained steady in the end-use mix, with volumes and margins showing signs of recovery.

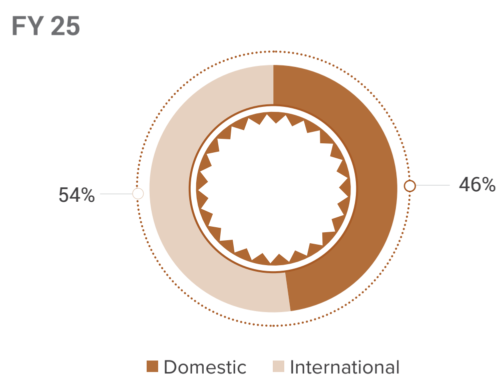
End-user-Industry Wise-Revenue Split (in %)





Revenue by Geography (in %)





During FY25, AIL enhanced its production flexibility by increasing the output of nitrotoluene and significantly expanding its methylation capacity. The Company further strengthened its position in the MMA segment by scaling up production capacity, contributing to its market leadership. AIL commissioned a new pilot plant at Zone IV to support innovation and diversification.

In FY25, AIL advanced its sustainability efforts through power purchase agreements with leading renewable energy providers, securing solar and hybrid power solutions. While one of its hybrid power arrangements has already started providing renewable power in FY25, the company, in its furtherance of enhancing renewable solutions, has entered into two new hybrid power arrangements, which will start generating power through renewable sources in H2 FY26. The company is also in talks to finalise one more hybrid power sourcing arrangement for its units based in Maharashtra, with an expected commercialisation planned in H2FY26. Thus with the commercialisation of these hybrid power solutions, over 75% of Company's power requirements will be augmented through renewable sources and support reduction of carbon footprint for the Company.

The Company also entered into a 50:50 joint venture with UPL, a global provider of sustainable agricultural solutions and a prominent private chemical Company to manufacture amine derivatives for agrochemicals and dyes, with commercialisation expected with in 2 years.

The Company reinforced its commitment to circularity through a joint venture between its wholly owned subsidiary, Aarti Circularity Ltd. and Re Sustainability and Recycling Private Limited, with the objective of establishing advanced plastic recycling facilities in India.

Financial Overview – Consolidated

(₹ In Crore)

Particulars	FY25	FY24
Revenue from operations	8,046	7,011
EBITDA	1016	984
Profit before Tax	307	395
Tax	(24)	(21)
Profit after Tax	331	416

The Company reported revenues of ₹8,046 Crore in FY25, up from ₹7,012 Crore in FY24, supported by strong export growth, increasing to ₹4,425 Crore from ₹3,644 Crore in the previous year. AIL's pricing strategies helped manage rising costs by adjusting customer prices, ensuring steady profitability. Higher-margin, value-added products also contributed to overall growth. EBITDA, including other income, was ₹1016 Crore in FY25, compared to ₹984 Crore in FY24. Depreciation increased due to new capacities, while interest costs were higher because of currency revaluation on unhedged long-term loans and rising interest rates. The Company benefited from increased tax depreciation, which helped reduce its tax liability and led to the creation of deferred tax assets. However, Profit After Tax for FY25 stood at ₹331 Crore, compared to ₹416 Crore in FY24, while Earnings Per Share for the year was at ₹9.12 as against ₹11.49 in the previous year.

BUSINESS OUTLOOK

AIL expects its recent investments and strategic initiatives to drive sustained growth across key business segments, leveraging expanded capacities and a global customer base to meet the rising demand in energy, polymers, additives and pharmaceuticals. The Company is optimistic about its new joint venture in agrochemicals and circular chemistry, which is expected to contribute to future earnings. AIL remains focused on innovation, product diversification, and strengthening its global presence through backwards integration and green energy initiatives. The Company is enhancing its manufacturing capabilities in Gujarat and Maharashtra, expanding its range of agrochemical and pharmaceutical products.

Despite pricing pressures from an oversupply of Chinese products, AIL is optimising performance and advancing projects at its Zone IV greenfield site. The Company is also committed to sustainability, aiming to source over 75% of its power from renewable sources and a resource recovery target of 500 tons per day by 2030. Strategic capital investments and yield improvement initiatives aim to enhance efficiency, reliability and long-term growth.

Risk & Mitigation Strategies

- **China Driven Market Risk:**

  Amid weak domestic demand, China is exporting chemicals at unprecedented levels, driving down global prices. This has had a significant impact on industries across the APAC and Europe regions. As a result, India's trade deficit is widening, and chemical export growth to key markets such as North America, Europe, and APAC has slowed.

  Mitigation :

  - Drive cost optimisation to rank amongst the lowest-cost producers, or consider portfolio augmentation where unviable
  - Enter long-term cost-plus or pass-through contracts to secure strategic customer relationships and establish long-term stability.
  - Initiate advocacy efforts for regulatory measures, such as import duties and BIS norms, to counter potential dumping and safeguard market presence
  - Deepen engagement with key customers to reinforce relationships.

- **Raw Material Price Risk:**

  Manufacturing companies frequently encounter challenges due to raw material shortages and price fluctuations, which can affect production and earnings.

  Mitigation:

  AIL maintains strong vendor relationships to ensure a steady supply of raw materials at competitive prices. Its integration for key products reduces dependence on external suppliers, minimising the risk of shortages. AIL uses cost-plus pricing contracts for most of its speciality chemicals to manage price fluctuations and safeguard itself against rising input costs.

- **R&D Risk:**

  R&D is essential for sustainable growth in the speciality chemicals market. The Company must remain ahead of the competition through innovation and focused research and development.

  Mitigation:

  AIL has two advanced R&D centres with a PhD team and over 250 scientists dedicated to innovation. It operates two state-of-the-art R&D centres in Maharashtra and Gujarat, including 40,000 sq. ft. with an ultramodern synthesis lab. A team of over 250 engineers and scientists, including 19 PhDs, is actively working on more than 40 high-potential products, several of which are being introduced in India for the first time. As a knowledge-driven company, product innovation is its key strength, and it has received recognition and awards in the field of chemical engineering. AIL continues to enhance its technical expertise in niche applications and works closely with customers to develop specialised products with unique features.

- **Regulatory Risk:**

  AIL operates across multiple regions, requiring compliance with various laws and regulations. Any changes or non-compliance could impact business operations. In India, environmental regulations are becoming increasingly stringent, and the risk of further tightening may lead to higher costs for chemical companies.

  Mitigation:

  AIL has implemented strict Environment, Health and Safety (EHS) standards and established a strong compliance framework to manage these risks. A dedicated team ensures adherence to all relevant laws and policies, supported by well-defined standard operating procedures (SOPs) that effectively navigate regulatory requirements.

- **Foreign Currency Risk:**

  The Company is exposed to fluctuations in foreign exchange rates. Currency volatility can impact revenue, costs and overall financial performance, affecting profitability.

  Mitigation:

  To manage this risk, the Company actively monitors exchange rate movements and adopts appropriate hedging strategies. It also utilises forward contracts and other risk management tools to minimise the impact of currency fluctuation. Additionally, maintaining a balanced mix of exports and imports helps reduce dependency on any single currency, ensuring financial stability.

Human resources

AIL implemented various initiatives to engage employees and enhance their performance. The Company provided learning opportunities through digital and classroom training, supporting continuous growth and skill development. AIL prioritised employee health and well-being by organising sessions and webinars focused on mental and physical wellness.

The Company strengthened workplace culture by encouraging feedback from employees and stakeholders and taking necessary actions to create a positive and inclusive environment. AIL promoted a high-performance culture through clear and consistent leadership communication. The Company recognised and celebrated employee contributions across internal and external platforms, encouraging motivation and engagement. These efforts aimed to enhance the overall employee experience, drive engagement and support business success. As of March 31, 2025, AIL had a total of 5893 employees.

Internal Control Systems and Their Adequacy

AIL has established a well-structured internal control system with comprehensive policies, guidelines, and procedures tailored to the nature, size, and complexity of its industry. This robust framework ensures adequate checks and balances, as well as strong financial reporting mechanisms. In today's hyperconnected world, information and IT security are critical to safeguarding sensitive data, protecting business continuity, and preserving consumer trust. With the growing threat of cyberattacks and data breaches, robust security frameworks have become essential for organisations across every industry. By strictly adhering to all statutory compliance requirements, AIL follows rigorous processes to maintain high accuracy in record- keeping and provide reliable financial and operational information.

The internal team and Audit Committee continuously monitor business operations, ensuring seamless functioning by designing, implementing and maintaining strong financial controls. The Company is committed to safeguarding assets, preventing and detecting fraud or errors, providing accurate and complete accounting records and preparing timely and reliable financial reports. Any deviations are promptly reported to management, allowing for swift corrective action to ensure business continuity and maintain risk at manageable levels. This internal control framework is crucial for maintaining smooth and uninterrupted business operations.

Cautionary Statement

AIL may, from time to time, make additional written and oral forward-looking statements, including statements contained in the Company's filings with BSE and NSE and the reports to shareholders. The Company does not undertake to update any forward-looking statements that may be made occasionally by or on behalf of the Company. The Company does not accept any liability whatsoever for any loss, howsoever arising, from any use or reliance on this Annual Report or its contents or otherwise arising in connection therewith.

Board's Report

To
The Members of
AARTI INDUSTRIES LIMITED

Your Board of Directors ("Board") are pleased to present this 42nd Annual Report on the performance of your Company ("the Company" or "Aarti" or "AIL") together with the Audited Financial Statements of the Company for the Financial Year ended March 31, 2025.

[The Consolidated Performance of the Company and its Subsidiaries has been referred to wherever required]

1. FINANCIAL HIGHLIGHTS & SUMMARY

Financial Highlights

(₹ in Crores)

Particulars	Standalone		Consolidated	
	2024-25	2023-24	2024-25	2023-24
Total Income from Operations (Gross)	8,079	6,984	8,046	7,011
Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)	1,005	974	1,000	974
Depreciation & Amortisation	433	377	434	378
Profit from Operations before Other Income, Finance Cost and Exceptional Items	572	597	566	596
Other Income	19	11	14	11
Profit before Finance Cost	591	608	580	607
Finance Cost	275	211	275	211
Profit before Tax	316	396	307	396
Total Tax Expense	(24)	(21)	(24)	(21)
Non-controlling Interest	-	-	-	-
Net Profit for the period	340	417	331	416
Other Comprehensive Income (net of taxes)	15	6	14	6
Total Comprehensive income for the year	355	423	345	422
Earnings Per Share (₹) (Basic & Diluted)	9.37 9.36	11.51	9.13 9.12	11.49
Book Value Per Share (₹)	155	146	155	146

Summary

Your Company reported gross total Income at ₹8,079 Crores as against ₹6,984 Crores for FY 2023-24. Similarly, the export during the year was reported at ₹4,369 Crores for FY 2024-25 as against ₹3,642 Crores for FY 2023-24.

Likewise, the consolidated gross total income from operations for FY2024-25 was at ₹8,046 Crores compared to ₹7,011 Crores for FY 2023-24 and export for FY 2024-25 was reported at ₹4,337 Crores as against ₹3,668 Crores for FY 2023-24.

Consolidated Financial Statements

In accordance with the provisions of Companies Act, 2013, Regulation 33 of the Listing Regulations, and applicable Accounting Standards, the Audited Consolidated Financial Statements of the Company for the FY 2024-25, together with the Auditors' Report, form part of this Annual Report.

2. DIVIDEND

Your Board of Directors recommend a Dividend of ₹1.00/- (@ 20%) per share subject to approval of the Shareholders at the ensuing 42nd AGM, for the year 2024-25, resulting in a total payout of ₹36.25 Crores (Previous Year: ₹36.25 Crores).

The Dividend payout is in accordance with the Dividend Distribution Policy which is available on the website of the Company. The Dividend Distribution Policy, in terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") is available on the Company's website at : https://www.aarti-industries.com/investors/GetReport?strcont_id=b22bcY6v1CAOIQL33MM

3. TRANSFER TO RESERVES

Your Company has transferred ₹34 Crores to the General Reserve (Previous Year: ₹42 Crores).

4. SUBSIDIARY/ JOINT VENTURES/ ASSOCIATE COMPANIES

As on March 31, 2025, the Company has 7 (Seven) direct subsidiaries, namely, Aarti Corporate Services Limited, Innovative Envirocare Jhagadia Limited, Aarti Polychem Private Limited, Aarti Bharuch Limited, Aarti Circularity Limited (Formerly known Aarti Spechem Limited), Alchemie (Europe) Limited and Aarti Chemical Trading – FZCO and 2 (two) indirect subsidiary namely Shanti Intermediates Private Limited (through its Holding Company: Aarti Corporate Services Limited) and Aarti Chem Trading USA Inc (w.e.f. October 09, 2024) (through its Holding Company: Aarti Chemical Trading – FZCO).

During the year on July 22, 2024, Augene Chemical Private Limited ceased to be a subsidiary of Company. The following day, July 23, 2024, it became the joint venture. The Company does not have any associate companies.

During the year, Nascent Chemical Industries Limited, an indirect subsidiary through holding Company Aarti Corporate Services Limited, ceased to be Subsidiary of the Company on September 30, 2024.

The Company does not have any material subsidiary whose net worth or turnover exceeds 10% of the consolidated net worth or turnover respectively, of the Company in the immediately preceding accounting year. A policy on determining material subsidiaries had been formulated and is available on the website of the Company and the web link thereto is:

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

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

Further a statement containing salient features of the financial statements of our Subsidiaries and Joint Ventures in the prescribed format AOC–1 is included in the Report as **Annexure- A** and forms an integral part of this Report.

5. SHARE CAPITAL

Particulars (As on March 31, 2025)	No. of Shares	Face Value Per Share (in ₹)	Total Amount (in ₹)
Authorised Share Capital	60,00,00,000	5	3,00,00,00,000
Issued, Subscribed & Paid-up Share Capital	36,25,19,910	5	1,81,25,99,550

During the year 2024-25, there was no change in the authorised share capital of the Company. However, during the year, the Company allotted 15,875 (Fifteen Thousand Eight Hundred and Seventy Five) Equity Shares of face value of ₹5 (Five) each aggregating to ₹79,375 (Seventy Nine Thousand Three Hundred and Seventy Five) to its Employees in accordance with the terms of 'Aarti Industries Limited Performance Stock Option Plan 2022' ("PSOP 2022"). The new equity shares issued, rank pari passu with the existing equity shares of the Company in all respects.

6. STATE OF AFFAIRS

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

7. 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, 2025, the Board of Directors, comprises of Fourteen Directors (with Six Executive Directors, One Non-Executive Non- Independent Director and Seven Independent Directors).

As part of ongoing commitment to strengthening corporate governance and aligning with global best practices, during the year Company inducted a professional Chief Executive Officer (CEO) and Executive Director, Shri Suyog Kalyanji Kotecha (DIN: 10634964) w.e.f. June 17, 2024 to lead the Company into its next phase of growth. The CEO brings with him a wealth of experience, domain expertise, and a proven track record of strategic leadership in dynamic business environments.

In parallel, during the year, the Board was further strengthened with the appointment of four accomplished Independent Directors:

- Shri Belur Krishna Murthy Sethuram (DIN: 03498701) – appointed with effect from June 1, 2024.
- Shri Ashok Kumar Barat (DIN: 00492930), Shri Nikhil Jaysinh Bhatia (DIN: 00414281) and Smt. Rupa Devi Singh (DIN: 02191943) – all appointed with effect from September 15, 2024.

Each Independent Director brings a diverse set of skills, industry expertise, and strategic insights. Their inclusion, alongside existing Independent Directors Shri Lalitkumar Shantaram Naik (DIN: 02943588), Shri Shekhar Shreedhar Khanolkar (DIN: 02202839), and Prof. Aniruddha Bhalchandra Pandit (DIN: 02471158), reinforces the Company's commitment to transparency, stakeholder alignment, and enhanced board oversight.

During the year, Executive Director; Shri Parimal Hasmukhlal Desai (DIN: 00009272) ceased to the director w.e.f. August 2, 2024. Further upon completion of their term as Independent Directors; Shri K.V. S. Shyam Sunder (DIN:00502621), Shri Bhavesh R. Vora (DIN :00267604) and Shri P. A. Sethi (DIN:00004038) ceased to be Independent Directors of the Company with effect from September 23, 2024 and Smt. Natasha Treasurywala (DIN:07049212) ceased to be Independent Director of the Company with effect from October 13, 2024. The Board placed on record its appreciation for their invaluable contribution and guidance.

Shri Renil Rajendra Gogri (DIN: 01582147) and Shri Manoj Mulji Chheda (DIN: 00022699) retire by rotation and being eligible, offers themselves for re-appointment. A resolution seeking members approval for their re-appointment along with other required details forms part of the Notice of Annual General Meeting.

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

Pursuant to the provisions of Regulation 34(3) read with Schedule V to the Listing Regulations, the Company has obtained a Certificate from CS Sunil M. Dedhia (COP No. 2031), of Sunil M. Dedhia & Co. Company Secretary in Practice, certifying that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India or by the Ministry of Corporate Affairs or by any such statutory authority. The said Certificate is annexed to the Corporate Governance Report of the Company for the Financial Year 2024-25.

Key Managerial Personnel

During the year under review, Shri Suyog Kalyanji Kotecha (DIN: 10634964), CEO & Executive Director was appointed as Key Managerial Personnel with effect from June 17, 2024.

Declaration from Independent Directors

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 prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations. In terms of Regulation 25(8) of the SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence. The Board of Directors of the Company has taken on record the declaration and confirmation submitted by the Independent Directors after undertaking due assessment of the veracity of the same.

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

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

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

Familiarisation Programme for Directors

Company implemented a comprehensive Directors Familiarisation Programme aimed at ensuring that its Board members, including newly appointed Independent Directors, acquire a thorough understanding of the company's strategic initiatives, operational capabilities, and governance framework.

Programme Overview

- **Strategic Orientation:** Directors were acquainted with the company's vision, mission, values, and strategic priorities, encompassing areas such as sustainability efforts, technological advancements, expansion plans, business development strategies, and overall strategic direction.
- **Operational Immersion:** The programme included visits to manufacturing plants, primarily located in the State of Gujarat, and tours of Research and Development centres. These visits provided first hand exposure to the company's operational capabilities, manufacturing processes, and technological innovations, facilitating a deeper understanding of the company's core functions.
- **Interactive Engagement:** One-to-one interactive sessions with the senior management team, business, and functional heads were conducted, fostering open communication and alignment on strategic goals.
- **Ongoing Awareness:** Periodic presentations during Board and Committee meetings covered various aspects such as business models, new business strategies and initiatives by business leaders, risk minimization procedures, changes in domestic and overseas industry scenarios, digital transformation and the regulatory regime affecting the company.
- **Knowledge Dissemination:** Regular newsletters circulated to keep Directors informed about the developments happening in the Company, Industry Scenario, Sustainability, Governance Initiatives etc.

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/authpdf/Familiarisation-Programme-FY-2024-25.pdf.

8. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(3)(c) and 134(5) of the Act, the Directors, to the best of their knowledge and ability, confirm that for the year ended March 31, 2025 that;

a. in the preparation of the annual financial statements for the year ended March 31, 2025, the applicable accounting standards have been followed and there are no material departures;

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

c. they have 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. they have prepared the annual accounts on a going concern basis;

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

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

9. MEETINGS

During the Financial Year under review Eight (8) Board Meetings were held. The details of the number of meetings of the Board and its Committees held during the Financial Year 2024-25 and the attendance of each Director/member at these meetings are provided in the Corporate Governance Report forming part of the Annual Report.

The attendance at Board meetings during the year was nearly 100%, reflecting your Directors' active engagement and commitment to the Company's governance and strategic oversight. More than 80% of the Board includes members who hold four or less external directorships (Public Companies), ensuring they can give adequate time and attention to the Company's matters.

The intervening gap between the Board meetings was within the period prescribed under the Companies Act, 2013 and the Listing Regulations.

10. ANNUAL PERFORMANCE EVALUATION

The Company has a structured assessment process, wherein the Nomination and Remuneration Committee of the Company has laid down the criteria of performance evaluation of the Board, its Committees and the Directors, including the Chairman. The evaluations are carried out in a confidential manner and each member of the Board provides his/her feedback by rating based on various metrics. Feedback is collected through a structured questionnaire.

Under the two layers evaluation process, Independent Directors evaluate the performance of the Board of Directors, Non-independent Directors and the Chairman of the Company. Later the Board of Directors evaluate performance of the Board itself, its Committees and the Board members.

The performance evaluation during the year highlighted an overall better rating in areas such as Board procedure, participation, and leadership. The Board demonstrated strong independence and integrity, with full participation in the evaluation process. Improvements were noted in Board Committees, particularly in risk management and ESG compliance, with effective communication between executive and non-executive members.

Suggestions for further enhancement included a focus on emerging risks (digital, cyber, and geopolitical), more frequent formal communication regarding budget impacts, and additional training sessions to keep Directors updated on industry developments. The Board and Management are committed to implementing these measures to enhance governance effectiveness in the current financiacial year.

11. NOMINATION AND REMUNERATION POLICY

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

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

12. CORPORATE SOCIAL RESPONSIBILITY

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

- Education & Skill Development
- Childcare & Healthcare Facilities
- Tribal & Rural Development
- Women Empowerment
- Green Environment and Water Conservation
- Relief to Poor (Urban Housing Aid)
- Technology, Research and Development
- Others (Livestock Development + Senior Citizen Welfare etc)

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

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

A brief note on various CSR initiatives undertaken during the year is presented in this Annual report. The details of the composition of the Corporate Social Responsibility Committee, their terms of reference, meetings held, etc. are provided in the Corporate Governance Report, which forms part of this Report.

Detailed CSR report is annexed as **Annexure - B** and forms an integral part of this Report.

13. AUDIT COMMITTEE

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

14. VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has established a Vigil Mechanism and Whistleblower Policy to facilitate the reporting of concerns related to unethical conduct, actual or suspected fraud, potential or confirmed leakage of Unpublished Price Sensitive Information (UPSI), and any violations of the Company's Code of Conduct.

This mechanism provides a secure and confidential platform for Directors and Employees to voice their concerns, ensuring stringent safeguards are in place to protect whistleblowers against any form of retaliation or victimisation. The policy also allows for direct access to the Chairperson of the Audit Committee, in exceptional cases.

To ensure organization-wide awareness and adherence, the Company has integrated this policy into its onboarding and compliance training framework. All employees are required to complete the Aarti Online Training Module (ATOMs) upon joining, which provides comprehensive guidance on the Company's critical policies and codes, thereby reinforcing the culture of transparency, accountability, and ethical governance.

The said policy has been posted on the website of the Company and the web link thereto is: https://www.aarti-industries.com/investors/GetReport?strcont_id=ZMPluse33MMnrACtosYOIQL33MM

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

15. RELATED PARTY TRANSACTIONS

The Company has a Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions which is uploaded on the Company's website at the web- link given below: https://www.aarti-industries.com/investors/GetReport?strcont_id=TNJu6Gnbr7sOIQL33MM

All the transactions with the related parties carried out during the FY 2024-25 are in ordinary course of business and on an arm's length basis. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or their relatives 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 that are foreseen and repetitive in nature. A statement of related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of transactions. A report of factual findings arising out of the accepted procedures carried out in regard to transactions with Related Parties is given by the Statutory Auditors on quarterly basis and the same is placed before the Audit Committee. The details of related party transactions are provided in the accompanying financial statements.

In terms of Regulation 23 of Listing Regulations, the Company submits details of related party transactions on a consolidated basis as per the specified format to stock exchanges on a half yearly basis.

Further during the financial year 2024-25, the Company organized a deep-dive session for the Audit Committee members to raise awareness of evolving regulatory requirements, particularly regarding Related Party Transactions (RPTs). The session covered key regulatory changes in RPT regulations over the last three financial years, the introduction of RPT Information Sharing Format (ISF) Standards, and their rationale. Additionally, recent SEBI rulings on RPTs involving reputed companies were discussed, providing valuable insights into enforcement trends and regulatory expectations. This initiative reinforced the Company's commitment to enhancing governance and ensuring the Audit Committee is well-equipped to oversee compliance in an evolving regulatory landscape.

Particulars of contracts or arrangements made with related parties

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

16. CREDIT RATING

Below are the details of Credit Ratings as on March 31, 2025

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

17. DEPOSITS

Your Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013 [(i.e., deposits within the meaning of Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014)], during the Financial Year 2024-25. Accordingly, no amount pertaining to principal or interest on deposits from public was outstanding as on March 31, 2025.

18. PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS

Particulars of loans given, investments made, guarantees given 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 financial statements forming part of the Annual Report.

19. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report and annexed as **Annexure - C**. As per first proviso to Section 136(1) of the Act and second proviso of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the report and financial statements are being sent to the members of the Company excluding the statement of particulars of employees under Rule 5(2). However, these are available for inspection during business hours up to the date of the forthcoming AGM at the registered office of the Company. Any member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office address of the Company.

20. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

Employee wellbeing remains a top priority, with a strong focus on inclusivity. This year, the Culture Survey extended participation to Associate families, fostering deeper engagement. The Engagement Survey achieved 100% participation in just 8 days with a rise in scores as well as percentiles at both the India and Global levels.

Leadership excellence was evident, with 293 out of 475 people managers placed in the top quartile (4.71 - 5.0). Employee engagement initiatives also saw impressive participation. The Holistic Wellbeing Umbrella Intervention, "Nirvana," recorded 16,826 participants in FY 2024–25, representing a notable 39.62% increase from 12,052 in FY 2023–24.

AIL has embedded a robust listening culture throughout the organisation, initiating structured Conversations between people managers and their teams, facilitating Buddy Meets for peer-to-peer sharing, and organising shop-floor listening tours where leadership engages directly with employees on the ground.

AIL devised the Metamorphosis program as a tailored cultural transformation initiative for early-career professionals, equipping them with AIL's high-performance vocabulary, core values, and the Aarti engaging leadership framework, while actively addressing unworkabilities in their work environment.

In FY 2024–25, Aarti Industries advanced its workforce development with over 215,000 training hours. Key initiatives included the Progressio program, which achieved a 99% success rate with 197 trainees, and the Meraki mentorship program, where 60 mentors maintained an 83% meeting adherence rate. The Eklavya initiative had a 45% success rate, while competency-based learning engaged 1,600 participants. Training hours were distributed across functional (73,464), behavioural (37,920), system (35,600), and sustainability (54,142) areas. Compliance training totalled 11,445 hours, reaching 80% ATC compliance across categories.

Learning Management System, offering over 100 micro-learning modules and gamified content

21. AARTI INDUSTRIES LIMITED PERFORMANCE STOCK OPTION PLAN 2022

Your Company has implemented and through the Nomination and Remuneration Committee, administers the Aarti Industries Limited Performance Stock Option Plan 2022 ("PSOP 2022"), under which stock options are granted to the Eligible Employees, in compliance with the provisions of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

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

22. 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.

23. INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to the applicable provisions of the Companies Act, 2013 read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules') all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Government of India, after the completion of seven years. Further, according to the rules, the shares on which Dividend has not been paid and claimed by the Shareholders for seven consecutive years or more shall be transferred to the Demat account of the IEPF Authority. Accordingly, during the year, the Company has transferred the unclaimed and unpaid dividend of ₹7,63,366/- Further 62,426 corresponding shares were transferred as per the requirement of the IEPF Rules.

24. ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013, the Annual Return in form MGT- 7 as on March 31, 2025 is available on the Company's website on www.aarti-industries.com

25. 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 M/s Gokhale & Sathe, Chartered Accountants is attached to the Report on Corporate Governance.

26. 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.

27. BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTING (BRSR)

BRSR for the year under review, as stipulated under Regulation 34 (f) of Listing Regulations is in a separate section forming part of the Annual Report.

28. RISK MANAGEMENT

As part of our ongoing efforts to enhance organizational resilience and sustainable performance, the Company has adopted a robust Enterprise-wide Risk Management (ERM) Framework, integrating both Top-Down and Bottom-Up approaches to risk identification and mitigation.

This hybrid methodology enables a comprehensive understanding of risks at both strategic and operational levels:

- The Top-Down approach ensures that key business risks — as viewed by the Board and senior leadership — are identified, prioritized, and aligned with the Company's strategic objectives.
- Simultaneously, the Bottom-Up approach facilitates the capture of emerging and process-level risks through active involvement of departmental heads and frontline teams, thereby enabling timely responses to ground-level vulnerabilities.

By combining these perspectives, the ERM Framework offers a holistic view of the Company's risk landscape, allowing Company to:

- Proactively identify and manage critical risks,
- Strengthen risk ownership and accountability across functions,
- Enhance decision-making through risk-informed strategies, and
- Build a risk-aware culture throughout the organization.

This framework is further supported by periodic risk assessments, a centralized risk register, and regular reviews by the Risk Management Committee to ensure relevance, responsiveness, and compliance with regulatory expectations.

The Risk Management policy has been posted on the website of the Company and the web link thereto is: aarti-industries.com/investors/GetReport?strcont_id=dCIEPn8aX6wOIQL33MM

29. COMPLIANCE MANAGEMENT SYSTEM

In pursuit of strengthening our governance framework and ensuring a proactive approach to regulatory adherence, the Company has a Compliance Management Tool as part of its enterprise-wide risk management initiative.

This digital tool is designed to systematize and streamline compliance tracking across all applicable laws, regulations, and industry mandates. It enables real-time monitoring, timely alerts, and seamless documentation, significantly reducing the chances of inadvertent non-compliance.

By automating compliance processes and integrating accountability at various levels, the tool acts as a strategic enabler in:

- Curtailing regulatory risks,
- Enhancing transparency and audit-readiness,
- Enabling prompt response to statutory changes,

- Promoting a culture of responsibility and control.

This initiative reflects the Company's commitment to institutionalizing compliance, minimizing exposure to penalties or reputational damage, and upholding the highest standards of corporate governance.

30. HEALTH AND SAFETY:

At AIL, safety is not merely a policy; it is an integral part of our culture and essence, shaping every process, decision, and action. Our safety journey has evolved through initiatives like "Besafe" and "Besafe+ (Dil se...)." While "Besafe" established a strong foundation in process safety, "Besafe+ (Dil Se...)" is elevating safety further, emphasizing culture, leadership, and governance. AIL's partnership with dss+ for the "Besafe+ (Dil se..)" initiative aims to enhance AIL's safety journey.

Besafe+ (Dil se...) initiative has enhanced the BBSO tool and introduced new tools such as Condition Listening (CL), Safety Action Meetings (SAM), and Personal Safety Action Plans (PSAP). Through these tools, we're actively involving our shop floor teams and further strengthening our safety culture.

Unsafe situations have been identified and rectified through BBSO, while SAM has enabled shop floor teams to resolve recurring unsafe acts by promoting engagement. The Condition Listening program is improving plant upkeep and eliminating unsafe conditions. Additionally, PSAPs are fostering a personal commitment to safety among managers, leaders and senior Leaders.

Our ambitious digital transformation journey, Unnati 2.0, is improving digital tools for safety. BBSO and GPC tools have been successfully migrated to a new platform with significant value additions and receiving positive feedback from users, representing a pivotal leap in our commitment to innovation, growth, and excellence as we propel into the future of work.

AIL's unwavering commitment to safety is evident in its continuous efforts to elevate safety standards. Despite Global business challenges, FY 2024-25 saw AIL foster a culture of safety by promoting awareness and adherence to best practices at all organizational levels.

To further enhance our safety measures, AIL has strengthened leading indicators during FY 2024-25, which include:

- **Senior Leadership Engagement:** Senior Leadership is spending time on the shop floor through Safety Workdays and Apex Sustainability Councils on a monthly and quarterly basis..
- **Knowledge Capsules:** Over 200 Knowledge Capsules shared via email by the Corporate Safety and Compliance Head to provide regular updates on safety topics
- **Learning from Incident sessions:** More than 50 Learning from Incidents (LFI) sessions conducted on monthly basis, each lasting for 1 hour, to share key insights from both internal and external incidents with 300+ participants
- **Behavior Based Safety Observation (BBSO) rounds:** Over 4000 BBSO rounds, reflecting an increase from 2000 per month, due to the Besafe Dil Se initiative, which has strengthened our focus on BBSO
- **Safety Action Meeting (SAM):** 150+ Employees are performing one SAM per month to enable shop floor team in eliminating recurring unsafe actions
- **General Plant Conditions(GPC) rounds:** More than 2000 internal inspections conducted each month across the organization using to detect and rectify unsafe conditions
- **Work Permit Audits:** Over 1500 work permit audits performed monthly to ensure compliance with work permit conditions
- **Monthly gate meetings** organized on the 4th day of every month in all Factories (divisions) to acknowledge the safety efforts of on-roll and contract employees
- **Monthly Safety Theme:** 12 Monthly Safety Themes implemented annually to focus on specific safety topics and raise awareness on the shop floor
- **Monthly Safety video competition:** Over 2000 participants in monthly safety video competitions to encourage active employee involvement and promote learning from incidents
- Celebrations and observances of **Road Safety Week, National Safety Week, Fire Services Week** and **Process Safety Week** across all organizations to encourage participation from all levels
- **Capability Building:** Sessions on Scaffolding Safety, Rigging and Lifting Safety, Process Hazard Analysis, First Aid, and Incident Investigation were conducted across the organization.

Process safety is paramount, and AIL has implemented robust measures through Barrier Management to ensure its effectiveness. By consolidating risks and prioritizing preventive and mitigative barriers, AIL ensures the adequacy and reliability of controls. This approach has resulted in Risk-Based Process Safety, robust control of high risks, and an enhanced understanding of risks at the shop floor level. A comprehensive process safety dashboard tracks the status of various initiatives, and progress is reviewed through platforms like the Operations Group Review, Process Safety Council, Zone Sustainability Sub-Council, and Apex Sustainability Council. This structured approach, combined with risk sensitization and proactive emergency preparedness, has led to significant improvements in process safety at the shop floor level.

To further strengthen our commitment to safety, we are implementing and enhancing our Process Safety initiatives. These initiatives include cyclic HAZOPs, QRAs, LOPAs, SIL studies, and PHA champion development. AIL has also developed a world-class Process Safety lab enabling process safety studies like Chemical reaction hazards, thermal degradation studies, powder safety analysis. The data developed through this lab creates a strong process safety information foundation for building a safe and scalable process.

The company also has developed a Robust Fire Prevention & Protection program with well-trained Fire Safety teams, world-class fire tenders and Emergency Response vehicles. AIL has also on boarded a business partner for availing emergency support services during chemical transport emergencies while in transit.

World class OHCs, well qualified & trained Factory Medical Officers and supporting Staff ensures the health of the employees is taken care of. Additionally, we are providing 24/7 ambulances with advanced life support systems. AIL has also implemented a Workplace Monitoring System for health and hygiene, and organised programs on occupational and non-occupational health issues.

Our commitment extends to the surrounding community in the form of training, awareness programs, emergency support, and handholding other MSMEs/industries to develop safety management systems.

ICC granted AIL permission to use the RC Logo for three years, from April 2025 to March 2028, following a successful Responsible Care Audit during Feb-2025.

This permission was granted following a recent audit conducted by a team of three highly experienced auditors from ICC, who spent five days at our factories and Emerald office, Vadodara from February 17th to 21st, 2025. During the audit, the auditors meticulously examined our Aarti management system, interacted with employees, and verified system implementation.

This achievement is a testament to our collective commitment to the Responsible Care Ethos and its principles. It showcases our dedication to sustainable practices and ethical conduct across all our operations.

31. ENVIRONMENT

As a responsible organization, we have focussed approach towards environmental compliance, circular economy, efficient resource utilization, waste minimization, water stewardship, climate action and reduction of GHG gases. AIL has implemented Environment Management System (EMS) ISO -14001: 2015 at all our manufacturing locations. 50% of our sites are Zero Waste to landfill certified. AIL has published and implemented comprehensive guidelines for the Waste management and Environmental Management system. Efficient usage of water, effective effluent management, waste management, climate actions is imperative to us, making them high priority material topics. A considerable number of Environmental Projects have been successfully implemented, and we are beginning to see the benefits, such as effluent reduction and enhancement in effluent quality, waste reduction, waste recycling and use in manufacturing of valuable products, cost reduction and CO_2 Emission Reduction.

Environment - Water Management

Towards reducing our water footprint, we are focussing on 3R (Reduce, Reuse & Recycle) and strategizing to achieve zero-liquid discharge (ZLD) for our facilities. During FY 2024-25, AIL has taken various initiatives for water conservation by enhancing water harvesting system's capacity, increased steam condensate recovery, increased MEE condensate recovery, STP treated water recycling and RO permeate recycling, different process initiatives for recycling washing water etc. Eight manufacturing facilities are Zero Liquid Discharge (ZLD) compliant, three are ZLD-ready, and the rest are progressing toward ZLD readiness. Out of the total effluent generation about 81% effluent is being recycled back into process through the ZLD system and 19% treated effluent is being sent to CETP for further treatment and discharge to deep sea. As part of water conservation, Out of the total water recycled 75% is utility water. We have adopted a proactive approach for ZLD and incorporated it in the conceptualisation & designing phase of new projects. ETP final discharge parameters are connected to CPCB and SPCB portals for real time monitoring.

Environment - Air Management

AIL has provided adequate Air pollution control measures to control process and flue gas emissions like wet scrubbers, dust collectors, Bag filters, Electrostatic Precipitators (ESP) etc. AIL has implemented a dry scrubber concept (lime dosing along with solid fuel) to control SO2 emissions significantly. AIL have implemented LDAR programs to detect and control fugitive emissions, VOC's etc. AIL has provided online sensors for detection and measurement of hazardous gases. AIL has phased out ODS substances in all our manufacturing divisions and offices. We have provided an effective emission monitoring of continuous on-line stack monitors. All our manufacturing locations are carrying out ambient air quality monitoring as per NAAQS. Online stack monitoring systems (OCEMS) have been connected to CPCB and SPCB portals for real time monitoring. AIL has verified that none of the Persistent Organic Pollutants (POPs) listed by Stockholm convention is emitted from our operations.

Environment - Waste Management

Our waste management approach is systematically divided into three priorities depending upon the various operating conditions and type of waste generated. First priority is to reduce waste, second priority is 4Rs (Reuse, Recycle, Recover, Reprocess), third priority is treatment and responsible disposal in scientific manner. AIL being a responsible organisation ensures utilisation of the hazardous waste and prioritize co-processing over landfilling and incineration.

We are also conducting audits of the end users and TSDF sites responsible for reusing processing and disposal of waste. During FY 2024-25, We have improved Hazardous waste management by taking many initiatives like Waste management guideline were implemented with digital monitoring of hazardous waste from generation to disposal, introduction of compressive checklist for all HW vehicles, all the HW vehicles are connected to Aarti Logistic Control centre and monitored 24*7. 50% of our divisions are now Zero Waste to Landfill (ZWL) certified. We aspire to get all our manufacturing divisions ZWL certified by 2028. We have diverted 94% of hazardous waste from landfilling and 6% is disposed off responsibly.

32. SUSTAINABILITY GOVERNANCE

Aarti Industries embeds sustainability within its business strategy across four key dimensions: Sustainability, People Well-being, Partner Delight, and Prosperity. Each dimension has specific goals, executed through the Aarti Management System. The company has conducted ESG and climate risk assessments to identify and address key risks and opportunities, developing mitigation and action plans with input from relevant stakeholders. Sustainability efforts are overseen by the CEO-led council, supported by zonal sub-councils reporting to the Apex Sustainability Council. The following highlights demonstrate our progress on this journey.

Responsible Care:
AIL has been a Responsible Care Logo holder company since April 2022. As a responsible, sustainable and value driven chemical manufacturing company, AIL is focusing continuously to enhance performance with respect to the indicators of Responsible Care codes.

EcoVadis
Our significant efforts in improving our ESG performance has led to sustaining a gold medal fourth year in a row in EcoVadis CSR assessment, our score has improved from 72 to 78. Placing AIL among the top 5 percentile of companies assessed by EcoVadis.

CDP Rating
AIL has received Leadership band "A" in CDP Climate Change, and "A-" in CDP water security disclosure indicating coordinated actions towards climate issues and water security by AIL. AIL is also listed in Climate CDP A list 2024

S&P Global Rating
Accomplished CSA score of 62 and ESG score of 64 in S&P global disclosure, We were included in Sustainability yearbook published by S&P global.

International Sustainability and Carbon Certification (ISCC)
We have obtained ISCC for one of our products manufactured at Zone 3, ISCC is an international certification system covering all kinds of bio based feedstocks and renewables catering to the chemical sector. This certification paves way for manufacturing certified green products.

33. RELIABILITY

We have initiated an Operational Excellence journey with focus to improve reliability. Different initiatives by involvement of everyone in the manufacturing are implemented as below (few of them) –

- **OEE (Overall Equipment Effectiveness) improvement**

  OEE measurement for all the products provide insights on various improvement opportunity areas in manufacturing to focus on. In the past, OEE has improved year on year.

- **Model Plant Initiative**

  Under the Model Plant Initiative, 5S has been launched across organizations for effective workplace management to improve upon the working efficiency and workplace safety. It's creating a positive impact to improve the way we work at the workplace in a better manner.

- **Quality Circles**

  This is the tool wherein shop floor teams become part of critical problem solvers and contribute to the organizational goals. The best implemented teams participate in local, state, national and international forums.

- **Kaizen Idea**

  We launched this Kaizen Idea program to capture the brilliant improvement ideas specifically from the associate family members in the areas of safety, production, quality and cost etc. This is beneficial in both tangible and in-tangible ways.

34. STATUTORY AUDITORS & AUDITORS' REPORT

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

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

35. COST AUDITORS & RECORDS

In terms of the Section 148 of the Companies Act, 2013 read with the Companies (Cost Record and Audit) Rules, 2014, the Company is required to maintain cost accounting records and have them audited every year.

The Board accordingly, has appointed Ketaki D. Visariya, Cost Accountants, (Membership No.16028) as the "Cost Auditors" of the Company for FY 2025-26. The remuneration payable to the Cost Auditor is required to be placed before the Members in a General Meeting for their approval. Accordingly, a resolution for seeking Member's approval for the remuneration payable to Ketaki D. Visariya, Cost Accountants, is included in the Notice convening the Annual General Meeting in terms of Rule 14 of the Companies (Audit & Auditors) Rules, 2014.

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

36. SECRETARIAL AUDITOR & REPORT

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

Pursuant to provisions of Section 204(1) of the Companies Act, 2013 and Regulation 24A of the Listing Regulations, the Secretarial Audit Report for the Financial Year ended March 31, 2025 issued by CS Sunil M. Dedhia (COP No. 2031), of Sunil M. Dedhia & Co. Company Secretary in Practice and the Secretarial Auditor of the Company is annexed as **Annexure- D** 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.

Pursuant to the amendments to the Listing Regulations the Board, on the recommendation of the Audit Committee, has approved and recommended to the Members the appointment of M/s. BNP & Associates (Firm Registration No. P2014MH037400) (PR No. 6316/2024), as the Secretarial Auditor of the Company, for a period of five consecutive years commencing from April 1, 2025 to March 31, 2030.

Brief details as required under the Listing Regulations, are provided in the Notice of 42nd AGM. The Directors recommend the same for approval by the Members.

37. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an in-house internal audit department with a team of qualified professionals. The internal audit department prepares an annual audit plan and prioritises audit activities based on the criticality of system/ process gaps.

Reviews are conducted on an ongoing basis based on a comprehensive risk-based audit plan, which is approved by the Audit Committee at the beginning of each year. The Internal Audit team reviews and reports to the management and the Audit Committee about compliance with internal controls, and the efficiency and effectiveness of operations as well as the key process risks.

The Audit Committee meets every quarter to review and discuss the various Internal Audit reports, and follow up on action plans of past significant audit issues and compliance with the audit plan

Internal financial control systems of the Company are commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable accounting standards and relevant statutes, safeguarding assets from unauthorised use, executing transactions with proper authorisation and ensuring compliance of corporate policies.

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

38. 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.

39. NUMBER OF CASES FILED, IF ANY, AND THEIR DISPOSAL UNDER SECTION 22 OF THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

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

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

The status of the Complaints during the FY 2024-25 is as follows:

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

40. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

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

41. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

During the period under review there has been no such significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

42. DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 DURING THE FINANCIAL YEAR ALONGWITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR

During the Financial Year 2024-25, there was no application made and proceeding initiated / pending by any Financial and/or Operational Creditors against your Company under the Insolvency and Bankruptcy Code, 2016 ("the Code").

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

43. DETAILS OF DIFFERENCE BETWEEN THE AMOUNT OF VALUATION AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE AT THE TIME OF TAKING A LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF

During the Financial Year 2024-25, the Company has not made any settlement with its bankers for any loan/ facility availed or/and still in existence.

Acknowledgement

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

For and on behalf of the Board

Rajendra V. Gogri
Chairman and Managing Director
DIN :00061003
Mumbai/ July 11, 2025

ANNEXURE - A

FORM AOC-1

Statement containing salient features of the financial statement of subsidiaries and Joint Venture as on March 31, 2025

(Pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013 read with rule 5 of Companies (Accounts) Rules, 2014)

PART "A": SUBSIDIARIES

(₹ in Crores)

Sr. No.	Name of 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 Sharholding
1	Aarti Corporate Services Limited	INR	2.02	3.25	9.69	4.42	6.92	0.13	-1.06	-	-1.06	-	100.00
2	Innovative Envirocare Jhagada Limited	INR	0.35	-0.20	0.16	0.01	-	-	-	-	-	-	100.00
3	Aarti Polychem Private Limited	INR	0.02	-0.03	-	0.01	-	-	-	-	-	-	100.00
4	Aarti Bharuch Limited	INR	0.25	-7.06	48.75	55.56	-	1.79	-6.60	-	-6.60	-	100.00
5	Aarti Circularity Limited (Formerly known as: Aarti Spechem Limited)	INR	0.25	-0.28	0.07	0.10	-	-	-0.24	-	-0.24	-	100.00
6	Shanti Intermediates Private Limited	INR	0.07	0.03	4.27	4.17	0.01	10.07	-0.10	0.02	0.07	-	100.00
7	Alchemie (Europe) Limited	GBP	0.01	-0.05	0.27	0.31	0.04	0.38	-0.03	-	-0.03	-	88.89
		INR	0.92	-5.83	29.23	34.14	4.65	41.47	-2.35	-	-2.35	-	
8	Aarti Chemical Trading - FZCO	AED	0.01	0.03	3.21	3.17	0.00	24.39	0.04	-	0.04	-	100.00
		INR	0.11	0.79	74.84	73.94	0.09	561.03	0.90		0.90	-	
9	Aarti Chem Trading USA INC.	USD	0.00	0.03	2.53	2.50		1.83	0.03	-	0.03		100.00
		INR	0.09	2.74	216.65	213.82		156.25	2.71	-	2.71		

The Financial Statement of Alchemie (Europe) Limited, Aarti Chemical Trading - FZCO and Aarti Chem Trading 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, 2025 GBP 1 = ₹ 110.68, AED 1 = ₹ 23.32 and USD 1 = ₹ 85.48 respectively.

PART "B": JOINT VENTURES

(₹ in Crores)

Sr. No.	Name of the Joint Venture Company	Date of becoming Joint Venture	Reporting period for the Joint Venture concerned	Reporting currency	Shares of Joint Venture company held by the company on the year end (No.)	Amount of Investment in Joint Venture companies	Extent of Holding %	Description of how there is significant influence	Reason why the Joint Venture company is not consolidated	Net worth attributable to Shareholding as per latest audited Balance Sheet	Profit/ (Loss) after tax	Considered in Consolidation	Not considered in Consolidation
1	Augene Chemical Private Limited	During the year on July 22, 2024, Augene Chemical Private Limited ceased to be a subsidiary of Company. The following day, July 23, 2024, it became the joint venture.	March 31, 2025	Indian Rupee	2,35,00,000	23.50	50%	There is significant influence due to shareholding and joint control over the economic activities.	N.A	46.39	-0.12	-0.06	-0.06

For and on behalf of the Board

Rajendra V. Gogri
Chairman and Managing Director
DIN: 00061003

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

Suyog K. Kotecha
CEO and Executive Director
DIN: 10634964

Chetan Gandhi
Chief Financial Officer
ICAI M.No. 111481

Raj Sarraf
Company Secretary
ICSI M.No. A15526

Mumbai / July 11, 2025

ANNEXURE - B

The Annual Report on CSR Activities carried out during FY 2024-25

1 Brief outline on CSR Policy of the Company:

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

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

2 Composition of CSR Committee:

Sr. No.	Name of Director	Acting in the Committee as	Nature of Directorship
1	Smt. Hetal Gogri Gala	Chairperson (Ascended to the role w.e.f September 15, 2024)	Non - Executive Director
2	Smt. Rupa Devi Singh	Member (w.e.f September 15, 2024)	Independent Director
3	Shri Ajay Kumar Gupta	Member (w.e.f September 15, 2024)	Executive Director
4	Shri KVS Shyam Sunder	Chairman (upto September 14, 2024)	Independent Director
5	Smt. Rajendra V. Gogri	Member (upto September 14, 2024)	Managing Director

There was one meeting held during the year, which was attended by all the members of the Committee.

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

Composition of CSR Committee: https://www.aarti-industries.com/Upload/PDF/Composition-of-Committees.pdf
CSR Policy: https://www.aarti-industries.com/investors/GetReport?strcont_id=rQxVNykXxIkOIQL33MM
CSR projects: https://www.aarti-industries.com/company/csr

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

The executive summary forms part of impact assessment report. The web-link of the impact assessment reports is as below:

a) https://www.aarti-industries.com/Upload/pdf/mushar-community-development-project.pdf
b) https://www.aarti-industries.com/Upload/pdf/KVO-shaikshanik-shishyavrutti-programme.pdf

(₹ in Crores)

5	(a)	Average net profit of the Company as per sub-section (5) of Section 135	791.72
	(b)	Two percent of average net profit of the Company as per sub-section (5) of section 135	15.83
	(c)	Surplus arising out of the CSR Projects or programmes or activities of the previous financial years	0
	(d)	Amount required to be set-off for the financial year, if any:	0.74
	(e)	Total CSR obligation for the financial year [(b)+(c)-(d)	15.09
6	(a)	Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project)	15.52
	(b)	Amount spent in Administrative Overheads	0.05
	(c)	Amount spent on Impact Assessment, if applicable	0.06
	(d)	Total amount spent for the Financial Year [(a)+(b)+(c)]	15.63

Note: The CFO Shri Chetan B. Gandhi has certified that funds of ₹ 15.63 Crores so disbursed for Corporate Social Responsibility (CSR) activities undertaken by the Company during the Financial Year 2024-25 were utilised for the purpose and in the manner as approved by the board/CSR Committee

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

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

(f) Excess amount for set-off, if any:

Sr. No.	Particular	Amount (₹ in Crores)
(i)	Two percent of average net profit of the Company as per sub-section (5) of section 135#	15.09
(ii)	Total amount spent for the Financial Year	15.63
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	0.54
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	Nil
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	0.54

#Net of excess contribution from previous years set-off in the current financial year.

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

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

8 Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Yes, details of same are provided below:

Sr No	Short Particulars of Property or Asset(s) Location of Property					Details of Entity/Authority/Beneficiary of the Registered Owner		
	Particulars/ Description of Assets	Location	Pincode of the property or asset(s)	Date of creation	Amount Spent for Asset Creation (₹ in lacs)	CSR Registration Number, if applicable	Name of the Foundation/Entity/ Beneficiary	Registered Address of the Foundation/ Entity/ Beneficiary
1)	2)		3)	4)	5)	6)		
1	Tirthankar Mahavir Jain Hospital - Construction of a 300 plus-bedded capacity hospital .	MIGH 296 Kankarbagh Colony Near Shivaji Park Karbigahiya Patna Bihar, 800020	800020	22-Aug-24	350	CSR00062000	Name of the Foundation through which CSR amount was disbursed -Dhan Vallabh Welfare Foundation	MIGH 296 Kankarbagh Colony Near Shivaji Park Karbigahiya Patna Bihar, 800020

9 Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135

– Not Applicable

For and on behalf of the Board

Hetal Gogri Gala
Non-Executive Director
DIN: 00005499

Ajay Kumar Gupta
Executive Director
DIN: 08619902

Mumbai / July 11, 2025

ANNEXURE - C

Statement of Disclosure of Remuneration under Section 197(12) of Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

PART A

A. The Ratio of the remuneration of each director to the median remuneration of the employees for the financial year 2024-25 and the percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary are as under;

[Explanation - (i) the expression "median" means the numerical value separating the higher half of a population from the lower half and the median of a finite list of numbers may be found by arranging all the observations from lowest value to highest value and picking the middle one; (ii) if there is an even number of observations, the median shall be the average of the two middle values.]

Sr. No.	Name of Director/ Key Managerial Personnel	Category	Ratio to Median Remuneration	% of the increase in Remuneration over previous year
A	**Executive Directors (ED)**			
1	Shri Rajendra V. Gogri	C&MD	99:1	Refer Note 4
2	Shri Rashesh C. Gogri	VC & MD	99:1	
3	Shri Renil R. Gogri	VC & ED	41:1	
4	Shri Suyog K. Kotecha[3] *(Appointed w.e.f. June 17, 2024)*	ED & CEO	214:1	
5	Shri Manoj M. Chheda	ED	48:1	
6	Shri Ajay Kumar Gupta	ED & CMO	77:1	
7	Shri Parimal H. Desai *(Ceased to be director w.e.f August 02, 2024)*	ED	13:1	
B	**Non-Executive Directors (NED)**			
8	Smt. Hetal Gogri Gala	NE NID	4:1	Refer Note 5
9	Shri Lalitkumar Naik	ID	5:1	
10	Shri Shekhar Khanolkar	ID	5:1	
11	Prof Aniruddha Pandit	ID	4:1	
12	Shri Belur Sethuram *(Appointed w.e.f June 1, 2024)*	ID	3:1	
13	Shri Ashok Kumar Barat *(Appointed w.e.f September 15, 2024)*	ID	2:1	
14	Shri Nikhil J. Bhatia *(Appointed w.e.f September 15, 2024)*	ID	2:1	
15	Smt. Rupa Devi Singh *(Appointed w.e.f September 15, 2024)*	ID	2:1	
16	Shri KVS Shyamsunder *(Ceased to be Director w.e.f. September 23, 2024)*	ID	3:1	
17	Shri P. A. Sethi *(Ceased to be Director w.e.f. September 23, 2024)*	ID	3:1	
18	Shri Bhavesh R. Vora *(Ceased to be Director w.e.f. September 23, 2024)*	ID	3:1	
19	Smt. Natasha K. Treasurywala *(Ceased to be Director w.e.f. October 13, 2024)*	ID	2:1	
C	**Key Managerial Personnel**			
20	Shri Chetan Gandhi	CFO	-	7%
21	Shri Raj Sarraf	CS	-	15%

Notes:

1. Median is calculated based on the actual remuneration paid to the employees - whose names are on the roll as on March 31, 2025.
2. The ratio of Remuneration of the 'Executive Directors to Median Remuneration of Employees' is calculated on the basis of Actual payment of Salary (including the value of perquisites) and Profit Related Commission for a period of their association in FY 2024-25.
3. Shri Suyog K. Kotecha was appointed on June 17, 2024 and his remuneration includes the value of numbers of 120,000 PSOP options granted in FY 2024-25. Since he has been appointed during the year, hence, the % increase in remuneration for FY 2024-25 is not comparable to previous year.
4. % Increase in Remuneration of Executive Directors is mainly on account of ~10% Increase in the Salary as compared to the last year, whereas overall remuneration has decreased due to decline in Profit related Commission.

5. The ratio of Remuneration of the 'Non-Executive Directors to Median Remuneration of Employees' is calculated on the basis of actual payment of Sitting Fee (Gross) and Profit Related Commission (Gross) for a period of their association in FY 2024-25. Since the NEDs are paid Profit related Commission for the first time in FY 2024-25, hence, the % increase in remuneration for FY 2024-25 is not comparable to previous year.
6. Increase in Remuneration to Key Managerial Personnel excludes numbers of 8400 and 3000 PSOP options granted in FY 2024-25 to CFO and CS respectively.

B. The percentage increase in the median remuneration of employees in FY 2024-25: 8.09%

C. The number of permanent employees on the rolls of the Company as on March 31, 2025 - 5868 employees (Except Directors and apprentice)

D. Average percentile increase already made in the salaries of employees other than managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

Particulars	% Change in remuneration
Average increase in salary of employees (other than Managerial Personnel)*	9.61%
Average increase in remuneration of Managerial Personnel*	10.40%

*Note - 'Managerial Personnel ' means employees belong to categories such as Key Managerial Personnel, Senior Management and Senior Leaders but does not include executive Directors and non - executive Directors of the Company.

E. Affirmation that the remuneration is as per the remuneration policy of the company –

It is affirmed that the remuneration paid to Directors, Key Managerial Personnel and other employees is as per Remuneration Policy of the Company

PART B

As per first proviso to Section 136(1) of the Act and second proviso of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the report and financial statements are being sent to the members of the Company excluding the statement of particulars of employees under Rule 5(2). However, these are available for inspection during business hours up to the date of the forthcoming AGM at the registered office of the Company. Any member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office address of the Company.

For and on behalf of the Board

Rajendra V. Gogri
Chairman and Managing Director
DIN: 00061003
Mumbai / July 11, 2025

ANNEXURE - D

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2025
(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, 2025 ('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, 2025 according to the provisions of:

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

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

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

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

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

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

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

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

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

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

(f) Securities and Exchange Board of India (Issue and Listing of Non¬-Convertible Securities) Regulations, 2021, which were not applicable during the Review Period;

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

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

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

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

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

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

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

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

(a) Petroleum Act, 1934 and Rules made thereunder;
(b) Drugs and Cosmetic Act, 1940 and Rules made thereunder;
(c) Fertilizer (Control) order, 1985;
(d) The Explosive Act, 1884 and Rules made thereunder;
(e) The Insecticides Act, 1968;
(f) Narcotic Drugs and Psychotropic Substances Act, 1985;
(g) The Indian Boilers Act, 1923 & The Indian Boilers Regulations, 1950;
(h) The Chemical weapon convention Act 2000, and the Rules made thereunder;
(i) Air (Prevention and Control of Pollution) Act, 1981;
(j) Water(Prevention and Control of Pollution) Act, 1974;
(k) The Noise (Regulation and Control) Rules, 2000;
(l) Environment Protection Act, 1986 and other environmental laws;
(m) Hazardous and other Wastes (Management, Handling and Transboundary Movement) Rules, 2016;
(n) Public Liability Insurance Act, 1991; and
(o) The Atomic Energy Act, 1962.

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

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

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

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

I further report that during the Audit Period under review, there were no specific events / actions, in 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
UDIN: F003483G000760206
Peer Review Certificate No. 867/2020
Unique Identification No. S1993MH012200

Mumbai / July 11, 2025

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
UDIN: F003483G000760206
Peer Review Certificate No. 867/2020
Unique Identification No. S1993MH012200

Mumbai / July 11, 2025

Annexure - E

A) CONSERVATION FOR ENERGY AND REDUCTION IN CARBON EMISSION

The Steps Taken or Impact on Conservation of Energy;

Aarti Industries Limited's emissions reduction targets have been validated by the Science Based Targets initiative (SBTi), reinforcing our commitment to sustainable growth. In pursuit of SBTi targets, cross-functional teams have implemented a structured approach built on three core principles: Fit for Purpose, Focus to Finish, and Right the First Time. Our key initiatives include minimizing energy losses, enhancing equipment and process efficiency, transitioning to renewable energy and alternative fuels, adopting advanced technologies, and eliminating process emissions.

Our decarbonization efforts through energy conservation are certified under ISO 50001:2018. This includes optimizing energy demand and supply, implementing energy-efficient maintenance, and minimizing equipment idle time using modern devices. We have deployed an IT-based Energy Management System (EnMS) to monitor key electrical parameters, generate automated customized reports, and provide real-time data for effective energy management.

We have adopted several energy-saving projects during the period 2024–25. Introduction of VFD in boilers, air conditioners with variable regulating volume (VRV) systems, and cyclic timer MVR, installation of back pressure turbines. Based on our energy efficiency initiatives, we have saved approx. 5.0 million KWH of energy in 2024-25.

In addition to cogeneration power plants at our various locations to optimize usage of coal as a source of energy, We have installed turbines to use excess high pressure steam of our neighboring industries which significantly reduce our coal consumption and CO_2 emissions. Through process optimization we have recovered 16,36,265 GJ of steam from the distillation condenser during 2024-25, this is an increase of 62% from the previous FY.

We have regularized usage of Biomass for replacing coal gradually in order to reduce carbon emissions. Furthermore after successful trials of Bio-ethanol last year we have started its usage on a regular mode to move towards elimination of conventional liquid fuels.

We have revamped our Acid plant by adopting latest technologies, thereby enhancing steam economy ratio by > 15 % along with productivity improvement. We have invested 150 crores in the debottlenecking of a waste heat recovery boiler at Vapi to maximize the steam generation, Further steam/ESA ratio were improved by 16% through optimization of SO3 conversion. Collectively it has the potential to reduce our CO_2 emissions by 30,000 TCO_2e.

We have adopted VFD enabled air cooled chillers instead of conventional chillers for improving their energy efficiencies and specific energy consumption.

Conversion of batch process to continuous process for one of the products thereby reducing tar generation and enhancing yields.

Recovery of low pressure steam from various distillation condenser and using it back in the process has enabled us to avoid 1,51,600 mt of CO_2 emission in FY 2024-25

AIL has commissioned a group captive hybrid renewable energy plant for sourcing 13.2 MW of renewable energy in FY 23-24, for which AIL has invested 15.18 Crore. Further to this board of AIL has also approved the phase-2 investment for 25.7.MW in hybrid renewable power. Collectively it has the potential to reduce 112,400 mt tCO_2e.

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

- Installation of dual fired boilers capable of running on 100% biomass load
- Replacement of Ammonia compressor chiller with VAM and utilizing the vent low pressure steam
- To minimize the carbon intensity of our operations, we have developed near-term plans to upgrade existing infrastructure to minimize
- Avoiding steam venting by installing Steam compressor for converting low pressure steam to medium pressure steam
- Installation of back pressure turbines in place of PRVs and condensing types turbines.

1. Installation of HT VFD for blower to control flow through VFD instead of Damper valve

2. Purchase of additional renewable power through group captive mode.

The Capital Investment on Environment & Greenfield Projects.

Our Company has invested over 102 crore during FY 24-25 on the environment improvement projects such as upgradation and installation of treatment plants and upgradation of waste storage yard.

- AIL has added effluent treatment plant including biological treatment, reverse osmosis, multiple effect evaporator/MVRs and STP's
- AIL has also invested in improving waste storage areas across manufacturing locations.
- AIL has conducted studies and diverted incinerable/ coprocessing/ MEE effluent to biological treatment thereby reducing energy and carbon footprint.
- Reduction of MEE+ATFD load by 55 KLD and steam consumption to 16 TPD at various manufacturing locations
- AIL has taken initiatives for reduction and recycling of hazardous waste. Last year we have recycled about 94% of hazardous waste and the rest 6% was disposed off responsibly major initiatives are
  - Sending waste to end user as raw material
  - Diversion of landfill and incinerable waste to coprocessing at cement industries
  - Waste reduction at source and conversion into valuable products
  - Moisture reduction of waste by performance improvement of existing equipments
  - 100% utilization of fly ash for brick manufacturing
- AIL has also constructed rainwater harvesting structures at different manufacturing locations thereby saving more than 8,500+ KL of water.
- Energy conservation and carbon footprint reduction by improving efficiency of EnMS like RO, MEE and ATFD
- MEE condensate recycling into cooling towers by providing carbon treatment.
- Existing RO recovery increased and New RO taken in line before feeding to MEE. Which resulted in MEE feed reduction contributing to reduction in steam requirement.

B) TECHNOLOGY ABSORPTION, ADAPTATION, AND INNOVATION

Efforts made towards Technology Absorption, Adaptation, and Innovation: Driving Efficiency and Growth

- FY 2025 marked a year of significant advancements in our commitment to technological excellence through focused efforts in absorption, adaptation, and innovation. These initiatives are integral to enhancing operational efficiency, optimising resource utilisation, and driving sustainable growth across our manufacturing landscape.
- We successfully transitioned the **Halex batch process to a semi-continuous operation,** resulting in notable improvements in both productivity and product yield. This strategic adaptation has streamlined our production flow and enhanced overall output.
- Our pursuit of continuous processing technologies saw the successful establishment of a **continuous Ammonolysis process at the pilot scale.** Early results indicate a promising potential for a four-fold increase in productivity, safety, paving the way for significant future gains in this key process.
- Furthermore, we implemented a data-driven approach to optimise our existing **batch Ammonolysis process.** Through rigorous kinetic modelling, laboratory validation, and subsequent scale-up, we achieved a **30% reduction in the Batch Cycle Time,** directly contributing to enhanced throughput. This optimisation also led to improved utility consumption, making the process more energy-efficient.
- We also achieved a key milestone in process innovation with the successful conversion of the **OCDMBA batch process to a pinch flow reactor system.** This transition has resulted in enhanced reaction efficiency and improved product quality.
- Our commitment to resource optimisation is further demonstrated by the **implementation of comprehensive heat integration for MMA manufacturing plant.** This initiative has yielded a substantial **25% reduction in overall energy consumption,** underscoring our focus on sustainable operations.
- Looking towards future energy efficiencies, we have developed a conceptual design for an **extractive distillation process with integrated heat recovery for the separation of Chloro Toluene Derivative isomers.** This innovative approach holds the potential to reduce energy consumption in this separation step by an impressive 60%.
- These advancements in technology absorption, adaptation, and innovation underscore our proactive approach to enhancing operational excellence, driving productivity gains, and fostering a culture of continuous improvement across Aarti Industries Limited.

Benefits derived as a result of above efforts:

- Achieve lower overall project costs for the expansion initiative.
- Implement strategies to significantly reduce production expenditures (Opex).
- Proactively minimize carbon emissions, waste streams, and liquid effluent.)
- Generate greater added value through the capacity expansion
- Make processes intrinsically safer and enhance long-term sustainability performance.

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.

- **Advance Process Technology:** Conceptualisation of advanced technologies for Photochemistry, Hydrogenation, Halex, Nitration, and Ammonolysis, targeting enhanced process productivity through a transition from batch to semi-batch and ultimately continuous operation. This technological shift aims to increase throughput, improve resource utilisation efficiency, and reduce specific energy consumption, thereby minimising the environmental impact of these key processes.
- **Pyrolytic Conversion Technology for Plastic Waste Recycling:** Aart and ReSI have partnered for the establishment of pyrolytic processing technology for converting plastic waste into pyoil. This imported technology enables the valorisation of post-consumer plastic waste, addressing a significant environmental challenge by producing a higher energy-content fuel. This approach offers a more energy-efficient route for plastic waste management, contributing to resource conservation and reducing environmental plastic accumulation.
- **GaBi Software Implementation:** We have initiated the implementation of GaBi software, targeted for completion this fiscal year. 1 This Life Cycle Assessment (LCA) tool will provide critical data and insights to support sustainable process and technology development initiatives

Expenditure incurred on Research and Development:

₹ in crores	2024-2025	2023-2024	2022-2023
Operating Cost (OPEX)	5.04	3.36	2.37
Capital (Incl. of product development expenses)	15.48	81.88	94.13
Total	**20.52**	**85.24**	**96.50**

C) TOTAL FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange Earnings and Outgo were ₹4,369.42 Crs. & ₹2,440.88 Crs. respectively (previous year ₹3,642.03 Crs. & ₹1,561.46 Crs. respectively).

For and on behalf of the Board

Rajendra V. Gogri
Chairman and Managing Director
DIN: 00061003

Mumbai /July 11, 2025

Corporate Governance Report

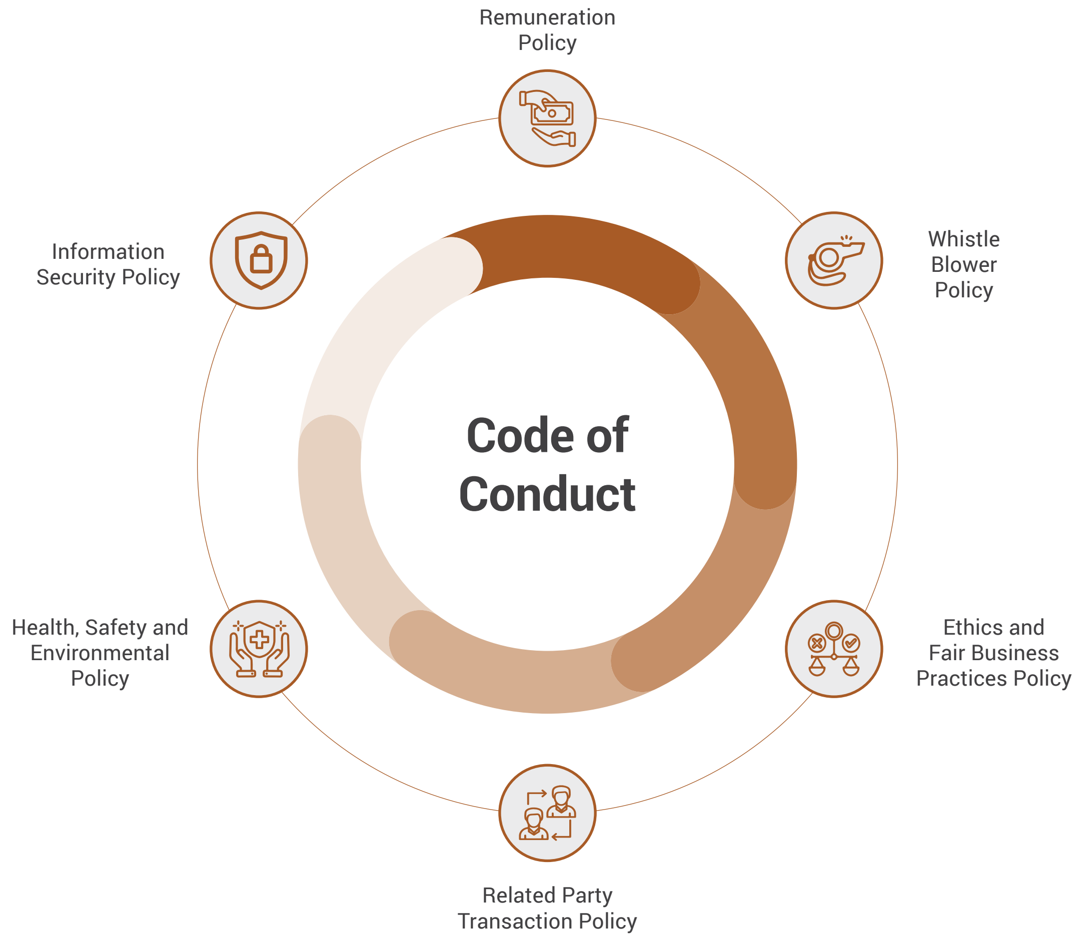
The Company's Report on Corporate Governance for the financial year ended March 31, 2025 is in compliance with the principles of Corporate Governance as prescribed in Regulation 34(3) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations").

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Aarti Industries Limited ("AIL") is firmly committed to the highest standards of corporate governance, considering it not merely as a regulatory requirement but as a strategic imperative for sustainable and inclusive growth. Our governance philosophy is deeply rooted in the core values of Care, Integrity, and Excellence, shaping our conduct and steering the Company's long-term vision.

Our governance framework is built on a strong foundation of robust policies, ethical codes, and a Board-driven approach that is both forward-looking and aligned with evolving global best practices and regulatory landscapes. We view corporate governance as a continuous journey that demands agility, accountability, and innovation to effectively respond to emerging opportunities and risks. By focusing on sustainability, ethical leadership, and collaborative success, we aim to strengthen our position as the 'Global Partner of Choice' and contribute positively to the economic and social environment in which we operate.

Over the years, corporate governance at AIL has transformed under the guiding theme of 'Perform to Transform'- from a compliance-oriented mindset to a strategic enabler of business excellence. This evolution has been influenced by global economic trends, regulatory changes, investor expectations, and a growing emphasis on ethical business conduct. The scope of governance has broadened significantly - from focusing solely on financial performance to encompassing Environmental, Social, and Governance (ESG) metrics, board diversity, shareholder empowerment, independent oversight, and enhanced data transparency. Governance is no longer reactive but a proactive, strategic force driving resilience and sustainable value.



This transformation is anchored by a Board of Directors that act as a catalyst - demonstrating foresight, inclusiveness, and integrity in all decision-making. Effective governance at AIL is not just about risk management; it is about unlocking value, fostering long-term resilience, and upholding stakeholder confidence. The strength of our governance model lies in the collective efforts of the Chairman, Board of Directors, Committees, Independent Directors, Company Secretary, and Auditors, each playing a pivotal role in ensuring ethical leadership, sound judgment, and responsible business practices that align with both regulatory expectations and our long-term strategic goals.

BOARD OF DIRECTORS

Composition as on March 31, 2025

The Company ensures a well-balanced and diverse Board comprising experienced professionals, including a significant proportion of independent directors, who bring in-depth expertise and objective perspectives to support effective strategic oversight and governance. The Company's policy is to maintain an optimum combination of Executive and Non-Executive Directors. As on March 31, 2025, the Board comprised of 14 (fourteen) Directors represented by 8 (Eight) Non-Executive Directors [out of which 7(Seven) are Independent Directors and 1 (one) is Non-Independent Director] and 6 (six) are Executive Directors. The Company is in compliance with the provisions of Section 149(4) of the Companies Act, 2013 read with Regulation 17(1)(a) and 17(1)(b) of the Listing Regulations.

Composition analysis of the Board:

Category	Nos	%	Gender Diversity			
			Male		Female	
			Nos	%	Nos	%
Independent	7	50%	6	42.86	1	7.14
Non Independent	7*	50%	6	42.86	1	7.14

*includes one Non-Executive Non Independent Director

Detailed profile of the Directors is available on the Company's website at https://www.aarti-industries.com/company/about-us

Independent Directors

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

The Independent Directors have confirmed that they are not aware of any circumstances or situations which exist or may be reasonably anticipated that could impair or impact their ability to discharge their duties. All the Directors have confirmed that they are not members of more than ten mandatory committees and do not act as Chairman of more than five mandatory committees in terms of the Regulation 26 of the Listing Regulations across all the listed companies in which they are Directors.

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

Familiarisation Programme for Directors

Company implemented a comprehensive Director Familiarisation Programme aimed at ensuring that its Board members, including newly appointed Independent Directors, acquire a thorough understanding of the company's strategic initiatives, operational capabilities, and governance framework.

Programme Overview

- **Strategic Orientation:** Directors were acquainted with the Company's vision, mission, values, and strategic priorities, encompassing areas such as sustainability efforts, technological advancements, expansion plans, business development strategies, and overall strategic direction.
- **Operational Immersion:** The programme included visits to manufacturing plants, primarily located in the State of Gujarat, and tours of Research and Development centres. These visits provided first hand exposure to the Company's operational capabilities, manufacturing processes, and technological innovations, facilitating a deeper understanding of the company's core functions.
- **Interactive Engagement:** One-to-one interactive sessions with the senior management team, business, and functional heads were conducted, fostering open communication and alignment on strategic goals.
- **Ongoing Awareness:** Periodic presentations during Board and Committee meetings covered various aspects such as business models, new business strategies and initiatives by business leaders, risk minimization procedures, changes in domestic and overseas industry scenarios, digital transformation and the regulatory regime affecting the Company.
- **Knowledge Dissemination:** Regular newsletters were circulated to keep Directors informed about the developments happening in the Company, Industry Scenario, Sustainability, Governance Initiatives etc.

Details of familiarisation Programmes imparted to independent Directors are disclosed on the website of the Company and the web link thereto is: https://www.aarti-industries.com/upload/authpdf/Familiarisation-Programme-FY-2024-25.pdf

Meeting of Independent Directors:

In accordance with the provisions of Schedule IV of the Companies Act, 2013 and Regulation 25 of the Listing Regulations, a separate meeting of the Independent Directors was held on March 31, 2025 without the participation of non-Independent Directors and the members of the management. All the Independent Directors attended the meeting. The Independent Directors discussed various aspects, viz. performance of non-Independent Directors and the Board as a whole, performance of the Chairperson of the Company, quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform duties.

Board Leadership and Governance Framework

Chairman leads the Board and is responsible for fostering and promoting the integrity of the Board while nurturing a culture in which the Board works harmoniously for the long-term benefit of the Company and all its stakeholders. He presides over all meetings of the Board and of the shareholders of the Company. The Chairman takes a lead role in managing the Board and facilitates effective communication among directors. The CEO is responsible for executing corporate strategy in consultation with the Board. He is responsible for achieving annual and long-term business targets. The CEO also monitors the external and internal competitive landscape, and new industry developments and standards, identifies opportunities for expansion and acquisition, and builds relationships with customers and markets to enhance shareholder value and implement the organization's vision, mission, and overall direction. The CEO acts as a link between the Board and the Management and is also responsible for leading and evaluating the work of other executive leaders/ senior Management personnel.

The Company Secretary ensures that the Board processes and procedures are followed and regularly reviewed. The Company Secretary also convenes and attends Board, Committee and General meetings of the Company and ensures that all relevant information is made available for effective decision-making. Important decisions of the Board/ Committee meetings are communicated to the management teams promptly for action. The Company Secretary provides the necessary guidance to the Board members with regard to their duties, responsibilities and powers and assists the Chairman in all Board development processes including Board evaluation, Board rejuvenation, inductions and trainings etc. Apart from partnering in policy advocacy initiatives and ensuring compliance with applicable statutory/ regulatory requirements, the Company Secretary also acts as an institutionalised interface between the Board, management and external stakeholders.

The Board/Committee meetings are pre-scheduled, and a tentative annual calendar of the Board and Committee meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. Additionally, in case of special and urgent business matters such as major capex, critical appointments etc., requisite meetings are convened ensuring utmost participation. In case of special and urgent business needs, the Board's/ Committee approval is taken by passing resolutions by circulation, as permitted by law, which are noted and confirmed in the subsequent Board Meeting.

The Board Committees have been constituted to deal with specific areas/activities as mandated by applicable rules and regulations or as delegated by the Board, which need a closer review. The terms of reference of the Committees decided by the Board define its scope, powers and responsibilities. The Chairperson of the respective Committees briefs the Board about the summary of the discussions held at the Committee meetings and the recommendations of the Committee along with rationale. The minutes of the meetings of all Committees are placed before the Board for their noting. During the year, all recommendations of the Committees were approved by the Board.

Except for price-sensitive matters, agenda papers are circulated to members well in advance. Agendas are categorized into Noting, Review, and Approval. Senior leadership members attend meetings as invitees to ensure accountability and provide input.

Regular discussions focus on Safety and Sustainability, followed by reviews of budget performance, strategy, financial results, subsidiary performance, fund flow, investments, Forex, related party transactions, compliance, governance, pay-out policy, and ESG progress.

The Board annually reviews strategy, budgets, business plans, and capital expenditure, offering guidance based on economic, sectoral, competitive, and regulatory factors.

All agenda preparation, meetings, and documentation adhere strictly to applicable laws, Listing Regulations, and Secretarial Standards.

While preparing the agenda, explanatory notes, minutes of the meeting(s) and during conduct of the meetings; adherence to the Act and the Rules made thereunder, Listing Regulations, Secretarial Standards and other applicable laws is ensured.

During the year, the Board of Directors met 8 (Eight) times on April 05, 2024, May 10, 2024, May 30, 2024, July 04, 2024, August 09, 2024, November 08, 2024, February 01, 2025 and March 31, 2025.

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

The category of Directors, attendance at Board Meetings held during the Financial Year ('FY') under review, the number of Directorships/ Chairpersonships and Committee positions held by them in other public limited companies, Shareholding and Directorships held by them in other listed entities as on March 31, 2025 are given below. All the directors attended the Annual General Meeting of the Company held on August 02, 2024.

Sr No.	Name of Director	Category	Number of Directorship in other public limited companies	Number of committee positions in other public limited companies		Directorships in other listed entities		Number of Shares held along with % of paid up share capital
				Chairperson	Member	Name of the listed entity	Category of Directorship	
1	Shri Rajendra V. Gogri (DIN: 00061003)	P-MD	3	2	3	Aarti Pharmalabs Limited Prince Pipes and Fittings Limited Gala Precision Engineering Limited	NED-NID ID NED-NID	57,03,600 (1.57%)
2	Shri Rashesh C. Gogri (DIN: 00066291)	PG-MD	3	-	1	Aarti Drugs Limited Aarti Pharmalabs Limited	ED - MD NED-NID	1,48,37,616 (4.09%)
3	Shri Renil R. Gogri (DIN: 01582147)	PG-ED	-	-	-	-	-	1,11,71,008 (3.08%)
4	Shri Suyog K. Kotecha (DIN-10634964) (w.e.f. June 17, 2024)	ED-CEO	-	-	-	-	-	1279 (0.00%)
5	Shri Manoj M. Chheda (DIN: 00022699)	ED	1	-	-	-	-	30,46,524 (0.84%)
6	Shri Ajay Kumar Gupta (DIN: 08619902)	ED	2	-	-	-	-	3314 (0.00%)
7	Smt. Hetal Gogri Gala (DIN: 00005499)	PG - NED - NID	1	-	1	Aarti Pharmalabs Limited	ED - MD	99,62,192 (2.75%)
8	Shri Lalitkumar S. Naik (DIN-02943588)	ID	-	-	-	-	-	NIL
9	Prof. Aniruddha B. Pandit (DIN: 02471158)	ID	1	-	-	Sunshield Chemicals Limited	ID	NIL
10	Shri Shekhar S. Khanolkar (DIN: 02202839)	ID	1	-	-	Excel Industries Limited	ID	702 (0.00%)
11	Shri Belur Krishna Murthy Sethuram (DIN-03498701) (w.e.f.June 1, 2024)	ID	2	-	1	Ultramarine and Pigments Limited	ID	400 (0.00%)
12	Shri Nikhil Jaysinh Bhatia (DIN-00414281) (w.e.f. September 15, 2024)	ID	5	5	6	Forbes Precision Tools and Machine Parts Limited Gokak Textiles Limited Forbes & Company Limited	ID ID ID	NIL
13	Smt. Rupa Devi Singh (DIN-02191943) (w.e.f. September 15, 2024)	ID	7	-	3	JSW Energy Limited	ID	NIL
14	Shri Ashok Kumar Barat (DIN-00492930) (w.e.f. September 15, 2024)	ID	8	4	7	GE Power India Limited Everest Industries Limited Bata India Limited Huhtamaki India Limited Alembic Pharmaceuticals Limited Eveready Industries India Limited	ID ID ID ID ID ID	NIL
15	Shri Parimal H. Desai (DIN: 00009272)	P-ED	Ceased to be Director w.e.f. August 02,2024	-	-	-	-	-

Sr No.	Name of Director	Category	Number of Directorship in other public limited companies	Number of committee positions in other public limited companies		Directorships in other listed entities		Number of Shares held along with % of paid up share capital
				Chairperson	Member	Name of the listed entity	Category of Directorship	
16	Shri K.V.S Shyam Sunder (DIN: 00502621))	ID	Ceased to be Director w.e.f. September 23, 2024	-	-	-	-	-
17	Shri P.A. Sethi (DIN: 00004038)	ID	Ceased to be Director w.e.f. September 23, 2024	-	-	-	-	-
18	Shri Bhavesh R. Vora (DIN: 00267604)	ID	Ceased to be Director w.e.f. September 23, 2024	-	-	-	-	-
19	Smt. Natasha K.Treasurywala (DIN: 07049212)	ID	Ceased to be Director w.e.f. October 13, 2024	-	-	-	-	-

Notes:

P - Promoter; PG - Promoter Group, ED - Executive Director, MD - Managing Director, ID – Independent Director, NED-NID: Non Executive, Non Independent Director.

^Excludes Directorships/Chairpersonships in private limited companies, foreign companies, companies registered under Section 8 of the Act, Government Bodies and Alternate Directorships

*Represents Chairpersonships/Memberships of Audit and Stakeholders Relationship Committees in all public limited companies as required under Regulation 26(1)(b) of the Listing Regulations.

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

Board Meeting Participation:

Sr. No	Name of Director	Category	Meeting Dates	April 05,2024	May 10, 2024	May 30, 2024	July 04,2024	August 09,2024	November 08,2024	February 01,2025	March 31,2025
			Mode	Physical							
1	Shri Rajendra V. Gogri (DIN: 00061003)	P-MD	8/8	√	√	√	√	√	√	√	√
2	Shri Rashesh C. Gogri (DIN: 00066291)	PG-MD	8/8	√	√	√	√	√	√	√	√
3	Shri Renil R. Gogri (DIN:01582147)	PG-ED	8/8	√	√	√	√	√	√	√	√
4	Shri Suyog K. Kotecha (DIN-10634964) (w.e.f. June 17, 2024)	ED-CEO	4/4	-	-	-	√	√	√	√	√
5	Shri Manoj M. Chheda (DIN: 00022699)	ED	7/8	√	√	√	√	√	X	√	√
6	Shri Ajay Kumar Gupta (DIN: 08619902)	ED	8/8	√	√	√	√	√	√	√	√
7	Smt. Hetal Gogri Gala (DIN: 00005499)	PG - NED-NID	8/8	√	√	√	√	√	√	√	√
8	Shri Lalitkumar S. Naik (DIN:02943588)	ID	8/8	√	√	√	√	√	√	√	√
9	Prof. Aniruddha B. Pandit (DIN: 02471158)	ID	8/8	√	√	√	√	√	√	√	√
10	Shri Shekhar S. Khanolkar (DIN: 02202839)	ID	8/8	√	√	√	√	√	√	√	√

Sr. No	Name of Director	Category	Meeting Dates	April 05,2024	May 10, 2024	May 30, 2024	July 04,2024	August 09,2024	November 08,2024	February 01,2025	March 31,2025
			Mode	Physical							
11	Shri Belur K. Sethuram (DIN-03498701) (w.e.f.June1,2024)	ID	5/5	-	-	-	√	√	√	√	√
12	Shri Nikhil J. Bhatia (DIN-00414281) (w.e.f.Septemer 15, 2024)	ID	3/3	-	-	-	-	-	√	√	√
13	Smt. Rupa Devi Singh (DIN-02191943) (w.e.f.September 15, 2024)	ID	3/3	-	-	-	-	-	√	√	√
14	Shri Ashok Kumar Barat (DIN-00492930) (w.e.f.September 15, 2024)	ID	3/3	-	-	-	-	-	√	√	√
15	Shri Parimal H. Desai (DIN: 00009272) (Upto August 02,2024)	P-ED	4/4	√	√	√	√	-	-	-	-
16	Shri K.V.S Shyam Sunder (DIN: 00502621) (Upto September 23, 2024)	ID	4/5	√	X	√	√	√	-	-	-
17	Shri P.A. Sethi (DIN:00004038) (Upto September 23, 2024)	ID	5/5	√	√	√	√	√	-	-	-
18	Shri Bhavesh R. Vora (DIN: 00267604) (Upto September 23, 2024)	ID	5/5	√	√	√	√	√	-	-	-
19	Smt. Natasha K. Treasurywala (DIN: 07049212) (Upto October 13, 2024)	ID	4/5	√	√	√	X	√	-	-	-

ID – Independent Director; ED – Executive Director; P – Promoter; PG – Promoter Group; MD – Managing Director; CEO - Chief Executive Officer, NED-NID - Non Executive, Non-Independent Director.

Directors Competence/ Skills/Expertise Chart:

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

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

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

Directors Competence/ Skills/Expertise Chart:

Name of Director	Industry Experience	Operations, Technology, Sales and Marketing	Leadership	Understanding of Global Business	Finance and Banking	Governance/ Risk/ Compliance/ Legal	Information Security	Climate Change
Shri Rajendra V. Gogri	Domain Expert	Domain Expert	Domain Expert	Domain Expert	Domain Expert	Domain Expert	Adequate Knowledge	Domain Expert
Shri Rashesh C. Gogri	Domain Expert	Domain Expert	Domain Expert	Domain Expert	Domain Expert	Domain Expert	Adequate Knowledge	Domain Expert
Shri Renil R. Gogri	Domain Expert	Domain Expert	Domain Expert	Domain Expert	Adequate Knowledge	Adequate Knowledge	Domain Expert	Domain Expert
Shri Suyog K. Kotecha	Domain Expert	Domain Expert	Domain Expert	Domain Expert	Proficient Knowledge	Proficient Knowledge	Domain Expert	Domain Expert
Shri Manoj M. Chheda	Domain Expert	Domain Expert	Domain Expert	Domain Expert	Adequate Knowledge	Adequate Knowledge	Adequate Knowledge	Domain Expert
Shri Ajay Kumar Gupta	Domain Expert	Domain Expert	Domain Expert	Domain Expert	Adequate Knowledge	Adequate Knowledge	Adequate Knowledge	Domain Expert
Smt. Hetal Gogri Gala	Domain Expert	Domain Expert	Domain Expert	Domain Expert	Adequate Knowledge	Adequate Knowledge	Adequate Knowledge	Domain Expert
Shri Shekhar S. Khanolkar	Domain Expert	Domain Expert	Domain Expert	Domain Expert	Proficient Knowledge	Adequate Knowledge	Adequate Knowledge	Domain Expert
Prof. Aniruddha B. Pandit	Domain Expert	Proficient Knowledge	Domain Expert	Adequate Knowledge	Adequate Knowledge	Adequate Knowledge	Adequate Knowledge	Domain Expert
Shri Belur K. Sethuram	Domain Expert	Proficient Knowledge	Domain Expert	Domain Expert	Adequate Knowledge	Adequate Knowledge	Adequate Knowledge	Domain Expert
Shri Lalitkumar S. Naik	Domain Expert	Proficient Knowledge	Adequate Knowledge	Adequate Knowledge	Adequate Knowledge	Adequate Knowledge	Adequate Knowledge	Domain Expert
Shri Ashok Kumar Barat	Adequate Knowledge	Adequate Knowledge	Proficient Knowledge	Proficient Knowledge	Domain Expert	Domain Expert	Adequate Knowledge	Adequate Knowledge
Shri Nikhil J. Bhatia	Adequate Knowledge	Adequate Knowledge	Proficient Knowledge	Proficient Knowledge	Domain Expert	Domain Expert	Adequate Knowledge	Adequate Knowledge
Smt. Rupa Devi Singh	Adequate Knowledge	Adequate Knowledge	Proficient Knowledge	Proficient Knowledge	Proficient Knowledge	Proficient Knowledge	Adequate Knowledge	Adequate Knowledge

Domain Expert Proficient Knowledge Adequate Knowledge

Appointment / Cessation of Directors during the year and upto the date of this Report

The details of Appointment / cessation of Directors during the year and upto the date of this report forms part of Board Report. Refer to point No. 7 of Board Report.

Certificate from Company Secretary in Practice

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

KYC of Directors

Pursuant to Companies (Appointment and Qualification of Directors) Fourth Amendment Rules, 2019, all the Directors of the Company completed the KYC for the financial year 2024-25.

Code of Conduct

The Company has prescribed a code of conduct for its Directors and Senior Management. This code has been posted on the website of the Company and the web link thereto is https://www.aarti-industries.com/investors/GetReport?strcont_id=HpQKjhn7Kf4OIQL33MM.

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

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

COMMITTEES OF THE BOARD

The Board Committees are focused on specific areas and are empowered to make informed decisions within their delegated authority. Each Committee, whether mandated by law or voluntarily constituted, operates in accordance with its defined scope, which outlines its composition, powers, and responsibilities. Functioning is especially in alignment with the provisions of the Companies Act, 2013, and the applicable Listing Regulations.

The Company has 5 (Five) Statutory Committees of the Board, namely the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, and Risk Management Committee. Additionally, the Board has established the Finance and Investment Committee to address routine operational matters. Other functional Committees are constituted by the Board as needed, depending on business requirements. The recommendations made by these Committees are submitted to the Board for approval. Throughout the year, all the recommendations put forth by the Committees were accepted by the Board.

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

1. AUDIT COMMITTEE

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

Composition, Meeting and Attendance:

During the financial year 2024-25, the Audit Committee met 5 (five) times on May 10, 2024, August 09, 2024, November 08, 2024, February 01, 2025 and March 31, 2025. The Composition of the Committee and attendance of the Audit Committee members in meetings is given below –

Audit Committee

Members	Category	Meeting Dates	May 10,2024	August 9, 2024	November 8, 2024	February 1, 2025	March 31, 2025
		Mode	Physical				
Shri Ashok Kumar Barat Chairman (w.e.f September 15, 2024)	ID	3/3	-	-	√	√	√
Shri Lalitkumar S. Naik	ID	5/5	√	√	√	√	√
Shri Shekhar S. Khanolkar	ID	5/5	√	√	√	√	√
Shri Nikhil J. Bhatia (w.e.f September 15,2024)	ID	3/3	-	-	√	√	√
Shri Rajendra V. Gogri	ED	5/5	√	√	√	√	√
Shri Rashesh C. Gogri	ED	5/5	√	√	√	√	√
^Shri Parimal H. Desai (upto August 02, 2024)	ED	1/1	√	-	-	-	-
*Shri KVS Shyamsunder (Chairman upto September 14, 2024)	ID	1/2	X	√	-	-	-
*Shri P. A. Sethi (upto September 14, 2024)	ID	2/2	√	√	-	-	-
*Shri Bhavesh R. Vora (upto September 14, 2024)	ID	2/2	√	√	-	-	-
#Smt. Natasha K. Treasurywala (upto September 14, 2024)	ID	2/2	√	√	-	-	-

ID - Independent Director; ED - Executive Director
*Ceased to be Director w.e.f September 23, 2024
^Ceased to be Director w.e.f August 02, 2024
#Ceased to be Director w.e.f October 13, 2024

The intervening period between 2 consecutive Audit Committee meetings was well within the maximum allowed gap of 120 days. The Chief Financial Officer, Functional Heads, Representatives of the Statutory Auditors, Internal Auditors, Cost Auditor, as and when required attend the meetings of the Audit Committee from time to time. The Chairperson of the Audit Committee attended the 41st AGM held on August 2, 2024. The Company Secretary of the Company acts as the Secretary to the Audit Committee.

Terms of Reference:

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

expertise, or obtain legal or other professional advice from external sources, whenever required.

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

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

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

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

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

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

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

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

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

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

   (f) disclosure of any related party transactions;

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

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

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

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

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

ix) Scrutiny of inter-corporate loans and investments;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Mandatorily review the following information:

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

ii) Management Discussion and Analysis of financial condition and results of operations;

iii) Management letters/ letters of internal control weaknesses issued by the statutory auditors;

iv) Internal audit reports relating to internal control weaknesses;

v) The appointment, removal and terms of remuneration of the Internal Auditor; and

vi) 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 utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(7).

2. NOMINATION & REMUNERATION COMMITTEE

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

Composition, Meeting and Attendance:

During the financial year 2024-25, the Nomination and Remuneration Committee met 5 (five) times on May 10, 2024, May 22, 2024, May 29, 2024, July 04, 2024 and January 31, 2025. The Composition of the Committee and attendance of Nomination and Remuneration Committee members in meetings is given below :

Members	Category	Meeting Dates	May 10,2024	May 22,2024	May 29, 2024	July 4,2024	January 31, 2025
		Mode			Physical		
Prof. Aniruddha B. Pandit (Chairman w.e.f September 15, 2024)	ID	1/1	-	-	-	-	√
Shri Belur K. Sethuram (w.e.f. September 15, 2024)	ID	1/1	-	-	-	-	√
Smt. Rupa Devi Singh (w.e.f September 15, 2024)	ID	1/1	-	-	-	-	√
Shri Rajendra V. Gogri	ED	5/5	√	√	√	√	√
*Shri P.A.Sethi (Chairman upto September 14 , 2024)	ID	4/4	√	√	√	√	-
*Shri KVS Shyamsunder (upto September 14, 2024)	ID	3/4	X	√	√	√	-
*Shri Bhavesh R. Vora (upto September 14, 2024)	ID	4/4	√	√	√	√	-

ID – Independent Director; ED – Executive Director

* ceased to be Director w.e.f September 23, 2024

Terms of Reference:

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

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

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

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

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

c. consider the time commitments of the candidates.

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

iv) Devising a policy on diversity of Board of Directors;

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

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

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

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

Particulars of Senior Management Personnel

Details of Senior Management Personnel as on March 31, 2025 are as follows:

Sr. No.	Name	Designation
1	Shri Mirik R. Gogri	Head of Growth
2	Shri Chetan Gandhi	Chief Financial Officer
3	Shri Raj Sarraf	Company Secretary
4	Shri Pankaj Mehta	Head - Corporate Relations & Strategy
5	Shri Prashant Potnis	Chief Scientific Officer
6	Shri Manoj Sharma	Chief Human Resource Officer
7	Shri Harendra Pandya	Chief Projects & Procurement Officer

During the year Shri Mirik R. Gogri was inducted in Senior Management Personnel.

Nomination and Remuneration Policy:

I. Criteria and Qualification for Nomination & Appointment

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

II. Policy on Remuneration

The Company considers human resources as its invaluable assets. The remuneration policy endorses equitable remuneration to all Directors, Key Managerial Personnel and Employees of the Company consistent with the goals of the Company. The Nomination and Remuneration Policy as approved by the Board of Directors of the Company is posted on the website of the Company and the web link thereto is

https://www.aarti-industries.com/investors/GetReport?strcont_id=pTvbr0JryL0OIQL33MM

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

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

Executive Directors:

The Company remunerates its Executive Directors by way of salary, perquisites, allowances, Profit related Commission and Stock Options, if eligible. Remuneration is paid within the limits as approved by the shareholders within the stipulated limits of the Companies Act, 2013 and the Rules made thereunder.

The remuneration paid to the Executive Directors is determined keeping in view the industry benchmark and the performance of the Company.

Non-Executive Directors:

The Non-Executive Directors are entitled for sitting fees for attending the meeting of the Board and its Committees and Commission as per the shareholders approval as per the provisions of the Companies Act, 2013 and the rules made thereunder. No Stock options have been given to the Non-Executive Directors during the year.

Key Managerial Personnel [KMP] and other employees:

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

Remuneration to Executive Directors:

(₹ in Crores)

Name of the Director	Salary and other Perquisites	Commission Profit Related	Total Remuneration
Shri Rajendra V. Gogri	1.52	3.18	4.70
Shri Rashesh C. Gogri	1.52	3.18	4.70
Shri Renil R. Gogri	0.99	0.95	1.94
*Shri Suyog K. Kotecha (w.e.f. June 17, 2024)	2.76	0.79	3.55
Shri Manoj M. Chheda	1.31	0.95	2.26
Shri Ajay Kumar Gupta	3.24	0.38	3.62
Shri Parimal H. Desai (upto August 02, 2024)	0.47	0.16	0.63

Notes:

a) The respective tenure of the aforesaid executive shall be governed by the resolutions passed by the shareholders in general meeting with a notice period as per Company Policy.

b) *It excludes grant of 1,20,000 Options pursuant to Aarti Industries Limited Performance Stock Option Plan 2022. It shall vest as per Aarti Industries Limited Performance Stock Option Plan 2022 approved by the shareholders on October 29, 2022.

Remuneration to Non - Executive Directors:

The Non-Executive Directors were paid remuneration in the form of commission and sitting fees for attending the meetings of the Board and/or Committees thereof which is within the limits prescribed by the Act. The details of the sitting fees paid and Commission paid and shares held by the Non-Executive Directors as on March 31, 2025 are as under:

Name of the Director	Sitting Fee (₹ in Crore)	Commission Paid (₹ in Crores)	Total (₹ in Crores)	Shareholding in the Company	% of Total Shareholding
Smt. Hetal Gogri Gala	0.10	0.09	0.19	99,62,192	2.75
Shri Lalitkumar S. Naik	0.13	0.09	0.22	Nil	Nil
Prof. Aniruddha B. Pandit	0.10	0.09	0.19	Nil	Nil
Shri Shekhar S. Khanolkar	0.13	0.09	0.22	702	0.00
Shri Belur K. Sethuram (w.e.f. June 1, 2024)	0.07	0.07	0.14	400	0.00
Shri Ashok Kumar Barat (w.e.f.September 15, 2024)	0.06	0.05	0.11	Nil	Nil
Shri Nikhil J. Bhatia (w.e.f.September 15, 2024)	0.06	0.05	0.11	Nil	Nil
Smt. Rupa Devi Singh (w.e.f. September 15, 2024)	0.05	0.04	0.09	Nil	Nil
Shri KVS Shyamsunder (ceased w.e.f. September 23, 2024)	0.07	0.05	0.12	-	-
Shri P.A. Sethi (ceased w.e.f. September 23, 2024)	0.09	0.05	0.14	-	-
Shri Bhavesh R. Vora (ceased w.e.f. September 23, 2024)	0.09	0.05	0.14	-	-
Smt. Natasha K. Treasurywala (ceased w.e.f. October 13, 2024)	0.06	0.05	0.11	-	-

Transactions with the Independent Directors:

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

Performance Evaluation:

The Company has in place performance evaluation criteria for Board, Committees, Chairperson and Directors. The criteria for evaluation of independent directors, inter alia, include areas relevant to the functioning as Independent Directors such as preparation, participation, conduct and effectiveness. The details of Annual performance evaluation are provided in Board's Report.

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

3. STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

During the financial year 2024-25, the Stakeholder Relationship Committee met 1 (One) time on August 02, 2024. The Composition of the Committee and attendance of Stakeholder Relationship Committee members in the said meeting is given below:

Members	Category	Meeting Date	August 02,2024
		Mode	Physical
#Smt Hetal G. Gala (Chairperson)	NED-NID	1/1	√
Shri Rajendra V. Gogri	ED	1/1	√
Shri Rashesh C. Gogri	ED	1/1	√
Shri Manoj M. Chheda	ED	1/1	√
Shri Anniruddha B. Pandit (w.e.f September 15, 2024)	ID	-	-
*Shri KVS Shyamsunder (Chairman upto September 15, 2024)	ID	1/1	√

NED-NID - Non Executive, Non-Independent Director; ED - Executive Director; ID - Independent Director

#Ascended to the role of Chairperson w.e.f. September 15, 2024

* ceased to be Director w.e.f. September 23, 2024

Terms of Reference:

The broad terms of reference of the Stakeholder Relationship Committee shall inter alia, include the following:

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

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

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

iv) Review: Status of Cases in Suspense Accounts;

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

vi) Review: Status of IEPF Cases;

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

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

ix) Review: Compliances pertaining to Investors Meet;

x) Review: Recommendations of Proxy Advisors;

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

xii) Review: Internal Audit Report of RTA Activities;

xiii) Updation - Regulatory changes impacting shareholders;

xiv) Process Improvement initiatives;

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

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

Name, Designation and Contact details of the Compliance Officer -

Shri Raj Sarraf, Company Secretary (M. No. A15526) is the Compliance Officer of the Company. The Compliance Officer can be contacted at our Office:

247 Embassy Park, Tower C, 4th Floor,
LBS Marg, Vikhroli (West), Mumbai - 400 083. Maharashtra, India;
Tel.: +91 22 6943 6100
Email: co.ail@aarti-industries.com;
Website: www.aarti-industries.com.

Separate email id for the redressal of investors' complaints-

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

Shareholders' Complaints –

During the year under review 25 (Twenty Five) complaints were received through SEBI and Stock Exchanges and all were resolved to the satisfaction of the complainants. No request for Share Transfer or Dematerialisation was pending for approval as on March 31, 2025.

4. RISK MANAGEMENT COMMITTEE

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

Composition, Meeting and Attendance:

During the financial year 2024-25, the Risk Management Committee met 2 (two) times on July 22, 2024 and January 17, 2025. The Composition of the Committee and attendance of Risk Management Committee members in the meetings is given below:

Members	Category	Meeting Dates	July 22,2024	January 17,2025
		Mode	Physical	
Shri Rajendra V. Gogri (Chairman)	ED	2/2	√	√
Shri Rashesh C. Gogri	ED	2/2	√	√
Smt Hetal Gogri Gala	NED-NID	2/2	√	√
Shri Renil R.Gogri	ED	2/2	√	√
Shri Suyog K. Kotecha (w.e.f September 15, 2024)	ED	1/1	-	√
Shri Belur K. Sethuram (w.e.f September 15, 2024)	ID	1/1	-	√
Shri Ajaykumar Gupta	ED	2/2	√	√
Shri Manoj M.Chheda (w.e.f September 15, 2024)	ED	1/1	-	√
*Shri Bhavesh R.Vora (upto September 14, 2024)	ID	1/1	√	-
Shri Chetan B. Gandhi (upto September 14, 2024)	CFO	0/1	X	-

ED - Executive Director; NED-NID - Non Executive, Non-Independent Director; ID - Independent Director
*ceased to be Director w.e.f September 23, 2024.

Terms of Reference :

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

i) Formulate a detailed risk management policy which shall include:
   a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
   b) Measures for risk mitigation including systems and processes for internal control of identified risks.
   c) Business continuity plan
ii) Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
iii) Monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
iv) Periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
v) Keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
vi) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any)
vii) Such other acts, deeds, matters and things as may be stipulated in terms of the Companies Act, 2013 and the Listing Regulations and/ or such other regulatory provisions, as amended from time to time, and the Board of Directors of the Company may consider fit.

5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

The Committee is composed of three Directors including an Independent Director who chairs the meeting.

Members	#Smt. Hetal Gogri Gala (Chairperson)	Smt. Rupa Devi Singh (w.e.f September 15, 2024)	Shri Ajaykumar Gupta (w.e.f September 15, 2024)	*Shri KVS Shyamsunder (Chairman upto September 14, 2024)	Shri Rajendra V. Gogri (Upto September 14, 2024)
Category	NED-NID	ID	ED	ID	ED

NED-NID - Non Executive, Non-Independent Director; ID - Independent Director, ED - Executive Director
*Ceased to be director w.e.f. September 23, 2024.
#ascended to the role of chairperson w.e.f September 15, 2024

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

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

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

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

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

GENERAL BODY MEETINGS –

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

Financial Year	Day, Date & Time	Venue	Special resolutions passed for
2023-24	Friday, August 2, 2024 at 11:00 a.m	Through Video Conferencing / Other Audio-Visual Means	• Appointment of Shri Belur Krishna Murthy Sethuram (DIN: 03498701) as an Independent Director. • Appointment of Shri Nikhil Jaysinh Bhatia (DIN: 00414281) as an Independent Director of the Company. • Appointment of Smt. Rupa Devi Singh (DIN: 02191943) as an Independent Director. • Appointment of Shri Ashok Kumar Barat (DIN: 00492930) as an Independent Director of the Company. • Re-appointment of Shri Lalitkumar Shantaram Naik (DIN: 02943588) as an Independent Director • Approve payment of Commission to Non-executive Directors of the Company.
2022-23	Friday, August 4, 2023, 11:00 a.m	Through Video Conferencing / Other Audio-Visual Means	• To approve appointment of Prof. Aniruddha Pandit (DIN: 02471158) as an Independent Director of the Company. • To approve appointment of Shri Shekhar Khanolkar (DIN: 02202839) as an Independent Director of the Company • To approve revision in terms & conditions of appointment of Chairman & Managing Director Shri Rajendra Vallabhaji Gogri (DIN:00061003) • To approve revision in terms and conditions of appointment of Vice-Chairman and Managing Director Shri Rashesh Chandrakant Gogri (DIN:00066291) • To approve revision in terms and conditions of appointment of Executive Director Shri Parimal Hasmukhlal Desai (DIN:00009272) • To approve revision in terms and conditions of appointment of Executive Director Shri Manoj Mulji Chheda (DIN:00022699) • To approve revision in terms and conditions of appointment of Executive Director Shri Renil Rajendra Gogri (DIN:01582147) • To approve revision in terms and conditions of appointment of Executive Director Shri Kirit Ratilal Mehta (DIN: 00051703), for a period from April 1, 2023 till August 4, 2023

Financial Year	Day, Date & Time	Venue	Special resolutions passed for
2021-22	Monday, September 26, 2022, 11:00 a.m	Through Video Conferencing / Other Audio-Visual Means	-

Extraordinary General Meetings – No Extraordinary General Meetings of Members was convened during the Financial Year.

Details of resolutions passed through Postal Ballot
During the Financial Year 2024-25, no resolution was passed through postal ballot.

MEANS OF COMMUNICATION:

Quarterly Results

The Company communicates to the Stock Exchanges about the quarterly financial results within 30 minutes or 3 hours, as may be applicable from the conclusion of the Board Meeting. in which the same is approved. The results are usually published in Financial Express (English) edition and (Gujarati) edition published from Ahmedabad. These results and official press releases are also available on the website of the Company www.aarti-industries.com.

Period	Date of Announcement on the Stock Exchanges	Date of Newspaper Publication
First Quarter	August 9, 2024	August 10, 2024
Half Year	November 8, 2024	November 9, 2024
Third Quarter	February 1, 2025	February 3, 2025
Annual	May 8, 2025	May 10, 2025

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

Detailed presentations are made to Institutional Investors and Financial Analysts on the Company's audited quarterly and yearly financial results. These presentations / Concall transcripts are also uploaded on the Company's website www.aarti-industries.co.in

Designated e-mail address for investor services

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

GENERAL SHAREHOLDERS INFORMATION

Our prolific journey of the last 41 Years in our vision of creating 'Right Chemistry for a Brighter Tomorrow' through our sustainability model of innovation has been fuelled by the trust that our shareholders have in us, thus making us the 'Global Partner of Choice' in the Specialty Chemicals Industry. The trust of our shareholders across the globe through collaborative partnership is a testimony and reflection of our brand value proposition in the Chemical Industry.

i) **The day, date, time & venue of the 42nd Annual General Meeting (AGM):**

Day	Date	Time	Venue
Monday	August 25, 2025	11:00 a.m.	Through Video Conferencing (VC) / Other Audio Visual Means (OAVM)

ii) **Financial year and Tentative Financial Calendar:**

The Company's financial year begins on April 1 and ends on March 31. Our tentative calendar for declaration of the quarterly results during financial year 2025-26 are as follows:

Financial Year	2025-26
June, 2025	1st/2nd week of August, 2025
September, 2025	1st/2nd week of November, 2025
December, 2025	1st/2nd week of February, 2026
March, 2026	1st/2nd/3rd week of May, 2026

(iii) **Record Date:** August 18, 2025

(iv) **Payment of Dividend:** On or before September 10, 2025

(v) **Listing on Stock Exchanges:**

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

vi) **Listing Fees and Annual Custodial Fees:**

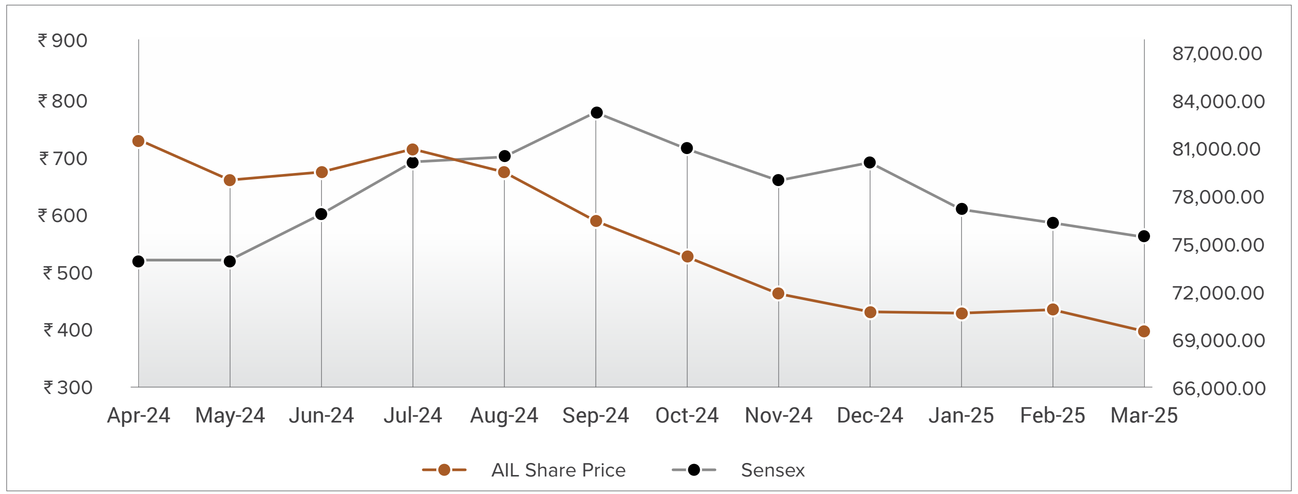
The Company had paid the Annual Listing Fees of the Stock Exchanges and Annual Custodial Fees of the Depositories for the financial year 2025-26.

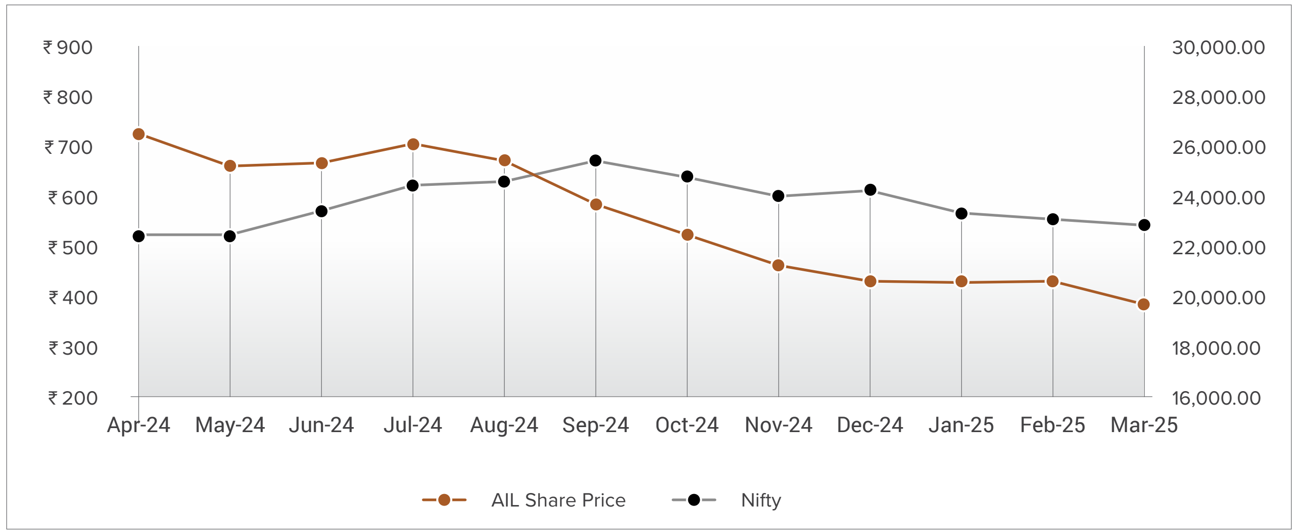
(vii) **Market Price Data (high, low in each month in last financial year):**

Month	BSE Ltd. (BSE)			National Stock Exchange of India Limited (NSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April, 2024	769.50	666.25	15,83,594	769.25	666.15	3,00,98,907
May, 2024	755.25	598.00	17,74,653	755.00	604.05	3,63,71,851
June, 2024	718.55	563.20	20,93,257	718.80	563.00	2,80,89,199
July, 2024	754.45	630.00	10,37,773	754.00	630.00	2,18,54,234
August, 2024	767.10	593.35	37,08,786	765.50	593.05	6,59,50,772
September, 2024	635.95	559.35	24,68,031	636.00	559.00	3,73,41,661
October, 2024	592.50	480.15	23,88,223	592.80	480.40	2,77,28,519
November, 2024	530.10	422.95	36,27,750	529.50	422.60	5,77,08,547
December, 2024	456.50	402.25	19,81,169	456.50	402.10	2,65,67,746
January, 2025	466.35	390.25	32,86,206	466.40	390.25	6,67,35,010
February, 2025	477.40	374.55	14,16,428	477.75	374.45	3,15,65,371
March, 2025	414.95	364.30	11,41,910	414.40	364.15	2,35,10,834

(viii) **Performance in comparison to broad based indices:**

Month	BSE Ltd. (BSE)		National Stock Exchange of India Limited (NSE)	
	AIL Price	Sensex	AIL Price	Nifty
April, 2024	724.24	73,968.24	720.44	22,443.46
May, 2024	655.62	73,945.44	661.63	22,485.23
June, 2024	669.74	76,827.75	666.07	23,364.04
July, 2024	707.26	80,451.76	704.60	24,495.15
August, 2024	665.65	80,494.18	671.70	24,613.07
September, 2024	586.39	83,294.13	588.39	25,470.09
October, 2024	524.69	81,079.51	527.88	24,781.67
November, 2024	461.33	79,011.40	464.64	23,969.85
December, 2024	430.15	80,187.59	431.94	24,231.02
January, 2025	425.73	77,143.06	424.32	23,366.40
February, 2025	430.66	76,256.92	434.19	23,060.94
March, 2025	394.73	75,317.90	394.07	22,851.54





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

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

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

(x) Share Transfer Process & Dematerialisation:

In accordance with Regulation 40 of the Listing Regulations, as amended from time to time, transfer/ transmission and transposition of securities shall be effected only in dematerialised form. Listed companies shall issue the securities in dematerialised form only, for processing any service request from shareholders viz., issue of duplicate share certificates, endorsement, transmission, transposition etc. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR-4/ ISR-5, the format of which is available on the Company's website at https://www.aarti-industries.com/investors/download. After processing the service request, a letter of confirmation will be issued to the shareholders and shall be valid for a period of 120 days, within which the shareholder shall make a request to the Depository Participant ('DP') for dematerialising those shares. If the shareholder fails to submit the dematerialisation request within 120 days, then the Company shall credit those shares in the Suspense Escrow Demat Account ('SEDA') held by the Company. Shareholders can claim those shares transferred to SEDA on submission of necessary documentation.

Details of Shares transferred to / released from SEDA during the FY 2024-25 are as under

Particulars	No. of Shareholders	No. of Shares
No. of shareholders and their shares lying in SEDA as on April 1, 2024	1	300
No. of shareholders and their shares transferred to SEDA during FY 2024-25	0	0
No. of shareholders to whom shares were transferred from SEDA during FY 2024-25	0	0
No. of shareholders and their shares lying in SEDA as on March 31, 2025	1	300

(xi) Shareholding Pattern as on March 31, 2025:

Category	As on March 31, 2025		As on March 31, 2024		% Change
	No. of Shares	%	No. of Shares	%	
Promoter and Promoter Group	15,31,39,060	42.24	15,74,39,824	43.43	-1.19
Individuals	9,77,40,284	26.96	8,74,61,488	24.13	2.83
Foreign Portfolio Investors	2,28,10,824	6.29	3,96,09,375	10.93	-4.64
Insurance Companies	2,87,65,593	7.93	2,85,17,825	7.87	0.06
Mutual Funds	4,17,20,849	11.51	3,22,80,154	8.90	2.61
Others	1,48,98,483	4.11	1,40,87,859	3.89	0.22
Body Corporate	34,44,817	0.95	31,07,510	0.86	0.09
Total	**36,25,19,910**	**100.00**	**36,25,04,035**	**100.00**	**-**

(xii) Distribution of Shareholding as on March 31, 2025:

No. of Shares	Shareholders		Shares	
	Number	%	Number	%
1 - 2500	4,30,420	95.00	2,89,15,595	7.98
2501 - 5000	11,661	2.57	86,79,083	2.39
5001 - 10000	5,223	1.15	76,50,948	2.11
10001 - 15000	2,039	0.45	50,73,183	1.40
15001 - 20000	973	0.21	34,90,110	0.96
20001 - 25000	972	0.21	45,56,546	1.26
25001 - 50000	835	0.18	59,68,909	1.65
above 50001	948	0.21	29,81,85,536	82.25
Total	**4,53,071**	**100.00**	**36,25,19,910**	**100.00**

xiii) Dematerialisation of Shares and Liquidity:

99.65% 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, 2025 under ISIN No: INE769A01020.

Particulars	NSDL	CDSL	Physical	Total
Shares (nos.)	31,45,07,723	4,67,24,730	12,87,457	36,25,19,910
Shares (%)	86.76	12.89	0.36	100.00

(xiv) Liquidity of shares:

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

(xv) Green initiative:

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

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

(xvi) ADRs/ GDRs/ Warrants:

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

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

During the financial year 2024-25, 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. 42 to the Annual Accounts.

(xviii) Plant Locations:

- Plot No. 902,923,927,930, Phase III, GIDC, Vapi- 396195
- Plot No. 801, 801/23,806,807, Phase III, GIDC, Vapi- 396195
- Plot No. 285,286/1 A-1-322/23, 322/12, 322/24 Phase II, GIDC, Vapi- 396195
- Plot No. 801/15 to 19,21 & 22, Phase III, GIDC, Vapi- 396195
- Plot No. 802, 803, 804/3, Phase III, GIDC, Vapi- 396195
- Plot No. 801/15 to 19,21 & 22, Phase III, GIDC, Vapi- 396195
- Plot No. 24, Phase-I, GIDC, Vapi-396195
- Plot No. 609/610,100 Shed area, GIDC Estate, Pardi, Vapi, Dist:- Valsad
- Plot No. L-4, L-5, L-8, L-9/1, MIDC, Tarapur, Tal. & Dist: Palghar
- Plot No. 1430/1, NH No. 8A Bhachau-370140, Tal: Bhachau
- Plot No. Z/103/H, Tal. Vagra, SEZ-II, Dahej
- Plot No. Z/103/C, Tal. Vagra, SEZ-II, Dahej
- Plot No. Z/111/B, Z/111/C & D Tal. Vagra, SEZ - II, Dahej
- Plot No. 758, 1-2-3 GIDC Estate Jhagadia, Dist Bharuch
- Plot No. 756/2 A&B, 756/3 A&B, 756/4 A&B, 756/5 A&B, 756/6, 756/7, 756/8+9, 778 & 779 GIDC Estate Jhagadia.
- Plot No. 41/2 GIDC Estate Jhagadia, Dist Bharuch.

(xix) Address for Correspondence:

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

(xx) Credit Rating:

The Company does not have any fixed deposit programme or any scheme or proposal involving mobilisation of funds in India or abroad during the financial year ended March 31, 2025

Below are the details of Credit Ratings as on March 31, 2025

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. 801/23, 806, 807, Phase III, GIDC, Vapi- 396195
- Plot No. A-94/1, A-91/1/1, MIDC, TTC Industrial Area, Trans, Village Limits of Khairane Taluka, Navi Mumbai 400709

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

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 March 31, 2024	310	4,95,348	-	-
No. of shareholders who approached the Company for transfer of shares from suspense account during the year.	10	26,850	-	-
Number of shareholders to whom shares were transferred from the suspense account during the year	10	26,850	-	-
Shares transferred from suspense account to IEPF A/c during the year	46	44,512	-	-
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on March 31, 2025	254	4,23,986	-	-

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

(xxiii) CEO/ CFO Certification:

As required under Regulations 17(8) of Listing Regulations, certificates are duly signed by Shri Suyog K. Kotecha, CEO and Shri Chetan B. Gandhi, CFO were placed at the Meeting of the Board of Directors held on July 11, 2025. Copy of which is attached in this Annual Report. The CEO and the CFO also give quarterly certification on financial results while placing the financial results.

DISCLOSURES:

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

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

(ii) There was no non-Compliance by the Company and no penalties or strictures were imposed on the Company by the Stock Exchanges or Securities and Exchange Board of India (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 and Regulation 22 of Listing Regulations, 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 hosted under "investor" section of the website of the Company at weblink: https://www.aarti-industries.com/investors/GetReport?strcont_id=ZMPluse33MMnrACtosYOIQL33MM

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

(iv) In order to restrict communication of Unpublished Price Sensitive Information (UPSI), the Company has adopted Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time. The said Code is available on the website of the Company at the following Web link: 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 under "investor" section of the website of the Company at the following Web link: https://www.aarti-industries.com/investors/GetReport?strcont_id=A8DuSuG1AT8OIQL33MM

(vi) Information under clause 5A of paragraph A of Part A of Schedule III of Listing Regulations are available on the website of the Company and the webLink thereto is https://www.aarti-industries.com/Upload/PDF/Intimation-for-signing-of-Shareholder%E2%80%99s-Agreement.pdf

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

(viii) There were no instances during the FY 24-25, wherein the Board had not accepted recommendations made by any committee of the Board

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

Particulars	₹ In Crs.
Audit Fees	0.46
Certification Charges	0.04
Out of pocket expenses	0.01
Total	**0.51**

(x) During the FY 24-25, the Company has not raised funds through any kind of issue (public issue, rights issue, preferential issue, etc.)

(xi) Disclosures in relation to Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013

Number of complaints filed during the financial year	Nil
Number of complaints disposed of during the financial year	Nil
Number of complaints pending as on end of the financial year	Nil

(xii) The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Listing Regulations.

(xiii) 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.

(xiv) 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.

(xv) The Company does not have any material subsidiary pursuant Regulation 16 of the Listing Regulations.

DISCRETIONARY REQUIREMENTS

The status of compliance with discretionary requirements of Part E of schedule II of Listing Regulations with Stock Exchanges is provided below:

Sr. No	Particulars	Remarks
1	Non-Executive Chairman's Office	The Company does not have Non-Executive Chairman
2	Shareholder's Rights	As the quarterly and half yearly financial performance are published in the newspapers and are also posted on the Company's website, the same are not being sent to the shareholders.
3	Audit Qualifications	Auditors' Report on Company's financial statement for the financial year 2024-25 is unmodified
4	Separate posts of Chairman and CEO	The Company has a separate post of Chairman and MD and CEO.
5	Reporting of Internal Auditor	The Internal Auditor reports to CEO and has direct access to the Audit Committee

For and on behalf of the Board

Place: Mumbai
Date: July 11, 2025

Rajendra V. Gogri
Chairman and Managing Director

DECLARATION BY CHIEF EXECUTIVE OFFICER

All the Directors and the Senior Management Personnel have affirmed compliance with the Code of Conduct laid down by the Board of Directors in terms of Regulation 17(5)(a) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For and on behalf of the Board

Suyog K. Kotecha
Chief Executive Officer
DIN: 10634964
Mumbai / July 11, 2025

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, 2025

We have reviewed the Financial Statements and the Cash Flow Statement for the year ended March 31, 2025 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, 2025 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

Suyog K. Kotecha
Chief Executive Officer
DIN: 10634964

Chetan Gandhi
Chief Financial Officer
ICAI M No.: 111481

Mumbai / July 11, 2025

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Aarti Industries Limited** having CIN: L24110GJ1984PLC007301 and having registered office at Plot No. 801, 801/23, GIDC Estate, Phase III, Vapi, Dist. Valsad, Gujarat 396195 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para - C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below **for the Financial Year ended on 31st March, 2025** 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:

Sr. No.	Name	DIN	Date of Appointment as Director	Date of Cessation as Director
1	Premchandra Amolak Sethi	00004038	23/09/2008	23.09.2024
2	Hetal Gogri Gala	00005499	01/11/2006	Continuing
3	Parimal Hasmukhlal Desai	00009272	28/09/1984	02.08.2024
4	Manoj Mulji Chheda	00022699	25/11/1993	Continuing
5	Rajendra Vallabhaji Gogri	00061003	01/07/2013	Continuing
6	Rashesh Chandrakant Gogri	00066291	09/06/1997	Continuing
7	Bhavesh Rasiklal Vora	00267604	23/09/2008	23.09.2024
8	KVS Shyamsunder Rammurthy	00502621	23/09/2008	23.09.2024
9	Renil Rajendra Gogri	01582147	16/08/2012	Continuing
10	Lalitkumar Shantaram Naik	02943588	21/05/2019	Continuing
11	Natasha Kersi Treasurywala	07049212	14/10/2021	13.10.2024
12	Ajay Kumar Gupta	08619902	29/06/2023	Continuing
13	Aniruddha Bhalchandra Pandit	02471158	29/06/2023	Continuing
14	Shekhar Shreedhar Khanolkar	02202839	29/06/2023	Continuing
15	Belur Krishna Murthy Sethuram	03498701	01/06/2024	Continuing
16	Suyog Kalyanji Kotecha	10634964	17/06/2024	Continuing
17	Ashok Kumar Barat	00492930	15/09/2024	Continuing
18	Nikhil Jaysinh Bhatia	00414281	15/09/2024	Continuing
19	Rupa Devi Singh	02191943	15/09/2024	Continuing

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: F003483G000688741
Mumbai, Dated July 1, 2025

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of Aarti Industries Limited,
Plot Nos. 801, 801/23,
GIDC Estate, Phase III,
Vapi, Dist. Valsad,
Gujarat – 396195, India

Dear Members,

Background:

We, Gokhale & Sathe, Chartered Accountants, being the Statutory Auditors of Aarti Industries Limited ("the Company") are issuing this certificate as required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company. The Corporate Governance Report prepared by Aarti Industries Limited, contains details as stipulated in regulations 17 to 27 and clauses (b) to (i) and (t) of regulation 46(2) and para C ,D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing regulations") ('applicable criteria') with respect to Corporate Governance for the year ended 31 March 2025.

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 (SQ₹ 1), Quality Control for Firms that Perform Audits and Review Historical Financial Information, and Other Assurance and Related Services Engagements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. We have examined (a) the minutes of the meetings of the board of directors of the Company (the "Board") and of committees of the Board, the annual general meeting of the shareholders of the Company; (b) declarations made by the Board under relevant statutory / regulatory requirements; (c) relevant statutory registers maintained by the Company; and (d) such other documents and records of the Company as we deemed necessary, in connection with ascertaining compliance with the conditions of corporate governance by the Company, as prescribed under the, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "SEBI Listing Regulations").

The procedures also include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion:

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, in our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with SEBI Listing Regulations, and the rules made thereunder, each as amended on Corporate Governance.

Restriction on use:

The Certificate is issued to the company solely for their consideration and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

Disclaimer:

Such Compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Yours faithfully,

For **GOKHALE & SATHE**
CHARTERED ACCOUNTANTS
Firm Registration No.: 103264W

Uday Girjapure
Partner
Membership No. 161776
UDIN: 25161776BMOHUC7743

Date: July 11, 2025
Place: Mumbai

Annexure II

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTING

FORMAT SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1. Corporate Identity Number (CIN) of the Listed Entity : L24110GJ1984PLC007301
2. Name of the Listed Entity: Aarti Industries Limited (AIL)
3. Year of incorporation: 1984
4. Registered office address : Plot Nos. 801, 801/23, G.I.D.C. Estate, Phase-III, Vapi, Dist. Valsad, Gujarat-396195
5. Corporate address: 4th Floor, Tower C, Embassy 247 Park, Gandhi Nagar, Vikhroli West, Mumbai 400083, Maharashtra, India.
6. E-mail: Investorrelations@aarti-industries.com
7. Telephone: +91 22 69436100 / +91 22 69436200
8. Website: www.aarti-industries.com
9. Financial year for which reporting is being done: April 1, 2024 to March 31, 2025
10. Name of the Stock Exchange(s) where shares are listed: BSE Limited (BSE) and National Stock Exchange of India Limited (NSE)
11. Paid-up Capital: 181.26 Crore
12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report:

    Name: Shri Raj Sarraf
    Telephone: +91 22 6943 6170
    Email: co.ail@aarti-industries.com

13. Reporting boundary - The reporting boundary includes all the activities and operations of Aarti industries Limited including subsidiaries
14. Name of assurance provider: TUV India Private Limited (TUV NORD GROUP)
15. Type of assurance obtained : Reasonable Assurance

II. Products/services

16. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Manufacturing of speciality chemical	Manufacturing, Distributing, Trading, sales and marketing	100%

17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1	Manufacture of basic chemicals, fertilizer and nitrogen compounds, plastics and synthetic rubber in primary forms	201	100%
2	Manufacture of other chemical products	202	

III. Operations

18. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	16	2	18
International	-	3	3

19. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States) (Inclusive of union territories)	30
International (No. of Countries)	60

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Exports contributed about 54% to the total turnover of the entity

c. A brief on types of customers:

Aarti Industries Limited has a strong and steady presence across a wide range of industrial sectors. We serve sectors like agrochemicals, dyes, pigments, paints, printing inks, polymer additives, fuel additives, pharmaceuticals, rubber chemicals, FMCG, etc adapting easily to changing market needs. Our broad product portfolio reflects our ability to meet the demands of different markets. During the year, we served over 700 customers in India and more than 400 customers internationally.

IV. Employees

20. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
EMPLOYEES						
1.	Permanent (D)	2,443	2,287	94	156	6
2.	Other than Permanent (E)	15	14	93	1	7
3.	**Total employees (D + E)**	**2,458**	**2,301**	**94**	**157**	**6**
WORKERS						
4.	Permanent (F)	3,425	3,383	99	42	1
5.	Other than Permanent (G)	8,031	7,610	95	421	5
6.	**Total workers (F + G)**	**11,456**	**10,993**	**96**	**463**	**4**

b. Differently abled Employees and workers:

S. No	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	35	34	97	1	3
2.	Other than Permanent (E)	0	0	NA	0	NA
3.	**Total differently abled employees (D + E)**	**35**	**34**	**97**	**1**	**3**
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	27	27	100	0	0
5.	Other than permanent (G)	27	25	93	2	7
6.	**Total differently abled workers (F + G)**	**54**	**52**	**96**	**2**	**4**

21. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	14	2	14
Key Management Personnel	2	-	-

22. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

	FY 2024-25 (Turnover rate in current FY)			FY 2023-24 (Turnover rate in previous FY)			FY 2022-23 (Turnover rate in the year prior to the previous FY)		
	Male %	Female %	Total %	Male %	Female %	Total %	Male %	Female %	Total %
Permanent Employees	20	25	20	28	25	27	24	37	25
Permanent Workers	20	26	20	18	23	18	28	26	28

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Aarti Corporate Services Limited	Subsidiary	100%	Yes
2	Aarti Polychem Private Limited	Subsidiary	100%	Yes
3	Innovative Envirocare Jhagadia Limited	Subsidiary	100%	Yes
4	Alchemic (Europe) Limited	Subsidiary	88.89%	Yes
5	Shanti Intermediates Private Limited (Through Aarti Corporate Services Limited)	Subsidiary	100%	Yes
6	Aarti Bharuch Limited	Subsidiary	100%	Yes
7	Aarti Circularity Limited (formerly known as Aarti Spechem Limited)	Subsidiary	100%	Yes
8	Aarti Chemical Trading FZCO	Subsidiary	100%	Yes
9	Augene Chemical Private Limited	Joint Venture	50%	No
10	Re Aarti Private Limited (through Aarti Circularity limited)	Joint Venture	49%	No
11	Aarti Chemical Trading USA INC (through Aarti Chemical Trading FZCO)	Subsidiary	100%	Yes

VI. CSR Details

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) Yes

(ii) Turnover (in ₹) - 8,046 Crore

(iii) Net worth (in ₹) - 5,605 Crore

VII. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2024 -25 Current Financial Year			FY 2023-24 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	0	0	NA	0	0	NA
Investors (other than shareholder)	Yes	0	0	NA	0	0	NA
Shareholders	Yes	25	0	NA	19	0	NA
Employees And workers	Yes	0	0	NA	0	0	NA
Customers	Yes	83	0	NA	52	0	NA
Value Chain Partners	Yes	0	0	NA	0	0	NA
Other (please specify)	NA	-	-	-	–	–	–

26. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Occupational Health and Safety	Risk	As a responsible chemical manufacturing company, we are cognisant of our responsibility to safeguard the health and safety of individuals. AIL strives to prevent injury by sustaining an injury-free workplace with a mindset of zero tolerance towards any incident or injury. Health impact or injury during working may lead to financial implications and reputation loss to AIL. Any accident may also impact the morale of the workers leading to production losses. Non adherence to OHS requirement may also lead to fines and penalties	We have developed and adopted a robust, comprehensive, and reliable Occupational Health and Safety Management System under Aarti Management System. All our employees, contract employees and visitors are covered under our Occupational Health and Safety Management System. Process safety and risk management, Emergency mitigation system. In addition we have implemented following safety interventions across our manufacturing locations: • Plant-level initiatives such as daily toolbox talk, monthly awareness sessions, etc. • Process safety is managed through process management guidelines. Risk assessment is carried out through HAZOP, HIRA, QRA and chemical exposure study. JCC is also done to check the adherence to SOP, other than these regular third party audit through external auditor (expert in the field) is done to identify process risks • Daily safety pledge to reaffirm our commitment for safety • BE SAFE Huddle- • TACIT Knowledge sharing sessions • Learning from Incident - Safety Alert • Reward and Recognition • Listening Tour • Knowledge Capsule • Safety Audits	Negative

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
2	Waste management	Risk	Waste generated from our operations consists of hazardous as well as non-hazardous waste. Environmental Impact due to improper disposal of these waste is a compliance as well as regulatory risk. It may lead to fines and penalties from regulatory authorities	Our waste management approach is systematically divided into three priorities depending upon the various operating conditions and type of waste generated. Our priority to reduce hazardous wastes are: First Priority: Produce less hazardous waste • Change industrial process to eliminate use of harmful chemicals • Use less hazardous product • Reduce packaging materials in products • Change industrial processes to reduce or eliminate hazardous waste production Second Priority: Convert hazardous waste to less hazardous or non - hazardous substance by using 4 R's • Buy reusable and recyclable products • Reuse • Recovery • Recycle • Repair Last Priority – Treatment & disposal of all our waste: • Treating waste to reduce toxicity • Incinerate waste • Waste in landfills	Negative
3	Climate change and Governance	Risk and Opportunity	**Risk:** There are risks associated with climate change such as manufacturing losses due to climate events, restrictions due to existing and emerging regulations leading to reputational damage. **Opportunity:** Reduction of carbon emissions by the deployment of technologies, collaboration with other peers and industries, etc	We have embedded the process of climate action governance across AIL and we have defined the roles and responsibilities of individuals in assessing and managing climate-related risks and opportunities. We have also integrated the process of addressing climate-related issues when reviewing and guiding strategy, risk management policies, annual budgets, monitoring implementation and performance, and overseeing major capital expenditures, acquisitions, and divestitures.	Positive and Negative both
4	Employee Development and Engagement	Opportunity	People are the backbone of our organization. Recruitment, training, and retention of talent are crucial to our growth story	We believe in ensuring that our workplaces are safe and inclusive. We make efforts to build a satisfactory work culture that nurtures employee growth and increases employee satisfaction. We provide training and awareness programmes to our employees to ensure capacity building and skill upgradation across all levels. We also provide medical and non-medical benefits to all our employees	Positive
5	Human Rights	Risk	Human rights impact the business internally and externally from procurement of raw materials to distribution and disposal. It may also impact the reputation of the company and lead to regulatory non-compliances making this topic significant for AIL.	We have developed a comprehensive Human Rights due diligence framework for a systematic assessment of our operations. We have undertaken human right vulnerability assessment at our operation location for addressing human rights risks, mitigating impacts, and monitoring and reporting performance to substantiate our commitment to respect Human rights in all our business operations. Responsibility of respecting human rights is also extended to our business partners in the form of their alignment with our policies, contract agreements.	Negative
6	Business Ethics and compliance	Risk	Negative brand reputation due to non-compliance with regulatory and legal requirements.	We have in place stringent and comprehensive Code of Conduct and policies to ensure ethical behaviour at all levels. We also provide training on the Code of Conduct to all our employees and workers to educate them about appropriate behaviour at the workplace. To adhere and track the regulatory compliance applicable on AIL we are using online compliance management tools.	Negative
7	IT security and data privacy	Risk	Enterprise risks associated with IT and cybersecurity such as Operational costs related to dealing with cyber crime, theft of sensitive information, non-compliance and fines and penalties.	We are building cybersecurity architecture through a layered defense approach. We are also undertaking Vulnerability Assessment and Penetration Testing (VAPT) of our IT Systems and Network Infrastructure with an intent of providing a safe and secure environment to our customers. We have taken several measures to protect our IT security systems and adhere to regulatory guidelines. We reported zero cases of data breaches and IT-related issues. AIL has also obtained ISO 27001 Information security management system certification for its R&D facility in Navi Mumbai, R&D office at Vadodara, Zone 1 at Vapi including pilot plant, Zone 3 (Dahej and Bhachau) this covers more that 80% of our manufacturing locations, we are in process of obtaining the same for remaning manufacturing locations this will reduce IT related risk of AIL.	Negative

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
8	Water and effluent	Risk	Water supply is important for our manufacturing locations, water scarcity can affect our operations leading to impact on revenue generation. Additionally, the probability of polluting a water resource and nearby habitat as a result of improper treatment or failure of technologies also poses a risk.	We have taken measures to ensure availability of water for our operations as well as the local communities through CSR initiatives. 8 of our manufacturing facilities are Zero Liquid Discharge, 3 of our manufacturing facilities are Zero Liquid Discharge ready and rest of the manufacturing facilities are in process of becoming Zero Liquid Discharge ready. We are in the process of reducing the amount of water being discharged from other locations. At the same time, we are also making process improvements such as recycling back condensate and RO permeate to reduce the volume of effluent generated thereby decreasing the requirement of freshwater as well as decrease the load on our effluent treatment plants. Further to this we are exploring the technologies that control reactions on adiabatic conditions enabling us to prevent water loss through cooling systems	Negative
9	Energy Management	Opportunity	Leveraging renewable energy sources, adopting energy efficient solutions and reducing dependency on non-renewable sources for energy consumption will assist us in reducing the GHG emissions, improve resource efficiency, cost saving, cleaner environment etc.	We have adopted an IT-based Energy Management System (EnMS) for controlling, managing and conserving energy. AIL has started receiving 13.2 MW of hybrid renewable energy. Further to this board of AIL has also approved the phase-2 investment for 25.7.MW in hybrid renewable power. Collectively it has the potential to reduce 112,400 mt tCO_2e. We have regularized usage of Biomass for replacing coal gradually in order to reduce carbon emissions. We have several energy efficiency programs through process optimization. Under this, one such program is to recover energy from a distillation condenser in the form of steam by supplying hot water, this enables us to save cooling water loss and recover energy saving fuels and eliminating CO_2 emissions. Based on our several energy efficiency initiatives, we have saved approx 5.0 million KWH of energy in 2024-25.	Positive

For more details on the material topics, please refer to our Integrated Report of FY 2024-25, Page Number 52.

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c. Web Link of the Policies, if available	https://www.aarti-industries.com/investors/code-and-policies								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4. Name of the national and international codes/ certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	(1,3)	(2,4,8)	(5,8)	(1,3)	(7,8)	(4,8)	(7)	(1,3)	(2)
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	Y	Y	Y	Y	Y	Y	Y	Y	Y
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Performance of each of the principles is reviewed periodically by various Committees led by the Management and Board of Directors								
Governance, leadership and oversight									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure) *Kindly refer to our Chairman statement in the Integrated Report at Page number 08.*									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	AIL Board is the highest authority responsible for implementation and oversight of the Business Responsibility policy. It has constituted different board committees and Councils to look after different aspects of Business Responsibility.								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	We have established an Apex Sustainability Council to guide and help the Board achieve its sustainability goals. It is led by our Chairman, Mr. Rajendra V. Gogri, and has key representatives from the Board, executive, and senior leadership teams from all the manufacturing locations. Apex sustainability council is supported by various sub-councils such as ESG council, Zone Sub council, Construction safety council, Process safety council, and Lab safety council in implementation of ESG initiatives								

UN Global Compact (1), Responsible care (2), GRI (3), ISO 14001 & ISO 50001(4), ISO 45001 (5), ISO 27001 (6), Aarti Code of Conduct (7), Ecovadis & Together for Sustainability TfS (8)

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee	Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)
	P1 P2 P3 P4 P5 P6 P7 P8 P9	P1 P2 P3 P4 P5 P6 P7 P8 P9
Performance against above policies and follow up action	Yes, the policies have been reviewed by the Board of Directors.	Annual Review
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Yes	Quarterly

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide the name of the agency.	P1	P2	P3	P4	P5	P6	P7	P8	P9
	Y	Y	Y	Y	Y	Y	Y	Y	Y

12. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated:

<table>
<tr><th>Questions</th><th>P1</th><th>P2</th><th>P3</th><th>P4</th><th>P5</th><th>P6</th><th>P7</th><th>P8</th><th>P9</th></tr>
<tr><td>The entity does not consider the Principles material to its business (Yes/No)</td><td colspan="9" rowspan="5">All Principles are covered by policies</td></tr>
<tr><td>The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)</td></tr>
<tr><td>The entity does not have the financial or/human and technical resources available for the task (Yes/No)</td></tr>
<tr><td>It is planned to be done in the next financial year (Yes/No)</td></tr>
<tr><td>Any other reason (please specify)</td></tr>
</table>

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

<table>
<tr><th>Segment</th><th>Total number of training and awareness programmes held</th><th>Topics / principles covered under the training and its impact</th><th>%age of persons in respective category covered by the awareness programmes</th></tr>
<tr><td>Board of Directors</td><td>8</td><td>The Company has provided training on Nature of the Industry i.e., Business Overview & Trend, ESG and Sustainability, quality and Manufacturing excellence; Business Model and Strategic Roadmap, Ethics and governance, Expansion and people review, Asset management, technology review, code for independent director, board procedures, stakeholder engagement, product responsibility, inclusive development</td><td>100</td></tr>
<tr><td>Key Managerial Personnel</td><td>8</td><td>The Company has provided training on Forex, CSR, Project management, Fund raising, Takeover Rules, Insider Trading, RPT, Risk Management, Ethics and governance, Sustainability, Leadership Skills, AIL Code of conduct, Prevention of Sexual Harassment (POSH), Anti Bribery Anti Corruption (ABAC), stakeholder engagement, product responsibility, inclusive development to the KMPs.</td><td>100</td></tr>
<tr><td>Employees other than BoD and KMPs</td><td>2,733</td><td rowspan="2">The company has a structured training programmes for all permanent employees and workers. Trainings imparted are on following themes:
Behavioural; Ethics, Code of Conduct, and Compliance; Technical Skills Functional; Safety; sustainability, ESG, Waste and Water Management; Energy Management, Climate change, Cyber security</td><td>100</td></tr>
<tr><td>Workers</td><td>5,721</td><td>100</td></tr>
</table>

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity’s website):

<table>
<tr><th rowspan="2"></th><th colspan="5">Monetary</th></tr>
<tr><th>NGRBC Principle</th><th>Name of the regulatory/ enforcement agencies/ judicial institutions</th><th>Amount (In ₹)</th><th>Brief of the Case</th><th>Has an appeal been preferred? (Yes/No)</th></tr>
<tr><td>Penalty/ Fine</td><td>Principle 3 : Businesses should respect and promote the well-being of all employees, including those in their value chains</td><td>Directorate of Industrial Safety and Health</td><td>50,000</td><td>Under provision of section 28(1) (a)(ii) of factory Act, 1948</td><td>No</td></tr>
<tr><td>Settlement</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Compounding fee</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><th rowspan="2"></th><th colspan="4">Non-Monetary</th></tr>
<tr><th>NGRBC Principle</th><th>Name of the regulatory/ enforcement agencies/ judicial institutions</th><th>Brief of the Case</th><th>Has an appeal been preferred? (Yes/No)</th></tr>
<tr><td>Imprisonment</td><td colspan="4" rowspan="2">NA</td></tr>
<tr><td>Punishment</td></tr>
</table>

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
NA	

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, we have a Ethics and Fair Business Practice policy and Code of Conduct which covers the areas of Anti Bribery and Anti Corruption, Gifts and Hospitality, Anti Money Laundering, Anti-Fraud, Conflict of Interest, Anti-Competitive/Antitrust practices, Accurate Business Records and public disclosures, insider training. The details about the same are published on the Company website at:

https://www.aarti-industries.com/investors/code-and-policies.

We have adopted the ‘Whistle Blower Policy’ through which employees, directors, and internal and external stakeholders can report their concerns or grievances to the management. The policy covers and promotes responsible vigil mechanisms regarding aspects of unethical behavior, actual or suspected fraud, actual or suspected leak of UPSI, violation of the Company’s Code of Conduct, Abuse, wrongdoing or violation of any Indian law. It also provides for adequate safeguards against the victimization of employees and allows direct access to the chairperson of the audit committee. Our Ethics and Fair Business Practice policy guides our employees, directors, KPMs or persons who perform for or on behalf of the company on the acceptable and non acceptable gifts, hospitality and offerings.

We provide training to directors, employees and workers on the accepted ethical behaviors and we did a series of communications with our business partners informing them about our policies and CoC and other ethical practices.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

<table>
<tr><th></th><th>FY 2024-25 (Current Financial Year)</th><th>FY 2023-24 (Previous Financial Year)</th></tr>
<tr><td>Directors</td><td rowspan="4">Nil</td><td rowspan="4">Nil</td></tr>
<tr><td>KMPs</td></tr>
<tr><td>Employees</td></tr>
<tr><td>Workers</td></tr>
</table>

6. Details of complaints with regard to conflict of interest:

	FY 2024-25 (Current Financial Year)		FY 2023-24 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	NA	0	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	NA	0	NA

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not applicable

8. Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:

	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
Number of days of accounts payables	91	35

9. Open-ness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	Nil	Nil
	b. Number of trading houses where purchases are made from	Nil	Nil
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	Nil	Nil
Concentration of Sales	a. Sales to dealers / distributors as % of total sales	Nil	Nil
	b. Number of dealers / distributors to whom sales are made	Nil	Nil
	c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	Nil	Nil
Share of RPTs in	a. Purchases (Purchases with related parties / Total Purchases)	4.83%	0.71%
	b. Sales (Sales to related parties / Total Sales)	15.81%	0.52%
	c. Loans & advances (Loans & advances given to related parties / Total loans & advances)	6.64%	86.82%
	d. Investments (Investments in related parties / Total Investments made)	85.42%	21.21%

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of awareness programmes held	Topics / principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
19 (76 Participants)	• Business Ethics • Fair Labour and Human Right Practices • Environment Sustainability • Safety and Security Compliance • Responsible Procurement	63%

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

Yes, the Company has a mechanism in place where Board members who have any conflict of interest are obligated to report it through annual independence disclosures. In the board meeting where the directors have any conflict of interest, due to any related party transactions they abstain themself.

PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	FY 2024-25	FY 2023-24	Details of improvements in environmental and social impacts
R&D	100%	100%	• We have integrated the principles of sustainability throughout the life cycle of our products. Our objective is to minimize the environmental and social impact of our products by embracing circularity through efficient systems, innovative solutions, waste minimization, and ensuring product safety. • We have aligned our entire product lifecycle with the intricacies of product stewardship. At AIL we corroborate our approach to product stewardship by delving into each phase, integrating the synergy of research, technological advancement, and innovation ensuring optimum efficiency and minimized environmental and social impact. • We have a strong team of 250+ scientists, and 18 PhDs involved in R&D activities at our research center. • Our efforts resulted in In-house process development of 45+ products with successful and first time right pilot scale up of 20+ products
Capex	7%	13%	• For details on our environment and social initiative for the year FY 24-25 kindly refer to the Natural capital and Social capital section of the Integrated Report.

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes, we have established procedures to ensure sustainable sourcing. We provide all our suppliers with the General Conditions of the Contract (GCC), General Conditions of Purchase (GCP), Supplier Code of Conduct, Responsible Procurement Policy and POSH policy that comprehensively cover ESG issues. AIL also carries out assessment of critical business partners and engages with them on closing the sustainability related gaps.

b. If yes, what percentage of inputs were sourced sustainably?

During FY 2024-25, 63% of our input material by value is sourced sustainably.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for

   a) Plastic Waste (Including packaging) - Plastic waste generated due to packaging our product is collected under EPR through third parties as per Plastic waste management rules, plastic waste collected is recycled. During last FY 24-25, 716 MT of total plastic waste was collected. For plastic material exported or sent to other industries as raw material, the customer are required to safely dispose off the product as per local regulations

   b) E-waste - E-waste is not generated by AIL products as we are into manufacturing of speciality chemicals. The E-waste generated from after use in-house is sold to approved vendors for recycling and safe disposal

   c) Hazardous waste - Our products are used as intermediate by other industries to produce finished goods. Hazardous waste generated during usage of the product is handled by our customers as per respective regulatory approvals.

   d) Other waste -

      i) Battery Waste - Battery-waste is not generated by AIL products as we are into manufacturing of speciality chemicals. The Battery-waste generated by AIL after use is sold to approved authorized recyclers.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

   Yes, EPR is applicable to AIL. We are manufacturing speciality chemicals which are intermediate products for our customers, they use it as raw material to produce finished products. Hence the packaging material becomes a pre-consumer plastic waste for customers who recycle it through authorized recyclers. We have one B2C Product (fertilizer) and EPR is applicable to us for that product. We are registered under the category of 'Brand Owner' on the CPCB EPR Portal. A detailed waste collection plan has been developed and submitted to the Central Pollution Control Board. The registration has been completed for the same.

   In FY 24-25, we had a target of collection of 716 MT of Plastic waste as per EPR. We have collected and recycled 716 MT of plastic waste.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

NIC Code	Name of Product /Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.*
201	Manufacture of basic chemicals, fertilizer and nitrogen compounds, plastics and synthetic rubber in primary forms	81%	Cradle-to-Gate	The study was performed in collaboration with third party	*Results are shared with relevant stakeholders
202	Manufacture of other chemical products				

*Results are not showcased on public domain but are shared with the relevant internal and external stakeholders

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product / Service	Description of the risk / concern	Action Taken
NIL	NA	NA

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2024-25 Current Financial Year	FY 2023-24 Previous Financial Year
Spent Acid (MT)	26%	22%

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2024-25 Current Financial Year			FY 2023-24 Previous Financial Year		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	0	716	0	0	300	0
E-waste	0	25	0	0	13	0
Hazardous waste	0	4,13,617	25,861	0	3,26,631	30,235
Other waste	0	28,504	13	0	31,736	114

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

   We are manufacturing speciality chemicals which are intermediate products for our customers, they use it as raw material to produce finished products.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Nil	Nil

Note : One of our B2C products uses plastic as packaging material that comes under EPR guideline and we have collected back and recycled 100% of our EPR Target.

PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	Total (A)	% of employees covered by									
		Health insurance		Accident		Maternity Benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Employees											
Male	2,287	2,287	100	2,287	100	NA	NA	2,287	100	2,287	100
Female	156	156	100	156	100	156	100	NA	NA	156	100
Total	**2,443**	**2,443**	**100**	**2,443**	**100**	**156**	**100**	**2,287**	**100**	**2,443**	**100**
Other than Permanent Employees											
Male	14	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	1	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	**15**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

b. Details of measures for the well-being of workers:

Category	Total (A)	% of workers covered by									
		Health insurance		Accident insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Workers											
Male	3,383	3,383	100	3,383	100	NA	NA	3,383	100	3,383	100
Female	42	42	100	42	100	42	100	NA	NA	42	100
Total	**3,425**	**3,425**	**100**	**3,425**	**100**	**42**	**100**	**3,383**	**100**	**3,425**	**100**
Other than Permanent Workers											
Male	7,610	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	421	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	**8,031**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format –

	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
Cost incurred on well- being measures as a % of total revenue of the company	**0.57**	**0.62**

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2024-25 Current Financial Year			FY 2023-24 Previous Financial Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100	100	Y	100	100	Y
Gratuity	100	100	NA	100	100	N.A
ESI	0.02	2.45	Y	0.15	4.10	Y
Others – please specify	–	–	–	–	–	–

3. **Accessibility of workplaces**

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

The premises of AIL has a state-of-the-art infrastructure equipped with requisite machinery and advanced technology and are accessible to special needs / differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016. We work consistently to provide workplaces free of discrimination for differently abled employees and workers. This diversity is promoted and respected without exception. Our office premises has wheelchair ramps for easy movement of differently abled people and has wheelchair accessible restrooms.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Aarti Industries is committed to uphold Diversity, Integrity, and Equal Opportunity when it comes to providing employment. We do not discriminate on the grounds of religion, caste, gender, ethnicity, race, etc. We have adopted a merit-based transparent recruitment process comprising campus mode and lateral hiring. At AIL, we adhere to merit-based recruitment norms. Our People Policy highlights our endeavor to build a culture of equality and safety at our workplace. Equal opportunity is also covered as part of our Code for human rights

Weblink of the policy: people policy V1

Weblink of the policy: Code for human rights

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	68	100%	78
Female	100%	82	100%	-
Total	**100%**	**69**	**100%**	**78**

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	Yes
Other than Permanent Workers	Yes
Permanent Employees	Yes
Other than Permanent Employees	Yes

Yes, AIL has implemented a mechanism to receive and redress grievances. The redress mechanism is as follows: We have various interventions such as chai pe charcha, HR sevak that enable us to reach out to the employees to listen to their grievances. All minor grievances are resolved on the spot and certain in stipulated amount of time. In addition at AIL, we are committed to adhering to the highest standards of ethical, moral, and legal conduct of business operations. We have adopted the 'Whistle Blower Policy' through which employees, directors, and stakeholders can report their concerns or grievances to the management. The policy covers and promotes responsible vigil mechanisms regarding aspects of unethical behavior, actual or suspected fraud, actual or suspected leak of UPSI, violation of the Company's Code of Conduct, abuse, wrongdoing or violation of any Indian law. It also provides for adequate safeguards against the victimization of employees and allows direct access to the chairperson of the audit committee.

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2024-25 (Current Financial Year)			FY 2023-24 (Previous Financial Year)		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees	**2,443**	**0**	**0**	**2,650**	**0**	**0**
- Male	2,287	0	0	2,496	0	0
- Female	156	0	0	154	0	0
Total Permanent Workers	**3,425**	**72**	**2**	**3,450**	**75**	**2**
- Male	3,383	72	2	3,416	75	2
- Female	42	0	0	34	0	0

8. Details of training given to employees and workers

Category	FY 2024-25 Current Financial Year					FY 2023-24 Previous Financial Year				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Male	2,287	2,287	100	2,287	100	2,496	2,496	100	2,358	94
Female	156	156	100	156	100	154	154	100	151	98
Total	**2,443**	**2,443**	**100**	**2,443**	**100**	**2,650**	**2,650**	**100**	**2,509**	**95**

Category	FY 2024-25 Current Financial Year					FY 2023-24 Previous Financial Year				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Workers										
Male	3,383	3,383	100	3,383	100	3,416	3,416	100	3,106	90.93
Female	42	42	100	42	100	34	34	100	32	94.12
Total	**3,425**	**3,425**	**100**	**3,425**	**100**	**3,450**	**3,450**	**100**	**3,138**	**90.96**

9. Details of performance and career development reviews of employees and worker:

Category	FY 2024-25 Current Financial Year			FY 2023-24 Previous Financial Year		
	Total* (A)	No. (B)	% (B / A)	Total* (C)	No. (D)	% (D / C)
Employees						
Male	1,928	1,928	100	2,494	2,494	100
Female	120	120	100	154	154	100
Total	**2,048**	**2,048**	**100**	**2,650**	**2,650**	**100**
Workers						
Male	3,004	3,004	100	3,416	3,416	100
Female	37	37	100	34	34	100
Total	**3,041**	**3,041**	**100**	**3,450**	**3,450**	**100**

* Numbers Indicates total employee eligible for performance evaluation during FY 2024-25.

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such a system?

Yes, we have developed and adopted a robust and comprehensive Occupational Health and Safety Management System. All our employees, contract employees and visitors are covered under our Occupational Health and Safety Management System.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

With commitment of Zero harm to our people and the environment, it becomes very essential that the hazards at the workplace are effectively assessed and managed. This also ensures reliability of our operations.

We have developed several tools to regularly evaluate potential workplace-related health and safety hazards and their risks. We deploy Hazard Identification and Risk Assessment (HIRA), a qualitative risk assessment tool for our routine activities.

Additionally, for non-routine tasks, we conduct Job Safety Analysis to identify and analyze job-related hazards. We then implement control measures to minimize risks. Safety audits are being conducted internally by deploying external subject matter experts to verify our control measures. These audits are documented, tracked, and reviewed regularly at various governance platforms. The concept of TACIT Knowledge for learning and development is introduced which enables safety capability building. To ensure inherent safe design and operation, we conduct process safety studies for existing and new projects, including Thermal Safety Studies (DSC, TSu, RC1e) and Powder Safety studies & also to ensure continual Risk reduction, process parameters validation, Criticality Class Study, SIL, QRA, and HAC studies are conducted.

Implementation of Risk based approach for process safety through risk register & barrier management. Plant-wise top risk's controls are evaluated through monitoring the healthiness of existing barriers.

External assessments and certifications further validate our commitment to excellence. At AIL, our unwavering dedication to health and safety assessment guarantees the wellbeing and protection of our valued employees and other relevant stakeholders.

c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)

Yes, to create a safe and supportive work environment, we have established a process for workers to report work-related hazards and hazardous situations through implementation of our module General Plant Condition. We also actively encourage incident reporting and investigation, allowing and recognising anyone in the plant to report unsafe conditions and unsafe acts for prompt action.

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes, we have a 12-member Medical Board which comprises highly qualified doctors including specialists from diverse fields such as toxicology, cardiology etc. We also provide 24x7 well-equipped Occupational Health Centers with a dedicated full time medical team (FMOs & Nurses) and state of art medical facilities (Lab for testing Methemoglobin, in house G6PD testing, Audiometry, AED, Central Oxygen Line, Decontamination room, and Ambulances with advanced facilities) for our workforce.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2024 -25 Current Financial Year	FY 2023 -24 Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0.08
	Workers	0.21	0
Total recordable work-related injuries	Employees	14	10
	Workers	18	22
No. of fatalities	Employees	0	0
	Workers	2	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

Note: Employees include Permanent workers; Workers include non-permanent workers.

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

Occupational health and safety is one of our key priorities. We have institutionalized a well-defined HSE policy and a health and safety management system with a robust monitoring plan, to ensure the effective implementation of the HSE policy. We conduct periodic review of our HSE performance and the outcomes from this review are discussed during the Sustainability Council under the able leadership of our Board and other senior leadership of AIL.

Along with this, we strive to foster a culture of safety throughout our organization. We have implemented several initiatives to improve process and workplace safety in the organization. Also we have created awareness about health and safety programs. We also provide platforms such as Safety Symposium, monthly safety themes, safety celebrations, safety competitions, safety training, engagement with neighboring industries, etc. to promote engagement amongst our workforce.

13. Number of Complaints on the following made by employees and workers:

	FY 2024-25 (Current Financial Year)			FY 2023-24 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	NA	0	0	NA
Health & Safety	0	0	NA	0	0	NA

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

AIL fosters a culture of safety, accountability, and transparency, ultimately creating a safer and more productive work environment for all employees. We have established and implemented a clearly defined process for incident reporting and investigation of occupational injuries and illness. A well-defined incident investigation process helps to identify the critical factors that are involved in an incident. It also helps to take appropriate corrective actions to avoid such recurrence. The investigation is being carried out through the '5 Whys technique' in which for each identified cause, the team asks "why" repeatedly to identify the root cause of the incident. It helps to cover the causes involving organizational, procedural, and systemic factors that may have contributed to the incident. We follow a hierarchy of controls to determine appropriate corrective measures.. The learnings from the incident investigation are shared with other locations for horizontal deployment.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

Yes, At AIL, we have Group Life term insurance policy to safeguard our employees as well as workers from unseen uncertainties, In addition, we also extend compensatory packages to employees as well as workers in the event of death.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

We have adopted requisite systems and processes in forms of General Conditions and Contracts that mandates our contractors to deduct and deposit statutory dues. Furthermore, we conduct regular audits to ensure that these dues have been duly deducted and deposited in accordance with applicable norms. All contractors have to submit wage register and PF proof to our Contract Labour Management (CLM) team on a monthly basis, our CLM team is authorized to charge a hefty penalty in case of any default. CLM team is also authorized to hold the payment of any contractor in case of any default on statutory payments.

3. Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2024-25	FY 2023-24	FY 2024-25	FY 2023-24
Employees	0	0	0	0
Workers	2	0	0	0

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

Yes, for the selected & interested employees, we continue their employment as retainer for a fixed amount of agreed tenure. During the employment every employee goes through focused initiatives of skills building that helps them to continue their employment. We also have employee well being programs to assist them in transition to retirement.

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	63%
Working Conditions	63%

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

We have identified and prioritized our suppliers and conducted sustainability programs to engage high risk suppliers and create awareness among them, build their competencies through training programs and help them to enhance their sustainability practices. No significant risk/concern regarding health and safety were identified during FY 24-25.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

We believe that communication is the key to developing long-term relationships with our stakeholders. We have identified our key internal and external stakeholders through a structured stakeholder identification and prioritization process. AIL identifies its stakeholders as groups and individuals, who can influence or/are impacted by our operational activities, change in technology, regulations, market, and societal trends either directly or indirectly which comprise employees, business partners, customers, investors and lenders, regulators, and communities. We also give utmost priority to identifying Indigenous/vulnerable people and affected communities surrounding our operational sites. We use a collaborative approach and actively engage with our stakeholders to understand their key expectations. Listening and responding to stakeholder's needs is a vital element of our sustainability strategy. The feedback received helps us in identifying ESG and business-related challenges, create solutions and drive our sustainability strategy. The below listed stakeholders have direct impact on operations and working of the company.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Emails, SMS, Newspapers, Pamphlets, Advertisement, Community meetings, Notices Board, Website)	Frequency of engagement (Annually/ Half yearly/ Quarterly/ others)- Please specify	Purpose and scope of engagement including key topics and concerns raised during such engagements
Investor and Lenders	No	• Annual Reports and Sustainability Reports • Investor/ Analyst Meets, calls Including Plant Visits • Quarterly Results • Company Website • Stock Exchange Filings • Media Release	Quarterly	• Economic Value Generated and Distributed • Long-Term Value Creation • Transparency • Good ESG Governance • High Reputation and Brand image • Process, innovation, R&D & IPRS
Regulatory bodies and government agencies	No	• Open Invitations • Specialised Programmes • Seminars • Media Releases • Conferences • Membership and Associations	Need base	• Proactive Compliance to regulatory approvals • Implementation of Compliance Management System

Stakeholder group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Emails, SMS, Newspapers, Pamphlets, Advertisement, Community meetings, Notices Board, Website)	Frequency of engagement (Annually/ Half yearly/ Quarterly/ others)- Please specify	Purpose and scope of engagement including key topics and concerns raised during such engagements
Employees	No	• Leadership Development Interventions • Monthly manufacturing connect • Web Based Performance Dialogue • Continuous Feedback • Anahata – Employee Assistance Program • Nirvana – Employee Wellness Program • Employee Induction • Employee Experience • Town hall Briefing • Listening Tour • Employee Engagement Survey • Emails • Quarterly/Publications • Newsletters	Continuous	• Diversity • Quality of Work & Life • Fair Wages and Remuneration Benefits • Skill upgradation • Career Growth • Health & Safety • Continuous performance dialogue and feedback
Customers	No	• Video Conferencing • Emails • Customer Satisfaction Survey • One on one meetings	Continuous	• Product Quality and Timely Delivery • Product availability • Competitive Cost • Responsible Production • Transparency in Disclosure • Climate change disclosure and GHG emission reduction targets • Life cycle assessment • Intellectual Property Rights
Suppliers and Contractors	No	• Supplier Meets • Supplier Assessment • MoU Agreements • Contract Discussion Meetings • Daily Toolbox Talks, Weekly Discussion Meetings • Performance Review	Continuous	• On Time Payment • Ethical Behavior • Sustainable Growth • Intellectual Property Rights
Local Communities	No	• Community engagement during CSR Initiatives • Regular Engagement to understand concerns and requirement	Continuous	• Development Interventions • Local Employment Generation

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

   AIL has an intensive stakeholder consultation mechanism. The Board consults the relevant stakeholders on economic, environmental, and social topics. The consultation is delegated to various functions. Feedback from stakeholders is compiled and presented to the Board by the Apex Sustainability Council.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

   Yes, AIL derives business resilience in the operations through a robust materiality assessment process and risk management framework which are based on stakeholder consultations. For details regarding the materiality assessment kindly refer to the materiality assessment section of the sustainability report.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

   AIL invests in efforts to uplift local communities, support marginalized sections, and ensure inclusive growth and development. AIL focuses on the themes of healthcare, education, and environmental protection under CSR program.

PRINCIPLE 5 Businesses should respect and promote human rights

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2024-25 Current Financial Year			FY 2023-24 Previous Financial Year		
	Total (A)	No. of employees/ workers covered (B)	% (B / A)	Total (C)	No. of employees/ workers covered (D)	% (D / C)
Employees						
Permanent	2,443	2,443	100	2,650	2,650	100
Other permanent	15	15	100	36	36	100
Total Employees	**2,458**	**2,458**	**100**	**2,686**	**2,686**	**100**
Workers						
Permanent	3,425	3,425	100	3,450	3,450	100
Other than permanent	8,031	8,031	100	9,308	9,308	100
Total Workers	**11,456**	**11,456**	**100**	**12,758**	**12,758**	**100**

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2024-25 Current Financial Year					FY 2023-24 Previous Financial Year				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Permanent Employees										
Male	2,287	0	0	2,287	100	2,496	0	0	2,496	100
Female	156	0	0	156	100	154	0	0	154	100
Other than permanent Employees										
Male	14	0	0	14	100	33	0	0	33	100
Female	1	0	0	1	100	3	0	0	3	100
Workers										
Permanent Workers										
Male	3,383	0	0	3,383	100	3,416	0	0	3,416	100
Female	42	0	0	42	100	34	0	0	34	100
Other than permanent workers										
Male	7,610	14	0.18	7,596	99.82	8,920	3,100	34.8	5,820	65.2
Female	421	2	0.48	419	99.52	388	142	36.6	246	63.4

3. Details of remuneration/salary/wages

a. Median remuneration / wages:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category (in lakhs ₹)	Number	Median remuneration/ salary/ wages of respective category (in lakhs ₹)
Board of Directors (BoD)- Executive Directors	6	512.21	0	NA
Board of Directors (BoD)- Non-executive Directors	0	NA	1	19.46
Key Managerial Personnel*	2	174.8	0	NA
Employees other than BoD and KMP	2,287	8.05	156	8.5
Workers	3,383	3.97	42	4.06

Note : Median salary of all AIL employees excluding BOD is 4.72 lakhs ₹

*KMP exclusive of those already covered in Executive Directors

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

Safety Incident/Number	FY 2024 -25 Current Financial Year	FY 2023 -24 Previous Financial Year
Gross wages paid to females as % of total wages	4%	4%

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, we have appointed our Chief human resource officer (CHRO) as the Ethics officer for AIL who is responsible for investigating and addressing human rights issues. We have also established an Internal Complaints Committee at each of our operational locations.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

We are committed to providing a safe workplace to all our employees. Adherence to human rights issues is ensured by our company's code of conduct through robust internal controls and governance practices. In case of any concern related to human rights, employees can raise their grievances through our vigil mechanism/ whistle blower policy.

6. Number of Complaints on the following made by employees and workers:

	FY 2024-25 Current Financial Year			FY 2023-24 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	0	0	NA	0	0	NA
Discrimination at workplace	0	0	NA	0	0	NA
Child Labour	0	0	NA	0	0	NA
Forced Labour/Involuntary Labour	0	0	NA	0	0	NA
Wages	0	0	NA	0	0	NA
Other human rights related issues	0	0	NA	0	0	NA

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

Safety Incident/Number	FY 2024 -25 Current Financial Year	FY 2023 -24 Previous Financial Year
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	0	0
Complaints on POSH as a % of female employees / workers	0	0
Complaints on POSH upheld	0	0

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

The complainant's identity is kept strictly confidential through our procedures for anonymous complaint submission. The complainant is provided with the necessary assistance and counseling. Our whistleblower protocol addresses the protection of the complainant during the investigation.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, the vendor onboarding and monitoring process is outlined in our procurement policy. We evaluate our suppliers based on performance in terms of quality, environmental, health, and safety (EHS) features. The evaluation criteria also include aspects such as governance, ethics and compliance, fair business practices, labour and human rights, health and safety, and the environment.

10. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	All AIL's plants and offices have undergone assessments for compliance with key human rights issues conducted by our internal teams. There have been no observations by local statutory / third parties in FY 2024-25.
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.

Not Applicable as there was no audit concerns in the above area during FY 24-25

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

We did not receive any complaint or any grievance during FY 2024-25. Maintaining a proactive approach, we have established comprehensive policies and internal controls to ensure that there are no issues related to Human Rights.

2. Details of the scope and coverage of any Human rights due-diligence conducted.

We have conducted Human rights assessment for all of our manufacturing units internally. We have validated our internal assessment through a third party for all the 16 divisions. Our HRDD process covers a large and diverse group of stakeholders including women, children, migrant workers, contract employees, local communities (including Indigenous People), and our own employees.

AIL has a robust human rights due diligence process that aligns with the United Nations Guiding Principles (UNGP) reporting framework as well as the requirements of SA8000. The process enables us to identify and assess the potential impacts on human rights. The scope includes evaluating risks in our operations, value chains, and new partnerships such as mergers, acquisitions, and joint ventures. The due diligence issues covers child labour/forced labour/bonded labour, diversity, human trafficking, wages, sexual exploitation, racial/gender discrimination, freedom of association, collective barging, country reputation in terms of respecting human rights, ongoing controversy pertaining to human right violation, any legal penalties or fines etc.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

   Yes, our facilities are accessible to differently abled visitors and those with special needs.

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	63%
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	
Others – please specify	

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

   No significant risks/ concerns were identified from the above assessment. Hence not applicable.

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
From renewable sources (GJ)		
Total electricity consumption (A)	1,99,533	54,952
Total fuel consumption (B)	1,933	6,134
Energy consumption through other sources (C)	-	-
Total energy consumed from renewable sources (A+B+C)	**2,01,465**	**61,086**
From non-renewable sources (GJ)		
Total electricity consumption (D)	5,50,692	5,63,183
Total fuel consumption (E)	62,04,660	60,14,507
Energy consumption through other sources (F)	11,18,952	10,71,829
Total energy consumed from non renewable sources (D+E+F)	**78,74,304**	**76,49,519**
Total energy consumed (A+B+C+D+E+F)	**80,75,769**	**77,10,605**
Energy intensity per rupee of turnover (Total energy consumed / Revenue from operations) (GJ/ Turnover in lakhs (₹))	10.04	11.00
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed / Revenue from operations adjusted for PPP) (GJ/ Turnover adjusted for Purchasing Power Parity (PPP) in Lakhs (₹))	2.43	2.93
Energy intensity in terms of physical output	7.80	8.39
Energy intensity (optional) – the relevant metric may be selected by the entity	-	

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, TUV India Private Limited has carried out an independent reasonable assurance of the selected non-financial disclosures of AIL and its operational subsidiaries presented in the Business Responsibility and Sustainability Report (BRSR) for FY 2024-25.

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

   Not Applicable

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water	0	0
(ii) Groundwater	0	0
(iii) Third party water	26,82,032	26,57,491
(iv) Seawater / desalinated water	2,40,995	0
(v) Others (KL) (Rain Water)	8,507	8,223
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	**29,31,534**	**26,65,714**
Total volume of water consumption (in kilolitres)	**26,48,486**	**24,29,970**
Water intensity per rupee of turnover (Total water consumption / Revenue from operations) (KL/turnover in lakhs (₹))	3.29	3.47
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption / Revenue from operations adjusted for PPP) (KL/ Turnover adjusted for Purchasing Power Parity (PPP) in Lakhs (₹))	0.80	0.92
Water intensity in terms of physical output (KL/ MT of Product)	2.56	2.64
Water intensity (optional) – the relevant metric may be selected by the entity	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, TUV India Private Limited has carried out an independent reasonable assurance of the selected non-financial disclosures of AIL and its operational subsidiaries presented in the Business Responsibility and Sustainability Report (BRSR) for FY 2024-25.

4. Provide the following details related to water discharged:

Parameter	FY 24-25 (Current Financial Year)	FY 23-24 (Previous Financial Year)
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) To Groundwater		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iii) To Seawater		
- No treatment	-	-
- With treatment – please specify level of treatment (ETP having primary, secondary and tertiary treatment)	1,57,414	1,02,756
(iv) Sent to third-parties		
- No treatment	-	-
- With treatment – please specify level of treatment (ETP having primary, secondary and tertiary treatment)	1,25,633	1,32,988
(v) Others		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
Total water discharged (in kilolitres)	**2,83,047**	**2,35,744**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, TUV India Private Limited has carried out an independent reasonable assurance of the selected non-financial disclosures of AIL and its operational subsidiaries presented in the Business Responsibility and Sustainability Report (BRSR) for FY 2024-25.

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Yes, 8 of our manufacturing facilities are Zero Liquid Discharge, 3 of our manufacturing facilities are Zero Liquid Discharge ready and rest of the manufacturing facilities are in process of becoming Zero Liquid Discharge ready. We have built in-house water treatment plants to recycle used water and further used for industrial operations. We are currently working towards making all our units ZLD ready facilities that will increase the amount of water recycled by us thereby reducing freshwater consumption. The secondary treated wastewater is sent to a common effluent treatment plant for tertiary treatment and discharge from the manufacturing facilities that do not have ZLD status currently.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
NOx	MT	382	440
SOx	MT	802	987
Particulate matter (PM)	MT	499	549
Persistent organic pollutants (POP)	-	-	-
Volatile organic compounds (VOC)	MT	55	70
Hazardous air pollutants (HAP)	-	-	-
Others – please specify	-	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, TUV India Private Limited has carried out an independent reasonable assurance of the selected non-financial disclosures of AIL and its operational subsidiaries presented in the Business Responsibility and Sustainability Report (BRSR) for FY 2024-25.

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO_2, CH4, N_2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO_2 equivalent	6,20,823	6,05,619
Total Scope 2 emissions (Break-up of the GHG into CO_2, CH4, N_2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO_2 equivalent	1,71,010	1,69,223
Total Scope 1 and Scope 2 emission intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)	TCO_2e/ Turnover in Lakhs (₹)	0.98	1.11
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)	(TCO_2e/ Turnover adjusted for Purchasing Power Parity (PPP) in Lakhs (₹))	0.24	0.29
Total Scope 1 and Scope 2 emission intensity in terms of physical output	TCO_2e/MT of Product	0.77	0.84
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity		-	–

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, TUV India Private Limited has carried out an independent reasonable assurance of the selected non-financial disclosures of AIL and its operational subsidiaries presented in the Business Responsibility and Sustainability Report (BRSR) for FY 2024-25.

8. Does the entity have any project related to reducing GreenHouse Gas emission? If Yes, then provide details.

Yes, at AIL we have taken various initiatives for reduction of GHG emissions, and have embarked on the GHG emission reduction journey by signing the Science Based Target Initiative (SBTi). We have submitted our targets and they are validated by SBTi. Commitment to SBTi has intensified our focus on reduction of energy consumption and reducing carbon footprint. An utility expert group along with the process team at each location had conceptualized the Aarti's way toward being Net Zero. The focus areas for energy conservation and Carbon emission reduction are:

- Eliminating process emission
- Improving energy efficiency through equipment
- Equipment upgrade and process optimization
- Minimizing energy losses
- Adopting Renewable energy and alternate low carbon/green fuel
- Adopting new technologies

Some major initiatives undertaken to reduce greenhouse gas emissions are as below:

1. Reduction in energy consumption through equipment upgrades
2. Reduction in GHG emissions through process optimization
3. Measures to ensure enclosure of emission sources and airtightness of equipment
4. Implemented process for recovery/abatement of NOx
5. Work process implemented to reduce, recycle or reuse HW
6. Measures to re-use process by products
7. Enhancement in Waste Heat Recovery System
8. Purchase of Renewable energy through Purchase Power Agreement
9. Installation of onsite solar Power plant
10. Replacement of Coal with Biomass
11. Substituting of incineration of waste with co-processing

9. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
Plastic waste **(A)**	716	300
E-waste **(B)**	25	13
Bio-medical waste **(C)**	0.07	0.07
Construction and demolition waste **(D)**	0	0
Battery waste **(E)**	22	8
Radioactive waste **(F)**	-	-
Other Hazardous waste. Please specify, if any. **(G)**	4,39,478	4,06,655
Other Non-hazardous waste generated **(H)**. Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	28,495	31,842
Total (A+B + C + D + E + F + G + H)	**4,68,736**	**4,38,818**
Waste intensity per rupee of turnover (Total waste generated / Revenue from operations) (MT/ Turnover in Lakhs (₹))	0.58	0.63
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP) (MT/ Turnover adjusted for Purchasing Power Parity (PPP) in Lakhs (₹))	0.14	0.17
Waste intensity in terms of physical output	0.45	0.48
Waste intensity (optional) – the relevant metric may be selected by the entity	-	–

Parameter	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled (Including plastic waste)	4,23,623	3,96,986
(ii) Re-used	0	0
(iii) Other recovery operations (E-Waste and Battery)	19,239	11,484
Total	**4,42,862**	**4,08,470**
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	4,483	4,469
(ii) Landfilling	21,391	25,880
(iii) Other disposal operations (BMW)	0.07	0.07
Total	**25,874**	**30,349**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, TUV India Private Limited has carried out an independent reasonable assurance of the selected non-financial disclosures of AIL and its operational subsidiaries presented in the Business Responsibility and Sustainability Report (BRSR) for FY 2024-25.

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

We are in the process of manufacturing specialty chemicals that are hazardous in nature. By the nature of chemistry itself, our operations are subjected to the generation of hazardous waste. Our R&D and technology management teams continuously strive to reduce waste generation by improving the performance of existing technologies and considering the principles of sustainability in the design of new products. We have adopted standardized protocols for waste identification and categorization, waste collection and segregation, labelling, storage, and responsible disposal of hazardous and non-hazardous waste. Our waste management policies are intended to handle hazardous and non-hazardous waste in accordance with legal requirements and globally accepted best practices.

Our waste management approach is systematically divided into three priorities depending upon the various operating conditions and type of waste generated. These are as follows:

Measures taken to minimize primary pollution, waste prevention and our priority to reduce hazardous waste are:

- Change industrial process to eliminate use of harmful chemicals
- Use less of a harmful / product
- Reduce packaging and materials in products
- Make products last longer and are recyclable, reusable, or easy to repair
- Change industrial processes to reduce or eliminate hazardous waste production
- Buy reusable and recyclable products

Measures taken to minimize secondary pollution and waste prevention and second priority to reduce Hazardous or Non-Hazardous waste are:

- Reuse
- Recovery
- Recycle
- Repair

Treatment and disposal of all our waste:

- Treating waste to reduce toxicity
- Incinerate waste
- Waste in landfills
- Co- processing

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

Not Applicable, as our manufacturing facilities are situated in the GIDC/MIDC industrial complex and offices are located in corporate parks away from any ecologically sensitive areas.

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
1.	NA	NA	NA

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Production capacity expansion by 20% of existing production capacity within the existing plant facility for manufacturing of Synthetic organic chemicals (i.e. Dyes & Dye Intermediates, Bulk Drugs and intermediates excluding drug formulation, synthetic rubbers, basic organic chemicals, other synthetic organic chemicals and chemical intermediates) located at plot no. 1430/1, NH no. 8A, Village & Taluka Bhachau, District Kutch, Gujarat.	EIA Notification S.O. 141(E) [14-09-2006] as amended	26/07/2024	Yes	Yes	https://parivesh.nic.in/newupgrade/#/trackYourProposal/proposal-details?proposalId=IA%2FGJ%2FIND3%2F465160%2F2024&proposal=51634363

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Yes, During the reporting period AIL was in compliance with applicable environmental norms.

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
1.	Nil	Nil	Nil	Nil

Leadership Indicators

1. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

(i) Name of the area: Manufacturing locations situated in Gujarat & Maharashtra

(ii) Nature of operations: Manufacturing of speciality chemical

(iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water	0	0
(ii) Groundwater	0	0
(iii) Third party water	26,82,032	26,57,491
(iv) Seawater / desalinated water	2,40,995	0
(v) Others	8,507	8,223
Total volume of water withdrawal (in kilolitres)	**29,31,534**	**26,65,714**
Total volume of water consumption (in kilolitres)	**26,48,486**	**24,29,970**
Water intensity per rupee of turnover (Water consumed / turnover) (Water Consumed in KL/ Turnover in lakhs (₹))	3.29	3.47
Water intensity (optional) – the relevant metric may be selected by the entity (Water consumed in KL/ MT of product)	2.56	2.64
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) Into Groundwater		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iii) Into Seawater		
- No treatment	-	-
- With treatment – please specify level of treatment (ETP having primary, secondary and tertiary treatment)	1,57,414	1,02,756
(iv) Sent to third-parties		
- No treatment	-	-
- With treatment – please specify level of treatment (ETP having primary, secondary treatment)	1,25,633	1,32,988
(v) Others		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
Total water discharged (in kilolitres)	**2,83,047**	**2,35,744**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, TUV India Private Limited has carried out an independent reasonable assurance of the selected non-financial disclosures of AIL and its operational subsidiaries presented in the Business Responsibility and Sustainability Report (BRSR) for FY 2024-25.

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
Total Scope 3 emissions (Break-up of the GHG into CO_2, CH4, N_2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO_2 equivalent	19,41,181	20,24,645
Total Scope 3 emissions per rupee of turnover	TCO_2e/ Turnover In Lakhs (₹)	2.41	2.89
Total Scope 3 emission intensity (optional) –	TCO_2e / MT of product	1.88	2.20

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, TUV India Private Limited has carried out an independent reasonable assurance of the selected non-financial disclosures of AIL and its operational subsidiaries presented in the Business Responsibility and Sustainability Report (BRSR) for FY 2024-25.

3. With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Process intensification	The hydrodynamic/mixing study and kinetics study for Ammonlysis were conducted with the help of CFD software, alongside several pilot trials, aimed at reducing BCT. Based on these studies several DOEs were proposed for Lab Trials at LCTM ensuring the alignment with the Process safety via systematic ARC & TSU studies. The proposed DOEs have changes in operating parameters like Temperature, mixing, Concentrations, etc & validated in the Pilot plant.	Through the power of process intensification studies, we were able to achieve a remarkable over 50% reduction in batch cycle time.
2	Energy efficiency	A systematic heat integration study, leveraging pinch analysis, was implemented at one of our monitoring location to optimize energy utilization. Process-side integration utilized the sensible heat of hot product gases/vapors to preheat/vaporize raw material streams, reducing direct heating requirements. Utility-side integration captured reaction exothermicity to preheat hot oil, decreasing thermopack load.	These integrated strategies achieved a 30% overall energy saving, enhancing process efficiency and reducing the plant's carbon footprint.

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

In line with our commitment to prevent injury and provide a safe and healthy workplace we have developed and adopted detailed onsite and off site emergency plans (OSEP) for all our manufacturing locations. These carefully drafted plans outline the strategies for detailed response, escalation hierarchies and control measures to contain the emergencies effectively. We have a dedicated team of skilled experts equipped with infrastructure at each of our manufacturing locations to handle any emergency. By conducting regular mock drills we prepare our employees to tackle a variety of emergencies.

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

As majority of our raw materials are sourced from oil and gas value chains which are typically energy intensive, we are cautious of the environmental impact arising from our value chain. In order to better understand the emission hotspot, we have conducted LCA for our 81% product by spending. Additionally, we have undertaken various initiatives to reduce emissions across our value chain and promote the use of a diverse energy mix.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

   We screen our supplier based on Environmental, Social and Governance (ESG) aspects as per AIL's sustainability protocol. The protocol includes ESG criteria such as- Climate change, environment, Social criteria such as health & safety, labour and human rights and Governance such as ethics and compliance, fair business practices, anti-bribery, etc. During the reporting period, 63% of our suppliers were assessed for environmental impacts

8. How many Green Credits have been generated or procured:

   A. By the listed entity:

      Nil

   B. By the top ten (in terms of value of purchases and sales, respectively) value chain partners.

      Nil

PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations.

   17

   b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Indian Chemical Council	National
2	CHEMEXCIL- Chemicals, Pharmaceuticals and Cosmetics Export Promotion Council	National
3	Indian Institute of Chemical Engineering	National
4	Gujarat Chamber of Commerce and Industry	National
5	Confederation of Indian Industry	National
6	United Nations Global Compact Network of India	National
7	Federation of Indian Export Organization	National
8	Federation of Indian Chambers of Commerce & Industry (FICCI)	National
9	Chemicals and Petrochemicals Manufacturers' Association	National
10	Indian Speciality Chemical Manufacturers' Association	National

2. Provide details of corrective action taken or underway on any issues related to anti competitive conduct by the entity, based on adverse orders from regulatory authorities.

   Not Applicable since there were no cases of anti-competitive conduct in FY 24-25.

Name of authority	Brief of the case	Corrective action taken
-	-	-

Leadership Indicators

1. Details of public policy positions advocated by the entity:

S. No.	Public Policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web link, if available
1	Regulatory and Standards Reforms – Advocacy for the inclusion of various products under Quality Control Orders (QCOs), revision of BIS standards, and support for anti-dumping investigations to protect the domestic industry.	Submission of proposals, letters, and technical documents to the Ministry of Chemicals & Fertilizers, BIS, and DGTR; engagement through stakeholder consultations; follow-ups on product-specific concerns.	Yes	NA	–
2	Trade Policy and Market Access – Suggestions for enhancing India's chemical exports (e.g., to the USA, EU, etc.), contributions to FTA-related discussions (India-EU PSR), and recommendations on global value chains and tariff lines.	Structured inputs to the Ministry of Commerce and NITI Aayog; policy notes and presentations; identification of high-potential products; feedback through industry consultations and formal communications.	Yes	NA	–
3	Budget & Financial Policy – Inputs for pre-budget memoranda, rationalization of duties, financial incentives under PLI, tax amendments, and addressing cost disabilities, including global subsidy challenges.	Preparation of Pre-Budget Memoranda; formal letters and stakeholder submissions to the Ministry of Finance and DPIIT; industry surveys; submission of product-specific justifications.	Yes	NA	–
4	Innovation, Sustainability, and Strategic Chemicals – Support for R&D and technology upgradation, environmental approvals (e.g., hazardous waste management, deep-sea discharge, net-zero, etc.), industry-academia platforms, and policy inclusion of strategic/ electronic chemicals.	Concept notes and advocacy papers to DCPC, GPCB, MoEF&CC, and MeitY; industry association-backed submissions; presentations; publication of strategic documents and growth plans to promote industry innovation.	Yes	NA	–

PRINCIPLE 8 Businesses should promote inclusive growth and equitable development

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

   As per the applicable laws, none of the projects undertaken by our company can be categorized under the SIA mandate. Hence no SIA done during FY 24-25

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Nil	Nil	Nil	Nil	Nil	Nil

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

   We do not have any ongoing projects for which Rehabilitation and Resettlement (R&R) has been undertaken.

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In ₹)
1.	Nil	Nil	Nil	Nil	Nil	Nil

3. Describe the mechanisms to receive and redress grievances of the community.

   We frequently interact with the local community at our manufacturing facilities to learn about their issues and grievances. A grievance redressal mechanism has been established for our stakeholders including the local community. In accordance with this mechanism, the local communities can raise their grievances and file complaints. The reported grievances are further reviewed and examined by respective functions and corrective actions are implemented.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
Directly sourced from MSMEs/ small producers	19%	25
Directly from within India	67%	77

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost

Location	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
Rural	0	0
Semi-urban	8%	9%
Urban	52%	58%
Metropolitan	40%	33%

(Place to be categorized as per RBI Classification System - rural / semi-urban / urban / metropolitan)

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

   Not Applicable since Company did not undertake any Social Impact Assessment (SIA) for its CSR Projects during the FY 2024-25.

Details of negative social impact identified	Corrective action taken
Nil	Nil

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District	Amount spent (In ₹)
1.	-	-	-

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

   Yes

   (b) From which marginalized /vulnerable groups do you procure?

   From businesses led by women, veteran, person with disability, minority owned business

   (c) What percentage of total procurement (by value) does it constitute?

   5.44%

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

S. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
1.	NA	-	-	-

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the Case	Corrective action taken
NA	NA	NA

6. Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefited from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Education & Skill Development	2,07,693	100%
2	Healthcare	12,226	100%
3	Tribal & Rural Development	69,806	100%
4	Environment & Water Conservation	630	NA
6	Women Empowerment	1,90,300	100%

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

   AIL has a comprehensive process to facilitate timely redressal of the consumer complaints received which can be understood as follows:

   Consumer Complaints:

   1. Business, sales and marketing team are the primary contact of all the customers' complaints.
   2. The sales and marketing manager shall also inform the respective QA manager about the customer complaint raised.
      - Unique Deviation record number shall also be shared by him.
      - Sales manager shall forward the customer complaint emails received from the customer to the QA Manager, Plant Manager, Zone Quality Head, Division Head, Zone Operations Head, Chief of Operations and Quality Vertical Head
   4. Quality manager evaluate the detail of the customer complaint, do site visits and prepare customer complaint report
   5. Zone quality head prepare investigation team for through investigation of complaint and preparing Corrective and preventive action plan
   6. Based on the investigation report, Quality head shall communicate the customer complaint response to the business team for further communicating it with the customer
   7. Business would be the SPOC for communication to the customer. All activities related to complaint investigation shall be completed within 30 working days from the date of receipt of complaint. Based on CAPA, action plans may take longer

      The entire process of receipt of customer complaints and its investigation and CAPA happens on AIL digital platform-DNA

Feedback:

We regularly conduct customer satisfaction surveys to understand our quality of delivery and identify areas of improvement which also includes customers' health and safety. The survey comprised three Key areas: a) Packaging Quality b) Product Quality c) MSDS Information.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	100%
Safe and responsible usage	100%
Recycling and/or safe disposal	100%

3. Number of consumer complaints in respect of the following:

We engage closely with its customer base to understand their requirements, preferences and concerns. We strive to maintain a good relationship with its customers with its timely support, effective information dissemination, and continuous engagement.

	FY 2024-25 (Current Financial Year)		Remarks	FY 2023-24 (Previous Financial Year)		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	0	0	-	0	0	-
Advertising	0	0	-	0	0	-
Cyber-security	0	0	-	0	0	-
Delivery of essential services	0	0	-	0	0	-
Restrictive Trade Practices	0	0	-	0	0	-
Unfair Trade Practices	0	0	-	0	0	-
Other - Quality of Product	83	0	-	65	14	-

4. Details of instances of product recalls on account of safety issues

	Number	Reasons for recall
Voluntary recalls	00	-
Forced recalls	00	-

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

   Yes, we have an information security policy in place related to data privacy. This policy has been developed in accordance with ISO 27001.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

   Not Applicable

7. Provide the following information relating to data breaches:

   a. Number of instances of data breaches

      No data breaches were recorded in FY 2024-25

   b. Percentage of data breaches involving personally identifiable information of customers

      Not Applicable

   c. Impact, if any, of the data breaches

      Not Applicable

Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

   The details of our products and services are disclosed publicly at: https://www.aarti-industries.com/products

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

   We adhere to EU REACH Compliance and MSDS regulations to maintain information transparency with our customers. We interact with our customers on the quality and safety of our products, as well as their appropriate use and disposal.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

   We engage with our customers on a frequent basis to update them on business continuity and product supply. In case of any potential disruption of supplies the customers and relevant stakeholders are informed well in advance to ensure seamless operation. The communication with our customers is conducted via emails in case of any disruptions or shutdown and further mitigation actions are conveyed.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/ Not Applicable) If yes, provide details in brief.

   Yes, we adhere to GHS labeling and MSDS for describing and conveying product details, hazards, and safety precautions. We adopt the standards set forth by the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) rules of the European Union.

5. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No).

   We constantly undertake customer satisfaction surveys to understand our delivery quality and areas for improvement, including the health and safety of our consumers. The survey is focussed on 1) Product and Packaging Quality, 2) Health, Safety and Environment 3) Complaint Resolution 4) Business Ethics 5) Human Rights.

TÜVINDIA

INDEPENDENT ASSURANCE STATEMENT

To,
The Directors and Management
Aarti Industries Limited
Plot No.-801/23, G.I.D.C Estate, Phase III,
Vapi-396 195, Dist.-Valsad, Gujarat, India

Aarti Industries Limited (hereafter referred to as 'AIL') engaged TÜV India Private Limited (TUVI) to conduct an independent external assurance of its Business Responsibility and Sustainability Report (BRSR) for the reporting period from April 01, 2024 to March 31, 2025. The assurance engagement covered the BRSR Core disclosures, specifically the nine attributes as per Annexure I - Format of BRSR Core, in accordance with the BRSR Core Framework for Assurance and ESG Disclosures for Value Chain, as stipulated in:

- *SEBI Circular: SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122, dated 12 July 2023*
- *Industry Standards on* Reporting of BRSR Core: SEBI/HO/CFD/CFD-PoD-1/P/CIR/2024/177, dated 20 December 2024

TUVI conducted this engagement with a reasonable level of assurance, in line with the requirements of ISAE 3000 (Revised) for non-financial assurance engagements. AIL's BRSR is prepared in reference to the National Guidelines on Responsible Business Conduct (NGRBC) and aligns with the SEBI circular SEBI/HO/CFD/CMD-2/P/CIR/2021/562, dated 10 May 2021, and the notification SEBI/LAD-NRO/GN/2023/131, dated 14 June 2023, which outline the regulatory requirements for BRSR reporting. This assurance engagement was conducted with reference to the relevant BRSR requirements, following the agreed terms of engagement and applicable assurance standards.

Management's Responsibility

AIL is responsible for the preparation and content of the Business Responsibility and Sustainability Report (BRSR), including the Core disclosures (nine attributes as per Annexure I - Format of BRSR Core). AIL's management holds responsibility for the collection, analysis, and disclosure of the information presented in both the BRSR (web-based and print versions). This includes maintaining the integrity of the associated website and ensuring that all disclosed information is accurate, complete, and aligned with the applicable criteria outlined in the BRSR requirements, and is free from intended or unintended material misstatements. Furthermore, AIL is accountable for the archiving, storage, and reproduction of the reported data and information, and for making it available to stakeholders and regulators upon request.

Scope and Boundary

The scope of work includes the assurance of the following *09 attributes as per Annexure I - Format of BRSR Core* disclosed in the BRSR report. The BRSR core requirements encompass essential disclosures pertaining to organization's Environmental, Social and Governance (ESG). In particular, the assurance engagement included the following:

1. Verification of the application of the Report content, and principles as mentioned in the BRSR, and the quality of information presented in the Report over the reporting period;
2. Verification of the reliability of the disclosures pertaining to environmental and social topics;
3. Review of *09 attributes of BRSR Core* submitted by AIL.
4. Review of the quality of information,
5. Review of evidence (on a random samples) for reasonable assurance of *09 attributes of BRSR Core.*

TUVI has verified the below *09 attributes of BRSR Core* disclosed in the BRSR

Attributes	KPI
Green-house gas (GHG) footprint *(Limited to Indian operations)*	Total Scope 1 emissions (with breakup by type) - GHG (CO_2e) Emission in MT - Direct emissions from organization's owned- or controlled sources – Monitored
	Total Scope 2 emissions in MT - Indirect emissions from the generation of energy that is purchased from a utility provider – Monitored
	Total Scope 1 and Scope 2 emissions (MT) / Total Revenue from Operations adjusted for PPP - Calculated
	GHG Emission Intensity (Scope 1+2) (Total Scope 1 and Scope 2 emissions (MT) /Product or Service - Calculated
Water footprint *(Limited to Indian operations)*	Total water consumption (in kL) – Monitored
	Water consumption intensity - kL / Total Revenue from Operations adjusted for PPP - Calculated
	Water consumption intensity - kL /Product or Service Calculated
	Water Discharge by destination and levels of Treatment (kL) – Monitored
Energy footprint *(Limited to Indian operations)*	Total energy consumed in GJ – Monitored
	% of energy consumed from renewable sources - In % terms – Monitored
	Energy intensity -GJ/ Rupee adjusted for PPP - Calculated
	Energy intensity -GJ/Product or Service - Calculated
	Plastic waste (A) (MT) – Monitored
	E-waste (B) (MT) – Monitored

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Embracing circularity - details related to waste management by the entity *(Limited to Indian operations)*	Bio-medical waste (C) (MT) – Monitored
	Construction and demolition waste (D) (MT) – Monitored
	Battery waste (E) (MT) – Monitored
	Other Hazardous waste (Engine oil) (kL) (F) – Monitored
	Other non-hazardous waste (STP Sludge) (MT) (G) – Monitored
	Other non-hazardous waste (wet waste) (MT) (H) – Monitored
	Other non-hazardous waste (dry waste) (MT) (I) – Monitored
	Other non-hazardous waste (horticulture) (MT) (J) – Monitored
	Total waste generated (A + B + C + D + E + F+G+H+I+J) (MT)
	Waste intensity • MT / Rupee adjusted for PPP - Calculated • MT /Product or Service - Calculated
	Each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (MT) –- Calculated
	Each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (Intensity) ✓ kg of Waste Recycled Recovered /Total Waste generated
	For each category of waste generated, total waste disposed by nature of disposal method (MT) - Monitored
	For each category of waste generated, total waste disposed by nature of disposal method (Intensity) ✓ kg of Waste Recycled Recovered /Total Waste generated - Calculated
Enhancing Employee Wellbeing and Safety	Spending on measures towards well-being of employees and workers – cost incurred as a % of total revenue of the company - In % terms – Monitored and calculated
	Details of safety related incidents for employees and workers (including contract-workforce e.g. workers in the company's construction sites) 1) Number of Permanent Disabilities – Monitored 2) Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) – Monitored 3) No. of fatalities– Monitored
Enabling Gender Diversity in Business *(Limited to Indian operations)*	Gross wages paid to females as % of wages paid - In % terms– Calculated
	Complaints on POSH: 1) Total Complaints on Sexual Harassment (POSH) reported– Monitored
	Complaints on POSH: 2) Complaints on POSH as a % of female employees / workers– Monitored
	Complaints on POSH: 3) Complaints on POSH upheld– Monitored
Enabling Inclusive Development *(Limited to Indian operations)*	Input material sourced from following sources as % of total purchases – Directly sourced from MSMEs/ small producers and from within India - In % terms – As % of total purchases by value – Monitored
	Job creation in smaller towns – Wages paid to persons employed in smaller towns (permanent or non-permanent /on contract) as % of total wage cost - In % terms – As % of total wage cost– Monitored
Fairness in Engaging with Customers and Suppliers	Instances involving loss / breach of data of customers as a percentage of total data breaches or cyber security events - In % terms – Monitored
	Number of days of accounts payable - (Accounts payable *365) / Cost of goods/services procured- Calculated
Open-ness of business	Concentration of purchases & sales done with trading houses, dealers, and related parties Loans and advances & investments with related parties: 1) Purchases from trading houses as % of total purchases
	2) Number of trading houses where purchases are made from
	3) Purchases from top 10 trading houses as % of total purchases from trading houses
	1) Sales to dealers / distributors as % of total sales
	2) Number of dealers / distributors to whom sales are made
	3) Sales to top 10 dealers / distributors as % of total sales to dealers / distributors
	Share of RPTs (as respective %age) in - • Purchases • Sales • Loans & advances • Investments

The reporting boundaries for the above topics includes 14 division of Gujarat, 1 division of Maharashtra and also a research Centre in Navi Mumbai, Corporate office in Mumbai and Vadodara and other subsidiaries of AIL (Aarti Corporate Services Limited, Aarti Polychem Private Limited, Innovative Envirocare Jhagadia Limited, Alchemic (Europe) Limited, Shanti Intermediates Private Limited (Through Aarti Corporate Services Limited), Aarti Bharuch Limited, Aarti Circularity Limited (formerly known as Aarti Spechem Limited), Aarti Chemical Trading FZCO, Augene Chemical Private Limited, Re Aarti Private Limited (through Aarti Circularity limited), Aarti Chemical Trading USA INC (through Aarti Chemical Trading FZCO)). Set of on-site and remote verifications were conducted at,

Sr No.	Division Name	Audit Date	Mode of Audit	Address
1	Unit – I (Pearl and Ruby)	18/02/2025 to 19/02/2025	Onsite visit	AIL (Unit-I), Plot No. 758/1,2 &3 P.B. No.23, G.I.D.C., Jhagadia - 393110. Dist-Bharuch, Gujarat, India.
2	Unit – II (Jade and Gold)	18/02/2025 to 19/02/2025	Onsite visit	AIL (Unit-II), Plot No 756/2A&B 756/3A&B 756/4A&B 756/5A&B 756/6 756/7, 756/8 756/9 778 & 779 GIDC Jhagadia Bharuch 393110
3	ARTC	15/05/2025 to 16/05/2025	Remote verification	Aarti Industries Limited, Plot No. A-94/1 & A-94/1/1, MIDC, TTC industrial area, Kopar Khairane, Navi Mumbai, Maharashtra 400710

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2	Head Office - Mumbai	15/05/2025 to 16/05/2025	Onsite visit	4th floor, Tower C, Embassy 247 Park, Gandhi Nagar, Vikhroli West, Mumbai 400083, Maharashtra, India
3	Emerald - Vadodara	15/05/2025 to 16/05/2025	Remote verification	3rd floor, Block No 1, Keval Corporate Park, Opp. Chhani GEB Sub Station Channi Road, Channi, Vadodara-390002, Gujarat, India
4	Neo	21/10/2024 to 22/10/2024	Remote verification	M/s. AIL., Plot No. Z/103/H, Dahej SEZ II, Ta. Vagra, Dist Bharuch.
5	Saffron	21/10/2024 to 22/10/2024	Remote verification	M/s. AIL., Plot No. Z/1111/B, SEZ II Dahej , Ta. Vagra, Dist Bharuch.
6	Diamond	21/10/2024 to 22/10/2024	Remote verification	M/s. AIL., Plot No. Z/103/C, GIDC Estate Dahej SEZ II, Ta. Vagra , Dist Bharuch
7	Anushakti	18/09/2024 to 19/09/2024	Onsite visit	M/s. Aarti Industries Limited (Anushkati Division), Survey No. 1430/1, National highway no. 8-A, Bhachau, Kutch. Gujarat 370140
8	Organic	20/11/2024 to 21/11/2024	Remote verification	Organic Division: M/s. AIL., Plot No.: 801, 801/23, 806 & 807, Phase III, GIDC Estate, Vapi
9	Acid including DMS and Fertilizer	20/11/2024 to 21/11/2024	Remote verification	Acid - AIL. (Acid Division), Plot No 802, 803, 804/3, Phase III, GIDC, Vapi- 396195 DMS - AIL. (DMS Division) Plot no .801/15 TO 19,21 & 22, Phase-III, GIDC estate, City: -VAPI, Dist: Valsad, Tal: Pardi, SIDC: Vapi Fertilizer - Aarti Fertilizers (A Division of Aarti Industries), Plot No - 801/15 to 19,21 & 22, III Phase, GIDC, Vapi-396195
10	Alchemie	20/11/2024 to 21/11/2024	Remote verification	M/s. AIL, Plot No.902,923 and 930, Phase III, GIDC Estate, Vapi - 396195
11	Amine	20/11/2024 to 21/11/2024	Remote verification	M/s. AIL., Plot No.: 285,286/1, A-1 322/12, 23& 24, Phase III, GIDC Estate, Vapi - 396195
12	Nascent	20/11/2024 to 21/11/2024	Remote verification	M/s. AIL (Nascent Division), PLOT NO: 24, Phase-I, GIDC, Vapi - 396195, Tal: Pardi, Dist: Valsad.
13	Apple	20/11/2024 to 21/11/2024	Remote verification	M/s. AIL (Apple Organic Division), Plot No. 609/610, 100 Shed Area, GIDC Estate, Pardi, Vapi Dist. Valsad
14	Topaz	20/11/2024 to 21/11/2024	Remote verification	M/s. AIL, Unit-II, Plot No. L-5, L-4, L-8, L-9/1, MIDC, Tarapur, Boisar.

The assurance activities were carried out together with a desk review as per reporting boundary.

Limitations

TUVI did not perform assurance procedures on any forward-looking or prospective information disclosed in the report, including but not limited to targets, expectations, and ambitions. Accordingly, no conclusions are drawn regarding such information. During the assurance process, no limitations were encountered that impacted the scope agreed upon for this engagement. TUVI did not verify any specific ESG goals or claims made by AIL under this assignment.

All data was verified on a sample basis, and the responsibility for the authenticity, accuracy, and completeness of the reported data rests solely with AIL. Any reliance placed on the BRSR report by readers or third parties is done entirely at their own risk. TUVI has referred to audited financial statements for any financial data cited in the BRSR. AIL is solely responsible for the appropriate application and interpretation of these financial figures in the report.

The scope and application of this assurance statement are strictly limited to the requirements set forth in the following regulatory references:

- *SEBI Circular SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122, dated 12 July 2023*
- *SEBI Circular SEBI/HO/CFD/CFD-PoD-1/P/CIR/2024/177, dated 20 December 2024 (pertaining to Industry Standards on Reporting of BRSR Core)*

This assurance statement does not constitute an endorsement of any environmental or social claims related to products, manufacturing processes, packaging, or product disposal, nor of any advertising or promotional content by the reporting organization. TUVI explicitly prohibits the use of this assurance statement for the purpose of greenwashing or making misleading claims. It is the responsibility of the reporting organization to ensure full compliance with all applicable legal and regulatory requirements.

Our Responsibility

TUVI was commissioned to provide an independent assurance engagement and is responsible for delivering a reasonable level of assurance on the non-financial disclosures and for expressing a conclusion based on the procedures performed.

This engagement was conducted in accordance with the agreed scope of work, specifically for non-financial indicators. It is important to note that the engagement did not include an assessment of the adequacy or effectiveness of AIL's ESG strategy, the management of ESG-related issues, or the overall sufficiency of the report against the BRSR report content, except as covered within the defined scope of assurance.

TUVI's responsibility was limited to the agreed scope of work, which comprised:

- Reasonable assurance on the non-financial quantitative and qualitative disclosures related to the nine attributes as outlined in Annexure I - Format of BRSR Core

The reporting organization (AIL) retains full responsibility for ensuring the authenticity, completeness, and accuracy of the information and for archiving the underlying data for a reasonable duration.

TUVI's assurance procedures were based on the assumption that all data and information provided by AIL were complete and accurate. The data was verified on a sample basis, and no responsibility is assumed by TUVI for the full verification of all underlying records.

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This assurance statement is intended solely for the management of AIL. TUVI expressly disclaims any liability or responsibility:

1. For decisions made by any individual or entity based on this assurance statement; and
2. For any damages resulting from the reliance on incomplete, inaccurate, or erroneous data reported.

The assurance engagement is conducted with the understanding that AIL has provided true and complete information throughout the process.

Verification Methodology

During the assurance engagement, TUVI adopted a risk-based approach, focusing on verification efforts with respect to disclosures. TUVI has verified the disclosures and assessed the robustness of the underlying data management system, information flows, and controls. In doing so:

a) TUVI examined and reviewed the documents, data, and other information made available by AIL for non-financial *09 attributes of BRSR Core* (non-financial disclosures);
b) TUVI conducted interviews with key representatives, including data owners and decision-makers from different functions of AIL
c) TUVI performed sample-based reviews of the mechanisms for implementing the sustainability-related policies and data management (qualitative and qualitative)
d) TUVI reviewed the adherence to reporting requirements of "BRSR".

During the assurance engagement, TUVI adopted a risk-based approach, focused on verification efforts on the issues of high material relevance to AIL business and its stakeholders. TUVI has verified the statements and claims made in the Report and assessed the robustness of the underlying data management system, information flows and controls. In doing so:

1) TUVI reviewed the approach adopted by AIL for the stakeholder engagement and materiality determination process. TUVI conducted the interviews of internal stakeholder engagement to verify the qualitative statements made in the Report;
2) TUVI verified the ESG-related statements and claims made in the Report and assessed the robustness of the data management system, information flow and controls;
3) TUVI examined and reviewed the documents, data and other information made available by AIL Limited for the reported disclosures including the disclosure on Management Approach and performance disclosures;
4) TUVI conducted interviews with key representatives including data owners and decision-makers from different functions of the AIL during the remote assessments
5) TUVI performed sample-based reviews of the mechanisms for implementing the ESG related policies, as described in AIL Report;
6) TUVI verified sample-based checks of the processes for generating, gathering and managing the quantitative data and qualitative information included in the Report for the reporting period.

Action Plan

The following improvement areas were identified and shared with AIL. These recommendations align with AIL management's existing objectives and sustainability initiatives. Notably, AIL has already recognized many of these areas, and the assurance team supports their continued focus to advance the organization's sustainability goals:

1. GHG Emission Scope Expansion: AIL could plan to extend its GHG inventory by including all relevant categories of indirect emissions, in line with ISO 14064-1, to achieve a more comprehensive carbon footprint assessment.
2. Supplier Engagement: AIL is encouraged to promote sustainability reporting practices among its suppliers, fostering greater ESG alignment across its value chain.

Conflict of Interest

In alignment with the BRSR requirements established by SEBI, managing and disclosing potential conflicts of interest is critical to ensuring the integrity, independence, and credibility of the assurance engagement. As per SEBI guidelines, assurance providers are required to identify and disclose any existing or potential conflict of interest that could compromise the objectivity or neutrality of their assessment. TUVI maintains a robust process to assess and address any such risks. TUVI thoroughly evaluates its relationships, affiliations, and financial interests to identify any factors that may give rise to a conflict. Where potential conflicts are identified, appropriate safeguards are implemented to mitigate or eliminate any undue influence on the assurance process. We are committed to maintaining independence and impartiality in our assurance services. As part of our transparency obligations, any identified conflicts are clearly disclosed within the assurance statement. TUVI acknowledges that the failure to adequately address conflicts of interest could undermine the credibility of the assurance conclusions and the reliability of the reported information. Therefore, we strictly comply with SEBI's requirements and uphold rigorous internal standards to avoid, disclose, or manage any conflicts of interest throughout the engagement.

Our Conclusion

In our opinion, based on the scope of this assurance engagement, the disclosures on BRSR Core KPI described in the BRSR report along with the referenced information provides a fair representation of the 9 attributes, and meets the general content and quality requirements of the BRSR. TUVI confirms its competency to conduct the assurance engagement for the BRSR as per SEBI guidelines. Our team possesses expertise in ESG verification, assurance methodologies, and regulatory frameworks. We ensure independence, employ robust methodologies, and maintain continuous improvement to deliver reliable assessments.

Disclosures: TUVI is of the opinion that the reported disclosures generally meet the BRSR requirements. AIL refers to general disclosure to report contextual information about AIL, while the Management & Process disclosures the management approach for each indicator (*09 attributes as per Annexure I - Format of BRSR Core*).

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Reasonable Assurance: As per SEBI reasonable assurance requirements including scope of Assurance, Assurance methodologies (risk-based approach and data validation techniques), mitigating conflicts of interests, documentation on evidence and communication on findings, TUVI can effectively validate the accuracy and reliability of the information presented in the BRSR, instilling confidence in stakeholders and promoting transparency and credibility in ESG reporting practices.

BRSR complies with the below requirements

a) Governance, leadership and oversight: The messages of top management, the business model to promote inclusive growth and equitable development, action and strategies, focus on services, risk management, protection and restoration of environment, and priorities are disclosed appropriately.
b) Connectivity of information: AIL discloses *09 attributes as per Annexure I - Format of BRSR Core* and their inter-relatedness and dependencies with factors that affect the organization's ability to create value over time.
c) Stakeholder responsiveness: The Report covers mechanisms of communication with key stakeholders to identify major concerns to derive and prioritize the short, medium and long-term strategies. The Report provides insights into the organization's relationships (nature and quality) with its key stakeholders. In addition, the Report provides a fair representation of the extent to which the organization understands, takes into account and responds to the legitimate needs and interests of key stakeholders.
d) Materiality: The material issues within 9 attributes and corresponding KPI as per BRSR requirement are reported properly.
e) Conciseness: The Report reproduces the requisite information and communicates clear information in as few words as possible. The disclosures are expressed briefly and to the point sentences, graphs, pictorial, tabular representation is applied. At the same time, due care is taken to maintain continuity of information flow in the BRSR.
f) Reliability and completeness: AIL has established internal data aggregation and evaluation systems to derive the performance. AIL confirms that, all data provided to TUVI, has been passed through QA/QC function. The majority of the data and information was verified by TUVI's assurance team (on sample basis) during the BRSR verification and found to be fairly accurate. All data, is reported transparently, in a neutral tone and without material error.
g) Consistency and comparability: The information presented in the BRSR is on yearly basis, and finds the same as reliable and complete manner. Thus, the principle of consistency and comparability is established.

Independence and Code of Conduct: TUVI follows IESBA (International Ethics Standards Board for Accountants) Code which, adopts a threats and safeguards approach to independence. We recognize the importance of maintaining independence in our engagements and actively manage threats such as self-interest, self-review, advocacy, and familiarity. The assessment team was safeguarded from any type of intimidation. By adhering to these principles, we uphold the trust and confidence of our clients and stakeholders. In line with the requirements of the SEBI *circular SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122, dated 12/07/2023 and Industry Standards on Reporting of BRSR Core, circular SEBI/HO/CFD/CFD-PoD-1/P/CIR/2024/177, dated 20/12/2024*.

TUVI solely focuses on delivering verification and assurance services and does not engage in the sale of service or the provision of any non-audit/non-assurance services, including consulting.

Quality control: The assurance team complies with quality control standards, ensuring that the engagement partner possesses requisite expertise and the assigned team collectively has the necessary competence to perform engagements in reference with standards and regulations. Assurance team follows the fundamental principles of integrity, objectivity, professional competence, due care, confidentiality and professional behaviour. In accordance with International Standard on Quality Control, TUVI maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independence and Impartiality

TUVI operates as an independent and neutral third-party entity, specializing in ESG assurance services delivered by a team of qualified environmental and social specialists. TUVI affirms its independence and impartiality with respect to this assurance engagement and confirms that no conflict of interest exists in the context of our work with AIL. Throughout the reporting year, TUVI has not undertaken any other assignments for AIL that could compromise the objectivity, neutrality, or independence of our assurance findings, conclusions, or observations. TUVI had no role in the preparation or development of any content, data, or analysis included in the BRSR, other than the development of this assurance statement. Additionally, TUVI maintains strict impartiality in its interactions, including during interviews with AIL personnel, and ensures that no individual or organizational influence has affected the outcome of the assurance engagement.

For and on behalf of TUV India Private Limited

Manojkumar Borekar
Product Head – Sustainability Assurance Service
TUV India Private Limited

TUV INDIA PRIVATE LIMITED
TÜVINDIA

Date: 07/7/2025
Place: Mumbai, India
Project Reference No: 8123097053

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Financial Statements

Independent Auditors' Report

TO THE MEMBERS OF AARTI INDUSTRIES LIMITED

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying standalone financial statements of **Aarti Industries Limited** (the "Company"), which comprise the Balance Sheet as at 31 March 2025, the Statement of Profit and Loss (including the statement on Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and notes to the financial statements (including summary of the material accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2025 and its profit, and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Accuracy, Completeness, and disclosure with reference to Ind AS-16 of Property, Plant and Equipment (including Capital Work-in-Progress** The carrying value of property, plant and equipment (including capital work in progress) as on 31 March 2025 of ₹7,506.28 Crores (as on 31 March 2024 of ₹6,597.52 Crores) includes ₹1,124.12 Crores capitalised /transferred from capital work in progress during the year (₹1,174.99 Crores for FY 2024). Cost Recognition of Property, Plant and Equipment as specified in Ind AS 16 is based on completion of asset construction activities and management assessment and judgement that the asset is capable of operating in the manner intended. The asset capitalisation is the outcome of various procurements, approvals from operations experts in the Company and judgements by the management and therefore, required significant audit attention. Refer Note 3: Property, Plant and Equipment in Notes to the standalone financial statements.	Our audit procedures, amongst others, include the following – a) Obtaining an understanding of operating effectiveness of management's internal control over capital expenditure. b) We assessed Company's process regarding maintenance of records, valuation and accounting of transactions pertaining to Property, Plant and Equipment including Capital Work in Progress with reference to Indian Accounting Standard 16: Property, Plant and Equipment. c) We have reviewed management judgment pertaining to estimation of useful life and depreciation of the Property, Plant and Equipment as well as its assessment that the asset is ready for its intended use. e) We have verified the capitalization of borrowing cost incurred on qualifying asset in accordance with the Indian Accounting Standard 23: Borrowing Costs. d) Ensuring adequacy of disclosures in the standalone financial statements.

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises information included in the Management Discussion and Analysis, Board's Report including annexures thereto, Business Responsibility and Sustainability Report, Corporate Governance Report, and Shareholder Information, but does not include the standalone financial statements and our auditor's report thereon, which we expect to be made available to us after the date of this auditor's report. 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 identified above 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the additional information mentioned above that will be included in the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

Responsibilities of the Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books. Insofar as the modification on maintaining an audit trail in the accounting software is concerned, refer paragraph (i) (vi) below;

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of accounts.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e) On the basis of the written representations received from the directors taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2025 from being appointed as a director in terms of Section 164(2) of the Act.

   f) The modification arising from the maintenance of the audit trail on the accounting software, comprising the application and database are as stated in the paragraph (i) (vi) below on reporting under Rule 11(g);

   g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to standalone financial statements.

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

   i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer note 36 to the standalone financial statements.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

      iv. (a) The Management has represented that, to the best of its knowledge and belief as disclosed in note no 45(v) to the standalone financial statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      (b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in note no 45(vi) to the standalone financial statements, no funds (which are material either individually or in the aggregate) 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 the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

      v. As stated in note no 16.7 to the standalone financial statements

      (a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.

      (b) The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

vi. Based on our examination which included test checks, the Company has used the accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility in respect of the application and the same has operated throughout the year for all relevant transactions. We did not come across any instance of the audit trail feature being tampered with in respect of accounting software. Normal/Regular users are not granted direct database or super user level access.

However, unauthorised changes to the database by a super user specifically does not carry the feature of a concurrent real time audit trail.

With the exception of audit trail functionality at the database level as mentioned above, we confirm that the Company has preserved the audit trail in accordance with statutory requirements for record retention.

For **Gokhale & Sathe**
Chartered Accountants
FRN: - 103264W

Uday Girjapure
Partner
Membership No. 161776
UDIN: 25161776BMOHSE1701

Place: Mumbai
Date: May 8, 2025

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Aarti Industries Limited of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:

(a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment, right-of-use of assets and capital work in progress.

(B) The Company is maintaining proper records showing full particulars of intangible assets as at the year end.

(b) The Property, Plant and Equipment of the Company have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification which were not properly dealt with in the books of accounts in the current year.

(c) According to the information and explanations given to us, the records examined by us and based on examination of the copies of the Sale Deed / Conveyance Deed / Transfer Deed, land revenue records provided to us, we report that, the title in respect of self-constructed buildings and title deeds of all other immovable properties (other than properties where the Company is lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the financial statements included under Property, Plant and Equipment are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land that have been taken on lease and disclosed separately in Property Plant & Equipment in the financial statements, the lease agreements are in the name of the Company itself.

(d) The Company has not revalued any of its Property, Plant and Equipment (including right of use assets) during the year.

(e) On the basis of information provided by management, no proceedings have been initiated during the year or are pending against the Company as of March 31, 2025, for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

ii. (a) Physical verification of inventory has been conducted at reasonable intervals by the management and in our opinion, the coverage and procedure of such verification by the management is appropriate. No material discrepancies were noticed and discrepancies if any are properly dealt with by the Management of the Company.

The Company has been sanctioned working capital limits in excess of five Crore rupees, in aggregate, from banks on the basis of security of current assets; as mentioned in note no 19(ii) to the standalone financial statements, the difference between quarterly returns filed by the Company with banks / financial institutions and books of accounts were on account of explainable items and not material in nature.

iii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, in respect of loans, investments, guarantees, and security:

(a) The Company has provided advances in the nature of loans during the year to its wholly owned subsidiaries, the details of which are given below (other than advances to employees and others in the ordinary course of employment):

(₹ in crores)

	Loans	Advances in nature of loan
Aggregate amount granted/ provided during the year		
- Subsidiaries	0.10	4.36
- Others	-	0.05
Balance outstanding as at balance sheet date in respect of above cases		
- Subsidiaries		
- Others	-	0.06

(b) During the year, the Company has invested ₹50.00 crores in Optionally Convertible Debentures of a wholly owned subsidiary and made equity infusions of ₹23.45 crores in joint ventures and ₹0.07 crores in other companies. In our opinion and based on the information and explanations given to us, the terms and conditions of these investments, loans and the advances in the nature of loans granted during the year are, prima facie, not prejudicial to the interest of the Company.

(c) In respect of advances in the nature of loans granted to wholly owned subsidiaries, there is no stipulation of schedule of repayment of principal and payment of interest and hence we are unable to comment on the regularity of repayment of principal and payment of interest.

(d) Since there is no stipulated repayment schedule for advances in the nature of loans to wholly owned subsidiaries, there is no overdue amount for more than ninety days.

(e) During the year, the Company invested ₹50.00 crores in Optionally Convertible Debentures of one of its wholly owned subsidiaries, and the proceeds from this investment were utilized by the subsidiary to repay the outstanding loan of the same amount previously provided by the Company. Based on our examination and according to the information and explanations given to us, the investment in Optionally Convertible Debentures would be considered as settlement of the existing loan. However, since the original loan was repayable on demand and the Company had not demanded repayment during the year, the loan had not fallen due. Accordingly, the requirements of clause 3(iii)(e) regarding renewal, extension, or settlement of overdue loans are not applicable.

(f) The Company has granted advances in the nature of loans to wholly owned subsidiaries and KMPs without specifying any terms or period of repayment, details of which are as follows:

Type	All Parties	Promoters	Related Parties
Aggregate amount of advances in nature of loans:			
- Repayable on demand (A)	Nil	Nil	Nil
- Agreement does not specify any terms or period of repayment (B)	10.61	Nil	5.15*
Total (A+B)	10.61	Nil	5.15
Percentage of advances in nature of loans to the total loans	100%	Nil	48.54%

*Related parties include wholly owned subsidiaries and Key Managerial Personnel (KMPs) as per section 2(76) of the Companies Act, 2013.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of investments made and loans and advances in the nature of loans.

v. The Company has not accepted deposits or amounts which are deemed as deposits from the public during the year and hence the directives issued by the Reserve Bank of India and the provision of section 73 to 76 any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regards to the deposits accepted from the public are not applicable.

vi. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under Section 148(1)(d) of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed accounts and cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees State Insurance, Income tax, Sales tax, GST, Custom duty, and any other material statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were in arrears as at 31 March 2025 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and based on the records of the company examined by us, particulars of Income Tax, Goods & Service Tax Customs Duty, Excise Duty, States respective Sales Tax, Service Tax and other statutory dues which have not been deposited on account of any disputes are as under:

Nature of Statute	Nature of Dues	Period for which amount relates	Forum where Dispute is pending	₹ in crores
Customs Act,1962	Custom Duty	FY 2006-07 to FY 2018-19	Customs, Excise and Service Tax Appellate Tribunal	2.61
Customs Act,1962	Custom Duty	FY 2016-17 to FY 2022-23	Commissionerate	0.43
Customs Act,1962	Custom Duty	FY 2016-17 to FY 2019-20	Adjudicating Authority Asst. Commissioner / Deputy Commissioner	1.67
Central Excise Act, 1944	Excise Duty	FY 2012-13	Customs, Excise and Service Tax Appellate Tribunal	0.15
Central Excise Act, 1944	Excise Duty	FY 2009-10 to FY 2018-19	Commissionerate	1.62
Central Excise Act, 1944	Excise Duty	FY 2007-08 to FY 17-18	Adjudicating Authority Asst. Commissioner / Deputy Commissioner	21.33
Finance Act, 1994	Service Tax	FY 2008-09 to FY 2016-17	Adjudicating Authority Asst. Commissioner / Deputy Commissioner	0.25
Gujarat Goods and Services Tax Act, 2017	GST	FY 2017-18 to FY 2019-20	Commissionerate	5.01
Gujarat Goods and Services Tax Act, 2017	GST	FY 2017-18 to FY 2020-21	Adjudicating Authority Asst. Commissioner / Deputy Commissioner	2.34
Maharashtra Goods and Services Tax Act, 2017	GST	FY 2017-18 to FY 2020-21	Commissionerate	6.80
Gujrat Value Added Tax Act, 2003	VAT - Penalty	FY 2017-18	Adjudicating Authority Asst. Commissioner / Deputy Commissioner	0.26
Income-tax Act, 1961	Income Tax plus Interest & Penalty	FY 2010-11 to 2020-21	Commissioner Of Income-Tax (Appeals)	42.38

viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

ix. (a) The Company has not defaulted in repayment of dues or other borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanation given to us and the Company has not been declared wilful defaulter by any bank or financial institution or any other lender.

(c) In our opinion and according to information and explanations given to us, the Company has utilised the money obtained by way of term loans for the purposes for which they were raised.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie not been used during the year for long term purposes.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries.

x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.

(b) During the year, the Company has made allotment of 15875 equity shares to eligible employees pursuant to the Employee Stock Option Plan. The requirements of Section 62(1)(b) of the Companies Act, 2013 have been complied with.

xi. (a) During the course of our audit, no fraud by the Company or material fraud on the Company has been noticed except a case identified by the internal auditors where a vendor fraudulently charged higher rates for cranes through document forgery. The fraud amount is below ₹1 crore. The matter was investigated by the Company and none of the Company officials were found to be involved. As given to understand, recovery efforts and corrective measures are in progress.

(b) As informed by the management, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.

(c) As represented to us by the management, there were no whistle blower complaints received by the Company.

xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of related party transactions have been disclosed in the standalone financial statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act.

xiv. (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

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

xv. In our opinion and on the basis of explanation / information provided by management, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi. (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi) (a), (b) and (c) of the Order is not applicable.

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

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

xviii. There has been no resignation of statutory auditors of the Company during the year.

xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amounts for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of Sub-section (6) of Section 135 of the said Act.

xxi. The reporting under Clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said clause has been included in this report.

For **Gokhale & Sathe**
Chartered Accountants
FRN: - 103264W

Uday Girjapure
Partner
Membership No. 161776
UDIN: 25161776BMOHSE1701

Place: Mumbai
Date: May 8, 2025

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Aarti Industries Limited of even date)

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

We have audited the internal financial controls with reference to standalone financial statements of Aarti Industries Limited (the "Company") as of 31 March 2025 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2025, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Managements' Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls with reference to standalone financial statements based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to standalone financial statements

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **Gokhale & Sathe**
Chartered Accountants
FRN: - 103264W

Uday Girjapure
Partner
Membership No. 161776
UDIN: 25161776BMOHSE1701

Place: Mumbai
Date: May 8, 2025

Balance Sheet

As at 31st March, 2025

(₹ In Crs)

Particulars	Note No.	As at 31st March, 2025	As at 31st March, 2024
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	3	6,230.34	5,538.98
Capital Work-in-Progress	3	1,276.32	1,058.54
Right of use Assets	3	51.06	53.42
Intangible Assets	3	48.25	12.92
Intangible Assets under Development	3	180.41	170.51
Financial Assets			
Investments	4	89.86	18.67
Loans and Advances	5	4.42	57.65
Deferred Tax Assets (Net & incl of MAT Credit)	6	217.21	142.89
Other Non-Current Assets	7	121.52	103.31
Total Non-Current Assets		**8,219.39**	**7,156.89**
Current Assets			
Inventories	8	1,387.52	1,151.05
Financial Assets			
i) Trade Receivables	9	857.44	894.88
ii) Cash and Cash Equivalents	10	197.09	424.08
iii) Bank Balances other than (ii) above	11	95.58	87.95
iv) Loans and Advances	12	6.20	8.26
Others Financial Assets	13	16.32	16.71
Current Tax Assets (Net)	14	13.84	70.84
Other Current Assets	15	321.98	331.85
Total Current Assets		**2,895.97**	**2,985.62**
TOTAL ASSETS		**11,115.36**	**10,142.51**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	16	181.26	181.25
Other Equity	17	5,436.87	5,111.16
Total Equity		**5,618.13**	**5,292.41**
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
i) Borrowings	18	1,867.42	1,523.87
ii) Lease Liabilities	19	47.13	49.31
Other Non-Current Liabilities	20	112.16	175.29
Provisions	21	15.01	13.62
Total Non-Current Liabilities		**2,041.72**	**1,762.09**
Current Liabilities			
Financial Liabilities			
i) Borrowings	22	1,920.73	2,039.57
ii) Lease Liabilities	19	11.11	9.07
iii) Trade Payables due to:			
Micro and Small Enterprises	23	26.48	47.45
Other than Micro and Small Enterprises	23	1,203.49	705.03
iv) Other Financial Liabilities	24	202.26	136.56
Other Current Liabilities	25	76.27	124.32
Provisions	26	15.17	26.01
Total Current Liabilities		**3,455.51**	**3,088.01**
Total Liabilities		**5,497.23**	**4,850.10**
TOTAL EQUITY AND LIABILITIES		**11,115.36**	**10,142.51**
The accompanying notes are an integral part of these Standalone Financial Statements.	1-46		

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

For and on behalf of the Board

Rajendra V. Gogri
Chairman and Managing Director
DIN: 00061003

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

Suyog K. Kotecha
CEO and Executive Director
DIN: 10634964

Uday Girjapure
Partner
M.No. 161776
Place: Mumbai
Date: May 8, 2025

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, 2025

(₹ In Crs)

Particulars	Note No.	For the Year Ended 31st March, 2025	For the Year Ended 31st March, 2024
REVENUE			
Revenue from Operations	27	8,078.58	6,983.78
Less: GST Collected		774.37	638.11
Net Revenue from Operations		**7,304.21**	**6,345.67**
Other Income	28	19.31	10.85
Total Income		**7,323.52**	**6,356.52**
EXPENSES			
Cost of Materials Consumed (Incl. Packing Material, Fuel, Stores & Spares)	29	4,383.23	3,773.07
Purchases of Stock-in-Trade		206.07	193.55
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	30	111.93	(101.02)
Employee Benefits Expense	31	420.16	401.66
Finance Costs	32	275.24	210.66
Depreciation and Amortisation Expenses	3	433.23	377.45
Other Expenses	33	1,177.62	1,104.80
Total Expenses		**7,007.48**	**5,960.17**
PROFIT BEFORE TAX		**316.04**	**396.35**
TAX EXPENSES			
Current Year Tax		54.84	69.72
Earlier Year Tax		(4.41)	-
MAT Credit Entitlement		(54.84)	(69.72)
Deferred Tax		(19.20)	(21.00)
Total Tax Expenses		**(23.61)**	**(21.00)**
PROFIT AFTER TAX		**339.65**	**417.35**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to Statement of Profit and Loss			
Change in fair value of equity instruments		(2.05)	0.00
Change in fair value of long term advances		-	-
Change in fair value of Foreign currency hedge		17.27	6.14
Total Other comprehensive income		**15.22**	**6.14**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**354.87**	**423.49**
Earnings Per Equity Share (EPS) (in ₹)	35		
Basic		9.37	11.51
Diluted		9.36	11.51
The accompanying notes are an integral part of these Standalone Financial Statements.	1-46		

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

For and on behalf of the Board

Rajendra V. Gogri
Chairman and Managing Director
DIN: 00061003

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

Suyog K. Kotecha
CEO and Executive Director
DIN: 10634964

Uday Girjapure
Partner
M.No. 161776
Place: Mumbai
Date: May 8, 2025

Chetan Gandhi
Chief Financial Officer
ICAI M.No. 111481

Raj Sarraf
Company Secretary
ICSI M.No. A15526

Statement of Cash Flow

For the year ended 31st March, 2025

(₹ In Crs)

Sr. No.	Particulars	For the Year Ended 31st March, 2025	For the Year Ended 31st March, 2024
A.	**Cash Flow from Operating Activities:**		
	Net Profit before Tax and Exceptional/Extraordinary Items	316.03	396.35
	Adjustments for:		
	Finance Costs	275.25	210.66
	Depreciation and Amortisation Expenses	433.23	377.45
	Unrealised Foreign Exchange	6.72	(8.62)
	Loss on Sale of Assets	0.00	3.99
		1,031.23	**979.83**
	Profit on Sale of Assets/Investments	(0.27)	0.00
	Interest Income	(20.60)	(7.09)
	Lease Rent Income	(0.06)	(0.06)
	Operating Profit before Working Capital Changes	**1,010.30**	**972.68**
	Movements in working capital:		
	(Increase)/Decrease in Trade and Other Receivables	47.36	61.60
	Increase/(Decrease) in Trade Payables and Other Current Liabilities	454.00	351.20
	(Increase)/Decrease in Inventories	(236.46)	(135.98)
	Cash Generated from Operations	**1,275.21**	**1,249.50**
	Direct Taxes Paid/Direct Tax Refund Received (Net)	6.58	(90.82)
	Net Cash Flow from Operating Activities (A)	**1,281.79**	**1,158.68**
B.	**Cash Flow from Investing Activities:**		
	Addition to Property, Plant & Equipment/Capital WIP	(1,381.84)	(1,285.13)
	Sale/Written off of Property, Plant & Equipment	7.10	21.98
	(Increase)/Decrease in Other Bank Balance	(7.64)	(54.66)
	Investment in Subsidiary companies/ Joint Venture	(73.52)	(0.18)
	(Increase)/Decrease in Other Investments	0.00	(6.08)
	Interest Income	20.60	7.09
	Lease Rent Income	0.06	0.06
	Net Cash Flow from Investing Activities (B)	**(1,435.24)**	**(1,316.91)**
C.	**Cash Flow from Financing Activities:**		
	Proceeds of Long-Term Borrowings	592.70	1,291.87
	Repayment of Long-Term Borrowings	(454.97)	(402.71)
	Proceeds/(Repayment) of Other Borrowings	110.20	(193.67)
	Principal Repayment of Lease Liability	(9.98)	(9.19)
	Proceed from issue of Equity Share under ESOP Scheme	0.01	0.00
	Finance Costs	(275.25)	(210.66)
	Dividend Paid	(36.25)	(54.38)
	Net Cash Flow from Financing Activities (C)	**(73.52)**	**421.26**
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**(226.98)**	**263.02**
	Cash and Cash Equivalents (Opening Balance)	424.08	161.06
	Cash and Cash Equivalents (Closing Balance)	**197.09**	**424.08**

Notes:

(i) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Ind AS-7 on the Statement of Cash Flow as notified under Companies (Indian Accounting Standard) Rules, 2015 as amended.

Statement of Cash Flow

For the year ended 31st March, 2025

(ii) Changes in liabilities arising from financing activities:

(₹ In Crs)

Particulars	1st April 2024	Cash Flow	Foreign exchange movement	31st March 2025
Non-Current Borrowings (including current portion of Long term Debt)	1,993.22	137.74	(23.23)	2,107.73
Current Borrowings	1,570.22	110.20	0.00	1,680.42
Total	**3,563.44**	**247.94**	**(23.23)**	**3,788.15**

(₹ In Crs)

Particulars	1st April 2023	Cash Flow	Foreign exchange movement	31st March 2024
Non-Current Borrowings (including current portion of Long term Debt)	988.89	1,012.48	(8.15)	1,993.22
Current Borrowings	1,887.21	(316.99)	0.00	1,570.22
Total	**2,876.10**	**695.49**	**(8.15)**	**3,563.44**

(iii) Refer note 19 for movement in Lease Liabilities.

(iv) Amounts of the previous year have been regrouped and rearranged wherever necessary.

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

Uday Girjapure
Partner
M.No. 161776
Place: Mumbai
Date: May 8, 2025

For and on behalf of the Board

Rajendra V. Gogri
Chairman and Managing Director
DIN: 00061003

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

Suyog K. Kotecha
CEO and Executive Director
DIN: 10634964

Chetan Gandhi
Chief Financial Officer
ICAI M.No. 111481

Raj Sarraf
Company Secretary
ICSI M.No. A15526

Statement of Changes in Equity

For the year ended 31st March, 2025

A. EQUITY SHARE CAPITAL

(₹ In Crs)

As at 1st April, 2023	**181.25**
Changes in equity share capital during the year 2023-24	-
As at 31st March, 2024	**181.25**
Changes in equity share capital during the year 2024-25	0.01
As at 31st March, 2025	**181.26**

B. OTHER EQUITY

(₹ In Crs)

Particulars	Other Equity							
	Reserves and Surplus						Other Comprehensive Income	Total Other Equity
	Capital Reserve	Securities Premium	General Reserve	Forfeiture Reserve	Employee Share Based Payment Reserve	Retained Earnings		
Balance as at 1st April, 2023	9.70	1,348.35	434.90	1.85	-	2,978.82	(33.91)	4,739.71
Dividend Paid	-	-	-	-	-	(54.38)	-	(54.38)
Transfer to/from other Reserves	-	-	42.00	-	-	(42.00)	-	-
Profit for the Period	-	-	-	-	-	417.35	-	417.35
Addition during the year	-	-	-	-	2.34	-	-	2.34
Other Comprehensive Income	-	-	-	-	-	-	6.14	6.14
Balance as at 31st March, 2024	**9.70**	**1,348.35**	**476.90**	**1.85**	**2.34**	**3,299.79**	**(27.77)**	**5,111.16**
Dividend Paid	-	-	-	-	-	(36.25)	-	(36.25)
Transfer to/from other Reserves	-	0.85	34.00	-	(0.85)	(34.00)	-	-
Profit for the Period	-	-	-	-	-	339.65	-	339.65
Addition during the year	-	-	-	-	7.09	-	-	7.09
Other Comprehensive Income	-	-	-	-	-	-	15.22	15.22
Balance as at 31st March, 2025	**9.70**	**1,349.20**	**510.90**	**1.85**	**8.58**	**3,569.19**	**(12.55)**	**5,436.87**

As per our report of even date

For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

Uday Girjapure
Partner
M.No. 161776
Place: Mumbai
Date: May 8, 2025

For and on behalf of the Board

Rajendra V. Gogri
Chairman and Managing Director
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Chetan Gandhi
Chief Financial Officer
ICAI M.No. 111481

Raj Sarraf
Company Secretary
ICSI M.No. A15526

Corporate Information and Material Accounting Policies:

1. CORPORATE INFORMATION

Aarti Industries Limited ("The Company") is a public limited company incorporated in India with its registered office located at Plot No. 801,801/23 G.I.D.C. Estate, Phase III, Vapi, Dist. Valsad Gujarat 396 195 India. The equity shares of the Company are listed on Bombay Stock Exchange Ltd (BSE) and National Stock Exchange of India Ltd (NSE). The Company is engaged in manufacturing and dealing in Speciality Chemicals and intermediates.

The Financial Statements were approved for issue in accordance with a resolution passed in Board Meeting held on May 8, 2025

2. MATERIAL ACCOUNTING POLICIES

(A) Basis of Preparation and Presentation:

The Standalone Financial Statements have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act, 2013, Companies (Indian Accounting Standards) Rules, 2015 as amended and relevant provisions of the Companies Act, 2013 including presentation and disclosure requirements of Division II of Schedule III of the Act as amended from time to time.

Accordingly, the Company has prepared these Financial Statements which comprise the Balance Sheet as at 31st March, 2025, the Statement of Profit and Loss for the year ended 31st March, 2025, the Statement of Cash Flows for the year ended 31st March, 2025 and the Statement of Changes in Equity for the year ended as on that date, and accounting policies and other explanatory information (together hereinafter referred to as ' Financial Statements').

In addition, the financial statements are presented in INR which is also the Company's functional currency and all values are rounded to the nearest crore except when otherwise indicated.

(B) Basis of Measurement:

The financial statements of the company are prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis as per the provisions of the Companies Act, 2013 ("the Act"), except for:

- Financial instruments – measured at fair value;
- Plan assets under defined benefit plans – measured at fair value
- In addition, the carrying values of recognised assets and liabilities, designated as hedged items in fair value hedges that would otherwise be carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

(C) Significant Accounting Estimates, Judgements Assumptions:

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates according to the nature of the assumption and other circumstances. This note provides an overview of the areas where there is a higher degree of judgment or complexity. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation.

The following are areas involving critical estimates and judgments:

Judgements:

- Leases
- Evaluation of recoverability of deferred tax assets, and estimation of income tax payable and income tax expense in relation to an uncertain tax position
- Provisions and Contingencies

Estimates:

- Impairment
- Accounting for Defined benefit plans
- Useful lives of property, plant and equipment and intangible assets
- Fair Valuation of Financial instruments
- Valuation of inventories

(D) Current and Non-Current Classification:

The Company presents assets and liabilities in the Balance sheet based on current/non-current classification, an asset is treated as current when it is:

i) Expected to be realized or intended to be sold or consumed in normal operating cycle, or

ii) Held primarily for the purpose of trading, or

iii) Expected to be realized within twelve months after the reporting period, or

iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

A liability is treated as current when it is:

(i) Expected to be settled in normal operating cycle, or

(ii) Held primarily for the purpose of trading, or

(iii) Due to be settled within twelve months after the reporting period, or

(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other assets and liabilities are classified as non-current assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(E) Property, Plant and Equipment, Intangible Assets and Depreciation/Amortization:

1. Property, Plant and Equipment (PPE)

PPEs held for use in the production, supply or administrative purposes, are stated in the balance sheet at cost less applicable accumulated depreciation/amortisation and accumulated impairment losses (if any).

The cost of PPE comprises its purchase price (including the costs of materials / components) net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs and such other incidental costs that may be associated with acquisition or creation of the asset ready for its intended use.

An item or part of PPE is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit & Loss as and when the asset is derecognized.

PPE which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress". Capital Work-in-Progress represents expenditure incurred on capital assets that are under construction/erection or are pending to be commercialized and put to use. The same is carried at cost which is determined in the same manner as for any PPE.

2. Intangible Assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets. Intangible development costs are capitalised as and when technical and commercial feasibility of the asset is demonstrated and future economic benefits are probable.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

3. Depreciation/Amortization

Pursuant to the notification of Schedule II of the Companies Act, 2013, the management has reassessed and changed based on technical estimates, wherever necessary, the useful lives to compute depreciation, to confirm to the requirements of the Companies Act, 2013. The useful life for various class of assets is as follows:

Assets Class	Useful Life
Leasehold Land	Over the remaining tenure of lease
Building	Over a period of 3 - 31 years
Residential Quarters	Over a period of 30 years
Plant & Equipments	Over its useful life as technically assessed, i.e over a period of 7 - 19 years, based on the type of processes and equipments installed
Computers	Over a period of 3 - 6 years
Office Equipment	Over a period of 5 years
Furniture and Fixtures	Over a period of 10 years
Vehicles	Over a period of 8 years
Intangible assets (including Product / Process Development)	Over a period of 5-7 years, except for those where the finite periods are provided for
Leasehold Improvements	Over the remaining tenure of lease

4. Impairment

The Company assesses at each reporting date whether there is any indication that those assets have suffered an impairment loss. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of net selling price of an asset or its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

(F) Research and Development:

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

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

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

(G) Intangible Assets Under Development:

Expenditure incurred on acquisition/development of intangible assets which are not ready for their intended use at balance sheet date are disclosed under intangible assets under development.

(H) Valuation of Inventories:

Inventories have been valued on the following basis:

Raw Materials, Packing Material, Stores and Spares and Traded goods	At cost on weighted Average basis Or net realisable value whichever is lower. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
Work-in-Process	At cost plus appropriate allocation of overheads or net realisable value whichever is lower.
Finished Goods	At cost plus appropriate allocation of overheads or net realizable value, whichever is lower.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Provisions are made for obsolete and non-moving inventories. Unserviceable and scrap items, when determined, are valued at estimated net realisable value.

(I) Revenue Recognition:

Ind AS 115 applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. It also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

(i) Sale of Goods:

Revenue from sale of goods is recognised when control of the products being sold is transferred to our customer and when there are no longer any unfulfilled obligations. Income from services rendered is recognised based on agreements/ arrangements with the customers as the service is performed and there are no unfulfilled obligations.

The Company recognizes net revenue from goods sold and services rendered at Transaction Price which is the amount of consideration the Company expects to be entitled to in exchange for transferring promised goods or services to a customer, excluding the amounts collected on behalf of a third party. The Transaction price is net of discounts, sales incentives, rebates granted, returns, sales taxes, GST and duties and any other recoverable taxes.

Generally, In case of domestic sales, performance obligations are satisfied when the goods are dispatched or delivery is handed over to transporter, revenue from export of goods is recognized at the time of Bill of lading or airway bill or any other similar document evidencing delivery thereof.

(ii) Interest Income:

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iii) Dividend Income:

Revenue is recognized when the Company's right to receive the dividend is established, which is generally when shareholders approve the dividend.

(iv) Export Benefits:

Export incentives are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

(v) Subsidy Received:

Subsidy from the Department of Fertilizers is recognised, based on the eligible quantities supplied by the Company, at the rates as notified/ announced by the Government of India.

(J) Financial Instruments:

Recognition and initial measurement

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. However, Trade receivables that do not contain a significant financing component are measured at transaction price. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in the Statement of Profit and Loss. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Classification and Subsequent Measurement of Financial Assets:

The Company classifies financial assets, subsequently at amortised cost, Fair Value through Other Comprehensive Income ("FVTOCI") or Fair Value through Profit or Loss ("FVTPL") on the basis of following:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

(a) Financial Assets measured at Amortised Cost:

A Financial Asset is measured at amortised Cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding.

(b) Financial Assets measured at Fair Value Through Other Comprehensive Income (FVTOCI):

A Financial Asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling Financial Assets and the contractual terms of the Financial Asset give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding.

(c) Financial Assets measured at Fair Value Through Profit or Loss (FVTPL):

FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as at FVTPL.

Classification and Subsequent Measurement of Financial Liabilities:

(a) Financial liabilities measured at Fair Value Through Profit or Loss (FVTPL):

Financial liabilities are classified as FVTPL when the financial liability is held for trading or is a derivative (except for effective hedge) or are designated upon initial recognition as FVTPL. Gains or Losses, including any interest expense on liabilities held for trading are recognised in the Statement of Profit and Loss.

(b) Other Financial Liabilities:

Other financial liabilities (including loans and borrowings, bank overdrafts and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and amounts paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost on initial recognition.

Interest expense (based on the effective interest method), foreign exchange gains and losses, and any gain or loss on derecognition is recognised in the Statement of Profit and Loss.

For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Debt and Equity Instruments:

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

Equity Investments

All equity investments (excluding the investments in Subsidiaries) in the scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Investments in Subsidiaries:

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

Investments in Joint Ventures & Associates:

The Company has interests in the joint venture/associate entities, which is accounted for using the equity method in these financial statements. Under the equity method, the investments are initially recognized at cost, and the carrying amount would be increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of said joint venture/ associate entities after the date of acquisition. In case of any distributions received, from such joint venture/ associate entities, the same shall be reduced from the carrying amount of the such investments.

De-recognition of Financial Instruments:

The Company derecognises a Financial Asset when the contractual rights to the cash flows from the Financial Asset expire or it transfers the Financial Asset and the transfer qualifies for de-recognition under Ind AS 109. In cases where Company has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Company continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Company also recognizes an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

A Financial liability (or a part of a financial liability) is derecognised from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

Impairment of Financial Assets:

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of all Financial Assets subsequent to initial recognition other than financial assets measured at fair value through profit and loss (FVTPL). The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward-looking estimates are analysed. For other financial assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk since its initial recognition. If there is significant increase in credit risk since its initial recognition full lifetime ECL is used.

The impairment losses and reversals are recognised in Statement of Profit and Loss.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

Offsetting of Financial Instruments:

Financial assets and financial liabilities are offset and presented on net basis in the balance sheet when there is a legally enforceable right to set-off the recognised amounts and it is intended to either settle them on net basis or to realise the asset and settle the liability simultaneously.

Fair Value of Financial Instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted market prices, where applicable. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

Financial instruments by category are separately disclosed indicating carrying value and fair value of financial assets and liabilities. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

Derivative Financial Instruments:

Derivative financial instruments such as forward contracts, option contracts and cross currency swaps, to hedge its foreign currency risks are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value with changes in fair value recognised in the Statement of Profit and Loss in the period when they arise.

Cash Flow Hedge

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

The company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR).

The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the INR cash flows of highly probable forecast transactions. The company risk management policy is to hedge forecasted foreign currency sales for the subsequent 12 to 36 months. As per the risk management policy, appropriate foreign currency hedges are executed or undertaken to hedge forecasted sales.

The spot component of forward contracts is determined with reference to relevant spot market exchange rates. The differential between the contracted forward rate and the spot market exchange rate is defined as the forward points.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in statement of profit and loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately classified to statement of profit and loss.

(K) Cash and Cash Equivalents:

For the purpose of presentation in the Balance sheet, Cash and Cash equivalents comprises cash at bank and on hand and other short-term, highly liquid investments with an original maturity (or with an option to or can be readily converted or liquidated into cash) of three months or less, which are subject to an insignificant risk of changes in value. Cash and Cash Equivalents consist of balances with banks which are unrestricted for withdrawals and usages.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash at bank and on hand and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(L) Provisions:

Provisions are recognized when the Company has a present obligation (legal and constructive) as a result of a past event, for which it is probable that a Cash Outflow will be required and a reliable estimate can be made of the amount of the obligation.

(M) Lease:

The Company has adopted Ind AS 116. It has resulted into recognition of Lease Assets Right to Use with a corresponding Lease Liability in the Balance Sheet.

The Company, as a lessee, recognises a right to use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right to use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right to use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

For short-term and low value leases, the Company recognises the lease payments as an operating expense.

(N) Employee Benefits:

(a) Employee Benefits:

All employee benefits such as salaries, wages, short-term compensated absences, expected cost of bonus, etc. are recognised in the period in which the employee renders the related services.

(b) Post-Employment Benefits:

(i) **Defined Contribution Plan:**

The Company makes defined contributions to Employee Provident Fund, Employee Pension Fund, Employee Deposit Linked Insurance, and perannuation Schemes. The contribution paid/payable under these schemes is recognised during the period in which the employee renders the related services which are recognised in the Statement of Profit and Loss on accrual basis during the period in which the employee renders the services.

(ii) **Defined Benefit Plan:**

The gratuity liability of the company is funded through a Group Gratuity Scheme with Life Insurance Corporation of India (LIC) under which the annual contribution is paid to LIC. The Company's liability under Payment of Gratuity Act is determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities where the terms of government securities are consistent with the estimated terms of the defined benefit obligations at the Balance Sheet date. The Company recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability / (asset) are recognized in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

(c) Share Based Payment:

The grant date fair value of options granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in Other Equity recognized in connection with share based payment transaction is presented as a separate component in equity under "Employee Share Based Payment Reserve". The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest.

(O) Foreign Currency Transactions:

Items included in the Standalone Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates (functional currency). The Standalone Financial Statements of the Company are presented in Indian currency (₹), which is also the functional currency of the Company.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate as applicable in the period of such transaction. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each reporting period are appropriately dealt in the financial statements in accordance with the applicable Indian Accounting standards.

(P) Income Taxes:

Income tax expense comprises of current tax expense and deferred tax expenses.

Current and deferred taxes are recognized in Statement of Profit and Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

Current Income Tax:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act of the respective jurisdiction. The current tax is calculated using tax rates that have been enacted or substantively enacted, at the reporting date.

Deferred Tax :

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised for all taxable temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets are to be recovered. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profits will be available against which the deferred tax assets to be recovered.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

Minimum Alternate Tax (MAT) :

MAT credit is recognised as an asset only when and to the extent it is reasonably certain that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

(Q) Borrowing Costs:

Borrowing costs, general or specific, that are attributable to the acquisition or construction of qualifying assets is capitalized as part of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to the Statement of Profit and Loss.

(R) Contingent Liabilities:

Contingent Liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability

Notes to the Financial Statements

for the year ended 31st March, 2025

3. PROPERTY, PLANT AND EQUIPMENT:

(₹ In Crs)

F.Y. 2024-25	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
Particulars	Balance as at 1st April, 2024	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31st March, 2025	Balance as at 1st April, 2024	Depreciation charge for the year	Deduction / Adjustment	Balance as at 31st March, 2025	Balance as at 31st March, 2025	Balance as at 31st March, 2024
(i) Tangible Assets										
Free Hold Land	3.56	-	-	3.56	0.26	-	-	0.26	3.30	3.30
Lease Hold Land	241.98	-	0.07	241.91	15.06	3.19	0.02	18.23	223.68	226.92
Buildings	671.09	109.33	1.79	778.63	177.20	61.45	0.22	238.43	540.20	493.89
Plant and Equipment	5,942.63	949.62	17.05	6,875.20	1,325.23	329.26	19.71	1,634.78	5,240.43	4,617.40
R&D Assets & Equipments	150.92	32.21	1.87	181.26	42.34	11.71	1.87	52.18	129.09	108.58
Leasehold Improvements	26.78	0.19	-	26.97	5.51	5.34	-	10.85	16.12	21.27
Furniture and Fixtures	64.00	21.06	2.01	83.05	22.73	14.56	1.73	35.56	47.50	41.27
Vehicles	40.29	11.71	5.04	46.96	13.94	5.45	2.44	16.95	30.01	26.35
Total (i)	**7,141.25**	**1,124.12**	**27.83**	**8,237.54**	**1,602.27**	**430.96**	**25.99**	**2,007.24**	**6,230.34**	**5,538.98**
(ii) Capital Work-in-Progress									1,276.32	1,058.54
(iii) Right of use Assets										
Buildings	83.88	10.17	13.29	80.76	30.46	12.22	12.98	29.70	51.06	53.42
(iv) Intangible Assets										
Technical Knowhow	6.58	30.06	0.08	36.56	0.08	2.02	0.08	2.02	34.54	6.49
Computer Software	7.64	9.87	0.38	17.13	1.21	2.43	0.22	3.42	13.71	6.43
Total (iv)	**14.22**	**39.93**	**0.46**	**53.69**	**1.29**	**4.45**	**0.30**	**5.44**	**48.25**	**12.92**
(v) Intangible assets under development									180.41	170.51
TOTAL (i+ii+iii+iv+v)	**7,239.35**	**1,174.22**	**41.58**	**8,371.99**	**1,634.02**	**447.63**	**39.27**	**2,042.38**	**7,786.38**	**6,834.37**

Notes to the Financial Statements

for the year ended 31st March, 2025

(₹ In Crs)

F.Y. 2023-24	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
Particulars	Balance as at 1st April, 2023	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31st March, 2024	Balance as at 1st April, 2023	Depreciation charge for the year	Deduction / Adjustment	Balance as at 31st March, 2024	Balance as at 31st March, 2024	Balance as at 31st March, 2023
(i) Tangible Assets										
Free Hold Land	3.56	-	-	3.56	0.26	-	-	0.26	3.30	3.30
Lease Hold Land	232.44	9.54	-	241.98	12.91	2.15	-	15.06	226.92	219.53
Buildings	586.46	84.63	-	671.09	125.57	51.63	-	177.20	493.89	460.89
Plant and Equipment	5,158.68	997.23	213.28	5,942.63	1,218.16	293.69	186.62	1,325.23	4,617.40	3,940.52
R&D Assets & Equipments	159.43	10.73	19.24	150.92	34.33	8.71	0.70	42.34	108.58	125.10
Leasehold Improvements	-	26.78	-	26.78	-	5.51	-	5.51	21.27	-
Furniture and Fixtures	44.29	20.97	1.26	64.00	13.67	10.32	1.26	22.73	41.27	30.62
Vehicles	23.08	20.25	3.04	40.29	10.81	5.06	1.93	13.94	26.35	12.27
Total (i)	**6,207.94**	**1,170.13**	**236.82**	**7,141.25**	**1,415.71**	**377.07**	**190.51**	**1,602.27**	**5,538.98**	**4,792.23**
(ii) Capital Work-in-Progress									1,058.54	988.73
(iii) Right of use Assets										
Buildings	51.19	35.18	2.49	83.88	20.89	11.38	1.81	30.46	53.42	30.30
(iv) Intangible Assets										
Technical Knowhow	0.08	6.50	-	6.58	0.08	-	-	0.08	6.49	-
Computer Software	1.86	5.78	-	7.64	0.39	0.82	-	1.21	6.43	1.47
Total (iv)	**1.94**	**12.28**	**-**	**14.22**	**0.47**	**0.82**	**-**	**1.29**	**12.92**	**1.47**
(v) Intangible assets under development									170.51	107.24
TOTAL (i+ii+iii+iv+v)	**6,261.07**	**1,217.59**	**239.31**	**7,239.35**	**1,437.07**	**389.27**	**192.32**	**1,634.02**	**6,834.37**	**5,919.97**

Note:

(i) Depreciation to the extent of 14.39 Crs (previous year 11.82 Crs) in respect of assets utilised for creation/generation of intangible assets are appropriately capitalised under applicable intangible assets under development.

(ii) Additions during the year and capital work-in-progress include borrowing cost capitalised in accordance with Accounting Standard (Ind AS) 23 on "Borrowing Costs". The rate used to determine the amount of borrowing costs eligible for capitalisation is ranging from 8% to 8.5% (previous year 8% to 8.6%).

Notes to the Financial Statements

for the year ended 31st March, 2025

(a) Capital-Work-in Progress (CWIP):

Capital Work-In-Progress (CWIP) Ageing Schedule as on 31st March, 2025:

(₹ 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	940.45	283.69	45.73	6.45	1,276.32
Projects temporarily suspended	-	-	-	-	-

Capital Work-In-Progress (CWIP) Ageing Schedule as on 31st March, 2024:

(₹ 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	832.04	172.76	45.57	8.16	1,058.54
Projects temporarily suspended	-	-	-	-	-

(b) Intangible assets under development:

Intangible assets under development ageing schedule as on 31st March, 2025:

(₹ 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	45.88	59.82	39.23	35.47	180.40
Projects temporarily suspended	-	-	-	-	-

Intangible assets under development ageing schedule as on 31st March, 2024:

(₹ 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	69.25	60.69	40.57	-	170.51
Projects temporarily suspended	-	-	-	-	-

(c) Notes :

(i) There are no material projects whose completion is overdue as compared to its original plan as at 31st March 2025.

(ii) There were no material projects which have exceeded their original plan cost as at 31st March, 2025.

(iii) The Company has not recognised any impairment loss during the current year.

(iv) The title deeds of property plant and equipment are held in name of the Company.

Notes to the Financial Statements

for the year ended 31st March, 2025

4. NON-CURRENT INVESTMENTS:

(₹ In Crs)

Name of the Company	Face Value (in ₹)	No. of Shares/Units	As at 31st March, 2025	No. of Shares/Units	As at 31st March, 2024
Investments - (Unquoted) in Equity Shares of Subsidiary Companies (At Cost)					
Aarti Corporate Services Limited	10	20,24,680	1.73	20,24,680	1.73
Alchemie (Europe) Limited	£1.00	80,000	0.54	80,000	0.54
Innovative Envirocare Jhagadia Limited	10	3,50,000	0.35	3,50,000	0.35
Aarti Polychem Private Limited	10	20,500	0.02	20,500	0.02
Aarti Bharuch Limited	10	2,50,000	0.25	2,50,000	0.25
Aarti Circularity Limited (formerly known as Aarti Spechem Limited)	10	2,50,000	0.25	2,50,000	0.25
Augene Chemical Private Limited (refer note 4.1)	10	-	-	50,000	0.05
Aarti Chemical Trading FZCO	AED 100	500	0.11	500	0.11
			3.26		**3.30**
Investments - (Unquoted) in Equity Shares of Other Companies (At FVTOCI)					
Ichalkaranji Janata Sahakari Bank Limited	50	1,000	0.01	1,000	0.01
Damanganga Saha Khand Udyog Mandali Limited	2,000	61	0.01	61	0.01
Narmada Clean Tech Limited	10	2,87,550	0.13	2,87,550	0.13
U.K.I.P. Co-Op. Society Limited	50	80	0.00	80	0.00
Perfect Enviro Control Systems Limited	10	36,800	0.03	36,800	0.03
Shamrao Vithal Co-op. Bank Limited	10	100	0.00	100	0.00
Clean Max Indus Private Limited	10	4,900	0.00	-	-
Pro-zeal Green Power Seven Private Limited	10	63,000	0.06	-	-
ReNew Green (GJ Six) Private Limited	10	1,51,80,000	12.86	1,51,80,000	15.19
			13.10		**15.37**
Investments - (Unquoted) in Equity Shares of Joint Venture (At Cost)					
Augene Chemical Private Limited (refer note 4.1)	10	2,35,00,000	23.50	-	-
			23.50		-
Investments - (Unquoted) in Optionally convertible Debentures of Subsidiary Companies					
Aarti Bharuch Limited (refer note 4.2)	100	50,00,000	50.00	-	-
			50.00	-	-
TOTAL			**89.86**		**18.67**

4.1 Investment in Augene Chemical Limited has been reclassified persuant to change in stake by way of addition of UPL Limited at 50% JV partner.

4.2 Note in respect of investments in Optionally convertible Debentures of Subsidiary Companies

(₹ In Crs)

Investment in OCDs issued by Aarti Bharuch Limited (At Cost)	50.00
- In accordance with Ind AS 107, the said investment amount is further classified into	
- Equity/Derivative Component (at FVTPL)	2.89
- Debt Component (at present value)	47.11

Notes to the Financial Statements

for the year ended 31st March, 2025

5. NON-CURRENT LOANS AND ADVANCES:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Loans and Advances (Refer note 38 for Related Party Balances)	4.42	57.65
TOTAL	**4.42**	**57.65**

6. DEFERRED TAX ASSETS (NET):

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Opening balance for the year	142.89	52.17
Deferred Tax Assets		
MAT Credit Entitlement	54.84	69.72
Items allowed for tax purpose on payment	0.28	0.35
DTA on losses	54.84	59.14
Deferred Tax Liabilities		
Difference between net book value of depreciable capital assets as per books vis - a- vis written down value as per Tax Laws.	(35.64)	(38.49)
Net Deferred Tax Assets/(Liabilities)	**217.21**	**142.89**

7. OTHER NON-CURRENT ASSETS:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Capital Advances (Refer note 38 for Related Party Balances)	55.93	43.70
Balances with Tax & Revenue Authorities (including pre-deposits)	14.65	9.49
Other Deposits	50.94	50.12
TOTAL	**121.52**	**103.31**

8. INVENTORIES:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Raw Materials and Components (incl In-transit stock)	509.92	224.67
Work-in-progress	253.80	303.90
Finished Goods (incl In-transit stock)	340.61	402.44
Stock-in-trade	0.60	0.04
Stores and spares	265.47	203.80
Fuel (incl In-transit stock)	8.82	6.95
Packing Materials	8.30	9.25
TOTAL	**1,387.52**	**1,151.05**

8.1 IN-TRANSIT INVENTORIES:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Raw Materials	0.00	17.85
Finished Goods	18.73	90.77
TOTAL	**18.73**	**108.62**

Notes to the Financial Statements

for the year ended 31st March, 2025

9. TRADE RECEIVABLES:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Trade Receivables considered good - Unsecured (Refer Note 38 for Related Party Balances)	857.44	894.88
Unsecured, credit impaired	7.71	1.46
Less: Impairment loss allowance	(7.71)	(1.46)
TOTAL	**857.44**	**894.88**

9.1 Trade Receivables ageing schedule as on 31st March, 2025

(₹ In Crs)

Particulars	Not Due	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	500.80	286.63	64.92	2.28	2.81	-	857.44
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	0.00
(iii) Undisputed Trade receivables – credit impaired	-	-	-	1.96	4.09	1.66	7.71
(iv) Disputed Trade receivables – considered good	-	-	-	-	-	-	0.00
(v) Disputed Trade receivables – which have significant increase in credit risk	-		-	-	-	-	0.00
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-	-	0.00
Less: Impairment loss allowance	-	-	-	(1.96)	(4.09)	(1.66)	(7.71)
TOTAL	**500.80**	**286.63**	**64.92**	**2.28**	**2.81**	**0.00**	**857.44**

Trade Receivables ageing schedule as on 31st March, 2024

(₹ In Crs)

Particulars	Not Due	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	412.02	354.48	97.50	30.31	0.57	-	894.88
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	-	-	-	1.46	-	1.46
(iv) Disputed Trade receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	(1.46)		(1.46)
TOTAL	**412.02**	**354.48**	**97.50**	**30.31**	**0.57**	**-**	**894.88**

Notes to the Financial Statements

for the year ended 31st March, 2025

9.2 Movement in Expected Credit Loss Allowance

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Balance at the beginning of the year	1.46	2.19
Movement in expected credit loss allowance	6.25	2.00
Amounts written off during the year	0.00	(2.73)
Balance at the end of the year	**7.71**	**1.46**

10. CASH AND CASH EQUIVALENTS:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Cash on hand	1.18	0.68
Bank balance in Current Accounts	195.91	423.40
TOTAL	**197.09**	**424.08**

11. OTHER BANK BALANCES:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Bank balance in Deposit Accounts	93.75	86.17
Earmarked Balances (Unpaid Dividend Accounts)	1.83	1.78
TOTAL	**95.58**	**87.95**

12. LOANS AND ADVANCES CURRENT:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Loans and Advances Given to:		
(i) Employees (including KMPs) (refer note 36)	4.98	7.54
(ii) Others	1.22	0.72
TOTAL	**6.20**	**8.26**

13. OTHER CURRENT FINANCIAL ASSETS:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Subsidy Receivable	14.86	10.19
Other Current Financial Asset	1.46	6.52
TOTAL	**16.32**	**16.71**

14. CURRENT TAX ASSETS (NET):

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Advance Tax and Tax Deducted at Source (Net of Provisions)	13.84	70.84
TOTAL	**13.84**	**70.84**

Notes to the Financial Statements

for the year ended 31st March, 2025

15. OTHER CURRENT ASSETS:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Balances with Customs, Port Trust, Central Excise, Sales Tax, Goods & Services Tax Authorities	225.75	214.09
Advance to Suppliers	56.97	84.82
Others Receivables	21.82	11.60
Prepaid Expenses	17.44	21.34
TOTAL	**321.98**	**331.85**

16. EQUITY SHARE CAPITAL:

(₹ In Crs)

Particulars	No. of Shares	As at 31st March, 2025	No. of Shares	As at 31st March, 2024
Authorised Share Capital				
Equity Shares of 5/- each	**60,00,00,000**	**300.00**	60,00,00,000	300.00
Issued, Subscribed & Paid up				
Equity Shares of 5/- each fully paid up	**36,25,19,910**	**181.26**	36,25,04,035	181.25
TOTAL		**181.26**		**181.25**

16.1 Reconciliation of the number of Shares outstanding:

Particulars	No. of Shares outstanding	
	As at 31st March, 2025	As at 31st March, 2024
Equity Shares at the beginning of the year	36,25,04,035	36,25,04,035
Add: Shares issued during the year	15,875	-
Less: Shares buy-back during the year	-	-
Equity Shares at the end of the year	**36,25,19,910**	**36,25,04,035**

16.2 Rights, preferences and restrictions attached to Equity Shares:

The Company has only one class of Equity Shares having a par value of 5 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

16.3 Details of shareholders holding more than 5% shares:

Name of the Shareholders	As at 31st March, 2025		As at 31st March, 2024	
	No. of Shares	% held	No. of Shares	% held
Life Insurance Corporation of India	2,46,56,272	6.80	2,46,56,272	6.80

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

Particulars	Financial Year				
	2024-25	2023-24	2022-23	2021-22	2020-21
No. of Equity Shares outstanding	36,25,19,910	36,25,04,035	36,25,04,035	36,25,04,035	17,42,34,474

Notes to the Financial Statements

for the year ended 31st March, 2025

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

[a] During the year 2024-25, 15,875 Shares were issued and allotted under the 'Aarti Industries Limited Performance Stock Option Plan 2022' ("PSOP 2022")

[b] 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.

[c] 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.

16.6 Details of shares held by promoters and promoter group:

Sr. No.	Promoters Name	As at 31st March 2025		As at 31st March 2024		% change during the year
		Number of Shares held	% of Holding	Number of Shares held	% of Holding	
1	Rashesh Chandrakant Gogri	1,48,37,616	4.09	1,48,37,616	4.09	(0.00)
2	Mirik Rajendra Gogri	1,11,72,384	3.08	1,11,72,384	3.08	(0.00)
3	Renil Rajendra Gogri	1,11,71,008	3.08	1,11,71,008	3.08	(0.00)
4	Anushakti Enterprise Private Limited	99,70,000	2.75	99,70,000	2.75	(0.00)
5	Hetal Gogri Gala	99,62,192	2.75	99,62,192	2.75	(0.00)
6	Jaya Chandrakant Gogri	97,98,548	2.70	97,98,548	2.70	(0.00)
7	Sarla Shantilal Shah	95,69,028	2.64	95,89,028	2.65	(0.01)
8	Labdhi Business Trust (Saswat Trusteeship Private Limited)	75,00,000	2.07	92,00,000	2.54	(0.47)
9	Tulip Family Trust (Gloire Trusteeship Services Private Limited)	65,96,000	1.82	65,96,000	1.82	(0.00)
10	Orchid Family Trust (Relacion Trusteeship Services Private Limited)	65,96,000	1.82	65,96,000	1.82	(0.00)
11	Safechem Enterprises Private Limited	58,52,000	1.61	58,52,000	1.61	(0.00)
12	Rajendra Vallabhaji Gogri	57,03,600	1.57	57,03,600	1.57	(0.00)
13	Nehal Garewal	36,14,190	1.00	39,14,190	1.08	(0.08)
14	Heena Family Private Trust (Barclays Wealth Trustees India Private Limited)	33,35,436	0.92	33,35,436	0.92	(0.00)
15	Nikhil Parimal Desai	30,05,016	0.83	30,05,016	0.83	(0.00)
16	Bhavna Family Private Trust (Barclays Wealth Trustees India Private Limited)	28,16,404	0.78	32,16,404	0.89	(0.11)
17	Jasmine Family Trust (Relacion Trusteeship Services Private Limited)	27,50,000	0.76	27,50,000	0.76	(0.00)
18	Alchemie Financial Services Limited	26,92,024	0.74	26,92,024	0.74	(0.00)
19	Lotus Family Trust (Gloire Trusteeship Services Private Limited)	24,98,000	0.69	24,98,000	0.69	(0.00)
20	Manomaya Business Trust (Alabhya Trusteeship Private Limited)	24,00,000	0.66	24,00,000	0.66	(0.00)
21	Aarnav Rashesh Gogri	23,82,000	0.66	23,82,000	0.66	(0.00)
22	Aashay Rashesh Gogri	22,00,000	0.61	22,00,000	0.61	(0.00)
23	Manisha Rashesh Gogri	22,00,000	0.61	22,00,000	0.61	(0.00)
24	Arti Rajendra Gogri	19,01,024	0.52	19,01,024	0.52	(0.00)
25	Parimal Hasmukhlal Desai	15,98,284	0.44	15,98,284	0.44	(0.00)
26	Ratanben Premji Gogri	13,77,330	0.38	13,51,230	0.37	0.01
27	Heena Bhatia	12,90,352	0.36	12,90,352	0.36	(0.00)
28	Rajendra Vallabhaji Gogri (HUF) (Karta - Rajendra Vallabhaji Gogri)	12,33,096	0.34	12,33,096	0.34	(0.00)
29	Shantilal Tejshi Shah HUF (Karta - Nehal Garewal)	11,15,526	0.31	11,15,526	0.31	(0.00)
30	Alchemie Finserv Private Limited	10,56,420	0.29	10,56,420	0.29	(0.00)
31	Gogri Finserv Private Limited	10,56,420	0.29	10,56,420	0.29	(0.00)
32	Mananjay Singh Garewal	10,50,040	0.29	10,50,040	0.29	(0.00)
33	Indira Madan Dedhia	6,82,500	0.19	6,82,500	0.19	(0.00)
34	Bhanu Pradip Savla	6,22,948	0.17	6,22,948	0.17	(0.00)
35	Shreya Suneja	4,50,000	0.12	4,50,000	0.12	(0.00)
36	Monisha Bhatia	3,64,484	0.10	3,64,484	0.10	(0.00)
37	Gunavanti Navin Shah	3,46,578	0.10	3,46,578	0.10	(0.00)
38	Chandrakant Vallabhaji Gogri	1,42,000	0.04	1,42,000	0.04	(0.00)
39	Nikhil Holdings Private Limited	93,566	0.03	3,43,566	0.09	(0.07)
40	Jayesh Shah	65,666	0.02	65,666	0.02	(0.00)
41	Dilesh Roadlines Private Limited	33,272	0.01	33,272	0.01	(0.00)
42	Valiant Organics Limited	30,000	0.01	30,000	0.01	(0.00)
43	Prasadi Yogesh Banatwala	6,580	0.00	7,680	0.00	(0.00)
44	Pooja Renil Gogri	1,528	0.00	1,528	0.00	(0.00)
45	Bhavna Shah Lalka	0.00	0.00	16,55,764	0.46	(0.46)
Total		**15,31,39,060**	**42.24**	**15,74,39,824**	**43.43**	**(1.19)**

Notes to the Financial Statements

for the year ended 31st March, 2025

16.7 Dividends:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
(i) Dividend paid during the year		
Final dividend for the year ended 31st March 2024 of 1.00 (previous year: 1.00) per fully paid share	36.25	54.38
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of dividend of 1.00 (previous year: 1.00) per fully paid share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	36.25	36.25

Notes to the Financial Statements

for the year ended 31st March, 2025

17. OTHER EQUITY:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Capital Reserves		
Opening Balance	9.70	9.70
Addition	-	-
Deduction	-	-
Closing Balance	**9.70**	**9.70**
Footnote : Capital Reserves represents the difference between the consideration paid and net assets received under business combination transactions.		
Securities Premium Account		
Opening Balance	1,348.35	1,348.35
Addition	0.85	-
Deduction	-	-
Closing Balance	**1,349.20**	**1,348.35**
Footnote: Securities Premium represents the amount received in excess of the face value upon issue of equity shares. The same may be, inter-alia, utilised for issue of fully paid bonus shares or for buy-back of equity shares by the Company or such purpose in accordance with the provisions of the Act.		
General Reserve		
Opening Balance	476.90	434.90
Addition:		
Transferred from Profit & Loss Account	34.00	42.00
Deduction:		
Closing Balance	**510.90**	**476.90**
Footnote: The General Reserve is created from time to time on transfer of profits from retained earnings. General reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income.		
Profit and Loss Account		
Opening Balance	3,299.79	2,978.82
Addition:		
Net Profit/(Loss) for the year	339.65	417.35
Deduction:		
Final Dividend paid on Equity Share for the previous year	36.25	54.38
Transferred to General Reserve	34.00	42.00
Closing Balance	**3,569.19**	**3,299.79**
Footnote: Retained Earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividend or other distributions paid to shareholders.		
Other Reserves		
ESOP Share Application Money (PSOP 2022)	0.00	-
Forfeiture Reserve	1.85	1.85
Closing Balance	**1.85**	**1.85**
Footnote: Forfeiture reserve is created on account of forfeiture of shares.		

Notes to the Financial Statements

for the year ended 31st March, 2025

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Employee Share Based Payment Reserve		
Opening Balance	2.34	-
Addition	7.09	2.34
Deduction	0.85	-
Closing Balance	**8.58**	**2.34**
Footnote : The Company has offered equity shares to certain employees and officers under an employee share purchase scheme. The employee share based payment reserve is used to recognise the value of equity settled share based payments provided to such employees and officers.		
Other Comprehensive Income		
Opening Balance	(27.77)	(33.91)
Addition:		
OCI for the year	15.22	6.14
Deduction		
Closing Balance	**(12.55)**	**(27.77)**
Footnote : This Reserve represents the cumulative gains and losses arising on the revaluation of equity instruments, long term advances and foreign currency hedge measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed off.		
TOTAL	**5,436.87**	**5,111.16**

18. NON-CURRENT BORROWINGS:

(₹ In Crs)

Particulars	As at 31st March, 2025		As at 31st March, 2024	
	Non-Current	Current	Non-Current	Current
Secured				
(a) ECB/Term loans from Banks/Financial Institutions	1,866.15	238.78	1,520.87	467.71
(b) Vehicle Loans from Banks/Financial Institutions	1.27	1.53	3.00	1.64
TOTAL	**1,867.42**	**240.31**	**1,523.87**	**469.35**

(₹ In Crs)

Details of Long term Loans from Banks / Financial Institutions	Maturity	Terms of Repayment	Interest Rate p.a.	As at 31st March, 2025	As at 31st March, 2024
Long Term Rupee Loans					
From HSBC Limited	Last instalment due in 2025-26	16 quarterly repayments of 6.25 crs each	3 Month T-Bill + spread of 191 bps	25.00	50.00
From Kotak Mahindra Bank Limited	Last instalment due in 2025-26	16 quarterly repayments of 6.25 crs each	Fixed rate of 6.25% p.a.	18.75	43.75
From Citibank N.A.	Last instalment due in 2025-26	16 quarterly repayments of 6.25 crs each	3 Month T-Bill + Spread of 268 bps	18.75	43.75
From HDFC Bank Limited	Last instalment due in 2030-31	28 quarterly stepped up instalments of 1.25 - 14.69 crs each	1 month T-Bill + Spread of 165bps	241.65	246.38
From Standard Chartered Bank	Already paid off	N.A.	N.A.	-	50.00

Notes to the Financial Statements

for the year ended 31st March, 2025

(₹ In Crs)

Details of Long term Loans from Banks / Financial Institutions	Maturity	Terms of Repayment	Interest Rate p.a.	As at 31st March, 2025	As at 31st March, 2024
From Citibank N.A.	Last instalment due in 2029-30	16 quarterly repayments of 21.87 crs each	RBI Repo Rate + Spread of 150 bps	348.01	347.31
From Axis Bank Limited	Last instalment due in 2030-31	20 quarterly repayments of 10 crs each	RBI Repo Rate + Spread of 175 bps	200.00	200.00
Foreign Currency Loans (incl ECBs)					
From State Bank of India (ECB1)	Already paid off	N.A.	N.A.	0.00	52.17
From Citibank N.A.	Last instalment due in 2025-26	18 quarterly repayments of JPY 60 mn each	3 Month JPY Libor + spread of 50 bps	18.60	36.30
From State Bank of India (ECB2)	Last instalment due in 2025-26	10 quarterly repayments of USD 4 mn each	3 months SOFR + spread of 140 bps	102.51	232.92
From Export Import Bank of India	Last instalment due in 2025-26	14 quarterly stepped up instalments of USD 1 mn - 4.50 mn each	6 months SOFR + spread of 190 bps	31.42	196.08
From International Finance Corporation	Last instalment due in 2033-34	15 semi annually instalments of USD 8.7 mn each	6 months SOFR + spread of 100 bps	1,100.24	489.92

Details of Security

a) The above Outstanding Term Loans/ECBs are secured by way of Pari Passu Hypothecation of the Moveable Plant & Machinery, Machinery Spares, Tools and Accessories and other movables, both present and future (except book debts, inventories and other current assets) wherever situated, excluding those charged exclusively to other Term Lenders/ Specifically excluded.

b) Vehicle loans from Banks/Financial Institutions are secured by way of hypothecation of respective vehicles.

19. LEASE LIABILITIES:

(₹ In Crs)

Particulars	As at 31st March, 2025		As at 31st March, 2024	
	Non-Current	Current	Non-Current	Current
Lease Liabilities Account	47.13	11.11	49.31	9.07
TOTAL	**47.13**	**11.11**	**49.31**	**9.07**

The movements in lease liabilities during the year:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Balance at the beginning	58.39	33.29
Additions during the year	10.17	35.23
Deletion during the year	(0.34)	(0.99)
Finance Cost incurred during the year	4.93	4.41
Payment of Lease Liabilities	(14.91)	(13.56)
Balance at the end of the year	**58.24**	**58.38**

Notes to the Financial Statements

for the year ended 31st March, 2025

20. OTHER NON CURRENT LIABILITIES:

(₹ In Crs)

Particulars	As at 31st March, 2025		As at 31st March, 2024	
	Non-Current	Current	Non-Current	Current
Long Term Advance for Exports Received From Customer	112.16	49.15	175.29	67.55
TOTAL	**112.16**	**49.15**	**175.29**	**67.55**

The Company has received aforesaid advances for export commitments under the long term contracts (contracts with period more than five year) executed by the company with its customers. The advances shall be adjusted against the export sales/ supplies over a period of time, as per the terms of these contracts. Further, as per the terms of said contracts, the Company has issued a Bank Guarantee in favour of the customer as a security for the said advances.

21. PROVISIONS:

(₹ In Crs)

Particulars	As at 31st March, 2025		As at 31st March, 2024	
	Non-Current	Current	Non-Current	Current
Provision for Employees' Benefits - Leave Salary	15.01	2.89	13.62	3.00
TOTAL	**15.01**	**2.89**	**13.62**	**3.00**

22. SHORT-TERM BORROWINGS:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Secured		
Working Capital Loan From Banks	1,630.08	1,520.18
Current maturities of Long-Term Debt (Refer Note 18 (a))	238.78	467.71
Current maturities of Vehicle Loan ((Refer Note 18 (b))	1.53	1.64
	1,870.39	**1,989.53**
Unsecured		
From Banks	50.34	50.04
	50.34	**50.04**
TOTAL	**1,920.73**	**2,039.57**

(i) Working Capital Loans availed from Scheduled Banks, are secured by way of Pari Passu first charge by hypothecation of Raw Materials, Stock-In-Process, Semi-Finished Goods, Finished Goods, Packing Materials and Stores and Spares, Bills Receivables and Book Debts and all other moveable, both present and future. Also by way of hypothecation of all moveable plant & machinery, machinery spares, tools and accessories and other movables, both present and future (except book debts & inventories) wherever situated, ranking second to the charge held by ECB/Other Term Lenders.

(ii) In respect of working capital borrowings from banks timely stock statements are submitted to the banks and there are no material discrepancies noted in comparison with the books of accounts. Such on material differences are arising on account of different methodology & classification requirements by the banks vis-a-vis the ones addopted in financial statements.

Notes to the Financial Statements

for the year ended 31st March, 2025

23. TRADE PAYABLES:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Trade payables due to:		
Micro and Small Enterprises (MSME)	26.48	47.45
Other than Micro and Small Enterprises	1,203.49	705.03
TOTAL	**1,229.97**	**752.48**

Note : Refer Note 38 for Related Party Balances

23.1 Trade Payables ageing schedule as on 31st March, 2025

(₹ In Crs)

Particulars	Not Due	Outstanding for following periods from due date of payments				Total
		0 -1 year	1 -2 years	2 -3 years	More than 3 years	
Micro and Small Enterprises (MSME)	26.48	-	-	-	-	26.48
Other than Micro and Small Enterprises	384.54	816.99	0.78	1.18	-	1,203.49
Disputed Dues to MSME	-	-	-	-	-	-
Disputed Dues to Others	-	-	-	-	-	-
TOTAL	**411.02**	**816.99**	**0.78**	**1.18**	**-**	**1,229.97**

Trade Payables ageing schedule as on 31st March, 2024

(₹ In Crs)

Particulars	Not Due	Outstanding for following periods from due date of payments				Total
		0 -1 year	1 -2 years	2 -3 years	More than 3 years	
Micro and Small Enterprises (MSME)	47.45	-	-	-	-	47.45
Other than Micro and Small Enterprises	661.91	39.71	3.41	-	-	705.03
Disputed Dues to MSME	-	-	-	-	-	-
Disputed Dues to Others	-	-	-	-	-	-
TOTAL	**709.36**	**39.71**	**3.41**	**-**	**-**	**752.48**

23.2 Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (as amended)

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
1) (a) Principal amount remaining unpaid to any supplier	26.48	47.45
(b) Interest on (1)(a) above	-	-
2) The amount of interest paid along with the principal payment made to the supplier	-	-
3) Amount of interest due and payable on delayed payments	-	-
4) Amount of further interest remaining due and payable for the earlier years	-	-
5) Total Outstanding dues of Micro & Small Enterprises:		
- Principal	26.48	47.45
- Interest	-	-

Notes to the Financial Statements

for the year ended 31st March, 2025

24. OTHER FINANCIAL LIABILITIES:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Unpaid Dividends	1.83	1.78
Salary & Wages Payable	59.87	3.47
Project Payables	140.56	131.31
TOTAL	**202.26**	**136.56**

25. OTHER CURRENT LIABILITIES:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Advance for Exports Received From Customer (Current) (Refer Note 20)	49.15	67.55
Advance from Customers	5.51	34.36
Other Current Liabilities & Taxes	21.61	22.41
TOTAL	**76.27**	**124.32**

26. SHORT-TERM PROVISIONS:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Provision for Employees' Benefits	15.17	26.01
TOTAL	**15.17**	**26.01**

27. REVENUE FROM OPERATIONS:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2025	For the Year Ended 31st March, 2024
Sale of Products & Services	7,938.58	6,804.68
Other Operating Revenues	140.00	179.10
Gross Revenue From Operations	**8,078.58**	**6,983.78**
Less: GST Collected	774.37	638.11
NET REVENUE FROM OPERATIONS	**7,304.21**	**6,345.67**

27.1 GEOGRAPHICAL GROSS REVENUE:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2025	For the Year Ended 31st March, 2024
Local Sales	3,709.16	3,341.75
Export Sales	4,369.42	3,642.03
TOTAL	**8,078.58**	**6,983.78**

Notes to the Financial Statements

for the year ended 31st March, 2025

27.2 OTHER OPERATING REVENUES:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2025	For the Year Ended 31st March, 2024
Fertilizers Subsidy Received	39.46	30.58
Export Benefits/Incentives Received	15.84	18.80
Contract Shortfall Fees	72.17	119.80
Scrap Sales	12.53	9.92
TOTAL	**140.00**	**179.10**

27.3 Reconciliation of Revenue from sale of products & services with the contracted price

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2025	For the Year Ended 31st March, 2024
Contracted Price	7,971.41	6,830.84
Less: Trade discounts, volume rebates etc.	(32.83)	(26.16)
TOTAL	**7,938.58**	**6,804.68**

28. OTHER INCOME:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2025	For the Year Ended 31st March, 2024
Profit on Sale of Assets/Investments	0.27	0.00
Interest Income	20.60	7.09
Forex Gain/(Loss) on Trade	(3.34)	3.38
Other Income	1.78	0.38
TOTAL	**19.31**	**10.85**

29. COST OF MATERIALS CONSUMED:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2025	For the Year Ended 31st March, 2024
Consumption of Raw Materials	3,950.31	3,377.23
Consumption of Packing Materials	50.64	45.22
Consumption of Fuel	309.91	286.89
Consumption of Stores & Spares	72.36	63.73
TOTAL	**4,383.23**	**3,773.07**

Notes to the Financial Statements

for the year ended 31st March, 2025

30. CHANGES IN INVENTORY:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2025	For the Year Ended 31st March, 2024
Opening Stock		
Finished Goods	402.44	330.86
Work-in-Progress	303.90	274.46
Total (A)	**706.34**	**605.32**
Closing Stock		
Finished Goods	340.61	402.44
Work-in-Progress	253.80	303.90
Total (B)	**594.41**	**706.34**
TOTAL (A-B)	**111.93**	**(101.02)**

31. EMPLOYEE BENEFITS:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2025	For the Year Ended 31st March, 2024
Salaries, Wages & Bonus	361.53	347.35
Share Based Payment Expenses	7.09	2.34
Contribution to PF and other Funds	27.20	24.68
Workmen & Staff Welfare Expenses	24.34	27.29
TOTAL	**420.16**	**401.66**

32. FINANCE COST:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2025	For the Year Ended 31st March, 2024
Interest Expenses	231.21	186.32
Exchange difference on borrowing costs	23.23	8.15
Interest on Lease Liabilities	4.93	4.41
Other borrowing Costs (includes bank charges, etc.)	15.87	11.78
TOTAL	**275.24**	**210.66**

Notes to the Financial Statements
for the year ended 31st March, 2025

33. OTHER EXPENSES:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2025	For the Year Ended 31st March, 2024
Manufacturing Expenses:		
Freight, Cartage & Transport	130.67	136.91
Power	156.04	151.91
Water Charges	18.72	17.69
Processing Charges	50.87	64.35
Other Manufacturing Expenses	159.38	177.80
Repairs & Maintenance	107.45	112.27
Insurance Charges	13.02	16.98
Research & Development Expenses	5.04	3.36
Factory Administrative Expenses	73.69	89.63
Total (A)	**714.88**	**770.90**
Office Administrative Expenses:		
Rent, Rates and Taxes	3.67	2.13
Travelling and Conveyance	6.29	4.86
Auditor's Remuneration	0.41	0.42
Legal & Professional Charges	20.68	12.57
Other Administrative Expenses	21.32	17.26
Total (B)	**52.37**	**37.24**
Selling & Distribution Expenses:		
Advertisement & Sales Promotion	4.25	5.84
Export Freight Expenses	192.73	100.83
Freight and Forwarding Expenses	170.18	157.40
Commission	6.35	5.04
Export Insurance Charges	5.02	2.19
Sample Testing & Analysis Charges	2.24	1.39
Lease Rent Paid	0.33	0.38
Bad debts/Sundry Balance Written Off/(Back)	8.79	1.72
Total (C)	**389.89**	**274.79**
Non-Operating Expenses:		
Donations/CSR Expenses*	20.48	17.88
Loss on Sale of Assets/Investment	-	3.99
Total (D)	**20.48**	**21.87**
TOTAL (A+B+C+D)	**1,177.62**	**1,104.80**

* Donations includes political contributions of ₹4.50 Crs (Previous Year ₹ Nil) made by the Company.

33.1 AUDITOR'S REMUNERATION:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2025	For the Year Ended 31st March, 2024
Audit Fees	0.36	0.36
Certification Charges	0.04	0.04
Out of Pocket Expenses	0.01	0.01
TOTAL	**0.41**	**0.42**

Notes to the Financial Statements
for the year ended 31st March, 2025

33.2 Corporate Social Responsibility (CSR) Expenses

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2025	For the Year Ended 31st March, 2024
Amount required to be spent as per Section 135 of the Companies Act, 2013	15.83	17.41
Amount approved by the Board to be spent during the year	16.00	17.50
Amount of expenditure incurred during the year on :		
Name of the Projects		
1. Education and Skill Development	5.52	6.79
2. Environment Conservation	1.33	0.84
3. Tribal Welfare & Rural Development	1.28	1.02
4. Healthcare	5.63	7.70
5. Rural Development projects	1.07	0.71
6. Women Empowerment	0.81	0.40
Total CSR Expenses	**15.63**	**17.46**
Brought forward excess spending from previous years	0.74	0.69
Excess spending carried forward to subsequent year	(0.54)	(0.74)
Total eligible CSR Spent for the year	**15.83**	**17.41**

34. RECONCILIATION OF EFFECTIVE TAX RATE:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2025	For the Year Ended 31st March, 2024
Profit Before Tax	**316.04**	**396.35**
Current Year Tax	54.84	69.72
Less: MAT Credit Available	(54.84)	(69.72)
Tax Using the Company's Domestic Tax Rate 34.944%	110.42	138.50
Tax effect on deductible and non reversible expenses	(17.69)	(8.94)
Effect of Depreciation under Income Tax	(121.58)	(129.35)
Others Deductible Expenses/ Non Deductible Expenses	(8.63)	(83.36)
MAT reversal/DTA on losses	37.48	83.15
Effective Tax Rate	**0.00%**	**0.00%**

35. EARNING PER SHARE (EPS):

Particulars		For the Year Ended 31st March, 2025	For the Year Ended 31st March, 2024
Net Profit available for Equity Shareholders	(₹ in Crs)	339.65	417.35
Weighted Average Number of Equity Shares in calculating Basic EPS	(Nos.)	36,25,30,858	36,25,04,035
Basic Earnings Per Share Value (in INR)	(₹)	9.37	11.51
Net Profit available for Equity Shareholders	(₹ in Crs)	339.65	417.35
Weighted Average Number of Equity Shares in calculating Basic EPS	(Nos.)	36,25,30,858	36,25,04,035
Add: Effect of Performance Stock Option Plan (PSOP 2022)	(Nos.)	2,48,114	-
Weighted Average Number of Equity Shares in calculating Diluted EPS	(Nos.)	36,27,78,972	36,25,04,035
Diluted Earnings Per Share Value (in INR)	(₹)	9.36	11.51
Nominal Value of Equity Share	(₹)	5.00	5.00

35.1 Basic earnings per share has been computed by dividing the profit/loss for the year by the weighted average number of shares outstanding during the year.

Diluted earnings per share has been computed using weighted average number of shares dilutive potential shares, except where the results would be anti-dilutive.

Notes to the Financial Statements

for the year ended 31st March, 2025

36. CONTINGENT LIABILITIES AND COMMITMENTS:

(to the extent not provided for)

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
(i) Contingent Liabilities:		
(a) Claims against the company not acknowledged as Debts	85.61	98.87
(b) Letters of Credit, Bank Guarantees & Bills Discounted	235.00	413.28
	320.61	**512.15**
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	384.15	544.36
	384.15	**544.36**
TOTAL	**704.76**	**1,056.51**

37. RESEARCH & DEVELOPMENT ACTIVITES:

(₹ In Crs)

Expenditure	For the Year Ended 31st March, 2025	For the Year Ended 31st March, 2024
Revenue Expenditure	5.04	3.36
Total Revenue Expenditure	**5.04**	**3.36**
Capital Expenditure:		
R&D under development/developed	9.90	69.76
Plant & Equipment	5.26	10.42
Furniture and Fixtures	0.32	1.70
Total Capital Expenditure	**15.48**	**81.88**

38. 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 its holding Company: Aarti Corporate Services Limited) - upto September 30, 2024
3. Shanti Intermediates Private Limited (through its holding Company: Aarti Corporate Services Limited)
4. Innovative Envirocare Jhagadia Limited
5. Alchemie (Europe) Limited
6. Aarti Polychem Private Limited
7. Aarti Bharuch Limited
8. Aarti Circularity Limited (formerly known as Aarti Spechem Limited)
9. Augene Chemical Private Limited (upto May 22, 2024)
10. Aarti Chemical Trading FZCO

Notes to the Financial Statements

for the year ended 31st March, 2025

11. Aarti Chemical Trading USA INC. (through its holding Company: Aarti Chemical Trading FZCO)

II Following are the Joint Venture of the Company

1. Augene Chemical Private Limited (w.e.f. May 23, 2024)

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
3. Alchemie Gases & Chemicals Private Limited
4. Alchemie Dye Chem Private Limited
5. Aarti Drugs Limited
6. Aarti Pharmalabs Limited
7. Aarti Surfactants Limited
8. Aarti USA Inc.
9. Ganesh Polychem Limited
10. Amulya Techline Engineers (Unit of Dilesh Roadlines Private Limited)
11. Valiant Laboratories Limited
12. Valiant Organics Limited

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 including non-executive directors

1.	Shri Rajendra V. Gogri	Executive Director
2.	Shri Rashesh C. Gogri	Executive Director
3.	Shri Renil R. Gogri	Executive Director
4.	Shri Suyog K. Kotecha (w.e.f. June 17, 2024)	Executive Director
5.	Shri Manoj M. Chheda	Executive Director
6.	Shri Ajay Kumar Gupta	Executive Director
7.	Shri Parimal H. Desai (upto August 2, 2024)	Executive Director
8.	Smt. Hetal Gogri Gala	Non-executive Director
9.	Shri Lalitkumar S. Naik	Non-executive Director
10.	Prof. Aniruddha B. Pandit	Non-executive Director
11.	Shri Shekhar S. Khanolkar	Non-executive Director
12.	Shri Belur Krishna Murthy Sethuram (w.e.f. June 1, 2024)	Non-executive Director
13.	Shri Nikhil Jaysinh Bhatia (w.e.f. September 15, 2024)	Non-executive Director
14.	Shri Ashok Kumar Barat (w.e.f. September 15, 2024)	Non-executive Director
15.	Smt. Rupa Devi Singh (w.e.f. September 15, 2024)	Non-executive Director
16.	Shri P. A. Sethi (upto September 23, 2024)	Non-executive Director
17.	Shri KVS Shyamsunder (upto September 23, 2024)	Non-executive Director
18.	Shri Bhavesh R. Vora (upto September 23, 2024)	Non-executive Director
19.	Smt. Natasha K. Treasurywala (upto October 14, 2024)	Non-executive Director
20.	Shri Chetan Gandhi	Chief Financial Officer
21.	Shri Raj Sarraf	Company Secretary
22.	Shri Chandrakant V. Gogri	Relatives of Director
23.	Smt. Jaya C. Gogri	Relatives of Director
24.	Smt. Arti R. Gogri	Relatives of Director
25.	Smt. Manisha R. Gogri	Relatives of Director
26.	Shri Mirik R. Gogri	Relatives of Director
27.	Smt. Pooja R. Gogri	Relatives of Director
28.	Smt. Pooja R. Gogri	Relatives of Director

Notes to the Financial Statements

for the year ended 31st March, 2025

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, II and III above.

(₹ In Crs)

Name of related party	Nature of Transaction	As at 31st March, 2025	As at 31st March, 2024
Aarti Corporate Services Limited	Reimbursement of Expenses	0.01	0.66
	ICD received back	2.44	-
	Interest Income	0.58	0.61
Shanti Intermediates Private Limited	Purchase of Goods & Services	11.87	10.80
	Sales of Goods & Services	0.26	0.20
Alchemie Europe Limited	Sales of Goods & Services	14.95	23.22
Aarti Polychem Private Limited	Loans & Advances	-	0.01
	Equity Contribution	-	0.02
Aarti Bharuch Limited#	Loans & Advance Taken/(Repaid)	(50.66)	0.56
	Purchase of Goods & Services	2.11	0.03
	Investment in Optionally Convertible Debentures	50.00	-
	Reimbursement of Expenses	2.69	2.70
	Interest Income	5.07	4.35
	Sales of assets	0.04	-
Aarti Circularity Limited (formerly known as Aarti Spechem Limited)	Reimbursement of Expenses	0.23	-
Augene Chemical Private Limited	Equity Contribution	23.45	0.05
	Reimbursement of Expenses	2.09	-
Aarti Chemical Trading - FZCO	Loans & Advances	-	0.11
	Equity Contribution	-	0.11
	Sales of Goods & Services	563.56	-
	Reimbursement of Expenses for/(by)	(0.36)	0.17
Alchemie Speciality Chemical Private Limited	Purchase of Goods & Services	0.09	3.88
	Reimbursement of Expenses	0.04	-
	Sales of Goods & Services	4.69	4.09
Alchemie Finechem Private Limited	Purchase of Goods & Services	16.48	10.78
	Reimbursement of Expenses	0.12	-
	Sales of Goods & Services	13.74	21.44
Alchemie Gases & Chemicals Private Limited	Purchase of Goods & Services	-	0.02
Aarti Drugs Limited	Sales of Goods & Services	15.12	10.95
	Reimbursement of Expenses	0.76	0.00
Aarti Pharmalabs Limited	Purchase of Goods & Services	94.74	37.68
	Purchase of Assets	1.47	-
	Sales of Goods & Services	23.28	95.70
	Reimbursement of Expenses	0.52	-
Aarti Surfactants Limited	Sales of Goods & Services	-	0.06
	Reimbursement of Expenses	0.14	-
Aarti USA INC	Sales of Goods & Services	137.86	156.02

Notes to the Financial Statements

for the year ended 31st March, 2025

(₹ In Crs)

Name of related party	Nature of Transaction	As at 31st March, 2025	As at 31st March, 2024
Ganesh Polychem Limited	Purchase of Goods & Services	15.94	17.63
	Sales of Goods & Services	53.99	75.14
	Reimbursement of Expenses	0.10	-
Amulya Techline Engineers (Unit of Dilesh Roadlines Private Limited)	Purchase of Assets & Services	3.72	7.53
Valiant Organics Limited	Purchase of Goods & Services	114.89	79.47
	Purchase of Assets	0.58	12.53
	Sales of Goods & Services	295.89	247.56
	Interest Income	8.20	3.90
Aarti Chem Trading USA Inc.	Sales of Goods & Services	153.75	-

(₹ In Crs)

Name of related party	Net Closing Balances	As at 31st March, 2025	As at 31st March, 2024
Aarti Corporate Services Limited+	Loans & Advances	4.25	6.69
Shanti Intermediates Private Limited	Trade Payable	1.81	1.48
Alchemie Europe Limited	Trade Receivable	30.02	44.18
	Trade Payable	-	3.91
Aarti Bharuch Limited#	Capital Advance/Loans & Advance	-	50.66
	Trade Payable	(3.26)	0.03
Aarti Polychem Private Limited+	Loans & Advances	0.01	0.01
Aarti Circularity Limited (formerly known as Aarti Spechem Limited)+	Loans & Advances	0.10	-
Aarti Chemical Trading - FZCO	Loans & Advances	-	0.28
	Trade Receivable	77.81	-
Alchemie Speciality Chemical Private Limited	Trade Receivable	3.69	1.56
	Trade Payable	-	2.93
Alchemie Finechem Private Limited	Trade Receivable	5.25	8.72
Aarti Drugs Limited	Trade Receivable	6.35	3.94
Valiant Organics Limited	Trade Receivable	128.60	134.64
	Trade Payable	9.55	3.40
Aarti Surfactants Limited	Trade Receivable	0.02	0.08
Aarti Pharmalabs Limited	Trade Payable	-	32.50
	Trade Receivable	1.45	78.13
Ganesh Polychem Limited	Trade Receivable	4.12	14.68
Aarti USA Inc.	Trade Receivable	20.18	109.13
	Trade Receivable	0.23	-
Amulya Techline Engineers (Unit of Dilesh Roadlines Private Limited)	Capital Advance/Loans & Advance	3.19	0.71
	Trade Payable	1.20	(4.47)
Aarti Chem Trading USA Inc.	Trade Receivable	153.75	-

+ The Company has given unsecured loan to its wholly owned subsidiary Aarti Corporate Services Limited, Aarti Polychem Private Limited, Aarti Circularity Limited & Aarti Bharuch Limited. The loan carries an interest rate of 10% p.a. and is repayable on demand.

Aarti Bharuch Limited has issued 50,00,000 units of unlisted, unrated, unsecured 0.01% Optionally Convertible Debetures of Face value 100 each to the Holding Company Company, Aarti Industries Limited. The Debentures, after expiry of two years can be redeemed at the option of either parties, or upon completion of 10 Years with the Yield rate at 8% per annum.

Notes to the Financial Statements

for the year ended 31st March, 2025

(B) Details relating to persons referred to in item IV above*

(₹ In Crs)

	Particulars	Financial Year 2024-25	Financial Year 2023-24
a.	Remuneration including perquisites	15.53	9.75
b.	Commission to Directors	9.47	12.01
c.	Sitting Fees	1.00	1.41
d.	Rent paid	-	0.76
e.	Travelling Expenses	0.78	0.14
f.	Telephone Expenses	0.04	0.06
g.	Loans & Advances outstanding	0.80	0.50
	TOTAL	**27.62**	**24.63**

*Provision towards gratuity & leave salary expenses are determined actuarially for the Company as a whole on an annual basis and accordingly have not been considered in the above information.

39. EMPLOYEE BENEFITS DISCLOSURES:

A) Defined Contribution Plan

Contribution to Defined Contribution Plans, recognised as expenses for the year is as under:

(₹ In Crs)

Particulars	2024-25	2023-24
Employer's Contribution to Provident Fund	0.64	0.62
Employer's Contribution to Superannuation Fund	0.48	0.44
Employer's Contribution to Pension Scheme	16.75	16.36

B) Defined Benefit Plan

The employees' gratuity fund scheme managed by Life Insurance of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

(₹ In Crs)

	Particulars	Gratuity (funded) 2024-25	Gratuity (funded) 2023-24
a.	**Reconciliation of Opening and Closing balances of Defined Benefit Obligation:**		
	Defined Benefit Obligation at beginning of the Year	39.26	32.16
	Current Service Cost	5.38	4.81
	Interest Cost	2.83	2.38
	Actuarial(Gain)/Loss	4.14	3.80
	Benefits Paid	(4.95)	(3.89)
	Defined Benefit Obligation at year end	**46.66**	**39.26**
b.	**Reconciliation of opening and closing balances fair value of plan assets:**		
	Fair value of plan assets at beginning of the year	27.20	31.23
	Expected return of plan assets	1.96	2.31
	Assets Transferred Out/Divestments	-	(3.23)
	Return on Plan Assets, Excluding Interest Income	0.95	(0.74)
	Employer Contribution	18.61	1.52
	Benefits Paid	(4.95)	(3.89)
	Fair value of plan assets at year end	**43.77**	**27.20**
	Actual return on plan assets	**2.91**	**1.57**

Notes to the Financial Statements

for the year ended 31st March, 2025

(₹ In Crs)

	Particulars	Gratuity (funded) 2024-25	Gratuity (funded) 2023-24
c.	**Reconciliation of Fair Value of Assets and Obligations:**		
	Fair Value of Plan Assets	43.77	27.20
	Present Value of Benefit Obligation	46.66	39.26
	Amount Recognized in Balance Sheet	2.89	12.06
d.	**Expenses recognized during the year:**		
	Current Service Cost	5.38	4.81
	Interest Cost	2.83	2.38
	Expected return on plan assets	(1.96)	(2.31)
	Net Cost	6.25	4.88
e.	**Investment Details:**		
	L.I.C Group Gratuity (Cash Accumulation) Policy	100% Invested with L.I.C.	100% Invested with L.I.C.
f.	**Actuarial assumptions:**		
	Mortality Table (L.I.C.)	2012-14 (Ultimate)	2012-14 (Ultimate)
	Discount rate (per annum)	6.71%	7.21%
	Expected rate of return on plan assets (per annum)	6.71%	7.21%
	Rate of escalation in Salary (per annum)	5.00%	5.00%
	Rate of Employee Turnover	10.00%	10.00%

C) Sensitivity Analysis

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.The result of Sensitivity analysis is given below:

(₹ In Crs)

Particulars	2024-25	2023-24
Delta Effect of +1% Change in Rate of Discounting	(2.47)	(2.03)
Delta Effect of -1% Change in Rate of Discounting	2.78	2.28
Delta Effect of +1% Change in Rate of Salary Increase	2.64	2.18
Delta Effect of -1% Change in Rate of Salary Increase	(2.41)	(1.99)
Delta Effect of +1% Change in Rate of Employee Turnover	0.19	0.20
Delta Effect of -1% Change in Rate of Employee Turnover	(0.23)	(0.24)

D) Maturity Analysis of the Benefit Payments

Projected Benefits Payable in Future Years From the Date of Reporting

(₹ In Crs)

Particulars	2024-25	2023-24
1st Following Year	5.75	5.11
2nd Following Year	5.08	3.95
3rd Following Year	5.42	4.77
4th Following Year	5.85	4.85
5th Following Year	5.30	4.68
Sum of Years 6 To 10	19.71	17.28
Sum of Years 11 and above	27.81	24.33

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 22.02 Crs (previous year 20.69 Crs) has been provided in the Books of Accounts.

Notes to the Financial Statements

for the year ended 31st March, 2025

E) Employee Share-based Payment Disclosure

1. Description of Share-based Payment Arrangements

1.1 Performance Stock Option Plan (PSOP) Overview

The Company has established an Employee Stock Option Plan (ESOP) to attract, retain and motivate key employees. The plan is administered by the Nomination and Remuneration Committee of the Board of Directors. During the year, the Company has granted stock options to eligible employees under Performance Stock Option Plan (PSOP). Each option entitles the holder to purchase one equity share of the Company at the exercise price determined at the date of grant.

PSOP-2022

Financial Year (Grant Year)	Number of Options Outstanding		Financial Year of vesting	Exercise Price	Range of Fair Value at Grant Date
	As at 31st March, 2025	As at 31st March, 2024			
2023-24	54,280	79,952	FY 24-25- FY 26-27	5	529-535
2024-25	1,96,400	-	FY 25-26- FY 27-28	5	450-675

1.2 Key Terms and Conditions of Share-based Payment Arrangements

Particulars	FY 24-25	FY 23-24
Date of grant	22-05-2024, 17-06-2024 & 01-02-2025	06-05-2023
Number of options granted	2,00,600	79,952
Exercise price	5	5
Vesting period	3 years with 33.33% vesting at the end of each year from the date of grant	3 years with 33.33% vesting at the end of each year from the date of grant
Exercise period	3 years from the date of vesting	3 years from the date of vesting
Vesting conditions	Performance Based	Performance Based

2. Measurement of Fair Value

2.1 Fair Value of Options Granted During the Year

The weighted average fair value of the stock options granted during the year is 648.48 per option. The fair value at grant date was determined using the Black-Scholes option pricing model, considering the terms and conditions upon which the options were granted.

2.2 Key Inputs and Assumptions Used in Fair Value Measurement

Assumption	Value	
	2024-25	2023-24
Expected volatility	33.75%	33.21%
Expected life	3.5 years	3.51 years
Expected dividends	0.01%	0.46%
Risk-free interest rate	6.88%	6.81%
Weighted average share price	652.52	544.50
Model used	Black-Scholes	Black-Scholes

The expected volatility reflects the assumption that the historical volatility over a period like the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

Notes to the Financial Statements

for the year ended 31st March, 2025

2.3 Fair Valuation on the Grant Dates

Particulars	2024-25		2023-24	
i) Weighted Average Exercise price	5	5	5	5
ii) Grant Date	06.05.2023	22.05.2024	17.06.2024	01.02.2025
iii) Vesting Year	2024-25 to 2026-27	2025-26 to 2027-28	2025-26 to 2027-28	2025-26 to 2027-28
iv) Share Price at Grant Date	544.5	630.2	675.75	459.65
v) Expected Price Volatility of Company's Share	32.28%-34.58%	32.86%-35.1%	33.02%-35.23%	34.16%-34.71%
vi) Expected Dividend Yield	0.46	0	0	0.22
vi) Risk Free Interest Rate	6.78%-6.85%	6.91%-6.93%	6.86%-6.88%	6.49%-6.53%

The expected volatility reflects the assumption that the historical volatility over a period like the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

3. Reconciliation of Outstanding Share Options

3.1 Movement of Stock Options During the Year

Particulars	Number of Options	Weighted Average Exercise Price ( )
Outstanding at the beginning of the year	79,952	5
Granted during the year	2,00,600	5
Forfeited/lapsed during the year	13,997	5
Exercised during the year	15,875	5
Outstanding at the end of the year	2,50,680	5
Exercisable at the end of the year	0	5

4. Effect of Share-based Payment Transactions on the Entity's Profit or Loss and Financial Position

4.1 Expense Recognized in Statement of Profit and Loss

Particulars	Amount (in Crs)
Employee stock option expense recognized	7.09
Total expense recognized in 'Employee Benefits Expense'	420.16

40. 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 591.15 Crs (previous year 487.47 Crs) out of its annual trade related operations (Exports & Imports) aggregating to 6,714.80Crs (previous year 5,062.44 Crs).

The Company had hedged its currency risks to the tune of 31.42 Crs (previous year 248.25 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 367.52 Crs (previous year 269.22 Crs) into a fixed rate loan through an interest rate swap.

(B) Net foreign exchange loss arriving out of export and import activities of the Company of 3.69 Crs (previous year gain of 6.24 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 0.99 Crs (including gain of 2.31 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 23.23 Crs as at 31st March, 2025 and have recognised the same in the Profit & Loss Account.

Notes to the Financial Statements

for the year ended 31st March, 2025

41. FAIR VALUE MEASUREMENTS:

Financial Instruments by category

(₹ In Crs)

Particulars	As at 31st March, 2025				As at 31st March, 2024			
	Carrying Amount	Level 1	Level 2	Level 3	Carrying Amount	Level 1	Level 2	Level 3
Financial Assets								
At Amortised Cost:								
Investments	74.08	-	-	-	3.45	-	-	-
Loans and Advances (Non-current)	4.42	-	-	-	57.65	-	-	-
Trade Receivables	857.44	-	-	-	894.88	-	-	-
Cash and Cash Equivalents	197.09	-	-	-	424.08	-	-	-
Other Bank Balances	95.58	-	-	-	87.95	-	-	-
Loans and Advances (Current)	6.20	-	-	-	8.26	-	-	-
Other Financial Assets	16.32	-	-	-	16.71	-	-	-
At FVTPL:								
Investments	2.89	-	-	2.89	-	-		-
At FVTOCI:								
Investments	12.89	-		12.89	15.22	-		15.22
Financial Liabilities								
At Amortised Cost:								
Borrowings	3,788.15	-	-	-	3,563.44	-		-
Lease Liabilities	58.24	-	-	-	58.38	-		-
Trade Payables	1,229.97	-	-	-	752.48	-		-
Other Current Financial Liabilities	202.26	-	-	-	136.56	-		-

The financial instruments are categorized into three 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. and

Level 3: Inputs based on unobservable market data.

Notes to the Financial Statements

for the year ended 31st March, 2025

42. CAPITAL MANAGEMENT:

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net Debt is calculated as loans and borrowings less cash & marketable securities.

(₹ In Crs)

Particulars	As at 31st March,2025	As at 31st March,2024
Gross Debts	3,788.15	3,563.44
Less: Cash and Cash Equivalents & Marketable Securities	(292.67)	(512.03)
Net Debt (A)	3,495.48	3,051.41
Total Equity (B)	5,618.13	5,292.41
Net Gearing ratio (A/B)	**0.62**	**0.58**

43. FINANCIAL RISK MANAGEMENT:

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, market risk and liquidity risk. The Company's senior management oversees the management of these risks.

I. Credit Risk

The company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities (deposits with banks and other financial instruments).

Credit risk is the risk that a customer or counterparty to a financial instrument fails to perform or pay the amounts due causing financial loss to the company. Credit risk arises from company's activities in investments, dealing in derivatives and outstanding receivables from customers.

The company has a prudent and conservative process for managing its credit risk arising in the course of its business activities. Sales made to customers on credit are generally secured through Letters of Credit, Bank Guarantees, Parent Company Guarantees, advance payments and factoring & forfaiting without recourse to AIL.

Credit Risk Management

To manage the credit risk, the Company follows an adequate credit control policy and also has an external credit insurance cover 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 materially 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, 2025

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 2025

Maturities of non-derivative financial liabilities

(₹ In Crs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade Payables	1,229.97	-	-	1,229.97
Other Financial Liabilities	2,134.10	1,254.32	660.23	4,048.65
Total	**3,364.07**	**1,254.32**	**660.23**	**5,278.62**

As at 31st March 2024

Maturities of non-derivative financial liabilities

(₹ In Crs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade Payables	752.48	-	-	752.48
Other Financial Liabilities	2,185.20	995.64	577.54	3,758.38
Total	**2,937.68**	**995.64**	**577.54**	**4,510.86**

III. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk.

Foreign Currency Risk

Foreign currency risk is the risk that the Fair Value or Future Cash Flows of an exposure will fluctuate because of changes in foreign currency rates. Exposures can arise on account of the various assets and liabilities which are denominated in currencies other than Indian Rupee

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.

(₹ In Crs)

Particulars	Foreign Currency Exposure (USD)	
	As at 31st March 2025	As at 31st March 2024
Borrowings	(1,626.68)	(1,454.61)
Trade and Other Payables	(455.20)	(95.86)
Trade and Other Receivables	945.65	652.80
Foreign Currency hedged	31.42	248.38
Forward Contracts	(250.73)	(487.47)
Net Exposure to foreign currency risk	**(1,355.54)**	**(1,136.76)**

Notes to the Financial Statements

for the year ended 31st March, 2025

Sensitivity analysis of 1% change in exchange rate of USD at the end of Reporting period

(₹ In Crs)

Particulars	Foreign Currency Sensitivity	
	As at 31st March 2025	As at 31st March 2024
1% Depreciation in INR		
Impact on Equity	(2.74)	(3.75)
Impact on P&L	(10.82)	(7.62)
Total	**(13.56)**	**(11.37)**
1% Appreciation in INR		
Impact on Equity	2.74	3.75
Impact on P&L	10.82	7.62
Total	**13.56**	**11.37**

The Company uses forward exchange contracts to hedge the foreign exchange risk arising from its future commercial transactions and existing recognized assets and liabilities. The Company adopts a policy to hedge the risk of changes in foreign exchange rates associated with highly probable forecast transactions and takes adequate forward hedges in line with its policy.

The following table details the forward foreign currency contracts outstanding at the end of the reporting period:

Contract Type	Currency	Notional Amount	Maturity	Fair Value
Forward Contracts	USD	69.2 mn	within 3 years	591.15 Crs

b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to long-term debt obligations with floating interest rates.

The exposure of the Company's borrowings to interest rate changes at the end of the reporting period are as follows:

(₹ In Crs)

Particulars	As at 31st March 2025	As at 31st March 2024
Non-Current - Floating	2,107.73	1,993.22
Non-Current - Fixed	(18.75)	(43.75)
Current	1,680.42	1,570.22
Total	**3,769.40**	**3,519.69**

Interest Rate Sensitivity Analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, with all other variables held constant. The Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ In Crs)

Basis Points	2024-25	2023-24
50	(18.85)	(17.60)
-50	18.85	17.60

Commodity Price Risk

The Company has a risk management framework aimed at prudently managing the risk arising from the volatility in commodity prices and freight costs.

The Company's commodity risk is managed centrally through well-established trading operations and control processes. In accordance with the risk management policy, the Company enters into various transactions using derivatives and uses Over the Counter (OTC) as well as Exchange Traded Futures, Options and Swap contracts to hedge its commodity and freight exposure.

Notes to the Financial Statements

for the year ended 31st March, 2025

44. RATIO ANALYSIS:

Particulars	Numerator	Denominator	2024-25	2023-24	% Variance
Current Ratio	Total Current Assets	Total Current Liabilities	0.84	0.99	(15.35)%
Debt-Equity Ratio	Total Debt	Total Equity	0.67	0.67	0.14%
Debt Service Coverage Ratio (b)	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest + Principal repayments of Long Term Borrowings	0.90	1.00	(10.00)%
Return on Equity Ratio	Net Profits after Taxes	Average Total Equity	6.23%	8.17%	(23.82)%
Inventory Turnover Ratio	Cost of Goods Sold	Average Inventory	4.49	4.72	(4.87)%
Trade Receivables Turnover Ratio	Revenue from Operations	Average Trade Receivable	9.22	7.47	23.43%
Trade Payables Turnover Ratio (a)	Purchase of materials and stock in trade	Average Trade Payables	4.63	8.10	(42.82)%
Net Capital Turnover Ratio (b)	Revenue from Operations	Working capital = Current assets – Current liabilities	0.00	14.52	(100.00%)
Net Profit Ratio (c)	Net Profit after Tax	Revenue from Operations	4.20%	5.98%	(29.65)%
Return on Capital Employed	Earnings before Interest and Taxes & Depreciation	Average Capital Employed = Total Net Worth + Net Debt	11.74%	12.35%	(4.95)%
Return on Investment (a)	Profit for the year	Total Equity	6.05%	7.89%	(23.34)%

Notes for Ratio:

a. During the year some vendor payment terms have been revised upwards and also one of the key RM is being sourced at credit of over 90 days resulting in the increase in payable days.

b. Revision in payment terms for major vendors and optimising the current assets resulted in the reduction of Net Working Capital (NWC). Further the company resorted to certain short term borrowings to finance part of its long term working capital needs, which resulted into increase in borrowings. As a result of these, the NWC (including Short term borrowings) turned negative at the end of FY25.

c. Finance costs for the year increased substaintailly on account of interest rate increase and also impact of rupee depreciation (revaluatoin loss) on long term foreign currency loans. Further depreciation for the year also increased due to commissioning of various ongoing projects. As a result of these increases in the Finance costs and Depreciation, despite increase in EBIDTA, the Net profit for the year was lower as compared to previous year.

45. OTHER DISCLOSURES:

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(ii) The Company do not have any transactions with companies struck off. under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.

(iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

Notes to the Financial Statements

for the year ended 31st March, 2025

(vi) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(vii) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

(viii) The Company uses SAP ECC & ensures an audit trail, providing standard functionality and logging of all data changes in the system. This functionality and audit trail feature in SAP ECC has been operational throughout the year. The SAP ECC environment is appropriately governed, and only authorized users can make postings while interacting with the system through the application layer. Normal/regular users are not granted direct database or super user level access that would allow them to make changes to financial documents directly after they have been posted through the application.

In the event of an unauthorized change by a super user, these can be detected through an investigative approach and/or using services provided by SAP as part of their financial data quality check service, which validates the consistency of financials based on client request. Therefore, while the database does not currently have the concurrent real-time audit trail feature due to technical constraints, the tracking of changes can be accomplished through a focused inquiry process.

(ix) Events after the reporting period

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are approved by the Board of Directors in case of a company, and, by the corresponding approving authority in case of any other entity for issue. Two types of events can be identified:

(a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and

(b) those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

As on May 8, 2025 there were no material subsequent events to be recognized or reported that are not already disclosed.

46. The figures of previous year have been regrouped and rearranged wherever necessary.

As per our report of even date

For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

For and on behalf of the Board

Rajendra V. Gogri
Chairman and Managing Director
DIN: 00061003

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

Suyog K. Kotecha
CEO and Executive Director
DIN: 10634964

Uday Girjapure
Partner
M.No. 161776
Place: Mumbai
Date: May 8, 2025

Chetan Gandhi
Chief Financial Officer
ICAI M.No. 111481

Raj Sarraf
Company Secretary
ICSI M.No. A15526

Independent Auditors' Report

TO THE MEMBERS OF AARTI INDUSTRIES LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Consolidated financial statements of **Aarti Industries Limited** (the "Holding Company") and its subsidiaries and joint ventures (Holding Company and its subsidiaries and joint ventures together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2025, the Consolidated Statement of Profit and Loss (including the statement on Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and notes to the consolidated financial statements including a summary of material accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2025 and its consolidated profit, and consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Accuracy, Completeness, and disclosure with reference to Ind AS-16 of Property, Plant and Equipment (including Capital Work-in-Progress)** The carrying value of property, plant and equipment (including capital work in progress) as on 31 March 2025 of ₹7,551.27 crores (as on 31 March 2024 of ₹6,641.60 crores) includes ₹1,128.25 crores capitalised /transferred from capital work in progress during the year (₹1,182.79 crores for FY 2024). Cost Recognition of Property, Plant and Equipment as specified in Ind AS 16 is based on completion of asset construction activities and management assessment and judgement that the asset is capable of operating in the manner intended. The asset capitalisation is the outcome of various procurements, approvals from operations experts in the Company and judgements by the management and therefore, required significant audit attention. Refer Note 3: Property, Plant and Equipment in Notes to the consolidated financial statements.	Our audit procedures, amongst others, include the following – a) Obtaining an understanding of operating effectiveness of management's internal control over capital expenditure. b) We assessed Company's process regarding maintenance of records, valuation and accounting of transactions pertaining to Property, Plant and Equipment including Capital Work in Progress with reference to Indian Accounting Standard 16: Property, Plant and Equipment. c) We have reviewed management judgment pertaining to estimation of useful life and depreciation of the Property, Plant and Equipment as well as its assessment that the asset is ready for its intended use. d) We have verified the capitalization of borrowing cost incurred on qualifying asset in accordance with the Indian Accounting Standard 23: Borrowing Costs. e) Ensuring adequacy of disclosures in the consolidated financial statements.

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

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises information included in the Management Discussion and Analysis, Board's Report including annexures thereto, Business Responsibility and Sustainability Report, Corporate Governance Report, and Shareholder Information, but does not include the consolidated financial statements and our auditor's report thereon, which we expect to be made available to us after the date of this auditor's report. 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 identified above 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the additional information mentioned above that will be included in the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

Responsibilities of the Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows, and changes in equity of the Group including its joint ventures in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act.

The respective Boards of Directors of the companies included in the Group, its subsidiaries, and joint ventures 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; 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 the accuracy and completeness of the accounting records relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, 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 Boards of Directors of the companies included in the Group are responsible for assessing the ability of the Group and of its components to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the respective management either intends to liquidate the Group or the respective companies or to cease operations, or has no realistic alternative but to do so.

The respective Boards of Directors of the companies included in the Group and its components are also responsible for overseeing the financial reporting process of the Group and its components.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures

that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its components 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 and its components 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 group audit. For those entities included in the consolidated financial statements of which we are the component auditors, we remain responsible for the direction, supervision, and performance of the audit of their financial statements/financial information. 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 on the consolidated financial statements.

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

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

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

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

Other Matters

a. We did not audit the financial statements/financial information of 6 subsidiaries whose financial statements reflect total assets of ₹62.89 crores as at March 31, 2025 (before consolidation adjustments), total revenues of ₹12.29 crores (before consolidation adjustments), total net loss after tax of ₹8.00 crores (before consolidation adjustments), and net cash outflows of ₹0.93 crores (before consolidation adjustments) 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, insofar 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, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

b. In respect of the step-down joint venture incorporated on 20th January 2025, we have been informed by the management that it is yet to commence any business activity.

c. We did not audit the financial statements/financial information of 3 foreign subsidiaries whose financial statements reflect total assets of ₹315.82 crores as at March 31, 2025 (before consolidation adjustments), total revenues of ₹758.26 crores (before consolidation adjustments), total net profit after tax of ₹1.26 crores (before consolidation adjustments), and net cash inflows of ₹0.69 crores (before consolidation adjustments) for the year ended on that date, as considered in the consolidated financial statements. These audited financial statements have been furnished to us by the Board of Directors, and our opinion on the consolidated financial statements, insofar as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on such audited financial statements.

d. Our opinion on the Consolidated Financial Statements above 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 for the purpose of preparation of these consolidated financial statements.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements and other financial information of subsidiaries and a joint venture, as noted in the 'other matter' paragraph, 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. Insofar as the modification on maintaining an audit trail in the accounting software is concerned in respect of the Holding Company, one subsidiary and a joint venture, which is company incorporated in India, refer paragraph (h) (vi) below;

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the underlying books of account maintained by the Holding Company and its subsidiaries for the purpose of preparation of the Consolidated Financial Statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2025 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and joint venture incorporated in India, none of the directors of the Group Companies incorporated in India, are disqualified as on 31 March 2025 from being appointed as a director in terms of Section 164(2) of the Act.

   f) The modification arising from the maintenance of the audit trail on the accounting software, comprising the application and database are as stated in the paragraph (h) (vi) below on reporting under Rule 11(g) so far as relates to the Holding Company, one subsidiary and a joint venture, which is company incorporated in India.

   g) With respect to the adequacy of the internal financial controls with reference to Consolidated Financial Statements of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and a joint venture, as noted in the 'Other matter' paragraph:

      i. The Consolidated Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer note 35(i)(a) to the consolidated financial statements.

      ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

iv. (a) The Management of the Holding Company its subsidiaries and a joint venture, which are companies incorporated in India, whose Financial Statements have been audited under the Act, have represented to us and the other auditors of such subsidiaries and joint venture respectively that, to the best of its knowledge and belief, other than disclosed in note no 45(v) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The respective Management of the Holding Company, its subsidiaries and a joint venture, which are companies incorporated in India, whose Financial Statements have been audited under the Act, have represented to us and the other auditors of such subsidiaries and joint venture respectively that, to the best of its knowledge and belief, other than disclosed in note no 45(vi) to the consolidated financial statements, no funds have been received by the Holding Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Holding Company, its subsidiaries and a joint venture, which are companies incorporated in India, whose Financial Statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. As stated in note no 16.7 to the consolidated financial statements

(a) The final dividend proposed in the previous year, declared and paid by the Holding Company during the year is in accordance with Section 123 of the Act, as applicable.

(b) The Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

vi. Based on examination which included test checks, the Holding Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility in respect of the application, and the same has operated throughout the year for all relevant transactions. No instances of the audit trail feature being tampered with in respect of accounting software were noted. Normal/regular users are not granted direct database or super user level access. However, unauthorized changes to the database by a super user specifically does not carry the feature of a concurrent real-time audit trail. With the exception of audit trail functionality at the database level as mentioned above, the Holding Company has preserved the audit trail in accordance with statutory requirements for record retention.

One subsidiary and a joint venture audited by us have used accounting software for maintaining their books of account which has a feature of recording audit trail (edit log) facility. The Transaction Audit Trail has operated throughout the year and captures all transaction entries with dates, voucher numbers, types, and particulars. However, the audit trail has certain limitations as it does not capture time stamps (only dates), user identification, or detailed edit logs for modifications made to existing entries. The Master Audit Trail feature has more significant limitations as it only maintains a list of masters without time stamps, user identification, or modification details. No instances of the audit trail feature being tampered with were noted during the audit. However, as reported in the previous year, these entities had used accounting software for maintaining books of account where the audit trail (edit log) facility was not enabled during the financial year ended March 31, 2024. Consequently, the audit trail for the financial year ended March 31, 2024 has not been preserved by these entities as per the statutory requirements for record retention.

For other subsidiaries in India not audited by us, based on examination by their respective component auditors which included test checks, these entities have used accounting software for maintaining their books of accounts for the financial year ended March 31, 2025 which has a feature of recording audit trail (edit log) facility, and the same has operated throughout the year for all relevant transactions recorded in the software. The component auditors have reported that they did not come across any instance of the audit trail feature being tampered with during the course of their audits.

None of the subsidiaries and joint venture referred to above are material to the consolidated financial statements of the Group.

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

For **Gokhale & Sathe**
Chartered Accountants
FRN: - 103264W

Uday Girjapure
Partner
Membership No. 161776
UDIN: 25161776BMOHSF6897

Place: Mumbai
Date: May 8, 2025

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Aarti Industries Limited of even date)

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

Opinion

We have audited internal financial controls with reference to consolidated financial statements of Aarti Industries Limited (hereinafter referred to as "the Holding Company") and its subsidiaries and joint ventures (together referred to as "the Group") as of 31 March 2025 in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors, as referred to in the Other Matters paragraph, the Holding Company its subsidiaries and joint ventures, which are the companies incorporated in India, have, in all material respects, an adequate internal financial and such internal financial controls with reference to consolidated financial statements were operating effectively as at 31 March 2025, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Managements' Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiaries and joint ventures are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Holding Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements include obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Group's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Consolidated Financial Statements to future periods are subject to the risk that the internal financial control with reference to Consolidated Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to subsidiary companies and a joint venture, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of this matter.

For **Gokhale & Sathe**
Chartered Accountants
FRN: - 103264W

Uday Girjapure
Partner
Membership No. 161776
UDIN: 25161776BMOHSF6897

Place: Mumbai
Date: May 8, 2025

Consolidated Balance Sheet

As at 31st March, 2025

(₹ In Crs)

Particulars	Note No.	As at 31st March, 2025	As at 31st March 2024
ASSETS			
Non-Current Assets:			
Property Plant and Equipment	3	6,277.48	5,583.06
Capital Work-in-Progress	3	1,273.80	1,058.54
Right of use Assets	3	51.06	53.42
Intangible Assets	3	48.25	12.92
Intangible Assets under Development	3	180.41	170.51
Financial Assets			
Investments	4	47.63	22.92
Loans & Advances	5	0.06	0.30
Deferred Tax Assets (Net & incl of MAT Credit)	6	217.99	143.55
Other Non-Current Assets	7	122.10	110.89
Total Non-Current Assets		**8,218.78**	**7,156.11**
Current Assets:			
Inventories	8	1,454.02	1,159.65
Financial Assets:			
Trade Receivables	9	786.06	854.18
Cash and Cash Equivalents	10	199.39	428.29
Bank Balances other than above	11	95.58	87.95
Loans and Advances	12	6.27	8.28
Others Current Financial Assets	13	16.32	16.71
Current Tax Assets (Net)	14	13.89	71.16
Other Current Assets	15	323.21	332.84
Total Current Assets		**2,894.74**	**2,959.06**
TOTAL ASSETS		**11,113.52**	**10,115.17**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	16	181.26	181.25
Other Equity	17	5,423.86	5,108.52
Non Controlling Interest		0.10	0.72
Total Equity		**5,605.22**	**5,290.49**
LIABILITIES			
Non-Current Liabilities:			
Financial Liabilities			
(i) Borrowings	18	1,867.42	1,523.87
(ii) Lease Liabilities	19	47.13	49.31
Other Non-Current Liabilities	20	112.16	175.29
Provisions	21	15.19	13.76
Total Non-Current Liabilities		**2,041.90**	**1,762.23**
Current Liabilities:			
Financial Liabilities			
(i) Borrowings	22	1,922.13	2,040.42
(ii) Lease Liabilities	19	11.11	9.07
(iii) Trade Payables due to:	23		
Micro and Small Enterprises		26.48	47.45
Other than Micro and Small Enterprises		1,211.00	677.47
(iv)Other Financial Liabilities	24	202.26	136.56
Other Current Liabilities	25	77.51	124.97
Provisions	26	15.91	26.51
Total Current Liabilities		**3,466.40**	**3,062.45**
Total Liabilities		**5,508.30**	**4,824.68**
TOTAL EQUITY AND LIABILITIES		**11,113.52**	**10,115.17**
The accompanying notes are an integral part of these Consolidated Financial Statements.	1-46		

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

Uday Girjapure
Partner
M.No. 161776
Place: Mumbai
Date: May 8, 2025

For and on behalf of the Board

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

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

Suyog K. Kotecha
Chief Executive Officer and
Executive Director
DIN: 10634964

Chetan Gandhi
Chief Financial Officer
ICAI M.No. 111481

Raj Sarraf
Company Secretary
ICSI M.No. A15526

Consolidated Statement of Profit and Loss

For the year ended 31st March, 2025

(₹ In Crs)

Particulars	Note No.	For the Year Ended 31st March, 2025	For the Year Ended 31st March 2024
REVENUE			
Gross Revenue from Operations	27	8,046.01	7,010.56
Less: GST Collected		774.69	639.76
Net Revenue from Operations		**7,271.32**	**6,370.80**
Other Income	28	14.12	10.86
Total Income		**7,285.44**	**6,381.66**
EXPENSES			
Cost of Materials Consumed (Incl. Packing Material, Fuel, Stores & Spares)	29	4,381.36	3,771.50
Purchases of Stock-in-Trade		219.73	203.95
Changes in Inventories of Finished Goods Work-in-progress and Stock-in-Trade	30	54.03	(93.57)
Employee Benefits Expenses	31	422.42	403.74
Finance Costs	32	275.44	211.47
Depreciation and Amortisation Expenses	3	434.27	378.12
Other Expenses	33	1,193.33	1111.03
Total Expenses		**6,980.58**	**5,986.24**
PROFIT BEFORE TAX		**304.86**	**395.42**
Exceptional Item			
Gain on Disposal of step down subsidiary		2.37	-
PROFIT AFTER EXCEPTIONAL ITEMS		**307.23**	**395.42**
TAX EXPENSES			
Current Year Tax		54.83	69.72
Earlier Year Tax		(4.41)	(0.00)
MAT Credit Entitlement		(54.84)	(69.72)
Deferred Tax		(19.21)	(21.05)
Total Tax Expenses		**(23.64)**	**(21.05)**
PROFIT AFTER TAX BEFORE NON CONTROLLING INTEREST AND SHARE OF PROFIT/(LOSS) OF ASSOCIATES		**330.87**	**416.47**
Profit attributable to Non Controlling Interest		-	-
Share of Profit/(Loss) of Associates		-	-
Profit/(Loss) for the period		**330.87**	**416.47**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to Statement of Profit and Loss			
Change in fair value of equity instruments		(3.04)	(0.34)
Change in fair value of Foreign currency hedge		17.27	6.14
Total Other comprehensive income		**14.22**	**5.80**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**345.09**	**422.26**
Earnings Per Equity Share (EPS) (in)	34		
Basic		9.13	11.49
Diluted		9.12	11.49
The accompanying notes are an integral part of these Consolidated Financial Statements.	1-46		

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

Uday Girjapure
Partner
M.No. 161776
Place: Mumbai
Date: May 8, 2025

For and on behalf of the Board

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

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

Suyog K. Kotecha
Chief Executive Officer and
Executive Director
DIN: 10634964

Chetan Gandhi
Chief Financial Officer
ICAI M.No. 111481

Raj Sarraf
Company Secretary
ICSI M.No. A15526

Consolidated Statement of Cash Flow

For the year ended 31st March, 2025

(₹ In Crs)

Sr. No.	Particulars	For the Year Ended 31st March, 2025	For the Year Ended 31st March, 2024
A.	**Cash Flow from Operating Activities:**		
	Net Profit before Tax and Exceptional/Extraordinary Items	304.86	395.42
	Adjustments for:		
	Finance Costs	275.44	211.47
	Depreciation and Amortisation Expenses	434.27	378.12
	Loss on Sale of Assets	-	12.48
	Unrealised Foreign Exchange	6.72	(8.62)
	Consolidation Adjustments (Foreign Exchange Difference on Translation)	(1.09)	(0.51)
		1,020.20	**988.36**
	Profit on Sale of Investments/Assets	(0.27)	(8.49)
	Interest Income	(14.95)	(7.09)
	Lease Rent Income	(0.06)	(0.03)
	Operating Profit before Working Capital Changes	**1,004.91**	**972.74**
	Movements in working capital:		
	(Increase)/Decrease in Trade and Other Receivables	43.77	78.83
	Increase/(Decrease) in Trade Payables and Other Current Liabilities	480.77	388.23
	(Increase)/Decrease in Inventories	(294.38)	(144.56)
	Cash Generated from Operations	**1,235.08**	**1,295.24**
	Direct Taxes Paid/ (Refund) Recd (shown on Net basis)	(6.86)	85.67
	Net Cash Flow from Operating Activities (A)	**1,241.93**	**1,209.57**
B.	**Cash Flow from Investing Activities:**		
	Addition to Property Plant & Equipment/Capital WIP	(1,385.97)	(1,328.06)
	Sale/Written off of Property Plant & Equipment	7.10	21.98
	(Increase)/Decrease in Other Bank Balance	(7.64)	(54.66)
	Investment in Joint Venture	(23.45)	-
	(Increase)/Decrease in Other Investments	(2.72)	(15.57)
	Interest Income	14.95	7.09
	Lease Rent Income	0.06	0.03
	Net Cash Flow from Investing Activities (B)	**(1,397.67)**	**(1,369.19)**

Consolidated Statement of Cash Flow

For the year ended 31st March, 2025

(₹ In Crs)

Sr. No.	Particulars	For the Year Ended 31st March, 2025	For the Year Ended 31st March, 2024
C.	**Cash Flow from Financing Activities:**		
	Proceeds of Long-Term Borrowings	592.70	1,291.87
	Repayment of Long-Term Borrowings	(454.97)	(402.71)
	Proceeds/(Repayment) of Other Borrowings	110.76	(193.67)
	Principal Repayment of Lease Liability	(9.98)	(9.19)
	Proceed from issue of Eq. Share under ESOP Scheme	0.01	-
	Finance Costs	(275.44)	(211.47)
	Dividend Paid	(36.25)	(54.38)
	Net Cash Flow from Financing Activities (C)	**(73.17)**	**420.45**
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**(228.90)**	**260.84**
	Cash and Cash Equivalents (Opening Balance)	428.29	167.45
	Cash and Cash Equivalents (Closing Balance)	**199.39**	**428.29**

Notes:

(i) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Ind AS-7 on the Statement of Cash Flow as notified under Companies (Indian Accounting Standard) Rules, 2015 as amended.

(ii) Changes in liabilities arising from financing activities:

(₹ In Crs)

Particulars	1st April 2024	Cash Flow	Foreign exchange movement	31st March 2025
Non - current Borrowings (including current portion of Long term Debt)	1,993.22	137.74	(23.23)	2,107.73
Current Borrowings	1,571.07	110.75	-	1,681.82
Total	**3,564.29**	**248.49**	**(23.23)**	**3,789.55**

(₹ In Crs)

Particulars	1st April 2023	Cash Flow	Foreign exchange movement	31st March 2024
Non - current Borrowings (including current portion of Long term Debt)	988.89	1,012.48	(8.15)	1,993.22
Current Borrowings	1,888.06	(316.99)	-	1,571.07
Total	**2,876.95**	**695.49**	**(8.15)**	**3,564.29**

(iii) Refer note 19 for movement in Lease Liabilities.

(iv) Amounts of the previous year have been regrouped and rearranged wherever necessary.

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

For and on behalf of the Board

Rajendra V. Gogri
Chairman and Managing Director
DIN: 00061003

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

Suyog K. Kotecha
Chief Executive Officer and Executive Director
DIN: 10634964

Uday Girjapure
Partner
M.No. 161776
Place: Mumbai
Date: May 8, 2025

Chetan Gandhi
Chief Financial Officer
ICAI M.No. 111481

Raj Sarraf
Company Secretary
ICSI M.No. A15526

Consolidated Statement of Changes in Equity

For the year ended 31st March, 2025

A. EQUITY SHARE CAPITAL

(₹ In Crs)

As at April 1, 2023	**181.25**
Changes in equity share capital during the year 2023-24	NIL
As at March 31, 2024	**181.25**
Changes in equity share capital during the year 2024-25	0.01
As at March 31, 2025	**181.26**

B. OTHER EQUITY

(₹ In Crs)

Particulars	Other Equity								Other Comprehensive Income	Total Other Equity
	Reserves and Surplus									
	Capital Reserve	Securities Premium Account	General Reserve	Forfeiture Reserve	Foreign Currency Translation Reserve	Share Based Payment Reserve	RBI Reserve U/s 45(IC)	Retained Earnings		
As at April 1, 2023	**9.70**	**1,348.78**	**435.33**	**1.85**	**(0.61)**	**2.34**	**3.70**	**2,980.88**	**(41.43)**	**4,740.54**
Transfer to/from Reserves	-	-	42.00	-	-	-	-	(42.00)	-	-
Other Reserves	-	-	-	-	-	-	-	-	-	-
Dividend Paid	-	-	-	-	-	-	-	(54.38)	-	(54.38)
Foreign Exchange Difference on Translation	-	-	-	-	0.10	-	-	-	-	0.10
Profit for the Period	-	-	-	-	-	-	-	416.46	-	416.46
Other Comprehensive Income	-	-	-	-	-	-	-	-	5.80	5.80
Balance as at March 31, 2024	**9.70**	**1,348.78**	**477.33**	**1.85**	**(0.51)**	**2.34**	**3.70**	**3,300.96**	**(35.63)**	**5,108.52**
Transfer to/from Reserves	-	0.85	34.09	-	-	(0.85)	-	(34.09)	-	(0.00)
Other Reserves	-	-	-	-	-	7.09	-	-	-	7.09
Dividend Paid	-	-	-	-	-	-	-	(36.25)	-	(36.25)
Foreign Exchange Difference on Translation	-	-	-	-	(0.58)	-	-	-	-	(0.58)
Profit for the Period	-	-	-	-	-	-	-	330.87	-	330.87
Other Comprehensive Income	-	-	-	-	-	-	-	-	14.21	14.21
Balance as at March 31, 2025	**9.70**	**1,349.63**	**511.42**	**1.85**	**(1.09)**	**8.58**	**3.70**	**3,561.49**	**(21.42)**	**5,423.86**

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

Uday Girjapure
Partner
M.No. 161776
Place: Mumbai
Date: May 8, 2025

For and on behalf of the Board

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

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

Suyog K. Kotecha
Chief Executive Officer and
Executive Director
DIN: 10634964

Chetan Gandhi
Chief Financial Officer
ICAI M.No. 111481

Raj Sarraf
Company Secretary
ICSI M.No. A15526

Corporate Information and Material Accounting Policies:

1. CORPORATE INFORMATION

The Consolidated Financial Statements comprise financial statements of Aarti Industries Limited ("The Company" or "the Parent") and subsidiaries (collectively referred to as "the Group") for the year ended 31st March 2025.

Aarti Industries Limited ("The Company") is a public limited company incorporated in India with its registered office located at Plot No. 801,801/23 G.I.D.C. Estate, Phase III, Vapi, Dist. Valsad Gujarat 396 195 India. The equity shares of the Company are listed on Bombay Stock Exchange Ltd (BSE) and National Stock Exchange of India Ltd (NSE). The Company is engaged in manufacturing and dealing in Speciality Chemicals and intermediates

The Financial Statements were approved for issue in accordance with a resolution passed in Board Meeting held on 8th May, 2025.

2. MATERIAL ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted by the Group in preparation of these Consolidated Financial Statements. The Consolidated Financial Statements are for the Group consisting of the Company and its subsidiary companies.

(A) BACKGROUND:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest (%)
Indian Subsidiary:		
(i) Aarti Corporate Services Limited	India	100.00%
(ii) Nascent Chemical Industries Limited (Through its holding Company: Aarti Corporate Services Limited) upto 30th September, 2024	India	50.49%
(iii) Shanti Intermediates Private Limited (Through its holding Company: Aarti Corporate Services Limited)	India	100.00%
(iv) Innovative Envirocare Jhagadia Limited	India	100.00%
(v) Aarti Polychem Private Limited	India	100.00%
(vi) Aarti Bharuch Limited	India	100.00%
(vii) Augene Chemcial Private Limited (upto May 22, 2024)	India	100.00%
(viii) Aarti Circularity Limited (formerly known as Aarti Spechem Limited)	India	100.00%
Foreign Subsidiary:		
(ix) Aarti Chemical Trading FZCO	UAE	100.00%
(x) Aarti Chem Trading USA Inc (Through its holding Company: Aarti Chemical Trading FZCO)	USA	100.00%
(xi) Alchemie (Europe) Limited	United Kingdom	88.89%
Joint Venture:		
(xii) Augene Chemical Private Limited (w.e.f May 23, 2024)	India	50.00%
(xiii) Re Aarti Private Limited (Through its holding Company: Aarti Circularity Limited)	India	49.00%

(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 the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and relevant provisions of the Companies Act, 2013 including presentation and disclosure requirements of Division II of Schedule III of the Act as amended from time to time.

The consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis as per the provisions of the Companies Act, 2013 ("the Act"), except for:

- Financial instruments – measured at fair value;
- Assets held for sale – measured at fair value less cost of sale;

- Plan assets under defined benefit plans – measured at fair value
- Liability for cash settled - measured at fair value
- In addition, the carrying values of recognised assets and liabilities, designated as hedged items in fair value hedges that would otherwise be carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.
- In addition, the consolidated financial statements are presented in INR which is also the Company's functional currency and all values are rounded to the nearest crore except when otherwise indicated.

(C) PRINCIPLES OF CONSOLIDATION:

(i) The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standard (Ind AS) 110 - Consolidated Financial Statements.

(ii) The Consolidated Financial Statements are prepared using the Financial Statements of the Parent Company and Subsidiary Companies drawn up to the same reporting date i.e 31st March 2025.

Subsidiary Companies are all the entities over which the Group has control. Subsidiary companies are consolidated on the date on which control is transferred to the Group. The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are one or more changes to elements of control described above.

(iii) In case of Foreign Subsidiary revenue items are consolidated at the average rate prevailing during the period. All Assets (except Fixed Assets) and liabilities are converted at the rates prevailing at the end of the year. In case of Fixed Assets the same is consolidated at the rate applicable in the year of acquisition of the said assets. Any exchange difference arising on consolidation is recognised as Translation difference in Reserves & Surplus.

(iv) Process of Consolidation

a) Combine like items of assets, liabilities, other equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c) Eliminate in full intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the form of subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in the statement of profit and loss.

(v) Non Controlling Interest in net profits of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance sheet separately.

(vi) As far as possible the consolidated financial statements have been prepared using uniform Accounting Policies for like transactions and other events in similar circumstances. Differences in Accounting Policies if any will be disclosed separately.

(D) BASIS OF MEASUREMENT:

The financial statements of the company are prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis as per the provisions of the Companies Act, 2013 ("the Act"), except for:

- Financial instruments – measured at fair value;
- Plan assets under defined benefit plans – measured at fair value
- In addition, the carrying values of recognised assets and liabilities, designated as hedged items in fair value hedges that would otherwise be carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

(E) SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS ASSUMPTIONS:

The preparation of the consolidated financial statements in conformity with Ind AS requires the management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates according to the nature of the assumption and other circumstances. This note provides an overview of the areas where there is a higher degree of judgment or complexity. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation.

The following are areas involving critical estimates and judgments:

Judgements:

- Leases
- Evaluation of recoverability of deferred tax assets, and estimation of income tax payable and income tax expense in relation to an uncertain tax position
- Provisions and Contingencies

Estimates:

- Impairment
- Accounting for Defined benefit plans
- Useful lives of property, plant and equipment and intangible assets
- Fair Valuation of Financial instruments
- Valuation of inventories

(F) CURRENT AND NON-CURRENT CLASSIFICATION:

The Company presents assets and liabilities in the Balance sheet based on current/non-current classification, an asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle, or
- Held primarily for the purpose of trading, or
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is treated as current when it is:

(i) Expected to be settled in normal operating cycle, or

(ii) Held primarily for the purpose of trading, or

(iii) Due to be settled within twelve months after the reporting period, or

(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other assets and liabilities are classified as non-current assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(G) PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND DEPRECIATION/ AMORTIZATION:

1. Property, Plant and Equipment (PPE)

PPEs held for use in the production, supply or administrative purposes, are stated in the balance sheet at cost less applicable accumulated depreciation/amortisation and accumulated impairment losses (if any).

The cost of PPE comprises its purchase price (including the costs of materials / components) net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs and such other incidental costs that may be associated with acquisition or creation of the asset ready for its intended use.

An item or part of PPE is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit & Loss as and when the asset is derecognized.

PPE which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress". Capital Work-in-Progress represents expenditure incurred on capital assets that are under construction/erection or are pending to be commercialized and put to use. The same is carried at cost which is determined in the same manner as for any PPE.

2. Intangible Assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets. Intangible development costs are capitalised as and when technical and commercial feasibility of the asset is demonstrated and future economic benefits are probable.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

3. Depreciation/Amortization

Pursuant to the notification of Schedule II of the Companies Act, 2013, the management has reassessed and changed based on technical estimates, wherever necessary, the useful lives to compute depreciation, to confirm to the requirements of the Companies Act, 2013. The useful life for various class of assets is as follows:

Assets Class	Useful Life
Leasehold Land	Over the remaining tenure of lease
Building	Over a period of 3 - 31 years
Residential Quarters	Over a period of 30 years
Plant & Equipments	Over its useful life as technically assessed, i.e over a period of 7 - 19 years, based on the type of processes and equipments installed
Computers	Over a period of 3 - 6 years
Office Equipment	Over a period of 5 years
Furniture and Fixtures	Over a period of 10 years
Vehicles	Over a period of 8 years
Intangible assets (including Product / Process Development)	Over a period of 5-7 years, except for those where the finite periods are provided for
Leasehold Improvements	Over the remaining tenure of lease

4. Impairment

The Company assesses at each reporting that the carrying amounts of its property, plant and equipment, intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of net selling price of an asset or its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

(H) RESEARCH AND DEVELOPMENT:

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

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

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

(I) INTANGIBLE ASSETS UNDER DEVELOPMENT:

Expenditure incurred on acquisition/development of intangible assets which are not ready for their intended use at balance sheet date are disclosed under intangible assets under development.

(J) VALUATION OF INVENTORIES:

Inventories have been valued on the following basis:

Raw Materials, Packing Material, Stores and Spares and Traded goods	At cost on weighted Average basis Or net realisable value whichever is lower. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
Work-in-Process	At cost plus appropriate allocation of overheads or net realisable value
Finished Goods	At cost plus appropriate allocation of overheads or net realizable value, whichever is lower

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Provisions are made for obsolete and non-moving inventories. Unserviceable and scrap items, when determined, are valued at estimated net realisable value.

(K) REVENUE RECOGNITION:

Ind AS 115 applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. It also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

(i) Sale of goods:

Revenue from sale of goods is recognised when control of the products being sold is transferred to our customer and when there are no longer any unfulfilled obligations. Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.

The Company recognizes net revenue from goods sold and services rendered at Transaction Price which is the amount of consideration the Company expects to be entitled to in exchange for transferring promised goods or services to a customer, excluding the amounts collected on behalf of a third party. The Transaction price is net of discounts, sales incentives, rebates granted, returns, sales taxes, GST and duties and any other recoverable taxes.

Generally, In case of domestic sales, performance obligations are satisfied when the goods are dispatched or delivery is handed over to transporter, revenue from export of goods is recognized at the time of Bill of lading or airway bill or any other similar document evidencing delivery thereof.

(ii) Interest Income:

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iii) Dividend income:

Revenue is recognized when the Company's right to receive the dividend is established, which is generally when shareholders approve the dividend.

(iv) Export benefits:

Export incentives are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

(v) Subsidy received:

Subsidy from the Department of Fertilizers is recognised, based on the eligible quantities supplied by the Company, at the rates as notified/announced by the Government of India.

(L) FINANCIAL INSTRUMENTS:

Recognition and initial measurement

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. However, Trade receivables that do not contain a significant financing component are measured at transaction price. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in the Statement of Profit and Loss. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Classification and Subsequent Measurement of Financial Assets:

The Company classifies financial assets, subsequently at amortised cost, Fair Value through Other Comprehensive Income ("FVTOCI") or Fair Value through Profit or Loss ("FVTPL") on the basis of following:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

(a) Financial Assets measured at Amortised Cost:

A Financial Asset is measured at amortised Cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding.

(b) Financial Assets measured at Fair Value Through Other Comprehensive Income (FVTOCI):

A Financial Asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling Financial Assets and the contractual terms of the Financial Asset give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding.

(c) Financial Assets measured at Fair Value Through Profit or Loss (FVTPL):

FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as at FVTPL.

Classification and Subsequent Measurement of Financial Liabilities:

(a) Financial liabilities measured at Fair Value Through Profit or Loss (FVTPL):

Financial liabilities are classified as FVTPL when the financial liability is held for trading or is a derivative (except for effective hedge) or are designated upon initial recognition as FVTPL. Gains or Losses, including any interest expense on liabilities held for trading are recognised in the Statement of Profit and Loss.

(b) Other Financial liabilities:

Other financial liabilities (including loans and borrowings, bank overdrafts and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and amounts paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost on initial recognition.

Interest expense (based on the effective interest method), foreign exchange gains and losses, and any gain or loss on derecognition is recognised in the Statement of Profit and Loss.

For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Debt and Equity Instruments:

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

Equity Investments

All equity investments (excluding the investments in Subsidiaries) in the scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Investments in subsidiaries:

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

De-recognition of Financial Instruments:

The Company derecognises a Financial Asset when the contractual rights to the cash flows from the Financial Asset expire or it transfers the Financial Asset and the transfer qualifies for de-recognition under Ind AS 109. In cases where Company has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Company continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Company also recognizes an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

A Financial liability (or a part of a financial liability) is derecognised from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

Impairment of Financial Assets:

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of all Financial Assets subsequent to initial recognition other than financial assets measured at fair value through profit and loss (FVTPL). The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward-looking estimates are analysed. For other financial assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk since its initial recognition. If there is significant increase in credit risk since its initial recognition full lifetime ECL is used. The impairment losses and reversals are recognised in Statement of Profit and Loss.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

Offsetting of Financial Instruments:

Financial assets and financial liabilities are offset and presented on net basis in the balance sheet when there is a legally enforceable right to set-off the recognised amounts and it is intended to either settle them on net basis or to realise the asset and settle the liability simultaneously.

Fair Value of Financial Instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted market prices, where applicable. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

Financial instruments by category are separately disclosed indicating carrying value and fair value of financial assets and liabilities. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

Derivative Financial Instruments:

Derivative financial instruments such as forward contracts, option contracts and cross currency swaps, to hedge its foreign currency risks are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value with changes in fair value recognised in the Statement of Profit and Loss in the period when they arise.

Cash flow hedge

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

The company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR).

The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the INR cash flows of highly probable forecast transactions. The company risk management policy is to hedge forecasted foreign currency sales for the subsequent 12 to 36 months. As per the risk management policy, foreign exchange forward contracts are taken to hedge forecasted sales.

The spot component of forward contracts is determined with reference to relevant spot market exchange rates. The differential between the contracted forward rate and the spot market exchange rate is defined as the forward points.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in statement of profit and loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to statement of profit and loss.

(M) CASH AND CASH EQUIVALENTS:

For the purpose of presentation in the Balance sheet, Cash and Cash equivalents comprises cash at bank and on hand and other short-term, highly liquid investments with an original maturity (or with an option to or can be readily converted or liquidated into cash) of three months or less, which are subject to an insignificant risk of changes in value. Cash and Cash Equivalents consist of balances with banks which are unrestricted for withdrawals and usages.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash at bank and on hand and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(N) PROVISIONS:

Provisions are recognized when the Company has a present obligation (legal and constructive) as a result of a past event, for which it is probable that a Cash Outflow will be required and a reliable estimate can be made of the amount of the obligation.

(O) LEASE:

The Company has adopted Ind AS 116. It has resulted into recognition of Lease Assets Right to Use with a corresponding Lease Liability in the Balance Sheet.

The Company, as a lessee, recognises a right to use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right to use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right to use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

For short-term and low value leases, the Company recognises the lease payments as an operating expense.

(P) EMPLOYEE BENEFITS:

(a) Employee benefits:

All employee benefits such as salaries, wages, short-term compensated absences, expected cost of bonus, etc. are recognised in the period in which the employee renders the related services.

(b) Post-employment benefits:

(i) Defined Contribution Plan:

The Company makes defined contributions to Employee Provident Fund, Employee Pension Fund, Employee Deposit Linked Insurance, and Superannuation Schemes. The contribution paid/payable under these schemes is recognised during the period in which the employee renders the related services which are recognised in the Statement of Profit and Loss on accrual basis during the period in which the employee renders the services.

(ii) Defined Benefit Plan

The gratuity liability of the company is funded through a Group Gratuity Scheme with Life Insurance Corporation of India (LIC) under which the annual contribution is paid to LIC. The Company's liability under Payment of Gratuity Act is determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities where the terms of government securities are consistent with the estimated terms of the defined benefit obligations at the Balance Sheet date. The Company recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability / (asset) are recognized in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

(c) Share Based Payment:

The grant date fair value of options granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in Other Equity recognized in connection with share based payment transaction is presented as a separate component in equity under "Employee Share Based Payment Reserve". The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest.

(Q) FOREIGN CURRENCY TRANSACTIONS:

Items included in the Standalone Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates (functional currency). The Standalone Financial Statements of the Company are presented in Indian currency (₹), which is also the functional currency of the Company.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate as applicable in the period of such transaction. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each reporting period are appropriately dealt in the financial statements in accordance with the applicable Indian Accounting standards.

(R) INCOME TAXES:

Income tax expense comprises of current tax expense and deferred tax expenses.

Current and deferred taxes are recognized in Statement of Profit and Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

Current income tax:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act of the respective jurisdiction. The current tax is calculated using tax rates that have been enacted or substantively enacted, at the reporting date.

Deferred tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised for all taxable temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets are to be recovered. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profits will be available against which the deferred tax assets to be recovered.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

Minimum Alternate Tax (MAT):

MAT credit is recognised as an asset only when and to the extent it is reasonably certain that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

(S) BORROWING COSTS:

Borrowing costs, general or specific, that are attributable to the acquisition or construction of qualifying assets is capitalized as part of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to the Statement of Profit and Loss.

(T) CONTINGENT LIABILITIES:

Contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

(b) a present obligation that arises from past events but is not recognised because:

   (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) the amount of the obligation cannot be measured with sufficient reliability

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

3. PROPERTY, PLANT AND EQUIPMENT:

(₹ In Crs)

F.Y. 2024-25	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
Particulars	Balance as at 1st April, 2024	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31st March, 2025	Balance as at 1st April, 2024	Depreciation charge for the year	Deduction / Adjustment	Balance as at 31st March, 2025	Balance as at 31st March, 2025	Balance as at 31st March, 2024
(i) Tangible Assets										
Free Hold Land	3.59	-	-	3.59	0.26	-	-	0.26	3.33	3.33
Lease Hold Land	277.31	2.84	0.07	280.08	15.68	3.54	(0.01)	19.23	260.85	261.63
Buildings	671.50	109.33	1.79	779.04	177.55	61.45	0.22	238.78	540.26	493.95
Lease Hold Improvements	26.78	0.19	-	26.97	5.51	5.34	-	10.85	16.12	21.27
Plant and Equipment	5,957.57	950.91	17.05	6,891.44	1,331.21	329.95	19.71	1,641.45	5,249.99	4,626.36
R&D Assets & Equipments	150.92	32.21	1.87	181.26	42.34	11.71	1.87	52.18	129.09	108.58
Furniture and Fixtures	65.02	21.06	2.01	84.08	23.42	14.56	1.73	36.25	47.83	41.60
Vehicles	40.30	11.71	5.04	46.98	13.96	5.45	2.44	16.97	30.00	26.34
Total (i)	**7,192.99**	**1,128.26**	**27.82**	**8,293.43**	**1,609.93**	**432.00**	**25.96**	**2,015.96**	**6,277.48**	**5,583.06**
(ii) Capital Work-in-Progress									1,273.80	1,058.54
(iii) Right of use Assets										
Buildings	83.88	10.17	13.29	80.76	30.46	12.22	12.98	29.70	51.06	53.42
(iv) Intangible Assets										
Technical Knowhow	6.57	30.06	0.08	36.55	0.08	2.02	0.08	2.02	34.54	6.49
Computer Software	7.63	9.87	0.38	17.12	1.20	2.43	0.22	3.41	13.71	6.43
Total (iv)	**14.20**	**39.93**	**0.46**	**53.67**	**1.28**	**4.45**	**0.30**	**5.43**	**48.25**	**12.92**
(v) Intangible assets under development									180.41	170.51
TOTAL (i+ii+iii+iv+v)	**7,291.07**	**1,178.36**	**41.57**	**8,427.86**	**1,641.67**	**448.67**	**39.24**	**2,051.09**	**7,831.00**	**6,878.45**

Note:

(i) Depreciation to the extent of 14.39 Crs (previous year 11.82 Crs) in respect of assets utilised for creation/generation of intangible assets are appropriately capitalised under applicable intangible assets under development.

(ii) Additions during the year and capital work-in-progress include borrowing cost capitalised in accordance with Accounting Standard (Ind AS) 23 on "Borrowing Costs". The rate used to determine the amount of borrowing costs eligible for capitalisation is ranging from 8% to 8.5% (previous year 8% to 8.6%).

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

(₹ In Crs)

F.Y. 2023-24	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
Particulars	Balance as at 1st April, 2023	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31st March, 2024	Balance as at 1st April, 2023	Depreciation charge for the year	Deduction / Adjustment	Balance as at 31st March, 2024	Balance as at 31st March, 2024	Balance as at 31st March, 2023
(i) Tangible Assets										
Free Hold Land	3.59	-	-	3.59	0.26	-	-	0.26	3.33	3.33
Lease Hold Land	267.77	9.54	0.00	277.31	13.17	2.51	0.00	15.68	261.63	254.60
Leasehold Improvements	0.00	26.78	0.00	26.78	-	5.51	-	5.51	21.27	0.00
Residential Flat	0.00	-	-	0.00	-	0.00	-	0.00	0.00	0.00
Buildings	586.87	84.63	0.00	671.50	125.91	51.64	0.00	177.55	493.95	460.96
Plant and Equipment	5,165.82	1,005.03	213.28	5,957.57	1,223.85	293.98	186.62	1,331.21	4,626.36	3,941.97
R&D Assets & Equipments	154.57	15.59	19.24	150.92	34.33	8.71	0.70	42.34	108.58	120.24
Furniture and Fixtures	45.31	20.97	1.26	65.02	14.35	10.33	1.26	23.42	41.60	30.96
Vehicles	23.09	20.25	3.04	40.30	10.83	5.06	1.93	13.96	26.34	12.26
Total (i)	**6,247.02**	**1,182.79**	**236.82**	**7,192.99**	**1,422.70**	**377.74**	**190.51**	**1,609.93**	**5,583.06**	**4,824.32**
(ii) Capital Work-in-Progress (a)									1,058.54	1,303.02
(iii) Right of use Assets										
Buildings	51.19	35.18	2.49	83.88	20.89	11.38	1.81	30.46	53.42	30.30
(iv) Intangible Assets										
Technical Knowhow	0.08	6.49	-	6.57	0.08	0.00	0.00	0.08	6.49	-
Computer Software	1.85	5.78	-	7.63	0.38	0.82	-	1.20	6.43	1.47
Total (iv)	**1.93**	**12.27**	**0.00**	**14.20**	**0.46**	**0.82**	**0.00**	**1.28**	**12.92**	**1.47**
(v) Intangible assets under development (b)									170.51	107.24
TOTAL (i+ii+iii+iv+v)	**6,300.14**	**1,230.24**	**239.31**	**7,291.07**	**1,444.05**	**389.94**	**192.32**	**1,641.67**	**6,878.45**	**6,266.35**

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

Capital-Work-in Progress (CWIP)

(a) Capital Work-In-Progress (CWIP) Ageing Schedule as on 31st March, 2025:

(₹ 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	937.93	283.69	45.73	6.45	1,273.80
Projects temporarily suspended	-	-	-	-	-

Capital Work-In-Progress (CWIP) Ageing Schedule as on 31st March, 2024:

(₹ 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	832.04	172.76	45.57	8.16	1,058.54
Projects temporarily suspended	-	-	-	-	-

(b) Intangible assets under development:

Intangible assets under development ageing schedule as on 31st March, 2025:

(₹ 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	45.88	59.82	39.23	35.47	180.40
Projects temporarily suspended	-	-	-	-	-

Intangible assets under development ageing schedule as on 31st March, 2024:

(₹ 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	69.25	60.69	40.57	-	170.51
Projects temporarily suspended	-	-	-	-	-

(c) Notes:

(i) There are no material projects whose completion is overdue as compared to its original plan as at 31st March 2025.

(ii) There were no material projects which have exceeded their original plan cost as at 31st March, 2025.

(iii) The Company has not recognised any impairment loss during the current year.

(iv) The title deeds of property plant and equipment are held in name of the Company.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

4. NON-CURRENT INVESTMENTS:

(₹ In Crs)

Name of the Company	Face Value (in)	No. of Shares/ Units	As at 31st March, 2025	No. of Shares/ Units	As at 31st March, 2024
Investments - (Unquoted) in Equity Shares of Other Companies (At FVTOCI)					
Ichalkaranji Janata Sahakari Bank Limited	50	1,020	0.01	1,020	0.01
Damanganga Saha Khand Udyog Mandali Limited	2,000	61	0.01	61	0.01
Narmada Clean Tech Limited	10	2,87,550	0.13	2,87,550	0.13
U.K.I.P. Co-Op. Soc. Limited	50	80	0.00	80	0.00
SBPP Bank Limited	100	783	0.01	783	0.01
Deltecs Infotech Private Limited	10	858	0.26	858	0.26
Valiant Organic Limited	10	1,02,026	2.66	99,412	3.79
Polygomma Industries Private Limited	10	5,33,358	-	5,33,358	0.00
Numbermask Digital Private Limited	10	1,125	0.00	1,125	0.00
Trans Retail Ventures Private Limited	10	28,796	0.01	28,796	0.01
Aarti Biotech Limited	10	4,21,700	0.13	4,21,700	0.13
Aarti Intermediates Private Limited	10	22,125	0.00	22,125	0.00
ReNew Green (GJ Six) Pvt. Ltd.	10	1,51,80,000	12.86	1,51,80,000	15.19
Perfect Enviro Control Systems Limited	10	3,80,640	0.32	3,80,640	0.30
Shamrao Vithal Co-op. Bank Limited	10	100	0.00	100	0.00
Specifix Inc	0	NA	4.65	-	-
Clean Max Indus Private Limited	10	4,900	0.00	-	-
Pro-zeal Green Power Seven Private	10	63,000	0.06	-	-
			21.11		**19.84**
Investments - (Unquoted) Convertible Pref. Shares					
Deltecs Infotech Private Limited	10	7,50,000	0.26	7,50,000	0.26
Valiant Organics Limited	10	0	0.00	2,614	0.00
			0.26		**0.26**
Investments - (Unquoted) in Warrant Certificate					
Deltecs Infotech Private Limited	10	93	0.00	93	0.00
			0.00		**0.00**
Investments - (Unquoted) in Unsecured Convertible Debentures					
Polygomma Industries Private Limited	100	2,82,448	2.82	2,82,448	2.82
			2.82		**2.82**
Investments - (Unquoted) in Equity Shares of Joint Venture (At Cost)					-
Augene Chemical Private Limited	10	2,35,00,000	23.44	-	-
Re Aarti Private Limited	10	4,900	0.00	-	-
TOTAL			**47.63**		**22.92**

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

5. NON CURRENT LOANS AND ADVANCES:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Loans and Advances	0.06	0.30
TOTAL	**0.06**	**0.30**

6. DEFERRED TAX ASSETS (NET):

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Opening balance for the year	143.55	52.78
Deferred Tax Assets		
MAT Credit Entitlement	54.84	69.72
Items allowed for tax purpose on payment	0.28	0.35
DTA on losses	54.96	59.14
Deferred Tax Liabilities		
Difference between net book value of depreciable capital assets as per books vis - a- vis written down value as per Tax Laws.	(35.64)	(38.44)
TOTAL	**217.99**	**143.55**

7. OTHER NON-CURRENT ASSETS:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Capital Advances	55.93	50.76
Balances with Tax & Revenue Authorities (including pre-deposits)	14.80	9.49
Other Deposits	51.37	50.64
TOTAL	**122.10**	**110.89**

8. INVENTORIES:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Raw Materials and Components	510.04	224.78
Work-in-progress	253.86	303.90
Finished Goods	406.92	402.44
Stock-in-trade	0.60	8.51
Stores and spares	265.48	203.81
Fuel	8.82	6.96
Packing Materials	8.30	9.25
TOTAL	**1,454.02**	**1,159.65**

Notes to the Consolidated Financial Statements
for the year ended 31st March, 2025

9. TRADE RECEIVABLES:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Trade Receivables considered good - Unsecured (Refer Note 37 for Related Party Balances)	786.06	854.18
Unsecured, credit impaired	7.71	1.46
Less: Impairment loss allowance	(7.71)	(1.46)
TOTAL	**786.06**	**854.18**

9.1 Trade Receivables ageing schedule as on 31st March, 2025

(₹ In Crs)

Particulars	Not Due	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	429.43	286.63	64.92	2.28	2.81	-	786.06
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	-	-	1.96	4.09	1.66	7.71
(iv) Disputed Trade receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	(1.96)	(4.09)	(1.66)	(7.71)
TOTAL	**429.43**	**286.63**	**64.92**	**2.28**	**2.81**	**0.00**	**786.06**

9.1 Trade Receivables ageing schedule as on 31st March, 2024

(₹ In Crs)

Particulars	Not Due	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	371.32	354.48	97.50	30.31	0.57	-	854.18
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	-	-	-	1.46	-	1.46
(iv) Disputed Trade receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	(1.46)	-	(1.46)
TOTAL	**371.32**	**354.48**	**97.50**	**30.31**	**0.57**	**0.00**	**854.18**

Notes to the Consolidated Financial Statements
for the year ended 31st March, 2025

9.2 Movement in Expected Credit Loss Allowance

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Balance at the beginning of the year	1.46	2.19
Movement in expected credit loss allowance	6.25	2.00
Amounts written off during the year	-	(2.73)
Balance at the end of the year	**7.71**	**1.46**

10. CASH AND CASH EQUIVALENTS:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Cash on hand	1.20	0.72
Bank balance in Current Accounts	198.19	427.57
TOTAL	**199.39**	**428.29**

11. OTHER BANK BALANCES:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Bank balance in Deposit Accounts	93.75	86.17
Earmarked Balances (Unpaid Dividend Accounts)	1.83	1.78
TOTAL	**95.58**	**87.95**

12. LOANS AND ADVANCES CURRENT:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Loans and Advances Given to:		
(i) Employees	5.01	7.56
ii) Others	1.26	0.72
TOTAL	**6.27**	**8.28**

13. OTHER CURRENT FINANCIAL ASSETS:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Subsidy Receivable	14.86	10.19
Other Current Financial Asset	1.46	6.52
TOTAL	**16.32**	**16.71**

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

14. CURRENT TAX ASSETS (NET):

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Advance Tax and Tax Deducted at Source (Net of Provisions)	13.89	71.16
TOTAL	**13.89**	**71.16**

15. OTHER CURRENT ASSETS:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Balances with Customs Port Trust Central Excise Sales Tax and Goods & Services Tax Authorities	225.94	214.21
Advance to Suppliers	56.97	84.82
Others Receivables	22.70	12.36
Prepaid Expenses	17.60	21.45
TOTAL	**323.21**	**332.84**

16. EQUITY SHARE CAPITAL:

(₹ In Crs)

Particulars	No. of Shares	As at 31st March, 2025	No. of Shares	As at 31st March, 2024
Authorised Share Capital				
Equity Shares of 5/- each	60,00,00,000	300.00	60,00,00,000	300.00
Issued, Subscribed & Paid up				
Equity Shares of 5/- each fully paid up	36,25,19,910	181.26	36,25,04,035	181.25
TOTAL		**181.26**		**181.25**

16.1 Reconciliation of the number of Shares outstanding:

Particulars	No. of Shares outstanding	
	As at 31st March, 2025	As at 31st March, 2024
Equity Shares at the beginning of the year	36,25,04,035	36,25,04,035
Add: Shares issued during the year	15,875	NIL
Less: Shares buy-back during the year	NIL	NIL
Equity Shares at the end of the year	**36,25,19,910**	**36,25,04,035**

16.2 Rights, preferences and restrictions attached to shares Equity shares:

The Company has one class of equity shares having a par value of 5 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

16.3 Details of shareholders holding more than 5% shares:

Name of the Shareholders	As at 31st March, 2025		As at 31st March, 2024	
	No. of Shares	% held	No. of Shares	% held
Life Insurance Corporation of India	2,46,56,272	6.80	2,46,56,272	6.80

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

Particulars	Financial Year				
	2024-25	2023-24	2022-23	2021-22	2020-21
No. of Equity Shares outstanding	36,25,19,910	36,25,04,035	36,25,04,035	36,25,04,035	17,42,34,474

(Refer Note No. 16.5)

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

[a] During the year 2024-25, 15,875 Shares were issued and allotted under the 'Aarti Industries Limited Performance Stock Option Plan 2022' ("PSOP 2022")

[b] 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.

[c] 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.

16.6 Details of shares held by promoters and promoter group

Sr. No.	Promoters Name	As at 31st March 2025		As at 31st March 2024		% change during the year
		Number of Shares held	% of Holding	Number of Shares held	% of Holding	
1	Rashesh Chandrakant Gogri	1,48,37,616	4.09	1,48,37,616	4.09	(0.00)
2	Mirik Rajendra Gogri	1,11,72,384	3.08	1,11,72,384	3.08	(0.00)
3	Renil Rajendra Gogri	1,11,71,008	3.08	1,11,71,008	3.08	(0.00)
4	Anushakti Enterprise Private Limited	99,70,000	2.75	99,70,000	2.75	(0.00)
5	Hetal Gogri Gala	99,62,192	2.75	99,62,192	2.75	(0.00)
6	Jaya Chandrakant Gogri	97,98,548	2.70	97,98,548	2.70	(0.00)
7	Sarla Shantilal Shah	95,69,028	2.64	95,89,028	2.65	(0.01)
8	Labdhi Business Trust (Saswat Trusteeship Private Limited)	75,00,000	2.07	92,00,000	2.54	(0.47)
9	Tulip Family Trust (Gloire Trusteeship Services Private Limited)	65,96,000	1.82	65,96,000	1.82	(0.00)
10	Orchid Family Trust (Relacion Trusteeship Services Private Limited)	65,96,000	1.82	65,96,000	1.82	(0.00)
11	Safechem Enterprises Private Limited	58,52,000	1.61	58,52,000	1.61	(0.00)
12	Rajendra Vallabhaji Gogri	57,03,600	1.57	57,03,600	1.57	(0.00)
13	Nehal Garewal	36,14,190	1.00	39,14,190	1.08	(0.08)
14	Heena Family Private Trust (Barclays Wealth Trustees India Private Limited)	33,35,436	0.92	33,35,436	0.92	(0.00)
15	Nikhil Parimal Desai	30,05,016	0.83	30,05,016	0.83	(0.00)
16	Bhavna Family Private Trust (Barclays Wealth Trustees India Private Limited)	28,16,404	0.78	32,16,404	0.89	(0.11)

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

Sr. No.	Promoters Name	As at 31st March 2025		As at 31st March 2024		% change during the year
		Number of Shares held	% of Holding	Number of Shares held	% of Holding	
17	Jasmine Family Trust (Relacion Trusteeship Services Private Limited)	27,50,000	0.76	27,50,000	0.76	(0.00)
18	Alchemie Financial Services Limited	26,92,024	0.74	26,92,024	0.74	(0.00)
19	Lotus Family Trust (Gloire Trusteeship Services Private Limited)	24,98,000	0.69	24,98,000	0.69	(0.00)
20	Manomaya Business Trust (Alabhya Trusteeship Private Limited)	24,00,000	0.66	24,00,000	0.66	(0.00)
21	Aarnav Rashesh Gogri	23,82,000	0.66	23,82,000	0.66	(0.00)
22	Aashay Rashesh Gogri	22,00,000	0.61	22,00,000	0.61	(0.00)
23	Manisha Rashesh Gogri	22,00,000	0.61	22,00,000	0.61	(0.00)
24	Arti Rajendra Gogri	19,01,024	0.52	19,01,024	0.52	(0.00)
25	Parimal Hasmukhlal Desai	15,98,284	0.44	15,98,284	0.44	(0.00)
26	Ratanben Premji Gogri	13,77,330	0.38	13,51,230	0.37	0.01
27	Heena Bhatia	12,90,352	0.36	12,90,352	0.36	(0.00)
28	Rajendra Vallabhaji Gogri (HUF) (Karta - Rajendra Vallabhaji Gogri)	12,33,096	0.34	12,33,096	0.34	(0.00)
29	Shantilal Tejshi Shah HUF (Karta - Nehal Garewal)	11,15,526	0.31	11,15,526	0.31	(0.00)
30	Alchemie Finserv Private Limited	10,56,420	0.29	10,56,420	0.29	(0.00)
31	Gogri Finserv Private Limited	10,56,420	0.29	10,56,420	0.29	(0.00)
32	Mananjay Singh Garewal	10,50,040	0.29	10,50,040	0.29	(0.00)
33	Indira Madan Dedhia	6,82,500	0.19	6,82,500	0.19	(0.00)
34	Bhanu Pradip Savla	6,22,948	0.17	6,22,948	0.17	(0.00)
35	Shreya Suneja	4,50,000	0.12	4,50,000	0.12	(0.00)
36	Monisha Bhatia	3,64,484	0.10	3,64,484	0.10	(0.00)
37	Gunavanti Navin Shah	3,46,578	0.10	3,46,578	0.10	(0.00)
38	Chandrakant Vallabhaji Gogri	1,42,000	0.04	1,42,000	0.04	(0.00)
39	Nikhil Holdings Private Limited	93,566	0.03	3,43,566	0.09	(0.07)
40	Jayesh Shah	65,666	0.02	65,666	0.02	(0.00)
41	Dilesh Roadlines Private Limited	33,272	0.01	33,272	0.01	(0.00)
42	Valiant Organics Limited	30,000	0.01	30,000	0.01	(0.00)
43	Prasadi Yogesh Banatwala	6,580	0.00	7,680	0.00	(0.00)
44	Pooja Renil Gogri	1,528	0.00	1,528	0.00	(0.00)
45	Bhavna Shah Lalka	0	0.00	16,55,764	0.46	(0.46)
Total		**15,31,39,060**	**42.24**	**15,74,39,824**	**43.43**	**(1.19)**

16.7 Dividends:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
(i) Dividend paid during the year		
Final dividend for the year ended 31st March 2024 of 1.00 (previous year: 1.00) per fully paid share	36.25	54.38
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of dividend of 1.00 (previous year: 1.00) per fully paid share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	36.25	36.25

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

17. OTHER EQUITY:

(₹ In Crs)

	Particulars	As at 31st March, 2025	As at 31st March, 2024
a.	**Capital Reserves**		
	Opening Balance	9.70	9.70
	Addition:	-	-
	Deduction:	-	-
	Closing Balance	**9.70**	**9.70**
Footnote: Capital reserves represents the difference between the consideration paid and net assets received under business combination transactions.			
b.	**Securities Premium Account**		
	Opening Balance	1,348.78	1,348.78
	Addition:	0.85	-
	Deduction:	-	-
	Closing Balance	**1,349.63**	**1,348.78**
Footnote: Securities premium represents the amount received in excess of the face value upon issue of equity shares. The same may be, inter-alia, utilised for issue of fully paid bonus shares or for buy-back of equity shares by the Company or such purpose in accordance with the provisions of the Act.			
c.	**Foreign Currency Translation Reserve**		
	Opening Balance	(0.51)	(0.61)
	Addition	0.03	0.10
	Deduction	0.61	-
	Closing Balance	**(1.09)**	**(0.51)**
Footnote: Foreign Currency Translation Reserve (FCTR) represents the gains and losses that arise when a company translates its financial statements from a foreign currency into its functional currency.			
d.	**General Reserve**		
	Opening Balance	477.33	435.33
	Addition:		
	Transferred from Profit & Loss Account	34.09	42.00
	Deduction:	-	-
	Closing Balance	**511.42**	**477.33**
Footnote: The general reserve is created from time to time on transfer of profits from retained earnings. General reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income.			
e.	**Profit and Loss Account**		
	Opening balance	3,300.96	2,980.88
	Addition:		
	Net Profit/(Loss) for the year	330.87	416.46
	Deduction:		
	Final Dividend Paid on Equity Shares	36.25	54.38
	Transferred to General Reserves	34.09	42.00
	Closing Balance	**3,561.49**	**3,300.96**
Footnote: Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividend or other distributions paid to shareholders.			
f.	**Other Reserves**		
	RBI Reserve U/s 45(IC)	3.70	3.70
	Forfeiture Reserve	1.85	1.85
	Closing Balance	**5.55**	**5.55**
Footnote: The Company has offered equity shares to certain employees and officers under an employee share purchase scheme. The employee share based payment reserve is used to recognise the value of equity settled share based payments provided to such employees and officers. Forfeiture reserve is created on account of forfeiture of shares.			

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
g. Employee Share Based Payment Reserve		
Opening Balance	2.34	2.34
Addition	7.09	-
Deduction	0.85	-
Closing Balance	**8.58**	**2.34**
Footnote: The Company has offered equity shares to certain employees and officers under an employee share purchase scheme. The employee share based payment reserve is used to recognise the value of equity settled share based payments provided to such employees and officers.		
h. Other Comprehensive Income		
Opening Balance	(35.63)	(41.43)
OCI for the year	14.21	5.80
Closing Balance	**(21.42)**	**(35.63)**
Footnote: This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments, long term advances and foreign currency hedge measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed off.		
TOTAL	**5,423.86**	**5,108.52**

18. NON-CURRENT BORROWINGS:

(₹ In Crs)

Particulars	As at 31st March, 2025		As at 31st March, 2024	
	Non-Current	Current	Non-Current	Current
Secured				
(a) ECB/Term loans from Banks/Financial Institutions	1,866.15	238.78	1,520.87	467.71
(b) Vehicle Loans from Banks/Financial Institutions	1.27	1.53	3.00	1.64
TOTAL	**1,867.42**	**240.31**	**1,523.87**	**469.35**

(₹ In Crs)

Details of Long term Loans from Banks/ Financial Institutions	Maturity	Terms of Repayment	Interest Rate p.a.	As at 31st March, 2025	As at 31st March, 2024
Long Term Rupee Loans					
From HSBC Limited	Last instalment due in 2025-26	16 quarterly repayments of ₹6.25 crs each	3 Month T-Bill + spread of 191 bps	25.00	50.00
From Kotak Mahindra Bank Limited	Last instalment due in 2025-26	16 quarterly repayments of ₹6.25 crs each	Fixed rate of 6.25% p.a.	18.75	43.75
From Citibank N.A.	Last instalment due in 2025-26	16 quarterly repayments of ₹6.25 crs each	3 Month T-Bill + Spread of 268 bps	18.75	43.75
From HDFC Bank Limited	Last instalment due in 2030-31	28 quarterly stepped up instalments of ₹1.25 - 14.69 crs each	1 month T-Bill + Spread of 165bps	241.65	246.38
From Standard Chartered Bank	Already paid off	N.A.	N.A.	-	50.00
From Citibank N.A.	Last instalment due in 2029-30	16 quarterly repayments of ₹21.87 crs each	RBI Repo Rate + Spread of 150 bps	348.01	347.31
From Axis Bank Limited	Last instalment due in 2030-31	20 quarterly repayments of ₹10 crs each	RBI Repo Rate + Spread of 175 bps	200.00	200.00

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

(₹ In Crs)

Details of Long term Loans from Banks/ Financial Institutions	Maturity	Terms of Repayment	Interest Rate p.a.	As at 31st March, 2025	As at 31st March, 2024
Foreign Currency Loans (incl ECBs)					
From State Bank of India (ECB1)	Already paid off	N.A.	N.A.	-	52.17
From Citibank N.A.	Last instalment due in 2025-26	18 quarterly repayments of JPY 60 mn each	3 Month JPY Libor + spread of 50 bps	18.60	36.30
From State Bank of India (ECB2)	Last instalment due in 2025-26	10 quarterly repayments of USD 4 mn each	3 months SOFR + spread of 140 bps	102.51	232.92
From Export Import Bank of India	Last instalment due in 2025-26	14 quarterly stepped up instalments of USD 1 mn - 4.50 mn each	6 months SOFR + spread of 190 bps	31.42	196.08
From International Finance Corporation	Last instalment due in 2033-34	15 semi annually instalments of USD 8.7 mn each	6 months SOFR + spread of 100 bps	1,100.24	489.92

Details of Security:

a) The above Outstanding Term Loans/ECBs are secured by way of Pari Passu Hypothecation of the Moveable Plant & Machinery, Machinery Spares, Tools and Accessories and other movables, both present and future (except book debts, inventories and other current assets) wherever situated, excluding those charged exclusively to other Term Lenders/ Specifically excluded.

b) Vehicle loans from Banks/Financial Institutions are secured by way of hypothecation of respective vehicles.

19. LEASE LIABILITIES:

(₹ In Crs)

Particulars	As at 31st March, 2025		As at 31st March, 2024	
	Non-Current	Current	Non-Current	Current
Lease Liabilities Account	47.13	11.11	49.31	9.07
TOTAL	**47.13**	**11.11**	**49.31**	**9.07**

The movement in lease liabilities during the ended 31st March, 2025 and 31st March, 2024 is as follows:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Balance at the beginning	58.39	33.29
Additions during the year	10.18	35.22
Deletion during the year	(0.35)	(0.99)
Finance Cost Incurred during the year	4.93	4.41
Payment of lease liabilities	(14.91)	(13.56)
Balance at the end	**58.24**	**58.38**

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

20. OTHER NON CURRENT LIABILITIES:

(₹ In Crs)

Particulars	As at 31st March, 2025		As at 31st March, 2024	
	Non-Current	Current	Non-Current	Current
Long Term Advances for Exports received from Customer	112.16	49.15	175.29	67.55
TOTAL	**112.16**	**49.15**	**175.29**	**67.55**

The Company has received aforesaid advances for export commitments under the long term contracts (contracts with period more than five year) executed by the company with its customers. The advances shall be adjusted against the export sales/supplies over a period of time, as per the terms of these contracts. Further, as per the terms of said contracts, the Company has issued a Bank Guarantee in favour of the customer as a security for the said advances.

21. PROVISIONS:

(₹ In Crs)

Particulars	As at 31st March, 2025		As at 31st March, 2024	
	Non-Current	Current	Non-Current	Current
Provision for Employees' Benefits	15.19	2.89	13.76	3.00
TOTAL	**15.19**	**2.89**	**13.76**	**3.00**

22. SHORT-TERM BORROWINGS:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Secured		
Working Capital Loan From Banks	1,630.08	1,520.18
Current maturities of Long-Term Debt {Refer Note 18(a)}	238.78	467.71
Current maturities of Vehicle Loan {Refer Note 18(b)}	1.53	1.64
	1,870.39	**1,989.53**
Unsecured		
From Banks	50.34	50.04
From Other	1.40	0.85
	51.74	**50.89**
TOTAL	**1,922.13**	**2,040.42**

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

23. TRADE PAYABLES:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Trade payables due to:		
Micro and Small Enterprises (MSME)	26.48	47.45
Other than Micro and Small Enterprises	1,211.00	677.47
TOTAL	**1,237.48**	**724.92**

Note: Refer Note 37 for Related Party Balances

Trade Payables ageing schedule as on 31st March, 2025

(₹ In Crs)

Particulars	Outstanding for following periods from due date of payments					Total
	Not Due	0 -1 year	1 -2 years	2 -3 years	More than 3 years	
Micro and Small Enterprises (MSME)	26.48	-	-	-	-	26.48
Other than Micro and Small Enterprises	392.05	816.99	0.78	1.03	0.15	1,211.00
Disputed Dues to MSME	-	-	-	-	-	-
Disputed Dues to Others	-	-	-	-	-	-
TOTAL	**418.53**	**816.99**	**0.78**	**1.03**	**0.15**	**1,237.48**

Trade Payables ageing schedule as on 31st March, 2024

(₹ In Crs)

Particulars	Outstanding for following periods from due date of payments					Total
	Not Due	0 -1 year	1 -2 years	2 -3 years	More than 3 years	
Micro and Small Enterprises (MSME)	47.45	-	-	-	-	47.45
Other than Micro and Small Enterprises	634.35	39.71	3.41	-	-	677.47
Disputed Dues to MSME	-	-	-	-	-	-
Disputed Dues to Others	-	-	-	-	-	-
TOTAL	**681.80**	**39.71**	**3.41**	**-**	**-**	**724.92**

There are no Micro and Small Enterprise, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2025. 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.

Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (as amended)

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
1) (a) Principal amount remaining unpaid to any supplier	26.48	47.45
(b) Interest on (1)(a) above	-	-
2) The amount of interest paid along with the principal payment made to the supplier	-	-
3) Amount of interest due and payable on delayed payments	-	-
4) Amount of further interest remaining due and payable for the earlier years	-	-
5) Total Outstanding dues of Micro & Small Enterprises		
- Principal	26.48	47.45
- Interest	-	-

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

24. OTHER FINANCIAL LIABILITIES:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Unpaid Dividends	1.83	1.78
Salary & Wages Payable	59.87	3.47
Project Payables	140.56	131.31
TOTAL	**202.26**	**136.56**

25. OTHER CURRENT LIABILITIES:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Advance for Exports Received From Customer (Current) (Refer Note 20)	49.15	67.55
Advance from Customers	5.51	34.36
Interest accrued but not due on borrowings	0.26	0.26
Other Current Liabilities & Taxes	22.59	22.80
TOTAL	**77.51**	**124.97**

26. SHORT-TERM PROVISIONS:

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Provision for:		
Employees' Benefits	15.40	26.22
Others	0.51	0.29
TOTAL	**15.91**	**26.51**

27. REVENUE FROM OPERATIONS:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2025	For the Year Ended 31st March, 2024
Sale of Products & Service	7,906.01	6,831.45
Other Operating Revenues	140.00	179.11
Gross Revenue from Operations	**8,046.01**	**7,010.56**
Less: GST Collected	774.69	639.76
NET REVENUE OPERATIONS	**7,271.32**	**6,370.80**

27.1 GEOGRAPHICAL GROSS REVENUE:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2025	For the Year Ended 31st March, 2024
Local Sales	3,709.26	3,342.41
Export Sales	4,336.75	3,668.15
TOTAL	**8,046.01**	**7,010.56**

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

27.2 OTHER OPERATING REVENUES:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2025	For the Year Ended 31st March, 2024
Fertilizers Subsidy Received	39.46	30.58
Export Benefits/Incentives	15.84	18.80
Contract Shortfall Fees	72.17	9.92
Scrap Sales	12.53	119.80
TOTAL	**140.00**	**179.11**

27.3 Reconciliation of Revenue from sale of products & services with the contracted price

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2025	For the Year Ended 31st March, 2024
Contracted Price	7,938.84	6,857.61
Less: Trade discounts, volume rebates etc.	(32.83)	(26.16)
TOTAL	**7,906.01**	**6,831.45**

28. OTHER INCOME:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2025	For the Year Ended 31st March, 2024
Profit on Sale of Assets/Investment	0.27	0.00
Lease Rent Income	0.02	0.00
Interest Income	14.95	7.09
Forex Revaluation Gain/(Loss) on Export	(3.34)	3.38
Other Income	2.28	0.38
Share in Profit/Loss of Joint Venture	(0.06)	0.00
TOTAL	**14.12**	**10.86**

29. COST OF MATERIALS CONSUMED:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2025	For the Year Ended 31st March, 2024
Consumption of Raw Materials	3,946.99	3,374.85
Consumption of Packing Materials	50.64	45.23
Consumption of Fuel	310.44	286.90
Consumption of Stores & Spares	73.29	64.53
TOTAL	**4,381.36**	**3,771.50**

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

30. CHANGES IN INVENTORY:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2025	For the Year Ended 31st March, 2024
Opening Stock		
Finished Goods	402.44	348.42
Stock in Trade	9.02	-
Work-in-Progress	303.90	274.46
Total (A)	**715.36**	**622.88**
Closing Stock		
Finished Goods	340.74	412.55
Stock in Trade	66.72	-
Work-in-Progress	253.87	303.90
Total (B)	**661.33**	**716.45**
TOTAL (A-B)	**54.03**	**(93.57)**

31. EMPLOYEE BENEFITS:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2025	For the Year Ended 31st March, 2024
Salaries Wages & Bonus	363.48	349.09
Share Based Payment Expenses	7.09	2.34
Contribution to PF and other Funds	27.37	24.89
Workmen & Staff Welfare Expenses	24.48	27.42
TOTAL	**422.42**	**403.74**

32. FINANCE COST:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2025	For the Year Ended 31st March, 2024
Interest Expenses	231.37	187.10
Exchange difference on borrowing costs	23.23	8.15
Interest on Lease Liabilities	4.93	4.41
Other borrowing Costs (includes bank charges, etc.)	15.91	11.80
TOTAL	**275.44**	**211.47**

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

33. OTHER EXPENSES:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2025	For the Year Ended 31st March, 2024
Manufacturing Expenses:		
Freight Cartage & Transport	137.53	142.27
Power	156.86	152.80
Water Charges	18.75	17.72
Processing Charges	45.03	59.55
Other Manufacturing Expenses	161.65	179.91
Repairs & Maintenance	108.65	113.07
Insurance Charges	13.03	16.99
Research & Development Expenses	5.04	3.36
Factory Administrative Expenses	73.69	89.69
Total (A)	**720.23**	**775.36**
Office Administrative Expenses:		
Rent Rates and Taxes	4.31	2.35
Travelling and Conveyance	6.34	4.86
Auditor's Remuneration	0.51	0.48
Legal & Professional Charges	21.04	12.86
Other Administrative Expenses	25.39	17.96
Total (B)	**57.59**	**38.51**
Selling & Distribution Expenses:		
Advertisement & Sales Promotion	4.75	6.18
Export Freight Expenses	192.73	100.83
Freight and Forwarding Expenses	170.43	157.40
Commission	6.35	5.20
Export Insurance Charges	5.02	2.19
Sample Testing & Analysis Charges	2.24	1.39
Lease Rent Paid	0.33	0.38
Bad debts/Sundry Balance Written Off/(Back)	11.30	1.72
Total (C)	**393.15**	**275.29**
Non-Operating Expenses:		
Donations/CSR Expenses	20.48	17.88
Foreign Exchange Gain/Loss	1.88	-
Loss on Sale of Assets/Investment	-	3.99
Total (D)	**22.36**	**21.87**
TOTAL (A+B+C+D)	**1,193.33**	**1,111.03**

33.1 AUDITOR'S REMUNERATION:

(₹ In Crs)

Particulars	For the Year Ended 31st March, 2025	For the Year Ended 31st March, 2024
Audit Fees	0.46	0.41
Certification Charges	0.04	0.05
Out of Pocket Expenses	0.01	0.01
TOTAL	**0.51**	**0.48**

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

34. EARNING PER SHARE (EPS):

Particulars		For the Year Ended 31st March, 2025	For the Year Ended 31st March, 2024
Net Profit after Tax	(₹ in Crs)	330.87	416.47
Profit attributable to Minority Interest	(₹ in Crs)	-	-
Share of Profit/(Loss) of Associates	(₹ in Crs)	-	-
Net Profit After Consolidation available for Equity Shareholders	(₹ in Crs)	**330.87**	**416.47**
Weighted Average Number of Equity Shares in calculating Basic EPS	(Nos.)	36,25,30,858	36,25,04,035
Basic Earnings Per Share Value (in INR)	(₹)	9.13	11.49
Net Profit available for Equity Shareholders	(₹ in Crs)	330.87	416.47
Weighted Average Number of Equity Shares in calculating Basic EPS	(Nos.)	36,25,30,858	36,25,04,035
Add: Effect of Performance Stock Option Plan (PSOP 2022)	(Nos.)	2,48,114	-
Weighted Average Number of Equity Shares in calculating Diluted EPS	(Nos.)	36,27,78,972	36,25,04,035
Diluted Earnings Per Share Value (in INR)	(₹)	9.12	11.49
Nominal Value of Equity Share	(₹)	5.00	5.00

34.1 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 dilutive potential shares except where the results would be anti-dilutive.

35. CONTINGENT LIABILITIES AND COMMITMENTS:

(to the extent not provided for)

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
(i) Contingent Liabilities:		
(a) Claims against the company not acknowledged as Debts	85.50	98.87
(b) Letters of Credit Bank Guarantees & Bills Discounted	235.00	413.28
	320.50	512.15
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances	384.15	544.36
	384.15	544.36
TOTAL	**704.65**	**1,056.51**

36. SEGMENT REPORTING:

Company has only one reporting segment as per Ind AS 108 “Segment Reporting”

Additional Information about Group’s Geographical Segment

(₹ In Crs)

Particulars	FY 24-25		FY 23-24	
	Within India	Outside India	Within India	Outside India
Operating Revenue	3,709.26	4,336.75	3,342.41	3,668.15
Non-Current Assets (excluding Financial Assets, Defferred Tax Assets & Income Tax Assets	7,952.92	0.18	7,952.85	0.25

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

37.(A) RELATED PARTY DISCLOSURE UNDER ACCOUNTING STANDARD (IND AS: 24):

I	**Following are the Joint Venture of the Company:**	
	1. Augene Chemical Private Limited (w.e.f. May 23, 2024)	
	2. Re Aarti Private Limited (Through its holding Company: Aarti Circularity 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 Chemicals Private Limited	
	2. Alchemie Finechem Private Limited	
	3. Alchemie Gases & Chemicals Private Limited	
	4. Alchemie Dye Chem Private Limited	
	5. Aarti Drugs Limited	
	6. Aarti Pharmalabs Limited	
	7. Aarti Surfactants Limited	
	8. Aarti USA Inc.	
	9. Ganesh Polychem Limited	
	10. Amulya Techline Engineers (Unit of Dilesh Roadlines Private Limited)	
	11. Valiant Laboratories Limited	
	12. Valiant Organics Limited	
III	**Following are the individuals who with their relatives own Directly/indirectly 20% or more voting power in the Company or have significant influence or are Key Management Personnel including non-executive directors**	
	Shri Rajendra V. Gogri	Executive Director
	Shri Rashesh C. Gogri	Executive Director
	Shri Renil R. Gogri	Executive Director
	Shri Suyog K. Kotecha (w.e.f. June 17, 2024)	Executive Director
	Shri Manoj M. Chheda	Executive Director
	Shri Ajay Kumar Gupta	Executive Director
	Shri Parimal H. Desai (upto August 2, 2024)	Executive Director
	Smt. Hetal Gogri Gala	Non-executive Director
	Shri Lalitkumar S. Naik	Non-executive Director
	Prof. Aniruddha B. Pandit	Non-executive Director
	Shri Shekhar S. Khanolkar	Non-executive Director
	Shri Belur Krishna Murthy Sethuram (w.e.f. June 1, 2024)	Non-executive Director
	Shri Nikhil Jaysinh Bhatia (w.e.f. September 15, 2024)	Non-executive Director
	Shri Ashok Kumar Barat (w.e.f. September 15, 2024)	Non-executive Director
	Smt. Rupa Devi Singh (w.e.f. September 15, 2024)	Non-executive Director
	Shri P. A. Sethi (upto September 23, 2024)	Non-executive Director
	Shri KVS Shyamsunder (upto September 23, 2024)	Non-executive Director
	Shri Bhavesh R. Vora (upto September 23, 2024)	Non-executive Director
	Smt. Natasha K. Treasurywala (upto October 14, 2024)	Non-executive Director
	Shri Chetan Gandhi	Chief Financial Officer
	Shri Raj Sarraf	Company Secretary
	Shri Chandrakant V. Gogri	Relatives of Director
	Smt. Jaya C. Gogri	Relatives of Director
	Smt. Arti R. Gogri	Relatives of Director
	Smt. Manisha R. Gogri	Relatives of Director
	Shri Mirik R. Gogri	Relatives of Director
	Smt. Pooja R. Gogri	Relatives of Director

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

37.(B) THE FOLLOWING TRANSACTIONS WERE CARRIED OUT DURING THE YEAR WITH THE RELATED PARTIES IN THE ORDINARY COURSE OF BUSINESS

(a) Details relating to parties referred to in items I above.

(₹ In Crs)

Name of related party	Nature of Transactions	As at 31st March, 2025	As at 31st March, 2024
Augene Chemical Private Limited	Equity Contribution	23.45	0.05
	Reimbursement of Expenses	2.09	-

(b) Details relating to parties referred to in items II above.

(₹ In Crs)

Name of related party	Nature of Transactions	As at 31st March, 2025	As at 31st March, 2024
Alchemie Gases & Chemicals Private Limited	Purchase of Goods & Services	-	0.02
Alchemie Speciality Chemical Private Limited	Purchase of Material	17.70	3.88
	Reimbursement of Exp	0.04	-
	Sales & Other Sales Income	5.43	4.09
Alchemie Finechem Private Limited	Purchase of Goods & Services	16.48	10.78
	Reimbursement of Exp	0.12	-
	Sales & Other Sales Income	13.74	21.44
Aarti Drugs Limited	Sales & Other Sales Income	15.12	10.95
	Reimbursement of Exp	0.76	-
Valiant Organics Limited	Purchase of Goods & Services	114.89	79.47
	Purchase of Assets	0.58	12.53
	Sales & Other Sales Income	295.89	247.56
	Interest Income	8.20	3.90
Aarti Surfactants Limited	Sales & Other Sales Income	-	0.06
	Reimbursement of Exp	0.14	-
Aarti Pharmalabs Limited	Purchase of Goods & Services	94.74	37.68
	Sales & Other Sales Income	23.30	95.70
	Reimbursement of Exp	0.52	-
Ganesh Polychem Ltd	Purchase of Goods & Services	15.94	17.63
	Sales & Other Sales Income	53.99	75.14
	Reimbursement of Exp	0.10	-
AARTI USA INC	Sales & Other Sales Income	140.70	156.02
Amulya Techline Engineers (Div of Dilesh Roadlines Private Limited)	Purchase of Assets	3.72	7.53

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

(₹ In Crs)

Name of related party	Closing Balances	As at 31st March, 2025	As at 31st March, 2024
Alchemie Speciality Chemical Private Limited	Trade Receivable	8.34	1.56
	Trade Payable	11.99	2.93
Alchemie Finechem Private Limited	Trade Receivable	5.25	8.72
Aarti Drugs Limited	Trade Receivable	6.35	3.94
Valiant Organics Limited	Trade Receivable	128.60	134.64
	Trade Payable	9.55	3.40
Aarti Surfactants Limited	Trade Receivable	0.02	0.08
Aarti Pharmalabs Limited	Trade Payable	0.02	32.50
	Trade Receivable	1.45	78.13
Ganesh Polychem Limited	Trade Receivable	4.12	14.68
Aarti USA INC	Trade Receivable	20.18	109.13
Amulya Techline Engineers (Unit of Dilesh Roadlines Private Limited)	Capital Advance/ Loans & Advance	3.19	0.71
	Trade Payable	1.20	(4.47)

(c) Details relating to persons referred to in item III above

(₹ In Crs)

Particulars	Financial Year 2024-25	Financial Year 2023-24
a. Remuneration including perquisites	15.73	9.75
b. Commission to Directors	9.47	12.01
c. Sitting Fees	1.00	1.41
d. Rent paid	-	0.76
e. Travelling Expenses	0.78	0.14
f. Telephone Expenses	0.04	0.06
g. Loans & Advances outstanding	0.80	0.50
TOTAL	27.82	**24.63**

*Provision towards gratuity & leave salary expenses are determined actuarially for the Company as a whole on an annual basis and accordingly have not been considered in the above information.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

38. EMPLOYEE BENEFITS DISCLOSURES

A) Defined Contribution Plan

Contribution to Defined Contribution Plans, recognised as expenses for the year is as under:

(₹ In Crs)

Particulars	2024-25	2023-24
Employer's Contribution to Provident Fund	0.64	0.62
Employer's Contribution to Superannuation Fund	0.48	0.44
Employer's Contribution to Pension Scheme	16.75	16.36

B) Defined Benefit Plan

The employees' gratuity fund scheme managed by Life Insurance of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

(₹ In Crs)

	Particulars	Gratuity (funded) 2024-25	Gratuity (funded) 2023-24
a.	**Reconciliation of Opening and Closing balances of Defined Benefit Obligation:**		
	Defined Benefit Obligation at beginning of the Year	39.26	32.16
	Current Service Cost	5.38	4.81
	Interest Cost	2.83	2.38
	Actuarial(Gain)/Loss	4.14	3.80
	Liability Transferred Out/Divestments	-	-
	Benefits Paid	(4.94)	(3.89)
	Defined Benefit Obligation at year end	**46.67**	**39.26**
b.	**Reconciliation of opening and closing balances fair value of plan assets:**		
	Fair value of plan assets at beginning of the year	27.18	31.22
	Expected return of plan assets	1.96	2.30
	Assets Transferred Out/Divestments	-	(3.23)
	Return on Plan Assets, Excluding Interest Income	0.95	(0.74)
	Employer Contribution	18.61	1.52
	Benefits Paid	(4.94)	(3.89)
	Fair value of plan assets at year end	**43.76**	**27.18**
	Actual return on plan assets	**2.91**	**1.56**
c.	**Reconciliation of Fair Value of Assets and Obligations:**		
	Fair Value of Plan Assets	43.76	27.18
	Present Value of Benefit Obligation	46.67	39.26
	Amount Recognized in Balance Sheet	2.91	12.08
d.	**Expenses recognized during the year:**		
	Current Service Cost	5.38	4.81
	Interest Cost	2.83	2.38
	Expected return on plan assets	(1.96)	(2.30)
	Net Cost	6.25	4.89
e.	**Investment Details:**		
	L.I.C Group Gratuity (Cash Accumulation) Policy	100% Invested with L.I.C.	100% Invested with L.I.C.
f.	**Actuarial assumptions:**		
	Mortality Table (L.I.C.)	2012-14 (Ultimate)	2012-14 (Ultimate)
	Discount rate (per annum)	6.71%	7.21%
	Expected rate of return on plan assets (per annum)	6.71%	7.21%
	Rate of escalation in Salary (per annum)	5.00%	5.00%
	Rate of Employee Turnover	10.00%	10.00%

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

C) Sensitivity Analysis

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.The result of Sensitivity analysis is given below:

(₹ In Crs)

Particulars	2024-25	2023-24
Delta Effect of +1% Change in Rate of Discounting	(2.47)	(2.03)
Delta Effect of -1% Change in Rate of Discounting	2.78	2.28
Delta Effect of +1% Change in Rate of Salary Increase	2.64	2.18
Delta Effect of -1% Change in Rate of Salary Increase	(2.41)	(1.99)
Delta Effect of +1% Change in Rate of Employee Turnover	0.19	0.20
Delta Effect of -1% Change in Rate of Employee Turnover	(0.23)	(0.24)

D) Maturity Analysis of the Benefit Payments

Projected Benefits Payable in Future Years From the Date of Reporting

(₹ In Crs)

Particulars	2024-25	2023-24
1st Following Year	5.75	5.11
2nd Following Year	5.08	3.95
3rd Following Year	5.42	4.77
4th Following Year	5.85	4.85
5th Following Year	5.30	4.68
Sum of Years 6 To 10	19.71	17.28
Sum of Years 11 and above	27.81	24.33

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 ₹22.02 Crs (previous year ₹20.69 Crs) has been provided in the Books of Accounts.

E) 1. Description of Share-based Payment Arrangements

1.1 Performance Stock Option Plan (PSOP) Overview

The Company has established an Performance Stock Option Plan (PSOP) 2022 to attract, retain and motivate key employees. The plan is administered by the Nomination and Remuneration Committee of the Board of Directors. During the year, the Company has granted stock options to eligible employees under Performance Stock Option Plan (PSOP). Each option entitles the holder to purchase one equity share of the Company at the exercise price determined at the date of grant.

Financial Year (Year of Grant)	Number of Options Outstanding		Financial Year of vesting	Exercise Price	Range of Fair Value at Grant Date
	As at 31/3/25	As at 31/3/24			
2023-24	54280	79952	FY 24-25- FY 26-27	5	529-535
2024-25	196400	-	FY 25-26- FY 27-28	5	450-675

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

1.2 Key Terms and Conditions of Share-based Payment Arrangements

FY 24-25		FY 23-24	
Particulars	**Details**	**Particulars**	**Details**
Date of grant	22-05-2024, 17-06-2024 & 01-02-2025	Date of grant	06-05-2023
Number of options granted	2,00,600	Number of options granted	79,952
Exercise price	₹5	Exercise price	₹5
Vesting period	3 years with 33.33% vesting at the end of each year from the date of grant	Vesting period	3 years with 33.33% vesting at the end of each year from the date of grant
Exercise period	3 years from the date of vesting	Exercise period	3 years from the date of vesting
Vesting conditions	Performance Based	Vesting conditions	Performance Based

2. Measurement of Fair Value

2.1 Fair Value of Options Granted During the Year

The weighted average fair value of the stock options granted during the year is ₹648.48 per option. The fair value at grant date was determined using the Black-Scholes option pricing model, considering the terms and conditions upon which the options were granted.

2.2 Key inputs and assumptions used in FV measurement

Assumption	Value	
	2024-25	2023-24
Expected Volatility	33.75%	33.21%
Expected Life	3.5 Years	3.51 Years
Expected Dividends	0.01%	0.46%
Risk-free Interest Rate	6.88%	6.81%
Weighted Average Share Price	652.52	544.50
Model Used	Black-Scholes	Black-Scholes

2.3 Fair Valuation on the Grant Dates

		PSOP-2022			
i)	Weighted Average Exercise price	5	5	5	5
ii)	Grant Date	06.05.2023	22.05.2024	17.06.2024	01.02.2025
iii)	Vesting Year	2024-25 to 2026-27	2025-26 to 2027-28	2025-26 to 2027-28	2025-26 to 2027-28
iv)	Share Price at Grant Date	544.5	630.2	675.75	459.65
v)	Expected Price Volatility of Company's Share	32.28%-34.58%	32.86%-35.1%	33.02%-35.23%	34.16%-34.71%
vi)	Expected Dividend Yield	0.46	0	0	0.22
vi)	Risk Free Interest Rate	6.78%-6.85%	6.91%-6.93%	6.86%-6.88%	6.49%-6.53%

The expected volatility reflects the assumption that the historical volatility over a period like the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

3. Reconciliation of Outstanding Share Options

3.1 Movement of Stock Options During the Year

Particulars	Number of Options	Weighted Average Exercise Price ( )
Outstanding at the beginning of the year	79,952	5
Granted during the year	2,00,600	5
Forfeited/lapsed during the year	13,997	5
Exercised during the year	15,875	5
Outstanding at the end of the year	2,50,680	5
Exercisable at the end of the year	0	5

4. Effect of Share-based Payment Transactions on the Entity's Profit or Loss and Financial Position

4.1 Expense Recognized in Statement of Profit and Loss

Particulars	Amount (in Crs)
Employee stock option expense recognized	7.09
Total expense recognized in 'Employee Benefits Expense'	420.16

39. 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		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of Consolidated net assets	(Amt in Crs)	As % of Consolidated Profit or Loss	(Amt in Crs)	As % of Consolidated Profit or Loss	(Amt in Crs)	As % of Consolidated Profit or Loss	(Amt in Crs)
Parent								
Aarti Industries Limited	100.23%	5,618.13	102.67%	339.7	106.98%	15.22	102.85%	354.92
Subsidiaries								
Alchemie (Europe) Limited	(0.10)%	(5.42)	(0.71)%	(2.35)	0.00%	0.00	(0.68)%	(2.35)
Aarti Corporate Services Limited	0.09%	5.28	(0.32)%	(1.06)	(6.98)%	(0.99)	(0.59)%	(2.05)
Innovative Envirocare Jhagadia Limited	0.00%	0.15	0.00%	(0.00)	0.00%	0.00	0.00%	(0.00)
Nascent Chemical Industries Limited	-	-	0.00%	(0.02)	0.00%	0.00	0.00%	(0.02)
Shanti Intermediates Private Limited	0.00%	0.10	(0.02)%	(0.07)	0.00%	0.00	(0.02)%	(0.07)
Aarti Polychem Private Limited	0.00%	(0.01)	0.00%	(0.00)	0.00%	0.00	0.00%	(0.00)
Aarti Bharuch Limited	(0.12)%	(6.81)	(2.00)%	(6.60)	0.00%	0.00	(1.91)%	(6.60)
Aarti Spechem Limited	0.00%	(0.03)	(0.07)%	(0.24)	0.00%	0.00	(0.07)%	(0.24)
Aarti Chemical Trading FZCO	0.02%	0.90	0.27%	0.90	0.00%	0.00	0.26%	0.90
Aarti Chemical Trading USA	0.05%	2.83	0.82%	2.71	0.00%	0.00	0.79%	2.71
Non Controlling Interest in all Subsidiaries	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Joint Ventures								
Augene Chemical Private Limited	0.00%	-	(0.02)%	(0.06)	0.00%	0.00	(0.02)%	(0.06)
Inter Company Elimination & Consolidation Adjustment	(0.18)%	(9.89)	(0.62)%	(2.04)	0.00%	-	(0.59)%	(2.04)
TOTAL	**100.00%**	**5,605.22**	**100.00%**	**330.87**	**100.00%**	**14.22**	**100.00%**	**345.09**

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

40. FAIR VALUE MEASUREMENTS:

Financial instruments by category

(₹ In Crs)

Particulars	As at 31st March 2025				As at 31st March 2024			
	Carrying Amount	Level 1	Level 2	Level 3	Carrying Amount	Level 1	Level 2	Level 3
Financial Assets								
At Amortised Cost:								
Investments	31.79	-	-	-	3.64	-	-	-
Loans and Advances (Non-current)	0.06	-	-	-	0.3	-	-	-
Trade Receivables	786.06	-	-	-	854.18	-	-	-
Cash and Cash Equivalents	199.39	-	-	-	428.29	-	-	-
Other Bank Balances	95.58	-	-	-	87.95	-	-	-
Loans and Advances (Current)	6.27	-	-	-	8.28	-	-	-
Other Financial Assets	16.32	-	-	-	16.71	-	-	-
At FVTOCI:								
Investments	15.84	2.66	-	13.18	19.28	3.79	-	15.49
Financial Liabilities								
At Amortised Cost:								
Borrowings	3,789.55	-	-	-	3,564.29	-	-	-
Lease Liabilities	58.24	-	-	-	58.38	-	-	-
Trade Payables	1,237.48	-	-	-	724.92	-	-	-
Other Current Financial Liabilities	202.26	-	-	-	136.56	-	-	-

The financial instruments are categorized into three 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.

Level 3: Inputs based on unobservable market data

41. 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, 2025

The company has a prudent and conservative process for managing its credit risk arising in the course of its business activities. Sales made to customers on credit are generally secured through Letters of Credit Bank Guarantees Parent Company Guarantees advance payments and factoring & forfaiting without recourse to AIL.

Credit risk management

To manage the credit risk the Company follows an adequate credit control policy and also has an external credit insurance cover 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 materially 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, 2025

Maturities of non-derivative financial liabilities

(₹ In Crs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	1,237.48	-	-	1,237.48
Other financial liabilities	2,135.50	1,254.32	660.23	4,050.05
Total	**3,372.98**	**1,254.32**	**660.23**	**5,287.53**

As at 31st March, 2024

Maturities of non-derivative financial liabilities

(₹ In Crs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	724.92	-	-	724.92
Other financial liabilities	2,186.05	995.64	577.54	3,759.23
Total	**2,910.97**	**995.64**	**577.54**	**4,484.15**

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

III. Market risk

a) 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.

(₹ In Crs)

Particulars	Foreign Currency Exposure	
	As at 31st March 2025	As at 31st March 2024
	USD	USD
Borrowings	(1,626.68)	(1,454.61)
Trade and Other Payables	(467.70)	(101.74)
Trade and Other Receivables	958.96	660.74
Foreign Currency hedged	31.42	248.38
Forward Contracts	(250.73)	(487.47)
Net Exposure to foreign currency risk	**(1,354.73)**	**(1,134.70)**

Sensitivity analysis of 1% change in exchange rate at the end of Reporting period

(₹ In Crs)

Particulars	Foreign Currency Sensitivity	
	As at 31st March 2025	As at 31st March 2024
	USD	USD
1% Depreciation in INR		
Impact on Equity (OCI Component)	(2.74)	(3.75)
Impact on P or L	(10.81)	(7.60)
Total	**(13.55)**	**(11.35)**
1% Apreciation in INR		
Impact on Equity (OCI Component)	2.74	3.75
Impact on P or L	10.81	7.60
Total	**13.55**	**11.35**

The Company uses forward exchange contracts to hedge the foreign exchange risk arising from its future commercial transactions and existing recognized assets and liabilities. The Company adopts a policy to hedge the risk of changes in foreign exchange rates associated with highly probable forecast transactions and takes adequate forward hedges in line with its policy.

The following table details the forward foreign currency contracts outstanding at the end of the reporting period:

Contract Type	Currency	Notional Amount	Maturity	Fair Value
Forward Contracts	USD	69.2 mn	within 3 years	591.15 Crs

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to long-term debt obligations with floating interest rates.

(₹ In Crs)

Borrowings	As at 31st March 2025	As at 31st March 2024
Non-Current - Floating	2,107.73	1,993.22
Non-Current - Fixed	(18.75)	(43.75)
Current	1,680.42	1,570.22
Total	**3,769.40**	**3,519.69**

Interest Rate Sensitivity Analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, with all other variables held constant. The Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ In Crs)

Basis Points	2024-25	2023-24
50	(18.85)	(17.60)
-50	18.85	17.60

c) 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.

42. CAPITAL MANAGEMENT:

For the purpose of the Company's capital management capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure the Company may adjust the dividend payment to shareholders return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio which is net debt divided by total capital plus net debt. Net Debt is calculated as loans and borrowings less cash & marketable securities.

(₹ In Crs)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Gross Debts	3,789.55	3,564.29
Less: Cash and Marketable Securities	297.63	520.03
Net Debt (A)	**3,491.92**	**3,044.26**
Total Equity (B)	**5,605.22**	**5,290.49**
Net Gearing ratio (A/B)	**0.62**	**0.58**

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

43. INVESTMENTS IN JOINT VENTURES

A.1 Accounting Policy for Joint Ventures

The Company has interests in the following joint venture, which is accounted for using the equity method in these financial statements. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the investee after the date of acquisition. Distributions received from the investee reduce the carrying amount of the investment. The Company has 50% voting rights in the joint venture.

A.2 Information about Joint Ventures

Joint Venture Details

Particulars	Augene Chemical Private Limited
Principal place of business	801:801/23, GIDC Estate Phase III, Vapi 396 195, Gujarat
Country of incorporation	India
Proportion of ownership interest/voting rights	50%
Nature of relationship	Manufacturing of Chemicals and Chemical Product
Measurement method	Equity method

Summarized Financial Information

The table below provides summarized financial information for Augene Chemical Private Limited. The information disclosed reflects the amounts presented in the financial statements of the joint venture and not the Company's share of those amounts.

(₹ In Crs)

Particulars	As at 31st March,2025	As at 31st March,2024
Balance Sheet		
Current assets	2.59	0.05
- Cash and cash equivalents	2.17	0.05
Non-current assets	43.80	NIL
Current liabilities	0.00	0.00
- Current financial liabilities (excluding trade payables and provisions)	NIL	NIL
Non-current liabilities	NIL	NIL
- Non-current financial liabilities (excluding trade payables and provisions)	NIL	NIL
Net assets	**46.39**	**0.05**

(₹ In Crs)

Statement of Profit and Loss	Year ended 31st March,2025	Year ended 31st March,2024
Revenue	NIL	NIL
Profit/(loss) from continuing operations	(0.12)	(0.00)
Post-tax profit/(loss) from discontinued operations	NIL	NIL
Other comprehensive income	NIL	NIL
Total comprehensive income	(0.12)	(0.00)
Depreciation and amortization	NIL	NIL
Interest income	NIL	NIL
Interest expense	NIL	NIL
Income tax expense/(credit)	NIL	NIL

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

Reconciliation to Carrying Amounts

(₹ In Crs)

Particulars	FY 2024-25	FY 2023-24
Opening net assets	0.05	NIL
Profit/(loss) for the year	(0.12)	(0.00)
Other comprehensive income	NIL	NIL
Dividends paid	NIL	NIL
Other adjustments	46.46	0.05
Closing net assets	46.39	0.05
Company's share in %	[50%]	[100%]
Company's share in	23.19	0.05
Goodwill	NIL	NIL
Other adjustments	NIL	NIL
Carrying amount	23.19	0.05

Share of Profit/(Loss) and Other Comprehensive Income

(₹ In Crs)

Particulars	FY 2024-25	FY 2023-24
Share of profit/(loss)	(0.06)	(0.00)
Share of other comprehensive income	NIL	NIL
Share of total comprehensive income	(0.06)	(0.00)
Dividends received	NIL	NIL

Commitments and Contingent Liabilities

(₹ In Crs)

Particulars	As at 31st March,2025	As at 31st March,2024
Capital commitments in relation to interests in joint ventures	55.98	NIL
Contingent liabilities incurred relating to interests in joint ventures	25.89	NIL
Share of contingent liabilities incurred jointly with other investors	NIL	NIL
Contingent liabilities arising because the entity is severally liable for the liabilities of the joint venture	NIL	NIL

During the Year company has converted one of its subsidiary "Augene Chemical Private Limited" to Joint Venture with UPL Limited, both having equal stake in the same. Both the investment entities have propose to initially invest ₹12.5 Crores each, in equity share capital of ACPL. Subsequently, over a period of about 24 months, it is proposed to invest ₹137.50 crores by each JV partner in one or more tranches in the form of equity capital/preference share capital/debt.

As on date of Conversion, All the Assets & Liabilities of the subsidiary has been derecognized while company has not received any consideration from the transaction, only control has been lost since subsidiary has not started its business operations on the conversion date there is no material change which needs to be disclosed in financial statements

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

44. RATIO ANALYSIS:

Particulars	Numerator	Denominator	As at 31st March, 2025	As at 31st March, 2024	% Variance
Current Ratio	Total Current Assets	Total Current Liabilities	0.80	1.01	(20.79)%
Debt-Equity Ratio	Total Debt	Total Equity	0.68	0.67	0.35%
Debt Service Coverage Ratio (b)	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	"Debt service = Interest + Principal repayments of Long Term Borrowings"	0.9	1.00	(10.00)%
Return on Equity Ratio (a)	Net Profits after Taxes	Average Total Equity	6.07%	8.16%	(25.54)%
Inventory Turnover Ratio	Cost of Goods Sold	Average Inventory	4.4	4.7	(6.38)%
Trade Receivables Turnover Ratio	Revenue from Operations	Average Trade Receivable	9.8	7.8	25.64%
Trade Payables Turnover Ratio (c)	Purchase of materials and stock in trade	Average Trade Payables	4.69	8.45	(44.53)%
Net Capital Turnover Ratio	Revenue from Operations	Working capital = Current assets – Current liabilities	-	14.47	(100.00)%
Net Profit Ratio	Net Profit after Tax	Revenue from Operations	4.10%	5.90%	(30.51)%
Return on Capital Employed	Earnings before Interest and Taxes & Depreciation	Average Capital Employed = Tangible Net Worth + Total Debt	11.64%	12.36%	(5.89)%
Return on Investment (a)	Profit for the year	Total Equity	5.90%	7.87%	(25.01)%

Notes for Ratio:

a. During the year some vendor payment terms have been revised upwards and also one of the key RM is being sourced at credit of over 90 days resulting in the increase in payable days.

b. Revision in payment terms for major vendors and optimising the current assets resulted in the reduction of NWC. Further the company resorted to certain short term borrowings to finance part of its long term working capital needs, which resulted into increase in borrowings. As a result of these, the NWC (including Short term borrowings) turned negative at the end of FY25.

c. Finance costs for the year increased substaintailly on account of interest rate increase and also impact of rupee depreciation (revaluatoin loss) on long term foreign currency loans. Further depreciation for the year also increased due to commissioning of various ongoing projects. As a result of these increases in the Finance costs and Depreciation, despite increase in EBIDTA, the Net profit for the year was lower as compared to previous year.

45. OTHER DISCLOSURES

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(ii) The Company do not have any transactions with companies struck off. under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.

(iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

(v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vi) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(vii) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

(viii) Events after the reporting period

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are approved by the Board of Directors in case of a company, and, by the corresponding approving authority in case of any other entity for issue. Two types of events can be identified:

(a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and

(b) those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

As on 31st March,2025 there were no material subsequent events to be recognized or reported that are not already disclosed.

46. The figures of previous year have been regrouped and rearranged wherever necessary.

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

Uday Girjapure
Partner
M.No. 161776
Place: Mumbai
Date: May 8, 2025

For and on behalf of the Board

Rajendra V. Gogri
Chairman and Managing Director
DIN: 00061003

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

Suyog K. Kotecha
Chief Executive Officer and Executive Director
DIN: 10634964

Chetan Gandhi
Chief Financial Officer
ICAI M.No. 111481

Raj Sarraf
Company Secretary
ICSI M.No. A15526

ESG Data Pack - Index Highlighting all The Sustainability Performance Numbers of AIL for FY 2024-25

SUSTAINABILITY PERFORMANCE DATA

GOVERNANCE

Number of confirmed incidents on breach of information security and action taken - (GRI 418-1)

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Customer privacy and losses of customer data	Ratio	0	0	0	0

Number of Confirmed breaches against employees and action taken - (GRI 205-3)

Types of breaches	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Corruption or Bribery	Number	1	0	0	0
Discrimination or Harassment	Number	0	0	0	0
Conflicts of Interest	Number	0	0	0	0
Money Laundering or Insider trading	Number	0	0	0	0
Anti Competitive practices	Number	0	0	0	0

Number of Confirmed breaches against suppliers/Business partners and action taken - (GRI 205-3)

Types of breaches	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Corruption or Bribery	Number	0	0	0	0
Customer privacy and losses of Customer data	Number	0	0	0	0

Number of public legal cases regarding corruption against the organization or employees - (GRI 205-3)

Types of breaches	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Corruption or Bribery	Number	0	0	0	0
Customer privacy and losses of customer data	Number	0	0	0	0

Training on Business ethics- (GRI 205-2)

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Employees trained on business ethic	Number	5828	6185	6100	5868
	%	100	100	100	100

Due Diligence of Trading Partners on Corruption and Information Security Criteria

Types of breaches	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
No of target Trading partner	Number	-	-	-	9
No of Trading Partner assessed	Number	-	-	-	7
% of Trading partner assessed against target	%	-	-	-	78%

Audit on business ethic's internal controls

Types of breaches	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
No of internal audits on business ethics issue	Number	28	28	28	28
% of sites covered under under business ethics audit	%	100	100	100	100

Training on information security

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Employees trained on information security	Number	5828	6185	6100	5868
	%	100	100	100	100

Country-by-country reporting - (GRI 207-4)

Tax Jurisdiction	India	UK	UAE	USA
Name of Resident entities	Aarti Industries Limited Nascent Chemical Industries Limited Shanti Intermediate Private Limited Aarti Corporate Services Limited Innovative Envirocare Jhagadia Limited Aarti Polychem Private Limited Aarti Bharuch Limited Aarti Spechem Limited AUGENE CHEMICAL PRIVATE LIMITED	Alchemie Europe	Aarti Chemical Trading-FZCO	Aarti Chem Trading USA Inc
Primary activities of the organization	Manufacturing	Trading	Trading	Trading
Number of employees and basis of calculation for this number	5,868	2	0	0
Total Employee remuneration	₹4,220.91 Million	GBP 30544	AED 0	0.00
Taxes withheld and paid on the behalf of employees	₹110.24 Million	0	0.00	0.00
Taxes collected form customers on behalf of tax authority	₹7,746.94 Million	GBP 2909	0.00	0.00
Industry related and other taxes or payments to government	₹21.61 Million	0	0.00	0.00
Significant uncertain tax positions	0	0	0	0
Revenues from third party sales	₹65,717.30 Million	GBP 3719579	AED 204212228	USD 18268062
Revenues from intra group transactions with other tax jurisdictions	₹7,433.21 Million	GBP 79460	AED 39663000	0.00
Profit/loss before tax	₹3,080.06 Million	GBP (-257467)	AED 381910	USD 321078
Tangible assets other than cash and cash equivalents	₹78,332.88 Million	GBP 18035.5	0.00	0.00
Corporate income tax paid on cash basis	₹138.37 Million	0	0.00	0.00
Corporate income tax accrued on profit/loss	₹548.27 Million	0	AED 683	0.00
Reasons for difference between corporate income tax accrued on profit/loss and the tax due if the stationary tax rate is applied to profit/loss before tax'	0	NA	To be paid in current year	NA
The time period covered by the information reported above	01.04.2024 to 31.03.2025	01.04.2024 to 31.03.2025	01.04.2024 to 31.03.2025	01.04.2024 to 31.03.2025

ENVIRONMENT

Energy consumption - (GRI 302-1, GRI 302-2)

Source	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Coal	GJ	58,33,376	67,08,371	59,05,285	59,31,627
Diesel	GJ	9,048	14,319	14,391	20,292
Natural Gas	GJ	81,548	77,532	78,111	1,27,440
Furnace Oil /LSHS	GJ	942	0	8,262	1,16,491
LDO	GJ	8,170	10,339	8,458	8,811
Power Consumed from WHRB	GJ	77,969	72,225	71,754	71,087
Steam consumed from WHRB	GJ	3,42,532	2,44,718	4,11,209	4,15,773
Purchased steam	GJ	1,68,970	1,31,367	5,88,866	6,32,093
Purchased Electricity	GJ	4,65,624	6,17,588	5,63,183	5,50,692
Total non-renewable energy consumption	GJ	**69,88,181**	**78,76,459**	**76,49,519**	**78,74,304**
Bio Mass	GJ	0	3,426	6,134	1,933
Renewable Power	GJ	0	0	53,580	1,97,746
Solar Power Generated	GJ	1,496	745	1,372	1,787
Total renewable energy consumption	GJ	**1,496**	**4,171**	**61,086**	**2,01,465**
Total energy consumption	GJ	**69,89,677**	**78,80,630**	**77,10,605**	**80,75,769**
% of total energy consumption from renewable sources	GJ	**0.02%**	**0.05%**	**0.79%**	**2.49%**

Energy consumption - (GRI 302-1, GRI 302-2)

Source	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Coal	MWH	16,20,382	18,63,436	16,40,370	16,47,675
Diesel	MWH	2,513	3,978	3,998	5,637
Natural Gas	MWH	22,652	21,537	21,698	35,400
Furnace Oil /LSHS	MWH	262	0	2,295	32,359
LDO	MWH	2,269	2,872	2,349	2,448
Power Consumed from WHRB	MWH	21,658	20,063	19,932	19,746
Steam consumed from WHRB	MWH	95,148	67,977	1,14,226	1,15,493
Purchased steam	MWH	46,936	36,491	1,63,575	1,75,581
Purchased Electricity	MWH	1,29,340	1,71,552	1,58,976	1,53,572
Total non-renewable energy consumption	MWH	**19,41,161**	**21,87,905**	**21,27,419**	**21,87,911**
Bio Mass	MWH	0	952	1,704	537
Renewable Power	MWH	0	0	15,482	39,586
Solar Power Generated	MWH	416	207	381	496
Total renewable energy consumption	MWH	**416**	**1,159**	**17,567**	**40,619**
Total energy consumption	MWH	**19,41,577**	**21,89,064**	**21,44,985**	**22,28,530**
% of total energy consumption from renewable sources	MWH	**0.02%**	**0.05%**	**0.82%**	**1.82%**
% of total energy consumption from grid	MWH	**99.98%**	**99.95%**	**99.18%**	**98.18%**

Energy Intensity - (GRI 302-3)

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Energy Intensity per Rupee of Turnover	GJ/INR	0.000088	0.000108	0.00011	0.0001004

Scope 1 and Scope 2 Emission Intensity - (GRI 305-4)

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Scope 1 and Scope 2 Emissions per Rupee of Turnover	TCO_2e/INR	0.0000091	0.0000113	0.0000111	0.0000098

Scope 1 and 2 Emission Details

Emissions Category	Total Emissions (tCO2e)			
	FY21-22	FY22-23	FY23-24	FY24-25
Coal	563,069	647,358	569,860	572,402
Biomass	0	7	12	3.85
HSD	673	1,064	1,071	1,509
Natural Gas	4,579	4,353	4,400	7,168
Furnace Oil	73	0	0	0
LSHS	0	0	642	9,051.33
LDO	607	768	629	655.58
Process CO_2e emission	30,363	32,152	29,005	30,033
Total Scope 1	**599,265**	**685,701**	**605,619**	**620,823**
Location based Scope 2 emission				
Electricity	101,791	121,801	124,913	151,581
Steam	16,310	12,677	56,826	60,997
Total (Location - Based Scope 2)	**118,101**	**134,478**	**181,738**	**212,578**
Market based Scope 2 emission				
Electricity	101,791	121,801	113,827	111,647
Steam	16,310	12,677	55,396	59,363
Total (Market - Based Scope 2)	**118,101**	**134,478**	**169,223**	**171,010**
Total Scope 1 and location based scope 2 emission	**717,366**	**820,180**	**787,358**	**833,400**
Total Scope 1 and market based scope 2 emission	**717,366**	**820,180**	**774,843**	**791,833**
Total Scope 3 emission	**1,556,050**	**2,300,331**	**2,024,645**	**1,941,181**

Water Withdrawal - (GRI 303-3)

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Water Withdrawal by Source					
Surface Water	KL	0	0	0	0
Groundwater	KL	0	0	0	0
Third party water	KL	23,29,428	25,96,187	26,57,491	26,82,032
Seawater	KL	0	0	0	2,40,995
Others (Rainwater)	KL	6,010	6,547	8,223	8,507
Total Water Withdrawal	KL	**23,35,438**	**26,02,734**	**26,65,714**	**29,31,534**
Total Fresh Water withdrawal(excluding saltwater)	KL	**23,35,438**	**26,02,734**	**26,65,714**	**26,90,539**

Effluent Discharge by Destination - (GRI 303-4)

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Surface Water	KL	0	0	0	0
Groundwater	KL	0	0	0	0
Seawater	KL	40,191	76,465	1,02,756	1,57,414
Third parties	KL	1,35,949	1,39,520	1,32,988	1,25,633
Others	KL	0	0	0	0
Total Effluent Discharged	KL	**1,76,140**	**2,15,985**	**2,35,744**	**2,83,047**
Total effluent discharge (excluding saltwater)	KL	**1,35,949**	**1,39,520**	**1,32,988**	**1,25,633**
Total Pollutant Discharge (COD in MT)	MT	**52.5**	**57.2**	**59.6**	**64.3**

Water consumption in areas with water stress as per WRI- AQUEDUCT Water Risk Atlas - (GRI 303-5)

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Total net freshwater consumption in water-stressed areas = (Total water withdrawals - Total water discharges)	KL	21,59,297	23,86,749	24,29,970	26,48,486
Water Intensity per Rupee of Turnover	KL/INR	0.0000273	0.0000328	0.0000347	0.0000329
Data coverage	% of operational sites	100	100	100	100

Business impact of Water related incidents - (GRI 306-3)

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
No of water related incidents	Number	0	0	0	0
Total actual and opportunity costs (e.g. forgone income) from water-related incidents	INR	0	0	0	0

Total Waste Disposal (Hazardous and Non-hazardous) - (GRI 306-3, GRI 306-4, GRI 306-5)

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Total waste generated	MT	3,62,287	3,91,686	4,38,519	4,68,020
Total waste reused	MT	0	12	35.42	59.7
Total waste sent to recyclers/recyled within AIL	MT	3,22,525	3,49,023	3,96,672	4,22,894
Total waste recycled and reused	MT	3,22,525	3,49,035	3,96,708	4,22,954
Total waste to co-processing (waste incinerated with energy recovery)	MT	3,431	7,366	11,462	19,193
Total waste incinerated without energy recovery	MT	5,457	6,366	4,469	4,483
Total waste landfilled	MT	30,874	28,919	25,880	21,391
Total waste disposed	MT	39,762	42,651	41,811	45,066
Total weight of waste recovered	MT	3,25,956	3,56,401	4,08,170	4,42,147
Percentage of total waste from company operations diverted from landfills	%	90%	91%	93%	94%

Return on Environment investments

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Capital Investments	INR	3,98,41,418	25,56,31,281	12,94,38,494	1,02,10,71,887
Operating Expenses	INR	67,79,45,154	91,66,00,000	1,23,92,67,742	1,06,51,32,572
Total Expenses = Capital Investment + Operating Expenses	INR	71,77,86,572	1,17,22,31,281	1,36,87,06,236	2,08,62,04,459
Savings, cost avoidance, income, tax incentives, etc.	INR	4,50,00,000	12,70,00,000	15,88,00,000	20,00,00,000
% of operations covered	%	100%	100%	100%	100%

Significant accidental pollution events from spills and leakages - (GRI 306-3)

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Water pollution event	Number	0	0	0	0
Land pollution event	Number	0	0	0	0
Air pollution event	Number	0	0	0	0
Total accidental pollution event	Number	0	0	0	0

Employees trained on specific environmental issues - (GRI 404)

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Employees trained	Number	5828	6185	6100	5868
%of employees trained on specific environmental issues	%	100	100	100	100

Environment violations and fines - (GRI 2-27)

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Number of violations of legal obligations/regulations	Number	0	0	0	0
Amount of fines/penalties related to the violations	INR	0	0	0	0

SOCIAL

Work-related Injuries - (GRI 403-9)

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Number of Fatalities as a Result of Work-Related Injury	Employees	0	0	0	0
	Workers	0	0	0	2
Rate of Fatalities as a Result of Work-Related Injury (per 1,000,000 Hours)	Employees	0	0	0	0
	Workers	0	0	0	0.11
Number of High-Consequence Work- Related Injuries (Excluding Fatalities)	Employees	0	0	0	0
	Workers	0	0	0	0
Rate of high-consequence workrelated injuries (excluding fatalities) (per 1,000,000 hours)	Employees	0	0	0	0
	Workers	0	0	0	0
Number of Man-Hours Worked	Employees	1,15,77,039	1,28,66,295	1,25,00,073	1,26,83,431
	Workers	1,87,99,029	2,15,73,790	1,58,11,321	1,86,67,622
Number of Recordable work-related accidents	Employees	18	20	10	14
	Workers	17	27	22	18
Number of days lost to recordable work-related injuries, fatalities and ill health	Employees	360	43	67	0
	Workers	96	220	0	13,836
Rate of Recordable Work-Related Injuries and Illness (per 1,000,000 hours)- TRIFR	Employees	2.68	1.94	0.8	1.1
	Workers	1.76	1.62	1.39	0.91
Process Safety Incident Count (PSIC)		0	0	0	0
Process Safety Total Incident Rate (PSTIR)		0	0	0	0
Number of transport incidents		0	0	0	1

Work-Related ill Health - (GRI 403-10)

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Fatalities as a Result of Work Related - ill Health	Employees	0	0	0	0
	Workers	0	0	0	0

Employee Training on Occupational Health and Safety - (GRI 403-5)

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Number of training hours	Hours	21390	24543	37,110	53220
Number of Employees trained on specific Health and safety issues	Number	5498	2874	4878	6163
%of employees trained on specific Health and safety issues	%	94%	46%	80%	100%

Worker Training on Occupational Health and Safety - (GRI 403-5)

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Training on Safety - Non Permenant Worker	Number	27891	32625	20976	40444
	Hours	35165	54572	42709	68187

Operational site assessed for Employee Health and safety risk - (GRI 403-2)

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Number of employee health and safety risk assessment conducted	Number.	251	222	186	78
Percentage of operational sites assessed on Employee Health and safety risks	%	100	100	100	100

Headcount by Gender - (GRI 2-7, GRI 2-8)

Details of Employees and Workers	FY 2021-22		FY 2022-23		FY 2023-24		FY 2024-25	
	Male	Female	Male	Female	Male	Female	Male	Female
Employees								
Permanent	3,040	157	2,582	154	2496	154	2287	156
Other than Permanent	67	2	25	1	33	3	14	1
Total Employees	3,107	159	2,607	155	2529	157	2301	157
Workers								
Permanent	2,627	4	3,422	27	3416	34	3383	42
Other than Permanent	6,062	375	6,918	344	8920	388	7610	421
Total Workers	8,689	379	10,340	371	12336	422	10993	463

Headcount for Employees by Designation and Age - (GRI 2-7, GRI 405-1)

Category	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
By Gender				
Male	5664	6004	5912	5670
Female	164	181	188	198
By Age				
Under 30 years	2307	2802	2679	2386
30-50 years	3143	3021	3039	3349
Over 50 years	378	362	382	133
By Management				
Top Management employees	4	6	5	5
Senior Management employees	123	126	129	127
Middle Management employees	370	350	336	345
Junior Management employees	2054	2254	2180	1966
Supervisory/Technician employees	3277	3449	3450	3425

New Hires - (GRI 401-1)

Category	FY 2021-22		FY 2022-23		FY 2023-24		FY 2024-25	
	Total number	Ratio in %	Total number	Ratio in %	Total number	Ratio in %	Total number	Ratio in %
By Gender								
Male	1430	96%	1843	96%	1237	96%	929	94%
Female	62	4%	78	4%	51	4%	60	6%
By Age								
Under 30 years	986	66%	1504	78%	1008	78%	775	78%
30-50 years	493	33%	412	21%	279	22%	214	22%
Over 50 years	13	1%	5	0%	1	0%	0	0%
By Management								
Top Management employees	0	0%	0	0%	0	0%	1	0%
Senior Management employees	15	1%	19	1%	5	0%	4	0%
Middle Management employees	51	3%	38	2%	23	2%	25	3%
Junior Management employees	745	50%	844	44%	593	46%	482	49%
Supervisory/Technician employees	681	46%	1020	53%	667	52%	477	48%

Employee Turnover - (GRI 401-1)

Parameter	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Total employee turnover rate %	16%	26%	22%	20%
Voluntary employee turnover rate %	16%	26%	22%	20%

Employee Turnover Rate

By Gender	Turnover Rate,%			
	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Male	15.27%	26.05%	21.94%	20.12%
Female	23.78%	35.36%	24.93%	24.87%

Employee Turnover Rate

By Age	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Under 30 years	25.79%	39.30%	31.27%	29.73%
30-50 years	8.72%	17.78%	15.25%	13.31%
Over 50 years	9.26%	7.84%	9.14%	13.59%

Wages Based on Management Position

	Average Male Salary FY 2024-25	Average Female Salary FY 2024-25
Executive Level (Base Salary)	5991861	6558935
Executive Level (Base Salary + other cash incentives)	7230917	8102664
Management Level (Base Salary)	941386	954126
Management Level (Base Salary + other cash incentives)	1006365	1015379
Non-Management Level (Base Salary)	395007	412917

Worker participation, consultation and communication on occupational health and safety & remediation processes - (GRI 403-4, GRI 2-25)

Particular	FY 2023-24	FY 2024-25
Number of suggestions received	85	99
Number of suggestions resolved	85	88
Number of suggestions in progress	0	11

Parental Leave - (GRI 401-3)

Parameter	FY 2020-21		FY 2021-22		FY 2022-23		FY 2023-24		FY 2024-25	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Number of Employees Entitled to Parental Leave	5,044	112	6,559	210	6,004	181	5912	188	5670	198
Total Employees Who Took Parental Leave	164	0	249	0	457	5	443	11	362	9
Total Number of Employees Who Returned to Work in the Reporting Period After Parental Leave Ended	164	0	249	0	457	5	443	11	362	9
Total Number of Employees Who Returned to Work After Parental Leave Ended and are Still Employed 12 Months after Their Return to Work.	126	0	249	0	142	0	310	3	321	9
Return to Work Rate (%)	76.89%	-	100%	-	100%	100%	100%	100%	100	100
Retention Rate (%)	-	-	-	-	57.03%	-	67.83%	60.00%	72.46%	81.82%

Average Hours of Training per Year per Employee - (GRI 404-1)

Type of Training	% of Total Hours				
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Behavioural	12%	33%	20%	28%	18%
Compliance	3%	1%	1%	2%	6%
Functional	20%	23%	40%	26%	33%
Sustainability	30%	39%	17%	17%	24%
System	15%	-	10%	9%	17%
Progressio (Emerging Talent Development Program)	-	-	-	2%	1%
Induction	20%	4%	12%	14%	2%

Security Training - (GRI 410-1)

Category	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Male	239	452	390	228	873
Female	5	10	8	7	10
Total	244	462	398	235	883

Refresher Training

Pillar	Anti-bribery and Corruption	Climate Change	Code of Conduct	Diversity & Inclusion	Human Rights, Discrimination and Harassment	Information Security and Data Privacy	POSH	Workplace Health and Safety
Unit	%	%	%	%	%	%	%	%
Employee coverage	100%	100%	100%	100%	100%	100%	100%	100%

Employee Engagement Score

Employee engagement score	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Employee engagement score	Out of 5	3.97	4.14	4.42	4.72

Operational site assessed for human rights impact or risks

Employee engagement score	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Number of human rights risk assessment conducted	No. of Divisions	16	16	16	16
Percentage of operational sites assessed for human rights impact or risks	%	100	100	100	100

Employee benefits - (GRI 401-2)

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Total employee-related expenses (salaries + benefits):	INR in Cr	433.56	383.1	401.66	420.16

Employee covered with Health Care - (GRI 403-6)

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Percentage of Employees covered Health care (Annual health check, health and mental wellbeing consultation, maternity benefits, insurance, etc)	%	100	100	100	100

Employee covered by Collective bargaining agreement - (GRI 407-1)

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Number of employees covered by collective agreements,	Number	73	74	75	72
Percentage of permenant employees covered by collective agreements	%	2.28%	2.70%	2.83%	2.95%

Career Management and Skill development - (GRI 404-3)

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Number of employees who received skill development training	%	2660	2976	5647	5609
Percentage of employees who received skills-related training	Number	83%	100%	92%	94%

Performance management - (GRI 404-3)

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Percentage of employee received regular performance and career development reviews	%	100%	100%	100%	100%
No of employee promoted to next level	Number		1000	936	781

Child labor, forced labor, and human trafficking - (GRI 408)

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Number of child or forced labor incidents reported	Number	0	0	0	0

Diversity, equity and inclusion - (GRI 405-1)

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Number of discrimination or harassment incidents reported	Number	1	0	0	0
Percentage of employees trained on diversity, equity, and inclusion	%	100%	100%	100%	100%
Percentage of employees trained on Human rights, Discrimination and harrassment	%	100%	100%	100%	100%
Percentage of employee trained on whistleblower procedure	%	100%	100%	100%	100%

Ratio of the annual total compensation for the highest paid individual, to the median annual total compensation for all employees

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
CMD-employee pay ratio	Ratio	196	197	139	99

Average unadjusted paygap

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25
% female to male unadjusted pay gap for employees	%	0.92	0.87	0.92
% female to male unadjusted pay gap for worker	%	0.99	1	1.04

% of Female Employees in Board Level - (GRI 405-1)

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
% female employees in Board	%	18.75%	18.75%	14.29%	14.29%

Employee Diversity By Religion

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Employees from minority group	%	4.56%	5.01%	6.13 %	5.51%
Executives from minority group	%	4.95%	3.57%	3.73 %	1.52%

Sustainable Procurement

Training and capability building on sustainable procurement - (GRI-414)

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
No of buyers covered in sustainable procurement training	Nos	74	88	62	94
Percentage of buyers across all locations who have received training on sustainable procurement	%	100	100	100	100

Training and Capacity-Building of Business Partners - (GRI-414)

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Number of BPs trained	Nos	74	88	113	76

Supplier Commitment Status to Sustainability Criteria

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Percentage of targeted suppliers with contracts that include clauses on environmental, labor, and human rights requirements	%	100	100	100	100
Percentage of targeted suppliers that have signed the sustainable procurement charter or supplier code of conduct	%	100	100	100	100

No of supplier rewarded for their improved sustainability performance

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Supplier rewarded for improved sustainability performance	Nos	74	30	34	8

Details on Procurement spent

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
% of procurement spend (within India)	%	82	68	77	67
% of diverse suppliers on spend (MSME/Women owned business/Minority owned business)	%	24	21	25	19

Diversity % in Minority and Executives

Parameter	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Employees from minority group	%	4.56%	5.01%	6.13 %	5.51%
Executives from minority group	%	4.95%	3.57%	3.73 %	1.52%

Status of Corrective Actions of BP's

Supplier Screening	FY24-25	
Total number of Tier-1 suppliers	164	
Total number of significant suppliers in Tier-1	164	
% of total spend on significant suppliers in Tier-1	63	
Total number of significant suppliers in non Tier-1	0	
Total number of significant suppliers (Tier-1 and non Tier-1)	164	
Coverage and progress of our supplier assessment program	**FY24-25**	**Target - Number of Suppliers**
Total number of suppliers assessed via desk assessments/on-site assessments	133	164
% of unique significant suppliers assessed	81%	-
Number of suppliers assessed with substantial actual/potential negative impacts	9	
% of suppliers with substantial actual/potential negative impacts with agreed corrective action/ improvement plan	100	
Number of suppliers with substantial actual/potential negative impacts that were terminated	0	
Corrective action plan support	**FY24-25**	**Target - % of Suppliers**
Total number of suppliers supported in corrective action plan implementation	9	100
% of suppliers assessed with substantial actual/potential negative impacts supported in corrective action plan implementation	100	-
Capacity building programs	**FY24-25**	**Target - Number of Supplier**
Total number of suppliers in capacity building programs	125	150
% of unique significant suppliers in capacity building programs	76.22%	-

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	302-4 Reduction of energy consumption		110-111
	302-5 Reductions in energy requirements of products and services	Most of our products are B2B oriented. Therefore, we have limited information about the energy requirements of sold goods category.	NIL
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	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	All benefits are extended to all employees and workers	151
	401-3 Parental leave		153, 433
	Labor / Management Relations		
GRI 3: Material Topics 2021	3-3 Management of material topics		144-159
Labor / Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Any operational changes in AIL are carried out by the Management of Change (MOC) process. All the affected employees are part of this MOC process during which all the employees affected by the change are trained and evaluated prior to assigning work for them.	NIL
	Occupational Health and Safety		
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Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken		157,426
Freedom of Association and Collective Bargaining			
GRI 3: Material Topics 2021	3-3 Management of material topics		157
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		157, 434
Child Labor			
GRI 3: Material Topics 2021	3-3 Management of material topics		157-159, 435
Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor		157-159, 435
Forced or Compulsory Labor			
GRI 3: Material Topics 2021	3-3 Management of material topics		157
Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor		157
Security Practices			
GRI 3: Material Topics 2021	3-3 Management of material topics		148

GRI Standard	Disclosure	Justification for Omission / Remarks	Page No
Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures		148, 434
Rights of Indigenous Peoples			
GRI 3: Material Topics 2021	3-3 Management of material topics		157
Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	All our operations are located within industrial area and there were no cases of violation involving rights of indigenous people	NIL
Local Communities			
GRI 3: Material Topics 2021	3-3 Management of material topics		172-183
Local Communities 2016	413-1 Operations with local community engagement, impact assessments and development programs		172-183
	413-2 Operations with significant actual and potential negative impacts on local communities		172-183
Supplier Social Assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics		186-188
Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria		185
	414-2 Negative social impacts in the supply chain and actions taken		184-188
Public Policy			
GRI 3: Material Topics 2021	3-3 Management of material topics		88, 184-185
Public Policy 2016	415-1 Political contributions		88
Customer Health and Safety			
GRI 3: Material Topics 2021	3-3 Management of material topics		190-191
Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories		190-191
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		190-191
Marketing and Labeling			
GRI 3: Material Topics 2021	3-3 Management of material topics		103
Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling		103
	417-2 Incidents of non-compliance concerning product and service information and labeling		103
	417-3 Incidents of non-compliance concerning marketing communications		57
Customer Privacy			
GRI 3: Material Topics 2021	3-3 Management of material topics		141
Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		127, 141

SASB Index

Topic	Metric	Category	Unit of Measurement	Code	Page Number/ Rationale
Greenhouse Gas Emissions	Gross global Scope 1 emissions, percentage covered under emissions limiting regulations	Quantitative	Metric tons(t) CO_2-e, Percentage (%)	RT-CH-110a.1	113
	Discussion of long-and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	n/a	RT-CH-110a.2	82-83
Air Quality	Air emissions of the following pollutants: (1) NOx (excludingN2O), (2) SOx, (3) volatile organic compounds (VOCs), (4) hazardous air pollutants (HAPs)	Quantitative	Metric tons(t)	RT-CH-120a.1	115
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable and (4) total self-generated energy	Quantitative	Gigajoules (GJ), Percentage (%)	RT-CH-130a.1	110
Water Management	(1) Total water withdrawn, (2) total water consumed, percentage of each region High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic metres (m^3), Percentage (%)	RT-CH-140a.1	122-123
	Number of incidents of non-compliance associated with water quality permits, standards and regulations	Quantitative	Number	RT-CH-140a.2	60-61
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	n/a	RT-CH-140a.3	120-123
Hazardous Waste Management	Amount of hazardous waste generated, percentage recycled	Quantitative	Metric tons(t), Percentage (%	RT-CH-150a.1	116-118
Community Relations	Discussion of engagement processes to manage risks and opportunities associated with community interests	Discussion and Analysis	n/a	RT-CH-210a.1	172-183
Workforce Health & Safety	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	Quantitative	Rate	RT-CH-320a.1	426, 160, 164
	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	Discussion and Analysis	n/a	RT-CH-320a.2	165
Product Design for Use-phase Efficiency	Revenue from products designed for resource efficiency	Quantitative	Presentation currency	RT-CH-410a.1	135

Topic	Metric	Category	Unit of Measurement	Code	Page Number/ Rationale
Safety & Environmental Stewardship of Chemicals	(1) Percentage of products that contain Globally Harmonised System of Classification and Labelling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances, (2) percentage of such products that have undergone a hazard assessment	Quantitative	Percentage (%) by revenue, Percentage (%)	RT-CH-410b.1	190-191
	Discussion of strategy to (1) manage chemical of concern and (2) develop alternatives with reduced human and/or environmental impact	Discussion and Analysis	n/a	RT-CH-410b.2	134-135
Genetically Modified Organisms	Percentage of products by revenue that contain genetically modified organisms (GMOs)	Quantitative	Percentage (%) by revenue	RT-CH-410c.1	NIL
Management to the Legal & Regulatory Environment	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	Discussion and Analysis	n/a	RT-CH-530a.1	125
Operational Safety, Emergency Preparedness& Response	Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)	Quantitative	Number, Rate	RT-CH-540a.1	431
	Number of transport incidents	Quantitative	Number	RT-CH-540a.2	431

UNGC Principles

UNGC Principles	Description of the Principle	Section in Report
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights	157
Principle 2	Make sure that they are not complicit in human right abuses	157, 434
Principle 3	Business should uphold the freedom of association and the effective recognition of the right to collective bargaining	157, 434
Principle 4	The elimination of all forms of forced and compulsory labour	157
Principle 5	The effective abolition of child labour	157, 435
Principle 6	The elimination of discrimination in respect of employment and occupation	154, 157, 435
Principle 7	Business should support a precautionary approach to environmental challenges	108-125
Principle 8	Undertake initiatives to promote greater environmental responsibility	108-125
Principle 9	Encourage the development and diffusion of environmentally friendly technologies	108-125
Principle 10	Business should work against corruption in all its forms, including extortion and bribery	200, 426

UNSDG Mapping

Sustainable Development Goal	SDG Target	SDG Target Description	Page Number
	Target 1.4	By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance	178-179
	Target 4.1	By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes	174-175
	Target 5.5	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life	183
	Target 6.3	By 2030, improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally	120-124
	Target 10.2	By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	174-175, 183
	Target 10.4	Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality	183
	Target 12.2	By 2030, achieve the sustainable management and efficient use of natural resources	119
	Target 12.4	By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment	108-118
	Target 12.5	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	108-125
	Target 14.1	By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution	120-124
	Target 15.6	Promote fair and equitable sharing of the benefits arising from the utilisation of genetic resources and promote appropriate access to such resources, as internationally agreed	180-181
	Target 16.5	Substantially reduce corruption and bribery in all their forms	200
	Target 17.16	Enhance global partnership for sustainable development	127
	Target 17.17	Encourage and promote effective public, public-private, and civil society partnerships	

TÜVINDIA

Independent Assurance Statement

To
The Directors and Management,
Aarti Industries Limited (AIL),
Plot No.-801/23, G.I.D.C Estate, Phase III,
Vapi-396 195, Dist.-Valsad, Gujarat, India

Aarti Industries Limited (hereafter 'AIL') commissioned TUV India Private Limited (TUVI) to conduct independent external assurance of non-financial information disclosed in ESG KPI (Key Performance Indicators of AIL (hereinafter 'the ESG data') based on the principles of the Global Reporting Initiative (GRI) standards. The reporting period runs from April 1, 2024, to March 31, 2025. This engagement comprised of combination of *"Reasonable"* and *"Limited"* assurance *(refer para "Scope and Boundary" below)* of AIL's sustainability information following the ISAE 3000 (Revised) standard applied for assurance of the Report.

Responsibility for ESG Data and Reporting

AIL is responsible for monitoring its ESG data and identifying material sustainability issues relevant to its operations. This includes the identification, establishment, and reporting of performance management systems, data governance, and quality control measures. The management of AIL is accountable for the accuracy and completeness of the ESG data, as well as the processes involved in collecting, analysing, and reporting the information disclosed through both web-based and printed formats. This responsibility extends to the maintenance and integrity of the company's website where such information may be presented. AIL's management is also responsible for preparing the ESG Report with reference to the applied criteria of the Global Reporting Initiative (GRI) Standards. It is incumbent upon AIL to ensure that the Report is free from any material misstatements, whether intentional or unintentional, thereby maintaining the trust and confidence of stakeholders in the disclosed information. Furthermore, AIL is responsible for ensuring the archiving and reproducibility of the disclosed ESG data, making it available to stakeholders upon request.

Scope and Boundary

In particular, the assurance engagement included the following:

1. **Verification of Report Content and Material Topics**
   Assessed the application of the Report's content in accordance with material topics identified through a materiality approach, and evaluated the quality of information disclosed, as guided by the principles outlined in the Global Reporting Initiative (GRI) Standards, over the defined reporting period.
2. **Review of Governance Policies and Practices**
   Examined key governance-related policies and practices referenced in the Report, including the Code of Conduct, Corporate Social Responsibility (CSR) policy, Prevention of Sexual Harassment (POSH) policy, the Whistle Blower mechanism, and other policies along with related initiatives and performance disclosures.
3. **Review Against GRI Standards Requirements**
   Reviewed the non-financial disclosures presented in the Report for alignment with the applicable requirements of the GRI Standards.
4. **Verification of Environmental and Social Data**
   Verified the reliability of selected disclosures related to environmental and social topics, by sampling and testing supporting data and documentation.
5. **Assessment of Specified Information for Stakeholder Relevance**
   Evaluated the specified ESG information selected for assurance to ensure it reflects material concerns and is meaningful and relevant to the Report's intended stakeholders.

TUVI has verified the below-mentioned disclosures as per GRI Standard 2021 *(R-> Reasonable Assurance, L-> Limited Assurance)*

Topic Standards	Disclosures
GRI 202: Market Presence	202-1 (L), 202-2 (L)
GRI 204: Procurement Practices	204-1 (R)
GRI 205: Anti-Corruption	205-1 (L), 205-2 (L), 205-3 (L)
GRI 206: Anti-competitive Behavior	206-1 (L)
GRI 204: Procurement Practices	204-1 (L)
GRI 301: Materials	301-1 (L),301-2 (L),301-3 (L)
GRI 302: Energy	302-1 (R), 302-2(R), 302-3(R), 302-4(R), 302-5(R)
GRI 303: Water and Effluents	303-3 (R), 303-4 (R), 303-5 (R)
GRI 304: Biodiversity	304-1 (L), 304-2 (L), 304-3 (L), 304-4 (L)
GRI 305: Emissions	305-1(R), 305-2(R), 305-3(L), 305-4(R), 305-5(R), 305-6(R), 305-7(L)
GRI 306: Waste	306-3 (R), 306-4 (R), 306-5 (R)
GRI 308: Supplier Environmental Assessment	308-1 (L), 308-2 (L)
GRI 401: Employment	401-1(R), 401-2(R), 401-3(R)
GRI 402: Labor/Management Relations	402-1 (L)
GRI 403: Occupational Health and Safety	403-1(L), 403-2(L), 403-3(L), 403-4(L), 403-5(L), 403-6(L), 403-7(L), 403-8(L), 403-9(R), 403-10(L)
GRI 404: Training and Education	404-1(L), 404-2(L), 404-3(L)
GRI 405: Diversity and Equal Opportunity	405-1(L), 405-2(R)
GRI 406: Non-Discrimination	406-1(R)
GRI407: Freedom of Association and Collective Bargaining	407-1 (L)
GRI 408: Child Labour	408-1 (R)
GRI 409: Forced or Compulsory Labour	409-1 (R)
GRI 410: Security Practices	410-1 (L)
GRI 413: Local Communities	413-1(L), 413-2(L)
GRI 414: Supplier Social Assessment	414-1(L), 414-2(L)
GRI 416: Customer Health and Safety	416-1(L), 416-2(R)
GRI 417: Marketing and Labeling	417-1(L), 417-2(L), 417-3(R)
GRI 418: Customer Privacy	418(L)

**GHG sources under Scope -3 emissions are considered for 12 categories.*

The reporting boundaries for the above topics includes 14 division of Gujarat, 1 division of Maharashtra and also a research Centre in Navi Mumbai, Corporate office in Mumbai and Vadodara and other subsidiaries of AIL (Aarti Corporate Services Limited, Aarti Polychem Private Limited, Innovative Envirocare Jhagadia Limited, Alchemic (Europe) Limited, Shanti Intermediates Private Limited (Through Aarti Corporate Services Limited), Aarti Bharuch Limited, Aarti Circularity Limited (formerly known as Aarti Spechem Limited), Aarti Chemical Trading FZCO, Augene Chemical Private Limited, Re Aarti Private Limited (through Aarti Circularity limited), Aarti Chemical Trading USA INC (through Aarti Chemical Trading FZCO)). Set of on-site and remote verifications were conducted at,

Sr No.	Division Name	Audit Date	Onsite Visit / Remote Verification	Address
1	Unit – I (Pearl and Ruby)	18/02/2025 to 19/02/2025	Onsite visit	AIL (Unit-I), Plot No. 758/1,2 &3 P.B. No.23, G.I.D.C., Jhagadia - 393110. Dist-Bharuch, Gujarat, India.
2	Unit – II (Jade and Gold)	18/02/2025 to 19/02/2025	Onsite visit	AIL (Unit-II), Plot No 756/2A&B 756/3A&B 756/4A&B 756/5A&B 756/6 756/7, 756/8 756/9 778 & 779 GIDC Jhagadia Bharuch 393110
3	ARTC	15/05/2025 to 16/05/2025	Remote verification	Aarti Industries Limited, Plot No. A-94/1 & A-94/1/1, MIDC, TTC industrial area, Kopar Khairane, Navi Mumbai, Maharashtra 400710
2	Head Office - Mumbai	15/05/2025 to 16/05/2025	Onsite visit	4th floor, Tower C, Embassy 247 Park, Gandhi Nagar, Vikhroli West, Mumbai 400083, Maharashtra, India
3	Emerald - Vadodara	15/05/2025 to 16/05/2025	Remote verification	3rd floor, Block No 1, Keval Corporate Park, Opp. Chhani GEB Sub Station Channi Road, Channi, Vadodara-390002, Gujarat, India
4	Neo	21/10/2024 to 22/10/2024	Remote verification	M/s. AIL., Plot No. Z/103/H, Dahej SEZ II, Ta. Vagra, Dist Bharuch.
5	Saffron	21/10/2024 to 22/10/2024	Remote verification	M/s. AIL., Plot No. Z/1111/B, SEZ II Dahej, Ta. Vagra, Dist Bharuch.
6	Diamond	21/10/2024 to 22/10/2024	Remote verification	M/s. AIL., Plot No. Z/103/C, GIDC Estate Dahej SEZ II, Ta. Vagra , Dist Bharuch
7	Anushakti	18/09/2024 to 19/09/2024	Onsite visit	M/s. Aarti Industries Limited (Anushkati Division), Survey No. 1430/1, National highway no. 8-A, Bhachau, Kutch. Gujarat 370140
8	Organic	20/11/2024 to 21/11/2024	Remote verification	Organic Division: M/s. AIL., Plot No.: 801, 801/23, 806 & 807, Phase III, GIDC Estate, Vapi
9	Acid including DMS and Fertilizer	20/11/2024 to 21/11/2024	Remote verification	**Acid** - AIL. (Acid Division), Plot No 802, 803, 804/3, Phase III, GIDC, Vapi- 396195 **DMS** - AIL. (DMS Division) Plot no .801/15 TO 19,21 & 22, Phase-III, GIDC estate, City: -VAPI, Dist: Valsad, Tal: Pardi, SIDC: Vapi **Fertilizer** - Aarti Fertilizers (A Division of Aarti Industries), Plot No - 801/15 to 19,21 & 22, III Phase, GIDC, Vapi-396195
10	Alchemie	20/11/2024 to 21/11/2024	Remote verification	M/s. AIL, Plot No.902,923 and 930, Phase III, GIDC Estate, Vapi - 396195
11	Amine	20/11/2024 to 21/11/2024	Remote verification	M/s. AIL., Plot No.: 285,286/1, A-1 322/12, 23& 24, Phase III, GIDC Estate, Vapi - 396195
12	Nascent	20/11/2024 to 21/11/2024	Remote verification	M/s. Aarti Industries Limited (Nascent Division), PLOT NO: 24, Phase-I, GIDC,

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				Vapi - 396195, Tal: Pardi, Dist: Valsad.
13	Apple	20/11/2024 to 21/11/2024	Remote verification	M/s. Aarti Industries Limited (Apple Organic Division), Plot No. 609/610, 100 Shed Area, GIDC Estate, Pardi, Vapi Dist. Valsad
14	Topaz	20/11/2024 to 21/11/2024	Remote verification	M/s. Aarti Industries Limited, Unit-II, Plot No. L-5, L-4, L-8, L-9/1, MIDC, Tarapur, Boisar.

The assurance activities were carried out together with a desk review of entire plants and offices as per reporting boundary.

Limitations

TÜV India Private Limited (TUVI) did not perform assurance procedures on any forward-looking statements disclosed in the ESG data, including but not limited to targets, forecasts, expectations, or ambitions. As such, TUVI provides no conclusions or opinions regarding this prospective information. Throughout the assurance process, TUVI encountered no limitations to the agreed scope of the engagement. TUVI was engaged by AIL and is accountable solely to AIL's management in the context of this assurance engagement. Data verification was conducted on a sample basis, and the responsibility for the authenticity and completeness of the data rests entirely with AIL. TUVI expressly disclaims any liability or co-responsibility for errors or omissions in the reported data, or for any decisions made by third parties based on this assurance statement. This assurance statement does not constitute an endorsement of any environmental or social claims related to AIL's products, services, manufacturing processes, packaging, or product disposal. TUVI does not authorize the use of this assurance statement for the purpose of greenwashing or to support any misleading claims.

Our Responsibility

The responsibility of TÜV India Private Limited (TUVI) under this assurance engagement is to perform independent assurance and to express a conclusion based on the procedures conducted. The engagement was carried out with reference to the agreed scope of work, specifically focused on selected non-financial Environmental, Social, and Governance (ESG) indicators.

This engagement did not include an evaluation of the adequacy or effectiveness of AIL's overall sustainability strategy, governance, or management systems, nor an assessment of the sufficiency of the Report against the overarching principles of the GRI Standards or the ISAE 3000 (Revised) standard, beyond the elements explicitly covered within the defined scope.

The ESG data was verified on a sample basis, and the responsibility for the accuracy, completeness, and authenticity of the information remains solely with AIL. The reporting organization is also accountable for the archiving and retention of all related data for a reasonable period to support transparency and traceability.

TUVI does not assume liability or co-responsibility for:

1. Any inaccuracies or erroneous data reported by AIL;
2. Any decisions made by individuals or entities based on this assurance statement.

This assurance is provided on the assumption that all data and information made available to TUVI by AIL were complete, accurate, and true to the best of AIL's knowledge.

Verification Methodology

During the assurance engagement, TÜV India Private Limited (TUVI) applied a risk-based approach, concentrating verification efforts on the Key Performance Indicators (KPIs) disclosed within the ESG Report. The primary objective was to evaluate the reliability of the reported information and the effectiveness of the underlying data management systems, information flows, and internal controls. As part of the engagement, TUVI conducted the following activities:

1. **Review of Stakeholder Engagement and Materiality Process:** Assessed AIL's approach to stakeholder engagement and the process for identifying and prioritizing material ESG topics, ensuring alignment with established reporting frameworks and principles.
2. **Verification of Disclosures and Internal Controls:** Verified selected disclosures and assertions made in the ESG Report, and evaluated the robustness and adequacy of the related data management systems, information flows, and internal control procedures.
3. **Document Review and Data Assessment:** Examined pertinent documentation, datasets, and other supporting evidence provided by AIL for all reported KPIs. This review was performed on a **sample basis**, focusing on non-financial information disclosures.
4. **Stakeholder Interviews:** Engaged with key personnel, including data owners and decision-makers across relevant functions of AIL, during the **onsite verification** phase to gather insights and corroborate information.
5. **Assessment of ESG Policy Implementation:** Conducted sample-based evaluations of the implementation of ESG-related policies as described in the Report to verify adherence and effectiveness.
6. **Verification of Data Generation and Management Processes:** Reviewed, on a sample basis, the procedures for generating, collecting, managing, and reporting both quantitative data and qualitative information included in the ESG disclosures for the reporting period.

Action Area Planned

The following improvement opportunities were communicated to AIL. While these suggestions are generally aligned with the company's existing objectives and sustainability initiatives, their implementation could further strengthen AIL's ESG performance:

a) Supplier Waste Management Oversight: AIL may encourage to monitor the chain of custody for suppliers who are not directly recycling the non-hazardous waste,
b) Scope 3 emission categories: AIL is monitoring all relevant and major GHG streams, however AIL may plan to monitor remaining categories of indirect GHG emissions as per ISO 14064-1.

Our Conclusion

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In our opinion, and based on the scope of this assurance engagement, the ESG disclosures and related reference information provided by AIL offer a fair representation of the material topics and are aligned with the general content and quality requirements of the applicable Global Reporting Initiative (GRI) Standards. AIL has appropriately disclosed Key Performance Indicators (KPIs) and actions aimed at creating value over the short, medium, and long term. The selected KPIs disclosed by AIL are fairly represented, and the underlying data management processes reflect a commitment to transparency and integrity. TUVI did not perform assurance procedures on forward-looking statements, such as targets, forecasts, expectations, or ambitions presented in the Report. Consequently, no conclusions are drawn on such prospective information. This assurance statement has been prepared in accordance with the terms of our engagement and is limited to the scope and boundaries defined therein.

Disclosures Evaluation

TUVI is of the opinion that AIL's ESG disclosures generally meet the requirements of the GRI Standards. The following reporting elements have been appropriately addressed:

Universal Standards:

1) **GRI 1: Foundation 2021** – Requirements and principles for using the GRI Standards;
2) **GRI 2: General Disclosures 2021** – Information on AIL's organizational profile, strategy, ethics and integrity, governance, stakeholder engagement, and reporting practices;
3) **GRI 3: Material Topics 2021** – Information on AIL's identification and management of material topics.

Topic-Specific Standards:

1) **GRI 300 Series (Environmental topics)** and
2) **GRI 400 Series (Social topics)** – These were applied to report the company's impacts on relevant environmental and social issues. TUVI finds that the material topics and associated Topic-specific Standards are appropriately identified and addressed in AIL's ESG disclosures.

Conclusion of Assurance Procedures: Based on the defined scope of assurance, TUVI conducted its engagement using risk-based methodologies, data validation techniques, conflict of interest mitigation, and thorough documentation of evidence. As a result of these procedures, nothing has come to our attention that causes us to believe that the information subject to this assurance engagement was not prepared, in all material respects, in accordance with the applicable reporting criteria. TUVI found the information to be reliable following the disclosures made under the GRI 2021 Universal Reporting Standards. Listed Performance Indicators (KPIs) were verified at a reasonable level and limited level of assurance and level of assurance is explicitly mentioned for each KPI. This assurance approach enhances stakeholder confidence and reinforces transparency and credibility in AIL's ESG reporting practices.

Principles Observed in the Assurance Process

- **Independence**: TUVI conducted this engagement in compliance with the International Ethics Standards Board for Accountants (IESBA) Code, which adopts a threats and safeguards approach to independence. The assurance team was selected to avoid risks of self-interest, self-review, advocacy, familiarity, or intimidation, ensuring objectivity throughout the engagement.
- **Quality Control**: TUVI maintains a comprehensive system of quality control, in line with the International Standard on Quality Control (ISQC). The assurance team adhered to the IESBA Code's principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. All procedures were conducted in accordance with applicable ethical and professional standards.

Statement of Independence and Impartiality

TÜV India Private Limited (TUVI) is an independent and neutral third-party organization providing sustainability assurance services through a team of qualified environmental and social specialists. TUVI affirms its independence and impartiality in relation to this assurance engagement and confirms that no conflict of interest exists. During the reporting year, TUVI did not undertake any other engagements with AIL that could compromise the objectivity, independence, or impartiality of our findings, conclusions, or recommendations. TUVI was not involved in the preparation of any content or data presented in AIL's ESG Report, with the sole exception of this independent assurance statement. Furthermore, TUVI maintains complete neutrality and impartiality with respect to all individuals interviewed during the course of the assurance process.

For and on behalf of TUV India Private Limited

Manojkumar Borekar
Product Head – Sustainability Assurance Service
TUV India Private Limited

TUV INDIA PRIVATE LIMITED
TUVINDIA

Date: 10-07-2025
Place: Mumbai, India
Project Reference No: 8123097053

CIN: L24110GJ1984PLC007301
Regd. Off.: Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi, Dist. Valsad, Gujarat - 396 195
Website: - www.aarti-industries.com; **Email:** - investorrelations@aarti-industries.com
Telephone: - 0260-2400059, 2400366, **Fax:** - 0260-2401322

Notice of Annual General Meeting

Notice is hereby given that the 42nd Annual General Meeting of the members of **AARTI INDUSTRIES LIMITED ("Company")** is scheduled to be held on **Monday, August 25, 2025** at **11:00 a.m. (IST)**, through Video Conferencing **("VC")** / Other Audio Visual Means **("OAVM")**, to transact the following business;

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2025, together with the reports of the Board of Directors' and Auditors' thereon.

2. To declare dividend @ 20% i.e. Re. 1/- (Rupee One Only) per Equity Share for the year ended March 31, 2025.

3. To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

   To appoint a Director in place of Shri Renil Rajendra Gogri (DIN: 01582147), who retires by rotation and being eligible, has offered himself for re-appointment as a Director of the Company.

   "RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, the approval of the members of the Company, be and is hereby accorded to re-appointment of Shri Renil Rajendra Gogri (DIN: 01582147) as a Director, liable to retire by rotation."

4. To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

   To appoint a Director in place of Shri Manoj Mulji Chheda (DIN: 00022699), who retires by rotation and being eligible, has offered himself for re-appointment as a Director of the Company.

   "RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, the approval of the members of the Company, be and is hereby accorded to re-appointment of Shri Manoj Mulji Chheda (DIN: 00022699) as a Director, liable to retire by rotation."

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

   Appointment of Secretarial Auditors for a period of 5 Consecutive Financial Years:

   "RESOLVED THAT pursuant to the provisions of Section 204 of the Companies Act, 2013, read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), M/s. BNP & Associates (Firm Registration No. P2014MH037400) (PR No. 6316/2024), Practicing Company Secretaries, be and is hereby appointed as the Secretarial Auditors of the Company for a period of 5 (Five) consecutive financial years, commencing from April 1, 2025 to March 31, 2030 to conduct the Secretarial Audit of the Company and provide the Secretarial Audit Report (Form MR-3) for each Financial Year.

   RESOLVED FURTHER THAT the Executive Directors and 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."

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

   To approve the remuneration of the Cost Auditors for the Financial Year 2025-26:

   "RESOLVED THAT pursuant to Section 148(3) read with section 141 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 Rs. 4,00,000/- (Rupees Four Lakhs 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 an audit of the cost records and related books maintained by the Company in respect of Organic and Inorganic Chemicals and Fertilisers for the Financial Year 2025-26 be and is hereby approved.

   RESOLVED FURTHER THAT the Executive Directors and 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."

Registered Office:
Plot Nos. 801, 801/23
GIDC Estate, Phase III,
Dist. Valsad, Gujarat

July 11, 2025

By order of the Board

Raj Sarraf
Company Secretary
ICSI M. NO. A15526

NOTES

1. The Ministry of Corporate Affairs (MCA) vide its circular dated September 19, 2024, September 25, 2023, December 8, 2022, May 5, 2022, December 14, 2021 read with circulars dated January 13, 2021, May 5, 2020, April 8, 2020 and April 13, 2020 (collectively referred to as MCA Circulars) and the Securities and Exchange Board of India vide its circulars dated October 3, 2024, October 7, 2023, January 5, 2023, May 13, 2022 read with January 15, 2021 and May 12, 2020 (collectively referred to as SEBI Circulars) has permitted the holding of the Annual General Meeting (AGM) through VC / OAVM, without the physical presence of the members at a common venue till September 30, 2025. In compliance with the provisions of the Act, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and MCA Circulars, the 42nd AGM of the Company is being held through VC / OAVM. The members can attend and participate in the AGM through VC/OAVM.

2. Pursuant to the above referred MCA Circulars, the facility, to appoint a proxy to attend and cast vote, for the members is not available for this AGM. However, the body corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and cast their votes through e-voting.

3. In line with MCA Circulars read with circulars issued by Securities Exchange Board of India (SEBI) vide SEBI/HO/CFD/PoD-2 dated October 3, 2024 (hereinafter referred to as "SEBI Circular for AGM"), the Notice of 42nd AGM along with the Annual Report for FY 2024-25 is being sent only through electronic mode to those members whose email addresses are registered with the Company's Registrar & Share Transfer Agents, MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited)" ("RTA") / Depositories. A letter containing the web link, along with the exact path to access the complete details of the Annual Report, is being sent to shareholders who have not registered their email address with the Company's RTA or DP. The physical copies of such statements and Notice of AGM will be dispatched only to those shareholders who request for the same.

4. Members may note that the Notice of the 42nd AGM along with the Annual Report for FY 2024-25 is also available for download on the website of the Company at www.aarti-industries.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL, www.evoting.nsdl.com.

5. Since the AGM is being held through VC / OAVM, physical attendance of shareholders has been dispensed with. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

6. Pursuant to Section 113 of the Act, Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) attending the meeting through VC / OAVM are required to send a scanned copy (PDF/ JPG Format) of its Board or governing body Resolution/ Authorisation etc., authorising its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/ Authorisation shall be sent to the scrutiniser by email through its registered email address to narasimhan.b8@gmail.com/ ab@bnpassociates.in/ support@bnpassociates.in with a copy marked to evoting@nsdl.co.in.

7. As per Regulation 40 of Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition and relodged transfers of securities. Further, SEBI vide its circular no. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/236 dated December 2, 2020, had fixed March 31, 2021, as the cut-off date for re-lodgement of transfer deeds and the shares that are re-lodged for transfer shall be issued only in demat mode. In terms of the SEBI Circular dated July 02, 2025, the shareholders are hereby informed that a Special Window has been opened for re-lodgment of transfer deeds, which were lodged prior to the deadline of April 01, 2019 and rejected / returned/ not attended due to deficiency in the documents/ process or otherwise. The re-lodgment window shall remain open for a period of six months i.e. from July 07, 2025 till January 06, 2026. 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 MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited) in Form ISR-1 in case the shares are held by them in physical form. Members can contact the Company or the Company's Registrars and Transfer Agents, MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited) for assistance in this regard. Members may also refer to Frequently Asked Questions ("FAQs") on the Company's website www.aarti-industries.com.

8. Shareholders desirous of receiving communication from the Company in electronic form may register their email addresses with their respective depository participants. Further, shareholders are also requested to approach their depository participant to register their email address in their demat account details as per the process defined by the respective depository participant. Members, who hold shares in physical form are requested to provide their email addresses to the MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited) by sending an e-mail at rnt.helpdesk@in.mpms.mufg.com or to the Company at investorrelations@aarti-industries.com.

9. As per the provisions of Section 72 of the Act, the facility for making nominations is available for the members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The said form can be downloaded from the Company's website www.aarti-industries.com. Members are requested to submit the said details to their DP in case the shares are held by them in electronic form and to MUFG Intime India Private Limited (Formerly known as 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.

10. SEBI has mandated listed companies to issue securities in dematerialized form only while processing service requests for the issue of duplicate securities certificates; claims from unclaimed suspense accounts; renewal/ exchange of securities certificates; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/folios; and transmission and transposition. In this regard, members are requested to make requests in Form ISR–4. It may be noted that the service request can be processed only, if the respective folio is KYC Compliant.

11. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or MUFG Intime India Private Limited (Formerly known as 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 the requisite changes.

12. In the case of joint holders, the member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote during the AGM.

13. The Company has fixed Monday, August 18, 2025 as the 'Record Date' for determining members' entitlement to the Final Dividend for the financial year ended March 31, 2025, if approved at the AGM.

14. 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 a 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, August 18, 2025;

    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, August 18, 2025.

15. During the year the Company has transferred the unclaimed amount of the third Interim Dividend for the year 2016-2017 to the Investor Education and Protection Fund as required under Sections 124 and 125 of the Companies Act, 2013.

16. The Company has uploaded the information in respect of the Unclaimed Dividends, on the website of the IEPF viz. www.iepf.gov.in and under "Investors Section" on the Website of the Company viz. www.aarti-industries.com.

17. The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 contain provisions for the transfer of all shares in respect of which dividend has not been paid and claimed by the shareholders for seven consecutive years or more in the name of Demat Account of the Investor Education and Protection Fund (IEPF) Authority. The Company has communicated individually, to the concerned shareholders whose shares are liable to be transferred to the Demat Account of IEPF Authority under the said rules and also notice for the same was published in Financial Express in (English) edition and (Gujarati) editions published from Ahmedabad for taking appropriate action(s). The Company has uploaded full details of such shareholders and shares due for transfer to the Demat Account of IEPF Authority on its website at https://www.aarti-industries.com/ under "Investors Section."

18. Attention of the members is invited to the provisions of Section 124(6) of the Companies Act, 2013 with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 amended from time to time ("IEPF Rules"), which inter alia requires the Company to transfer the equity shares, on which the dividend has remained unpaid and unclaimed for a continuous period of seven years, to IEPF. The said Shares, once transferred to IEPF can be claimed after following due procedure prescribed under the IEPF Rules.

19. To register an email address for all future correspondence and update the bank account details, please follow the below process:

Physical Holding	Send a request to MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited) at rnt.helpdesk@in.mpms.mufg.com: To register email address, please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN and AADHAR (self-attested scanned copy of both PAN card and Aadhar card) To update bank account details, please send the following additional documents/information followed by the hard copies: a) Name of the bank and branch address b) Type of bank account i.e., savings or current c) Bank account no. allotted after implementation of core banking solutions d) 9-digit MICR code no., and e) 11-digit IFSC code f) Original cancelled cheque bearing the name of the first shareholder, failing which a copy of the bank passbook / statement attested by bank
Demat Holding	Please contact your DP and follow the process advised by your DP

20. Since the AGM will be held through VC / OAVM, the Route Map does not form part of the Notice. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Business at item nos. 5 and 6 above is annexed hereto and forms part of the Notice.

21. Relevant documents referred to in the Notice, Register of Directors / Key Managerial Personnel ('KMP') and their shareholding maintained under Section 170 of the Companies Act, 2013 and Register of Contracts maintained under Section 189 of the Companies Act, 2013 and other relevant registers are open for inspection by the members at the registered office of the Company on all working days during 11:00 AM to 1:00 PM. Members can request the same by sending an email to investorrelations@aarti-industries.com till the date of the AGM.

22. Members seeking any information with regard to Financial Statements or any matters to be placed at the AGM, are requested to write to the Company atleast 5 days before the date of AGM through email at investorrelations@aarti-industries.com. The same will be replied by the Company suitably.

23. Pursuant to the Income-Tax Act, 1961, as amended by the Finance Act, 2020, dividend income is taxable in the hands of shareholders effective April 1, 2020 and the Company is required to deduct tax at source from dividend paid to the members at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and the amendments thereof. In general, to enable compliance with TDS requirements, members are requested to complete and / or update their Residential status, PAN, Category with their depository participants ('DPs') or in case shares are held in physical form, with the Company / Registrars and Transfer Agents ('RTA') by sending documents through email on or before Monday, August 18, 2025.

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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) 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, August 18, 2025 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, August 18, 2025. 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, August 18, 2025 may obtain the login ID and password by sending a request at rnt.helpdesk@in.mpms.mufg.com and/ or evoting@nsdl.co.in. However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.

In case of Individual Shareholders holding securities in demat mode and who acquires shares of the Company and becomes a member of the Company after sending of the Notice and holding shares as of the cut-off date may follow steps mentioned below under "Login method for remote e-voting and joining virtual meeting for Individual shareholders holding securities in demat mode."

The Board of Directors of the Company have appointed M/s. BNP & Associates (Firm Registration No. P2014MH037400) (PR No. 6316/2024), Practicing Company Secretaries as the Scrutinizer to scrutinize the remote e-voting process and voting through electronic voting system at the AGM 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.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-

The remote e-voting period begins on **Friday, August 22, 2025 at 9:00 A.M.** and ends on **Sunday, August 24, 2025 at 5:00 P.M.** The remote e-voting module shall be disabled by NSDL for voting thereafter. The members, whose names appear in the Register of members / Beneficial Owners as on the **record date (cut-off date) i.e. Monday, August 18, 2025,** may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the **cut-off date,** being Monday, August 18, 2025.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

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 advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	1. Existing **IDeAS** user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the **"Beneficial Owner"** icon under **"Login"** which is available under **'IDeAS'** section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on **"Access to e-Voting"** under e-Voting services and you will be able to see the e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select **"Register Online for IDeAS Portal"** or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on Company name or **e-Voting service provider i.e. NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 4. Shareholders/Members can also download NSDL Mobile App **"NSDL Speede"** facility by scanning the QR code mentioned below for seamless voting experience. **NSDL Mobile App is available on** Download on the App Store GET IT ON Google Play
Individual Shareholders holding securities in demat mode with CDSL	1. Users who have opted for CDSL Easi/Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System 'Easi Tab' and then use your existing username & password. 2. After successful login, the Easi/Easiest user will be able to see the e-Voting option for eligible companies where the e-Voting is in progress as per the information provided by the Company. On clicking the e- Voting option, the user will be able to see the e-Voting page of the e-Voting service provider for casting their vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there are also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, the option to register is available at CDSL website www.cdslindia.com. They can click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting pages by providing Demat Account Number and PAN No. from an e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered mobile & email as recorded in the Demat Account. After successful authentication, users will be able to see the e-Voting option where the e-Voting is in progress and also be able to directly access the system of all e-Voting Service Providers.
Individual Shareholders (holding securities in demat mode) login through their depository participants	Users can also login using the login credentials of their demat account through their Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, the users will be able to see the e-Voting option. Upon clicking on the e-Voting option, they will be redirected to the NSDL/CDSL Depository site after successful authentication, wherein they can see the e-Voting feature. Click on Company name or e-Voting service provider i.e. NSDL and they will be redirected to the e-Voting website of NSDL for casting their 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 above mentioned 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 during login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or calling at 022 - 4886 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue during login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contacting at toll free no. 1800 22 55 33

B) **Login method for e-Voting and joining virtual meetings for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

How to log-in to the NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open a web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a personal computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.

3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL e-Services i.e. IDEAS, you can login at https://eservices.nsdl.com/ with your existing IDEAS login. Once you login to NSDL e-Services after using your login credentials, click on e-Voting and you can proceed to step 2 i.e. cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i. e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For members who hold shares in a demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12******, then your user ID is IN300***12******.
b) For members who hold shares in a demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12**************, then your user ID is 12**************
c) For members holding shares in physical form.	EVEN Number followed by Folio Number registered with the Company. For example, if folio number is 001*** and EVEN is 134803, then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:

   a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

   b) If you are using the NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   c) How to retrieve your 'initial password'?

      (i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email. 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 is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**.

6. If you are unable to retrieve or have not received the 'Initial password' or have forgotten your password:

   a) Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b) **"Physical User Reset Password?"** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.com mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting the check box.

8. Now, you will have to click on the "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join the General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join the General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of the Company for which you wish to cast your vote during the remote e-Voting period and cast your vote during the General Meeting. For joining a virtual meeting, you need to click on the "VC/OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer by e-mail to narasimhan.b8@gmail.com / ab@bnpassociates.in / support@bnpassociates.in with a copy marked to evoting@nsdl.com. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on.: 022 - 4886 7000 or send a request to Mr. Amit Vishal, Senior Manager, NSDL, 022-2499 4360 or email at amitv@nsdl.co.in or Ms. Pallavi Mhatre, Manager, NSDL, 022-2499 4545 or email at pallavid@nsdl.co.in at evoting@nsdl.com

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of email ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to investorrelations@aarti-industries.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to investorrelations@aarti-industries.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e. **Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in demat mode.**
3. Alternatively shareholder/members may send a request to evoting@nsdl.com for procuring user id and password for e-voting by providing above mentioned documents.
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.

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/ shareholders, 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.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see a link of "VC/OAVM" placed under the **"Join meeting"** menu against the Company name. You are requested to click on the VC/OAVM link placed under the Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of the Company will be displayed. Please note that the 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 to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use the Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants 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. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at investorrelations@aarti-industries.com. The same will be replied by the Company suitably.

6. 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@aartiindustries.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.

7. 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.

Registered Office:
Plot Nos. 801, 801/23
GIDC Estate, Phase III,
Dist. Valsad, Gujarat

July 11, 2025

By order of the Board

Raj Sarraf
Company Secretary
ICSI M. NO. A15526

Annexure to the Notice

Explanatory Statement

(pursuant to Section 102(1) of the Companies Act, 2013)

Item No. 5

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), listed Companies shall undertake Secretarial Audit by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary and shall annex a Secretarial Audit Report with the Annual Report.

The Board of Directors of the Company, based on the recommendation of the Audit Committee, at its meeting held on May 08, 2025 subject to the shareholders approval, approved the appointment of M/s. BNP & Associates (Firm Registration No. P2014MH037400) (PR No. 6316/2024), Practicing Company Secretaries as the Secretarial Auditors of the Company, for a term of five consecutive years from Financial Year April 1, 2025 to March 31, 2030.

M/s BNP & Associates (BNP) is a firm of Company Secretaries in practice, established in October 2014 by its founding partner Mr. B. Narasimhan. He is a Fellow Member and Past President of The Institute of Company Secretaries of India (ICSI) New Delhi. The firm is equipped with seasoned partners the fellow members of the Institute of Company Secretaries of India having a rich Corporate Experience of nearly four decades and a team of Governance Professionals to are the other partners of the firm. All partners have 40 plus years of experience, they have worked as a Corporate Secretary and after superannuation now in practice. The firm is primarily engaged in areas of Secretarial Audit, Corporate Advisory Services, Transactional Services, Legal Due Diligence, Compliance Management.

The firm is registered with the ICSI and holds Peer Review Certificate no. 6316/2024 issued by the "Peer Review Board of ICSI". It does not attract any disqualification as per Annexure 2 of SEBI circular SEBI/HO/CFD/CFD-PoD-2/CIR/P/2024/185 dated December 31, 2024 in terms of regulation 24A(1A) of SEBI Listing Obligation and Disclosure Requirements, 2015.

M/s. BNP & Associates has confirmed that they are not disqualified from being appointed as Secretarial Auditors and that they have no conflict of interest. M/s. BNP & Associates has further furnished a declaration that they have not taken up any prohibited non-secretarial audit assignments for the Company, its holding and subsidiary companies.

The proposed remuneration to be paid to M/s. BNP & Associates for the financial year ending March 31, 2025, is Rs. 5,00,000/- (Rupees Five Lakh only) plus applicable taxes which is approximately in the same range as was being paid to Sunil M. Dedhia & Co., the erstwhile Secretarial Auditor. Besides the audit services, the Company may also obtain certifications which are to be mandatorily received from the Secretarial Auditors under various statutory

regulations from time to time. The Board of Directors or the persons authorised by it, upon mutual agreement with the Secretarial Auditors alter or vary their terms and conditions of appointment, including revising their remuneration for the remaining tenure to account for additional efforts due to regulatory changes, restructuring, or other considerations.. Your Board thus recommends the Resolution at Item No. 5 for your approval as an Ordinary Resolution.

None of the Directors and Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution.

Item No. 6

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 the appointment of Cost Auditor to audit the Cost records for the financial year 2025-26 was recommended by the Audit Committee to the Board. The Board thereby reappointed Smt. Ketki Damji Visariya (Membership Number 16028) Cost Accountant, as Cost Auditor at the Board Meeting held on May 8, 2025, at a remuneration of Rs. 4,00,000/- per annum plus taxes as applicable. Smt. Ketki Damji Visariya has confirmed her eligibility for appointment as Cost Auditor.

As per Rule 14 of Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditors is to be approved by the members. Hence this resolution is put for the consideration of the members.

Your Board thus recommends the Resolution at Item No. 6 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:
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Dist. Valsad, Gujarat

July 11, 2025

By order of the Board

Raj Sarraf
Company Secretary
ICSI M. NO. A15526

Annexure 'A'

As required by Regulation 36(3) of the Listing Regulations and the Secretarial Standards on General Meetings (SS-2) as laid down by ICSI, additional information relating to the particulars of Directors who are proposed to be re-appointed are given below:

Name of the Director	Shri Renil Rajendra Gogri	Shri Manoj Mulji Chheda
Director Identification Number	01582147	00022699
Date of Birth	April 14, 1987	October 23, 1962
Age (in years)	38 years	62 years
Date of appointment on the board	August 16, 2012	November 25, 1993
Qualifications	B.Tech (Mech) from IIT Bombay	B. Com
Terms and conditions of appointment or re-appointment	To be re-appointed as a Director liable to retire by rotation.	To be re-appointed as a Director liable to retire by rotation.
Brief profile including expertise and experience	He handles the portfolios of system developments and improvements in operations, adoption of IT advancements into operations, and project execution and other production-related activities of the company.	He possesses an experience of over 33 years in the purchase and marketing of chemicals.
Remuneration last drawn (in FY2024-2025)	Please refer to Corporate Governance Report.	Please refer to Corporate Governance Report.
Remuneration proposed to be paid	Within the ceiling limit as approved by the shareholders in the Annual General Meeting held on August 04, 2023.	Within the ceiling limit as approved by the shareholders in the Annual General Meeting held on August 04, 2023.
Relationship with other Directors, Managers and other Key Managerial Personnel of the Company	Shri Renil R. Gogri is son of Shri Rajendra V. Gogri, Chairman and Managing Director of the Company	None
Number of Meetings of the Board attended in FY2024-2025	Please refer to Corporate Governance Report.	Please refer to Corporate Governance Report.
Directorships held in other Companies	1. Gloire Trusteeship Services Private Limited 2. Aar Em Finance and Investment Private Limited 3. Safechem Enterprise Private Limited 4. Aarti Polychem Private Limited 5. Alchemie Finserv Private Limited 6. BiofuelCircle Private Limited	1. Aarti Corporate Services Limited
Membership/ Chairmanship of Other Companies	None	None
No. of Shares held in the Company	1,11,71,008	30,46,524
Names of Listed Companies from which the director has resigned in the past three years	None	None

Notes:

AARTI INDUSTRIES®

BSE - 524208

NSE - AARTIIND

CIN - L24110GJ1984PLC007301

Registered Office
Plot Nos. 801, 801/23, G.I.D.C. Estate,
Phase - III, Vapi - 396 195,
Dist. Valsad - Gujarat
Website: www.aarti-industries.com

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